



MUDGEE SOLDIERS CLUB LTD

ABN: 99 001 044 677

2018

ANNUAL REPORT

'Your Club, Your Community'

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BOARD OF DIRECTORS DECEMBER 2018



S. Fittler - President



W. Marskell - Vice President



*M. Shepperd - Jr Vice President
Life Member*



W. Wilkinson - Director



*D. Nelson - Director
Life Member*



S. Byrnes - Director



P. Sinclair - Director

MUDGEESOLDIERS CLUB LIMITED

ABN: 99 001 044 677

Notice of ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Mudgee Soldier's Club Ltd will be held in the Auditorium of the Club at 99 Mortimer Street, Mudgee NSW on

Sunday 26th May, 2019 commencing at 10am

AGENDA.

1. Apologies
2. Declaration of the poll for election of Directors;
3. To confirm the minutes of the Annual General Meeting held on Sunday the 27th May, 2018;
4. To receive and consider the reports and declarations of the Directors and Auditors for the year ended 31st December 2018; (refer to the 2018 Annual Report available on the Club's Website)
5. To receive and consider the Concise Financial Statements as at 31st December, 2018 for the year ended on that date; (refer to the 2018 Annual Report available on the Club's Website)
6. To consider and vote upon the Ordinary Resolutions as set out on pages 4 to 6;
7. To consider and vote upon the Special Resolutions as set out on pages 6 to 12;
8. To deal with any other business of which due notice has been given;
9. To deal with any other general business that the meeting may approve of for which due notice has not been given;
10. To consider any nominations for Life Membership;
11. *Due Notice:* Members are requested to advise the Chief Executive Officer, in writing, 7 days prior to the date of the Annual General Meeting, of any questions relating to General Business or the financial statements on which further information may be required. Such information which relates to finance, if obtainable, will be extracted from the financial records and be available at the Annual General Meeting.

Dated: 5th March 2019, by direction of the Board.



Maureen Hutchison
Chief Executive Officer

NOTICE is hereby given that at the Annual General Meeting of **MUDGEES SOLDIERS' CLUB LIMITED** to be held on Sunday 26th May 2019 commencing at 10.00am at the premises of the Club, 99 Mortimer Street, Mudgee, New South Wales, the members will be asked to consider and if thought fit pass the Ordinary Resolutions and Special Resolutions set out below:

ORDINARY RESOLUTIONS

Procedural Matters for each of the Ordinary Resolutions

1. To be passed, an 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 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.
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FIRST ORDINARY RESOLUTION

That pursuant to the Registered Clubs Act:

- a) The members hereby approve and agree to the expenditure by the Club to a sum not exceeding \$40,000.00 for the professional development and education of directors until the next Annual General Meeting and being;
 - (i) The reasonable costs (including travel and accommodation expenses) of Directors attending meetings, conferences and trade shows conducted by Clubs NSW, the Club Managers Association the RSL & Services Club's Association and such other conferences and trade shows as determined by the board from time to time.
 - (ii) The reasonable cost of Directors attending other registered clubs for the purpose of attending CDI meetings, viewing and assessing club facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
 - (iii) The reasonable costs of Directors travelling overseas for the purpose of attending conferences, seminars and assessing and viewing overseas facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
- b) The members hereby approve and agree to the expenditure by the Club to a sum not exceeding \$15,000.00 for the following expenses of directors until the next Annual General Meeting, subject to the approval of the Board of Directors and being;
 - (i) Presentation to the members or other persons acknowledging services deemed by the Board of Directors as being of benefit of the Club.
 - (ii) Reasonable expenses incurred by Directors in travelling by their private or public transport, to and from Directors or other duly constituted committee meetings, either within the Club or elsewhere, as approved by the Board of Directors, on production of documentary evidence of such expenditure.
 - (iii) The cost of a meal and beverage for each Director at a reasonable time before or after a Board or Committee Meeting on the day of the meeting.
 - (v) Reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such duties including entertainment of guests at the Club and promotional activities approved by the Board on production of documentary evidence of such expenditure.
 - (vi) Reasonable expenditure on food and refreshments for Directors in entertaining guests of the Club in the Club's catering departments on production of invoices, receipts or other

proper documentary evidence of such expenditure and such expenditure is approved by the Board of Directors at the next Board Meeting as being properly incurred in the course of that Directors duties in relation to the Club and as being reasonable.

- (vii) Reasonable expenditure of the provision of Mudgee Soldiers' Club Blazer associated uniform and apparel of each Director for the use of Club Directors when representing the Club.
 - (viii) The reasonable cost of attendance of Directors and their partners at Club shows or Club functions as required, when representing the Club.
 - (ix) 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.
 - (x) The reasonable cost of an electronic device (for example a laptop computer, iPad, tablet or other similar device) and internet access being made available to directors in respect of their duties as directors of the Club.
- c) The members acknowledge that the benefits in paragraphs (a) and (b) above are not available to members generally but only for those who are Directors of the Club.

Notes to Members on First Ordinary Resolutions

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.

Included in the First Ordinary Resolution is the reasonable cost of:

- (a) *directors attending functions as representatives of the Club and, if required, the costs of their spouses/partners also attending those functions;*
- (b) *an electronic device (laptop, iPad or similar device) and internet access being made available to directors in respect of their duties as directors.*

SECOND ORDINARY RESOLUTION

The members hereby approve that the Board of Directors is empowered to pay such premiums as may be necessary to insure Directors and Officers against liability arising from duties performed from time to time.

Notes to Members on the Second Ordinary Resolutions

The Second ordinary Resolution is to have members approve the Club taking out and paying the premium on appropriate Directors and Officers insurance.

THIRD ORDINARY RESOLUTION

That pursuant to the Registered Club's Act:

- a) The members hereby approve the following honoraria
 - the President (\$1,305)
 - the Vice President (\$998)
 - the Junior Vice President (\$998)
 - the four (4) Ordinary Directors (\$628 for each director being a total of \$2,512)or such higher amounts as the members may approve at the Annual General Meeting.

- b) The members acknowledge that the benefits in paragraphs (a) above are not available to members generally but only for those who are Directors of the Club.
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Notes to Members on the Third Ordinary Resolutions

The Third ordinary Resolution is to have members approve honorariums for the directors.

