



# MUDGEE SOLDIERS CLUB LTD

ABN: 99 001 044 677

# 2019

## ANNUAL REPORT

*'Your Club, Your Community'*

Ph: 6372 1922

E: [info@clubmudgee.com.au](mailto:info@clubmudgee.com.au)

[www.clubmudgee.com.au](http://www.clubmudgee.com.au)

# BOARD OF DIRECTORS DECEMBER 2019



*S. Fittler - President*



*P. Sinclair – Vice President*



*M. Shepperd - Jr Vice President  
Life Member*



*W. Wilkinson - Director*



*S. Byrnes - Director*



*B. Crossingham - Director*



*E. Best – Director*

# MUDGEES SOLDIERS 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 26<sup>th</sup> July, 2020 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 26<sup>th</sup> May, 2019;
4. To receive and consider the reports and declarations of the Directors and Auditors for the year ended 31<sup>st</sup> December 2019; (refer to the 2019 Annual Report available on the Club's Website)
5. To receive and consider the Concise Financial Statements for the year ended 31<sup>st</sup> December 2019; (refer to the 2019 Annual Report available on the Club's Website)
6. To consider and vote upon the Ordinary Resolutions as set out on pages 4 to 5;
7. To deal with any other business of which due notice has been given;
8. To deal with any other general business that the meeting may approve of for which due notice has not been given;
9. To consider any nominations for Life Membership;
10. *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:** 3<sup>rd</sup> March 2020, 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 26<sup>th</sup> July 2020 commencing at 10.00am at the premises of the Club, 99 Mortimer Street, Mudgee NSW, the members will be asked to consider and if thought fit pass the Ordinary 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.
- 

#### ***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**

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.*

---

---

**Dated:** 3<sup>rd</sup> March 2020, by direction of the Board



---

Maureen Hutchison  
Chief Executive Officer

---

## IMPORTANT INFORMATION FOR MEMBERS

### **Postal Voting**

A By-Law was introduced in 2019 in relation to Board Election Postal Voting.

If Members are unable to attend the club in person to vote, they may request a postal vote by applying to the Returning Officer for a postal voting package. The package will include a reply-paid envelope for postal votes to be returned in.

If you would like to request a postal vote, please email your request to the Returning Officer, Brad Farr, at [bfarr@austelect.com](mailto:bfarr@austelect.com). All requests must be received by the Returning Officer by no later than 5pm on Friday 26<sup>th</sup> June 2020.

All completed postal votes must be received by the Returning Officer by no later than 5pm on Friday 17<sup>th</sup> June 2020.

## 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 continue to be positive in that the Club is trading at a profit for the fifth consecutive year. This is a pleasing result.

On behalf of the Board of Directors I would like to thank Maureen Hutchison (CEO), her management team and all staff for their continued efforts and performance throughout the year.

Last year the Clubs requirement for Club Grants was \$85,163.00 however an additional \$9215.00 was donated for a total contribution of \$94,378.00 in local grants and sponsorships. In addition to the monetary donations, there were numerous in-kind donations made as well. The primary purpose of the Club Grants Program is to make a positive difference by assisting local community organisations, primarily not-for-profit entities within the local area by providing funding for projects and events. There was a total of 44 fund recipients during the reporting period.

The Clubs major capital projects this year has been the upgrade of the facilities power supply and a full renovation of the carpark. While this essential electrical upgrade is not as tangible as some previous years' projects such as the Soldiers Café, the much needed upgrade will provide supplementary capacity to the kitchen for the installation of additional equipment as the clubs dining patronage continues to increase. The upgrade will also accommodate any planned renovations, upgrades or expansions in the future. The works include the installation of an electrical substation in the carpark and a new main switchboard. The carpark will also be renovated and resealed to complete the project. These projects were temporarily delayed due to COVID-19 limitations but it is progressing again and entering the final stages completion.

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](http://www.clubmudgee.com.au) for further details.

As we progress through 2020 the impacts of the recent drought, local bushfire and then COVID-19 are having a massive impact on the business however, as we move forward the Board will continue to consider the feasibility of potential projects with a focus on providing diversification in an effort to protect the club's longevity. I encourage all members to share their innovative ideas with any of the directors and who knows, our next project could be your idea.

Finally, I take this opportunity to thank all our members for their continued support and loyalty throughout the recent unusual times. We look forward to being able to return to the new 'normal' as soon as possible.

**Scott Fittler**  
**President**

*'Your Club, Your Community'*

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

## CEO's 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 31<sup>st</sup> December 2019.

Looking at the year in review our trading produced a surplus of \$251,558. The Club's overall revenue increased by \$766,367 or 9.3% and expenses increased by \$1,019,744 or 13%. Compared to the prior year, bar sales increased by \$216,441 or 15%, bistro/coffee sales increased by \$446,716 or 35.6% and poker machine revenue increased by \$32,233 or 0.64%.

Our contribution to the local economy through employment equates to 61 staff with wages & salaries amounting to a significant \$3.1M. The employee expenses increased by \$352,635 or 12.7% on the prior year. This increase is as a result of the Annual CPI Wage increase being applied, and throughout the year we increased our staffing levels in the kitchen and Soldiers café to service the high demand on our food offerings.

In 2019, the Club provided the members with benefits totalling \$554,681 an increase of \$56,248 or 11.2%, by way of providing many & various promotions, live entertainment, bonus points and discounted pricing on food and beverage.

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 2019 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.

I wish to acknowledge employee Jessica McCall who named '2019 Ambassador of the Year'. Jessica is a valuable member in our Customer Service Team providing outstanding customer service to all our members and patrons and is full of passion for her work and work environment. Well done Jessica.