FOURTH ORDINARY RESOLUTION

The members hereby approve \$5,200.00 be provided in the Welfare Fund for 2019 for the purpose of providing relief to ex-service persons the widows and children of deceased members in accordance with Rule 3(t) of the Memorandum of Association of the Mudgee Soldiers' Club Limited.

Notes to Members on the Fourth Ordinary Resolutions

The Fourth Ordinary resolution is to have members approve a payment of \$5,200 to the Club's Welfare Fund.

SPECIAL RESOLUTIONS

Procedural Matters for each of the Special Resolutions

1. To be passed each Special Resolution must receive votes in favour from not less than three quarters (75%) of those members who being eligible to do so vote in person on the Special Resolution at the meeting.
 2. Only Life members, financial Ordinary members and financial Associate members are eligible to vote on the Special Resolutions.
 3. Under the Registered Clubs Act, members who are employees of the Club are not entitled to vote and proxy voting is prohibited.
 4. Amendments to any of the Special Resolutions (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) will not be permitted from the floor of the meeting.
 5. The Board of the Club recommends the Special Resolutions to members.
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FIRST SPECIAL RESOLUTION

[The First Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Rules of Mudgee Soldiers' Club Limited be amended by:

- (a) **deleting** Rule 9 (a) and in lieu thereof **inserting** the following new Rule 9 (a):
"9 (a) Intentionally Deleted."
- (b) **deleting** Rules 49 to 51A inclusive and the headings before those Rules and in lieu thereof **inserting** the following new headings and Rules 49 to 51 inclusive:
49. MATERIAL PERSONAL INTERESTS OF DIRECTORS
 - 49.1 Any director who has a material personal interest in a matter that relates to the affairs of the Club must, as soon as practicable after the relevant facts have come to the director's knowledge declare the nature of the interest at a meeting of the Board and comply with Rule 49.1.
 - 49.2 Subject to Section 195 of the Act, a director who has a material personal interest in a matter that is being considered at a meeting of the Board, or of the Directors of the Club:
 - (a) must not vote on the matter; and
 - (b) must not be present while the matter is being considered at the meeting.

50. REGISTERED CLUBS ACCOUNTABILITY CODE

50.1. The Club must comply with the requirements of the Registered Clubs Accountability Code (as amended from time to time) and the provisions of this Rule 50.

50.2 For the purposes of this Rule 50, the terms “close relative”, “controlling interest”, “manager”, “pecuniary interest” and “top executive” shall have the meanings assigned to them by the Registered Clubs Act and Registered Clubs Regulations.

Contracts with Top Executives

50.3 The Club must ensure that each top executive has entered into a written employment contract with the Club dealing with:

- (a) the top executive’s terms of employment; and
- (b) the roles and responsibilities of the top executive;
- (c) the remuneration (including fees for service) of the top executive;
- (d) the termination of the top executive’s employment.

50.4 Contracts of employment with top executives will not have any effect until they are approved by the Board and they must be reviewed by an independent and qualified adviser before they can be approved by the Board.

Contracts with Directors or Top Executives

50.5 The Club must not enter into a commercial arrangement or a contract with a director or top executive or with a company or other body in which a director or top executive has a pecuniary interest, unless the proposed commercial arrangement or contract is first approved by the Board.

50.6 A “pecuniary interest” in a company for the purposes of Rule 50.5 does not include any interest exempted by the Registered Clubs Act.

Contracts with Secretary and Managers

50.7 Unless otherwise permitted by the Registered Clubs Act, the Club must not enter into a commercial arrangement or contract with:

- (a) the Secretary or a manager; or
- (b) any close relative of the Secretary or a manager;
- (c) any company or other body in which the Secretary or a manager or a close relative of the Secretary or a manager has a controlling interest.

Loans to Directors And Employees

50.8 The Club must not:

- (a) lend money to a director of the Club; and
- (b) unless otherwise permitted by the Registered Clubs Act and Regulations, the Club must not lend money to an employee of the Club unless the amount of the proposed loan is ten thousand dollars (\$10,000) or less and the proposed loan has first been approved by the Board.

Restrictions on The Employment of Close Relatives Of Directors And Top Executives

50.9 A person who is a close relative of a director or top executive must not be employed by the Club unless their employment is approved by the Board.

50.10 If a person who is being considered for employment by the Club is a close relative of a director of the Club, the director must not take part in any decision relating to the person's employment.

Disclosures by Directors and Employees Of The Club

50.11 A director, top executive or employee of the Club must disclose any of the following matters to the Club to the extent that they relate to the director, top executive or employee:

- (a) any material personal interest that the director has in a matter relating to the affairs of the Club; and
- (b) any personal or financial interest of the director or top executive in a contract relating to the procurement of goods or services or any major capital works of the Club;

- (c) any financial interest of the director or top executive in a hotel situated within forty (40) kilometres of the Club's premises;
- (d) any gift (which includes money, hospitality and discounts) valued at one thousand dollars (\$1,000) or more, or any remuneration (including any fees for service) of an amount of one thousand dollars (\$1,000) or more, received by the director, top executive or employee from an affiliated body of the club or from a person or body that has entered into a contract with the Club.

50.12 The Club must keep a register in an approved form containing details of the disclosures made to the Club in accordance with Rule 50.11.

Provision of Information to Members

50.13 The Club must:

- (a) make the information required by the Registered Clubs Regulations available to the members of the club within four (4) months after the end of each reporting period to which the information relate; and
- (b) indicate, by displaying a notice on the Club's premises and on the Club's website (if any), how the members of the club can access the information.

51. INTENTIONALLY DELETED.”

(c) **deleting** Rule 72 and in lieu thereof **inserting** the following new Rule 72:

“The Board shall:

- (a) cause proper accounts and records to be kept with respect to the financial affairs of the Club in accordance with the Act and the Registered Clubs Act;
- (b) prepare, on a quarterly basis, financial statements that incorporate:
 - (i) the Club's profit and loss accounts and trading accounts for the quarter; and
 - (ii) a balance sheet as at the end of the quarter;
- (c) cause the financial statements referred to in paragraph (b) of this Rule to be submitted to a meeting of the Board;
- (d) make the financial statements referred to in paragraph (b) of this Rule available to members of the Club within forty-eight (48) hours of the statements being adopted by the Board;
- (e) indicate, by displaying a notice on the Club's premises and on the Club's website, how the members of the Club can access the financial statements referred to in paragraph (b) of this Rule; and
- (f) provide a copy of the financial statements referred to in paragraph (b) of this Rule available to any member on the written request of the member.”

(d) **deleting** Rule 56(b) and in lieu thereof **inserting** the following new Rule 56(b):

“(b) The Board must call and arrange to hold a general meeting of the Club on the request of members with at least 5% of the votes that may be cast at the general meeting.”

Notes to Members on First Special Resolution

1. *The First Special Resolution proposes four (4) amendments to the Club's Constitution to bring the Constitution into line with the Corporations Act, Registered Clubs Act and Registered Clubs Regulation.*
2. **Paragraph (a)** *deletes a provision which is not required. This provision is no longer required because the Registered Clubs Act no longer prescribes a maximum number of members for registered clubs.*
3. **Paragraph (b)** *amends existing provisions relating to corporate governance and accountability to bring the Constitution into line with the recent and significant amendments to the corporate governance and accountability provisions of the Registered Clubs Act and Registered Clubs Regulation.*
4. **Paragraph (c)** *inserts provisions from the Registered Clubs Act dealing with financial reporting to members.*
5. **Paragraph (d)** *amends existing provisions relating to the calling of general meetings on the request of members to bring the Constitution into line with the Corporations Act.*

SECOND SPECIAL RESOLUTION

[The Second Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Rules of Mudgee Soldiers' Club Limited be amended by:

- (a) **inserting** the words “, a *Short Term member*” after the words “*Associate member*” in the definition of “*Full member*” in Rule 1(a) and in Rule 10.
- (b) **adding** the following new Rule 12 (c):

“12 (c) Short Term members shall:

 - (i) be persons who makes application for membership of the Club and who satisfies the Board of the Club that he or she will be staying in Mudgee NSW or its surrounding districts for a period of only two (2) month or less may be admitted to Short Term membership of the Club for a period of two (2) month only.
 - (ii) pay a subscription as determined by the Board from time to time which will not be less than the minimum required under the Registered Clubs Act but shall entitle that member to membership of the Club for a period of two (2) month only.
 - (iii) not be entitled to renew their membership as Short Term members at the termination of their two (2) month membership provided however that:
 - (1) a person may reapply for Short term membership after six (6) months have passed since they were last a Short Term member of the Club; and
 - (2) nothing in this Constitution shall prevent a person who is or has been a Short Term member from making application to be admitted into another category of Ordinary membership of the Club provided they have the requisite qualifications and provided it is done in accordance with this Constitution.”
- (c) **adding** the following new Rule 13(d):

“13 (d) Financial Short Term members shall be entitled to the social privileges and advantages of the Club and to the use of such of the facilities of the Club as the Board shall determine from time to time but shall not be eligible to:

 - (i) attend and vote at any meetings of the Club; or
 - (ii) take part in the management of the Club;
 - (iii) propose, second or nominate any person to membership of the Club;
 - (iv) propose, second or nominate any member for any office of the Club;
 - (v) propose, second or nominate any member for Life membership.”

Notes to Members on Second Special Resolution

1. *The Second Special Resolution proposes to introduce a new category of membership into the Club being “Short Term members”. This category of membership will be open to persons who are visiting Mudgee for a short period of time, i.e. for a period of two month or less and would like to attend the Club on multiple occasions during the time they are in Mudgee.*
2. *Short Term membership will exist for two months. After this time, Short Term membership will expire and it will not be able to be renewed. However, Short Term members, after the expiry of this membership, could apply for membership in another category of membership in the Club in accordance with the Constitution of the Club provided they have the requisite qualifications. They could also reapply for Short Term membership when next in Mudgee, so long as six months have passed since they were last Short Term members of the Club.*
3. *Short Term members will be entitled to the social privileges and benefits of the Club and to the use of the Club’s premises but shall not have the right to attend meetings, nominate any person for membership or for election or to be elected to the Board.*
4. *Like other persons who apply to become members of the Club persons applying for Short Term membership shall be provisional members until their application is approved by the Board.*

THIRD SPECIAL RESOLUTION

[The Third Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Rules of Mudgee Soldiers' Club Limited be amended by:

- (a) **adding** the following words to the end of Rule 29, "*within 7 days of changing their address*".
- (b) **deleting** the words, "*and cross examine any witness*" from the end of Rule 32 (a) (ii).
- (c) **adding** the following new Rule 32 (a) (viii):
"The Board shall have the power to adjourn, for such period as it considers fit, a meeting pursuant to this Rule 32."
- (d) **deleting** Rule 33 and **replacing** it with the following new Rule 32C:

"DISCIPLINARY COMMITTEE

- 32C. (a) The Board may by resolution delegate all of the powers and functions given to the Board by Rule 32 to a Disciplinary Committee comprising not less than three (3) directors of the Club selected by the Board.
- (b) The Disciplinary Committee shall conduct its activities in accordance with the procedures referred to in Rule 32 save that:
- (i) A quorum of the Disciplinary Committee shall be three (3) directors of the Club; and
 - (ii) all references to the Board in Rule 32, except in Rule 32 (a) (vii) shall be read as being references to the Disciplinary Committee.
- (c) The Board shall have power to review a decision of the Disciplinary Committee or order a fresh hearing of any matter determined by the Disciplinary Committee and shall have the power to impose any penalty permitted by Rule 32 on the member charged in substitution for that imposed by the Disciplinary Committee provided that:
- (i) the procedure set out in Rule 32 is followed; and
 - (ii) the member is notified that the Board is exercising the power under this Rule 32C (c) within forty-two (42) days of the date on which the Disciplinary Committee meeting was held.
- (d) The Board shall have power by resolution to revoke any delegation to the Disciplinary Committee pursuant to Rule 32C and may hear and determine any charge against a member which by reason of the nature of or the seriousness of the allegations giving rise to the charge, or the identity of or the position or office held by the member, the Board considers that it would not be appropriate for the charge to be heard by the Disciplinary Committee."

- (e) **deleting** Rule 33 and **replacing** it with the following new Rule 33:

- 33 (a) A member may at any time resign from his or her membership of the Club by either:
- (i) giving notice in writing to the Secretary; or
 - (ii) returning his or her membership card to an officer of the Club and clearly indicating to the officer that he or she resigns from membership.
- (b) A resignation pursuant to Rule 33(a) shall take effect from the date on which the notice is received by the Secretary or the date on which the membership card is received by the officer of the Club.
- (c) Any member who has resigned pursuant to 33(a) will not be entitled to any refund of any joining fee, subscription, levy or other payment made to the Club

- (f) **deleting** Rule 38 (c) (iii) which provides:

"If the number of candidates nominated is less than that required to be filled, those candidates nominated shall be declared elected. Additional nominations shall be called for at the Annual General Meeting of the Club. If more than the required number of candidates are nominated at the Annual General Meeting for the remaining positions then a ballot shall be conducted at the Annual General Meeting."

and **replacing** it with the following new Rule 38 (c) (iii):

"If the number of candidates nominated is less than that required to be filled, those candidates nominated shall be declared elected. Any positions that remain unfilled will be deemed to be casual vacancies and can be filled by the Board in accordance with rule 54."

(g) **adding** the following new Rules 38 (c) (ix) and (x):

"(ix) The Board may, at any time, engage the services of a professional electoral consultant or company to perform, or assist in performing, any or all of the duties of the Returning Officer or scrutineers set out in this Rule 38.

(x) If at the close of the Annual General Meeting any vacancies remain on the Board, such vacancies shall be casual vacancies and may be filled in accordance with Rule 54."

(h) **deleting** Rule 54 which deals with filling casual vacancies on the Board and replacing it with the following new Rule 54:

"The Board shall have power at any time and from time to time, to appoint any eligible person to the Board to fill a casual vacancy. The person so appointed shall hold office only until the next Annual General Meeting in accordance with the Triennial Rule."

(i) **Deleting Rule 59 and replacing** it with "**Deleted**" and by **inserting** the following new Rule 60A which will appear after the heading, "Members Resolutions":

"60A RESOLUTIONS FROM INDIVIDUAL MEMBERS

Notwithstanding Rules 61 and 62, individual members may submit items of business and notices of motion which they wish to have included in the business of the Annual General Meeting. All such items of business and notices of motion must be in writing and received by the Secretary at least forty-two (42) days prior to the date fixed for such Annual General Meeting.

The Secretary shall cause all items of business and notices of motion referred to in this Rule 60A to be presented to the Board and the Board shall have absolute discretion as to whether to include those items of business and/or notices of motion in the Notice of the Annual General Meeting that is sent to members."

(j) **deleting** Rule 85 and **replacing** it with the following new Rule 85:

"85 This Constitution can only be amended by way of Special Resolution passed at a general meeting of the members of the Club. Life members, financial Ordinary members and financial Associate members shall be the only members eligible to vote on any Special Resolution to amend this Constitution."

Notes to Members on Third Special Resolution

1. *The Third Special Resolution proposes a number of amendments to the Constitution to ensure the Constitution:*
 - (a) *reflects and is consistent with current legislation; and*
 - (b) *is up to date and in good working order.*
2. **Paragraph (a)** *requires members to notify the Club within 7 days of changing their address.*
3. **Paragraph (b)** *removes the right for a member to cross examine witnesses in disciplinary hearings. A member will still have the right to ask witnesses questions but the right to cross examine suggests that the member has the right to bring a legal representative into the hearing and cross examine witnesses which is not appropriate as a disciplinary hearing is not a court hearing.*
4. **Paragraph (c)** *inserts a new provision relating to disciplinary proceedings to allow the Board of Directors to adjourn the hearing of any disciplinary hearing if thought necessary.*
5. **Paragraph (d)** *simply clarifies that the Board has the power to delegate the running of disciplinary hearings to a disciplinary committee consisting of not less than 3 Directors.*
6. **Paragraph (e)** *amends existing provisions relating to the procedure for a member to resign from membership of the Club to bring the Constitution into line with good practice. In this regard, this amendment proposes to allow a member to resign by returning his or her membership card to an officer of the Club and such resignation will take effect on the date the membership card is received by the officer of the Club. This is a common clause in club constitutions.*

7. **Paragraph (f)** will amend the current provision which provides that if there are not enough nominations for the Board at the close of nominations then those nominees will be declared elected and further nominations will be called from the floor of the AGM to fill any vacancies. The proposed change will mean that if there are insufficient nominations then as is currently the case those nominees will be declared elected to the Board and any remaining positions will be deemed to be casual vacancies and can be filled by the Board as casual vacancies under rule 54.
8. **Paragraph (g)** adds 2 provisions to the election process for the Board. One which is consistent with the change identified above in paragraph (f) and the other clarifies that the Board can if it deems appropriate to engage a professional electoral consultant to perform or assist in carrying out the duties and the role of the Returning Officer.
9. **Paragraph (h)** clarifies that if the Board appoints a member to fill a casual vacancy then that person will be appointed to fill the vacancy in accordance with the Triennial Rule which means that they will be appointed until the following AGM and then another ballot will be conducted, if required, for the balance of the term of the Director who caused the initial casual vacancy.
10. **Paragraph (i)** clarifies that individual members have the right to put resolutions to upcoming meetings of the Club subject to the approval of the Board. The Corporations Act gives 100 members the right to direct the Board to put lawful resolutions to the members for consideration at a General meeting.
11. **Paragraph (j)** clarifies that the Constitution can only be amended by way of Special Resolution passed at a general meeting of the members of the Club and that only Life members, financial Ordinary members and financial Associate members shall be eligible to vote on any Special Resolution to amend the Constitution.

Dated: 5th March 2019, by direction of the Board



Maureen Hutchison
Chief Executive Officer

Nominations for Directorship:

Information relating to Nominations for Directorship is now available to view on the Member's Notice Board.

Club Directors - Future Director Workshop

Information relating to the Future Director Workshop is now available to view on the Member's Notice Board.

President's Report

Dear Members

On behalf of the Board of Directors, I submit for your approval and adoption, the Annual Report and Financial Statements for the year ending 31st December 2019.

The financial statements for the year are positive in that the Club continues to trade at a profit for the fourth consecutive year. This is a very pleasing result for the Board and on behalf of the Board of Directors I would like to take this opportunity to thank Maureen Hutchison (CEO), her management team and all staff for their continued efforts and performance throughout the year.

Last year the Clubs requirements for Club Grants was \$83,950.00. An additional \$8210 was donated for a total contribution of \$92,160.00 in local grants and sponsorships. In addition, there were numerous in-kind donations made. The primary purpose of the Club Grants program is to make a positive difference by assisting local organisations, primarily not-for-profit entities within the local community by providing funding for projects and events. There was a total of 52 beneficiaries during the reporting period.

The Clubs major capital project this year was the upgrade and extension of the kitchen and the construction of the Soldier Café. The combined project was an investment of \$1,000,000. The Board decided it was time to replace the aging kitchen facilities as it was increasingly requiring compliance upgrades due to its age. The Soldiers Café was an integrated project as the need to provide an additional food outlet to the members had been highlighted.

Despite the kitchen being relocated into the Lochiel Lounge for almost 3 months with some of the catering functions upstairs, Head Chef, Bill Fenby and his team did a remarkable job during this time of catering inconvenience.

As we move forward, the next project is the replacement and upgrade of the PA/sound system. Of late, the old PA system is regularly proving to be unreliable and it has failed on a number of occasions. It is also technologically out of date. We are currently in the process of obtaining tenders. The Board will advance the approval of this project as a matter of urgency and upon installation we will notice a remarkable improvement in this area.

The Board has also approved an upgrade to the electrical sub-station. Currently it is at full capacity. The upgrade will provide the club immediate relief allowing for additional equipment to be installed in the kitchen. It will also provide supplementary capacity for any advancements in the future.

There are several Sub Clubs that operate within the club, these include snooker, darts, fishing, ladies and men's bowls. In addition to the sub clubs, support is also provided to bingo, poker and cards. The RSL Sub Branch is also a great part of our club. If you are interested in joining any of the sub clubs or the RSL Sub Branch please visit our website www.clubmudgee.com.au and click on 'Your Club' then 'Sub Clubs' for further details.

Finally, I take this opportunity to thank all our loyal members for their continued support of their great Club.

Scott Fittler
President

'Your Club, Your Community'

The above report has been approved by the Board of Directors for publication.

CEO Report

Dear Members,

Thank you for your contribution to another very rewarding year at your club. It is with great pleasure that I present to you my report for the year ended 31st December 2018.

Looking at the year in review our trading produced an excellent surplus of \$555,640. The Club's overall revenue increased by \$335,835 or 4.2% and expenses increased by \$343,450 or 4.6%. Compared to the prior year, bar sales increased by \$111,034 or 8.3%, bistro/coffee sales increased by \$100,020 or 8.6% and poker machine revenue increased by \$124,268 or 2.5%.

Our contribution to the local economy through employment equates to 62 staff with wages & salaries amounting to a significant \$2.75M. The employee expenses increased by \$244,415 or 9.7% on the prior year. This increase is as a result of the Annual CPI Wage increase being applied, plus additional staff being recruited for the kitchen and Soldiers café to service the high demand on our food offerings.

In 2018, the Club provided the members with benefits totalling \$498,433 an increase of \$111,281 or 28.5%, by way of providing many & various promotions, live entertainment, bonus points and discounted pricing on food and beverage. The return of the members' badge draw was very well received by the members', and we will continue to introduce a range of new and various types of promotions and activities throughout 2019.

I commend the Board of Directors for their ongoing focus and firm commitment to ensuring the longevity of Club Mudgee for all its members' and I hope the members feel satisfied the Club is in good hands. The recent opening of the Soldiers Café, and renovation/extension to the kitchen is a clear reflection of their commitment to continuance improvements of the club's facilities for its members'.

And on that note, I would like to extend a huge thankyou to all the members who have embraced the new Soldiers Café and I acknowledge the great amount of positive feedback we have received from you.

Our team are committed to delivering outstanding service to you whether it be in the club or on the bowling greens. I express my deepest thanks to the staff for their support throughout 2018 and I congratulate each one of them for their enthusiasm, loyalty and dedication they bring to the club and their individual roles.

I extend sincere thanks to my Management team for their dedication, support and commitment, you are greatly valued. In particular this year, I acknowledge the commitment of our Head Chef, Bill Fenby and Chief Financial Controller, Mark Willis for their extensive work and contribution put into preparing for the opening of the Soldiers Café and kitchen project.

I wish to acknowledge Matthew Carrier and Joanne Palmer who were joint recipients of the '2018 Employee of the Year Award'. Both Matthew and Joanne are valuable members in our Customer Service Team, they provide outstanding customer service to all our members and patrons and are full of passion for their work and work environment. Well done to both Matthew and Joanne.

Employee Milestones are recognised amongst peers, and I pass on my gratitude and congratulate the following staff on years of achievement.

10 years – Brian (Wally) Jones, and Deon Deville

15 years - Debra Delaney

25 years – Julianne (Min) Toovey

I pass on my genuine appreciation to all the Board of Directors for their support and encouragement throughout the year, in particular to President Scott Fittler for his guidance and leadership of our great club and his tremendous support of the entire Club Mudgee team. I also acknowledge Director Paul Sinclair for his invaluable support and contribution to the planning and construction of the kitchen and Soldiers Café project. I look forward to our ongoing teamwork, Strategic and Master planning for the benefit of the members.

I thank the RSL Sub Branch and the Internal Sub-Clubs (ladies & men's bowls, darts, snooker, and fishing) for your support to both the club and to your members in 2018.

In closing, I wish all our members good health and happiness and I look forward to seeing you in and around the Club.

Maureen Hutchison
Chief Executive Officer

'Your Club, Your Community'

The above report has been approved by the Board of Directors for publication.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Financial Statements

For the Year Ended 31 December 2018

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Contents

For the Year Ended 31 December 2018

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	24
Independent Audit Report	25

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2018

Your directors present their report on The Mudgee Soldiers Club Limited for the financial year ended 31 December 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Dates
Scott Fittler	President	
Wayne Marskell	Vice President	
Michael Shepperd	Junior Vice President	
Wayne Wilkinson	Director	
William Crossingham	Director	Resigned 27/05/2018
David Nelson	Director	
Simon Byrnes	Director	
Paul Sinclair	Director	Appointed 27/05/2018

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

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Scott Fittler	
Occupation	Community Relations Manager, Yancoal
Experience	Board member May 2017 - 2018 President 2018 - Current Ex-officio member of sub committees (Audit, Club Grants & Marketing)
Wayne Marskell	
Occupation	Retired
Experience	Board Member 2009 - 2018 Vice President 2011 - 2017 & 2018 - Current President May 2017 - 2018 Audit Committee Member
Michael Shepperd	
Occupation	Retired
Experience	Board Member 1995 - 2011 Vice President 1997 - 1999 President 1999 - 2011 Board Member 2013 - 2018 Junior Vice President May 2017 - Current Club Grants Committee Member Marketing Committee Member
Wayne Wilkinson	
Occupation	Retired
Experience	Board Member 2014 - 2018 Vice President May 2017 - 2018 Chairman Audit & Marketing Committee Member

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2018

Information on directors

William Crossingham

Occupation

Businessman

Experience

Board Member 2011 - 2018
President May 2014 - February 2017
President May 2016 - May 2017
Audit Committee Member 2017 - May 2018

David Nelson

Occupation

Retired

Experience

Board member 2003 - 2018
President 2011 - May 2014
Club Grants & Marketing Committee Member

Simon Byrnes

Occupation

Professional Accountant

Experience

Board November 2017 - 2018
Audit Committee Member

Paul Sinclair

Occupation

Mine Superintendent, Glencore / Builder

Experience

Board member May 2018 - Current
Chairman Club Grants Committee

Principal activities

The principal activity of The Mudgee Soldiers Club Limited during the financial year was the operation of a registered club in accordance with its objectives to benefit its members.

No significant changes in the nature of the Club's activity occurred during the financial year.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2018

Short term objectives

The Club's short term objectives are to:

- Maintain and / or modernise the Club's premises;
- Provide the best possible hospitality service to members and the local community; and
- Ensure ongoing profitability of the Club to secure its financial future.

Long term objectives

The Club's long term objectives are to:

- Always endeavour to satisfy or exceed member's expectations for all services and facilities provided;
- To maintain a dynamic and relevant presence in the community through the provision of hospitality, lifestyle and entertainment services to the community, and
- Invest funds generated by the Club's operations to develop the Club's assets so that the Club is able to continue to provide services to members and the local community that are concurrent with the needs of the members and local community.

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Ensure the Club's policies are appropriate;
- Ensure professional management;
- Ensure proficient and cost effective operation of the Club; and
- Ensure continued trading profitability and invest surplus funds securely with good returns.

Members' guarantee

The Mudgee Soldiers Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 subject to the provisions of the club's constitution.

At 31 December 2018 the collective liability of members was \$ 13,610 (2017: \$ 12,986).

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2018

Meetings of directors

During the financial year, 27 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings		Club Grants Meetings		Audit Committee		Marketing Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Wayne Marskell	12	7	6	2	2	1	4	2	1	-
Wayne Wilkinson	12	9	6	5	-	-	4	3	-	-
Michael Shepperd	12	12	6	6	4	4	-	-	1	1
William Crossingham	4	4	2	2	-	-	2	2	-	-
David Nelson	12	12	6	5	4	1	-	-	1	1
Scott Fittler	12	10	6	6	4	3	2	-	1	1
Simon Byrnes	12	12	6	5	-	-	4	4	-	-
Paul Sinclair	8	7	4	3	2	2	-	-	-	-

Core and non core property

In accordance with Section 41J of the Registered Clubs Act the Club's Property Assets are classified as follows:

Core Property : The Clubs core property assets are defined as the Clubs premises and associated car parks at the following addresses:

- 93-99 Mortimer Street Mudgee NSW

Non Core property: The Clubs non core property assets are defined as all other property assets held by the Club, including 91 Mortimer St Mudgee NSW.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Scott Fittler

Director: 
Wayne Marskell

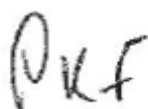
Dated 12 March 2019

Auditor's Independence Declaration under Section 307C
of the Corporations Act 2001 to the Directors of

The Mudgee Soldiers Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

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



PKF



CLAYTON HICKEY
PARTNER

12 MARCH 2019
NEWCASTLE NSW

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue	2	8,313,599	7,977,764
Gain on sale of fixed assets		43,446	37,131
Movement in inventories		(10,961)	24,032
Cost of sales	3	(1,331,754)	(1,299,630)
Employee benefits expense		(2,758,790)	(2,514,377)
Depreciation and amortisation expense	3	(618,482)	(641,019)
Insurance expense		(160,273)	(122,138)
Professional and consulting expense		(144,258)	(137,460)
Repairs and maintenance expense		(198,063)	(190,313)
Utilities expense		(261,967)	(268,541)
Advertising expense		(66,038)	(69,323)
Functions and entertainment expense		(68,247)	(100,158)
Poker machine taxes		(896,875)	(869,531)
Members promotions expense		(498,433)	(387,152)
Other expenses		(694,137)	(772,402)
Finance costs		(93,127)	(74,950)
Profit before income tax		555,640	591,933
Income tax expense	4	-	-
Profit for the year		555,640	591,933
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		555,640	591,933

The accompanying notes form part of these financial statements.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	661,128	1,052,126
Trade and other receivables		66,243	83,503
Inventories		74,537	63,576
Other assets		76,182	63,434
TOTAL CURRENT ASSETS		878,090	1,262,639
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,397,068	8,647,658
Investment property	8	502,734	507,959
Intangible assets	9	868,373	868,373
TOTAL NON-CURRENT ASSETS		10,768,175	10,023,990
TOTAL ASSETS		11,646,265	11,286,629
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	688,631	576,619
Borrowings	11	272,495	315,228
Employee benefits	12	323,967	277,404
TOTAL CURRENT LIABILITIES		1,285,093	1,169,251
NON-CURRENT LIABILITIES			
Borrowings	11	591,200	896,509
Employee benefits	12	57,316	63,853
TOTAL NON-CURRENT LIABILITIES		648,516	960,362
TOTAL LIABILITIES		1,933,609	2,129,613
NET ASSETS		9,712,656	9,157,016
EQUITY			
Reserves	13	206,970	206,970
Retained earnings		9,505,686	8,950,046
TOTAL EQUITY		9,712,656	9,157,016

The accompanying notes form part of these financial statements.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Statement of Changes in Equity For the Year Ended 31 December 2018

	Retained Earnings	Capital Profits Reserve	Total
	\$	\$	\$
Balance at 1 January 2018	8,950,046	206,970	9,157,016
Profit for the year	555,640	-	555,640
Balance at 31 December 2018	9,505,686	206,970	9,712,656
Balance at 1 January 2017	8,358,113	206,970	8,565,083
Profit for the year	591,933	-	591,933
Balance at 31 December 2017	8,950,046	206,970	9,157,016

The accompanying notes form part of these financial statements.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	9,152,827	8,617,139
Payments to suppliers and employees	(7,794,801)	(7,226,705)
Interest received	8,538	5,999
Interest paid	(93,127)	(154,703)
Net cash provided by operating activities	<u>1,273,437</u>	<u>1,241,730</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	(1,363,313)	(578,884)
Proceeds from sale of plant and equipment	46,920	37,579
Net cash used in investing activities	<u>(1,316,393)</u>	<u>(541,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(348,042)	(365,474)
Net cash provided used in financing activities	<u>(348,042)</u>	<u>(365,474)</u>
Net (decrease)/increase in cash and cash equivalents held	(390,998)	334,951
Cash and cash equivalents at beginning of year	<u>1,052,126</u>	<u>717,175</u>
Cash and cash equivalents at end of financial year	6 <u><u>661,128</u></u>	<u><u>1,052,126</u></u>

The accompanying notes form part of these financial statements.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

The financial statements are for The Mudgee Soldiers Club Limited as a not-for-profit individual entity.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis or reducing balance basis over the asset's useful life to the Club commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Asset	Depreciation rate
Buildings	2.5%
Plant and Equipment	15%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	20%
Computer Equipment	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(c) Property, plant and equipment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Intangibles

Poker Machine Entitlements

Poker machine entitlements have been determined to be intangible assets with an indefinite life and are carried at purchase price including related costs of acquisition less any impairment.

(e) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment properties are depreciated on a straight line basis over 40 years. Land is not depreciated.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(h) Borrowings

Secured and unsecured loans have been obtained. Carrying amounts therefore represent amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(j) Income Tax

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of setoff exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Non-member income of the club is only assessable for tax, as member income is excluded under the principle of mutuality.

(k) Revenue and other income

The Club recognises revenue when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria have been met for each of the Club's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services

Revenue from the rendering of services is recognised upon provision of the service to the customers.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(k) Revenue and other income

Interest revenue

Interest is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Adoption of new and revised accounting standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Club has decided not to early adopt these Standards. The following summarises those future requirements, and their impact on the Club where the standard is relevant:

AASB 15: Revenue from Contracts with Customers; applicable to the annual reporting periods beginning on or after 1 January 2019.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. The new standard will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the financial statements.

AASB 16: Leases; applicable to the annual reporting periods beginning on or after 1 January 2019.

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117. AASB 16 introduces a single lessee accounting model that eliminates the requirements for leases to be classified as operating or finance leases.

The main changes introduced by the Standard will for all leases to be recognised on the balance sheet at inception of the lease with the exception of short-term leases (less than 12 months) and leases of low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term.

The directors anticipate that the adoption of AASB 16 will not have a material impact the financial statements.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

Key estimate - Impairment

The Club assesses impairment at the end of each reporting year by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Impairment testing for 2018 has resulted in no impairment write-downs being recognised in relation to its intangible assets or property, plant and equipment.

Key estimate - Estimation of useful lives

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key estimate - Provision for long service leave

As discussed in Note 1(g), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

2 Revenue and Other Income

	2018	2017
	\$	\$
Bar and takeaway sales	1,448,311	1,337,277
Dining room and coffee lounge sales	1,251,849	1,152,829
Interest received	8,538	5,999
Entertainment income	271,315	255,126
Poker machine revenue	5,036,056	4,911,788
Rental revenue	17,018	16,614
Commissions received	212,927	200,281
Fees and subscriptions	29,036	28,965
Green fees	11,227	10,243
Other revenue	27,322	58,642
	<u>8,313,599</u>	<u>7,977,764</u>

3 Result for the Year

Depreciation expense

- Depreciation - buildings	252,676	250,715
- Depreciation - plant and machinery	360,581	385,079
- Depreciation - leasehold property	5,225	5,225
	<u>618,482</u>	<u>641,019</u>

Cost of goods sold

- Bar and takeaway	589,846	544,928
- Dining room and coffee lounge	425,438	427,349
- Poker machines	63,661	87,053
- Other	252,809	240,300
	<u>1,331,754</u>	<u>1,299,630</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

4 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2018	2017
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 30%)	152,801	177,580
Net income and expenditure items relating to member activity	(168,215)	(183,328)
Tax losses not recognised	15,414	5,748
	<u>-</u>	<u>-</u>

5 Tax

(a) Unrecognised deferred tax assets and liabilities

Deferred tax assets

Tax losses	442,914	432,052
Capital losses	74,256	74,256
Temporary differences	11,065	6,514
	<u>528,235</u>	<u>512,822</u>

Deferred tax assets & liabilities in relation to the carried forward tax losses and timing differences not recognised as amounts are not expected to be realised. This is due to the Club adopting the Accumulated Credits Payout Formula Method to calculate its taxable income from Net Poker Machine Contribution after allowance for overheads.

6 Cash and Cash Equivalents

Cash on hand	300,000	239,900
Cash at bank	361,128	812,226
	<u>661,128</u>	<u>1,052,126</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

7 Property, plant and equipment

	2018	2017
	\$	\$
Land, at cost	<u>529,034</u>	529,034
Buildings and improvements, at cost	10,922,112	10,063,459
Less accumulated depreciation	<u>(3,810,285)</u>	<u>(3,557,608)</u>
	<u>7,111,827</u>	6,505,851
Plant and equipment, at cost	3,914,465	3,703,049
Less accumulated depreciation	<u>(3,082,464)</u>	<u>(2,958,183)</u>
	<u>832,001</u>	744,866
Furniture, fixtures and fittings, at cost	1,012,524	974,418
Less accumulated depreciation	<u>(755,626)</u>	<u>(723,824)</u>
	<u>256,898</u>	250,594
Motor vehicles, at cost	24,070	24,070
Less accumulated depreciation	<u>(23,944)</u>	<u>(23,912)</u>
	<u>126</u>	158
Poker machines, at cost	3,183,661	3,091,342
Less accumulated depreciation	<u>(2,516,479)</u>	<u>(2,474,187)</u>
	<u>667,182</u>	617,155
	<u>9,397,068</u>	<u>8,647,658</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings & improvements	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Poker machines	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	529,034	6,505,851	744,866	250,594	158	617,155	8,647,658
Additions	-	858,469	222,661	38,105	-	244,078	1,363,313
Disposals	-	-	(462)	-	-	(3,012)	(3,474)
Depreciation expense	-	(252,493)	(135,064)	(31,801)	(32)	(191,039)	(610,429)
	<u>529,034</u>	<u>7,111,827</u>	<u>832,001</u>	<u>256,898</u>	<u>126</u>	<u>667,182</u>	<u>9,397,068</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

8 Investment Properties

	2018	2017
	\$	\$
Balance at beginning of year	507,959	513,184
Depreciation	(5,225)	(5,225)
Balance at end of the period	502,734	507,959

9 Intangible Assets

Poker machine licences, at cost	868,373	868,373
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Under the Gaming Machines Act 2002, a tradable asset titled a gaming machine entitlement was created. Gaming machine entitlements are able to be sold to other clubs within the state of New South Wales provided certain statutory requirements are met.

This Act came into effect on 2 April 2002. The Club records any gaming machine entitlement it purchases as an intangible asset, at cost. The Club has 110 gaming machine entitlements including 37 purchased entitlements.

	Poker machine licences, at cost	Total
	\$	\$
Balance at the beginning of the year	868,373	868,373
Additions	-	-
Disposals	-	-
Closing balance	868,373	868,373

10 Trade and Other Payables

CURRENT		
Trade payables	379,860	194,574
GST payable	1,048	73,645
Sundry payables and accrued expenses	307,723	308,400
	688,631	576,619

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

11 Borrowings

		2018	2017
		\$	\$
Lease liability - secured	(a)	32,495	115,123
Bank loan - secured	(b)	240,000	200,105
		<u>272,495</u>	<u>315,228</u>
NON-CURRENT			
Lease liability - secured	(a)	-	25,474
Bank loan - secured	(b)	591,200	871,035
		<u>591,200</u>	<u>896,509</u>

(a) Hire Purchase Liabilities

Leased liabilities are secured by the underlying leased assets.

(b) Bank loans

Bank loans comprise of the following facilities:

- BetterBusiness Loan with a facility limit of \$550,000 at balance date \$10,000 was drawn down;
- Agribusiness Line of Credit with a facility limit of \$150,000, no draw downs at balance date; and
- Market Rate Loan with a facility limit of \$1,060,000 which expires in December 2020, the liability at balance date is \$820,000.

The Commonwealth Bank of Australia holds the following securities over the Bank Bill facility:

- Registered first mortgage over the commercial property at 91 Mortimer Street;
- Registered first mortgage over the commercial property at 99 Mortimer Street; and
- Registered equity mortgage (Ranked 1) over the assets and undertakings including uncalled capital of The Mudgee Soldiers Club Limited.

12 Provisions

	Short term employee benefits	Long term employee benefits	Total
	\$	\$	\$
Current			
Balance at 1 January 2018	198,637	142,620	341,257
Additional provisions	198,143	9,246	207,389
Provisions used	(167,363)	-	(167,363)
	<u>229,417</u>	<u>151,866</u>	<u>381,283</u>
Balance at 31 December 2018	229,417	151,866	381,283

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

12 Provisions

Analysis of total provisions

	2018	2017
	\$	\$
Current	323,967	277,404
Non-current	57,316	63,853
	<u>381,283</u>	<u>341,257</u>

Provision for Employee Benefits

A provision has been recognised for employee benefits relating to annual leave and sick leave (where sick leave is vesting). The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

A provision has been recognised for employee benefits relating to long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1(g) to this report.

13 Reserves

(a) Capital profits reserve

The asset revaluation reserve is used to record profits from the sale of pre capital gains tax (CGT) assets.

14 Leasing Commitments

(a) Finance lease commitments

Payable - minimum lease payments:

- not later than 1 year	33,805	127,942
- between 1 year and 5 years	-	33,088
Minimum lease payments	33,805	161,030
Less: finance charges	(1,310)	(20,433)
Present value of minimum lease payments	<u>32,495</u>	<u>140,597</u>

Finance leases relate to the purchase of poker machines. The finance leases have a term of between one and three years.

(b) Operating leases

The Club has no operating leases held as at balance date (2017: None).

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

15 Financial Risk Management

The main risks The Mudgee Soldiers Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	661,128	1,052,126
Total financial assets	<u>661,128</u>	<u>1,052,126</u>
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	688,631	576,619
Borrowings	863,695	1,211,737
Total financial liabilities	<u>1,552,326</u>	<u>1,788,356</u>

16 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstandings and obligations of the Club. At 31 December 2018 the number of members was 6,805 (2017: 6,493).

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2018

17 Interest of Key Management Personnel

The total remuneration paid to key management personnel of the Club is \$ 164,948 (2017: \$ 158,962).

18 Contingencies

As at balance date the club is holding \$35,738 in retention payments with respect to the Club refurbishment (2017: \$35,868).

In the opinion of the Directors, the Club did not have any other contingencies at 31 December 2018.

19 Related Parties

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

There were no related party transactions during the financial year.

20 Cash Flow Information

Non-cash financing and investing activities

	2018	2017
	\$	\$
Acquisition of assets by means of finance leases	-	71,859

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 5 March 2019 by the Board of Directors.

In January 2019, the Club reviewed its finance facilities with the Commonwealth Bank of Australia. As a result, the Club renewed the BetterBusiness Loan facility for an additional 3 years. This facility which will expire in January 2022. At the date of signing no drawdowns had been made on this facility.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Declaration

In accordance with a resolution of the Directors of The Mudgee Soldiers Club Limited, I state that:

In the opinion of the Directors:

- 1. The financial statements and notes, of the Club, are in accordance with the *Corporations Act 2001*, including:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Club.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Director:

Scott Fittler

Director:

Wayne Marskell

Dated 12 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MUDGEES SOLDIERS CLUB

Report on the Financial Report

Opinion

We have audited the financial report of The Mudgee Soldiers Club Limited (the Club), which comprises the statement of financial position as at 31 December 2018, 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, and notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of the The Mudgee Soldiers Club Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Club's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Club 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Mudgee Soldiers Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

Responsibilities of Directors for the Financial Report (cont'd)

In preparing the financial report, the directors are responsible for assessing the Club'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 Club or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

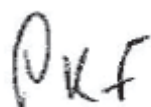
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clubs internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PKF



CLAYTON HICKEY
PARTNER

13 MARCH 2019
NEWCASTLE NSW