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

10 years of service – Lynette Adams, and Christina Sargent

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 continued guidance and leadership of our great club and his tremendous support of the entire Club Mudgee team. 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.

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 2019.

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 2019**

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Contents

For the Year Ended 31 December 2019

	Page
<b>Financial Statements</b>	
Directors' Report	
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 2019

The directors present their report on The Mudgee Soldiers Club Limited for the financial year ended 31 December 2019.

### General information

#### Directors

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

<b>Names</b>	<b>Position</b>	<b>Appointed/Resigned</b>
Scott Fittler	President	
Wayne Marskell	Vice President	Resigned 26 May 2019
Paul Sinclair	Vice President	Appointed Vice President 28 May 2019
Michael Sheppard	Junior Vice President	
Wayne Wilkinson	Director	
William Crossingham	Director	Appointed 26 May 2019
David Nelson	Director	Resigned 26 May 2019
Simon Byrnes	Director	
Emma Best	Director	Appointed 26 May 2019

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  
Qualifications Community Relations Manager, Yancoal  
Experience Board member 2017 - 2019  
President 2018 - Current  
Ex-officio member of sub committees (Audit, Club Grants & Building)

Wayne Marskell  
Qualifications Council Stores and Purchasing Officer  
Experience Board Member 2009 - 2019  
Vice President 2011 - 2017 & 2018 - 2019  
President May 2017 - 2018  
Audit Committee Member

Michael Sheppard  
Qualifications Retired  
Experience Board Member 1995 - 2011 & 2013 - Current  
Vice President 1997 - 1999  
President 1999 - 2011  
Junior Vice President May 2017 - Current  
Club Grants Committee Member

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Directors' Report For the Year Ended 31 December 2019

### General information (continued)

#### Information on directors (continued)

Wayne Wilkinson

Qualifications	Retired
Experience	Board Member 2014 - Current Vice President 2017 - 2018 Chairman Audit Committee Building Committee Member

David Nelson

Qualifications	Retired
Experience	Board member 2003 - 2019 President 2011 - May 2014 Club Grants Committee Member

Simon Byrnes

Qualifications	Professional Accountant
Experience	Board November 2017 - Current Audit Committee Member

Paul Sinclair

Qualifications	Builder
Experience	Board member 2018 - 2019 Vice President 2019 - Current Chairman Club Grants Committee Building Committee Member

Emma Best

Qualifications	Paralegal / Licensed Conveyancer
Experience	Board Member 2019 - Current Club Grants Committee Member

William Crossingham

Qualifications	Businessman
Experience	Board Member 2011 - 2018, 2019 - Current President 2014 - Feb 2016 & May 2016 - May 2017 Audit Committee Member

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

### 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 2019

### General information (continued)

#### 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 \$ 5 (2018: \$2) subject to the provisions of the club's constitution.

At 31 December 2019 the collective liability of members was \$ 38,755 (2018: \$ 13,610).

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Directors' Report For the Year Ended 31 December 2019

### 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 Grant Meetings		Audit Committee	
	Number eligible to attend	Number attended						
Scott Fittler	12	11	10	7	2	1	3	-
Wayne Marskell	4	1	5	3	-	-	1	1
Wayne Wilkinson	12	7	10	4	-	-	3	3
Michael Sheppard	12	11	10	10	2	2	-	-
David Nelson	4	4	5	5	-	-	-	-
Simon Byrnes	12	11	10	9	-	-	3	3
Paul Sinclair	12	10	10	8	2	2	-	-
Emma Best	8	8	5	5	2	2	-	-
William Crossingham	8	7	5	4	-	-	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 2019 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:  .....

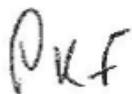
Director:  .....  
3/3/2020

Dated 3-03-2020

## 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 2019, 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

3 MARCH 2020  
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 2019

	Note	2019 \$	2018 \$
Revenue	5	9,079,966	8,313,599
Gain on disposal of non-current assets	5	7,454	43,446
Movement in inventories		(25,677)	(10,961)
Cost of sales		(1,618,295)	(1,331,754)
Employee benefits expense		(3,111,425)	(2,758,790)
Depreciation expense		(680,378)	(618,482)
Insurance expense		(207,684)	(160,273)
Professional and consulting expense		(140,695)	(144,258)
Repairs and maintenance expense		(208,114)	(198,063)
Utilities expense		(290,486)	(261,967)
Advertising expense		(75,278)	(66,038)
Functions and entertainment expense		(64,772)	(68,247)
Poker machine taxes		(906,185)	(896,875)
Members promotions expense		(554,681)	(498,433)
Other expenses		(900,470)	(694,137)
Finance expenses		(51,722)	(93,127)
<b>Profit before income tax</b>		<b>251,558</b>	555,640
Income tax expense	6	-	-
<b>Profit for the year</b>		<b>251,558</b>	555,640
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>251,558</b>	555,640

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 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	532,782	661,128
Trade and other receivables		77,481	66,243
Inventories		100,214	74,537
Other assets		90,813	76,182
TOTAL CURRENT ASSETS		<u>801,290</u>	878,090
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,763,262	9,397,068
Investment property	9	497,509	502,734
Intangible assets	10	868,373	868,373
TOTAL NON-CURRENT ASSETS		<u>11,129,144</u>	10,768,175
TOTAL ASSETS		<u>11,930,434</u>	11,646,265
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	728,453	688,631
Borrowings	12	313,217	272,495
Employee benefits	13	301,343	323,967
TOTAL CURRENT LIABILITIES		<u>1,343,013</u>	1,285,093
NON-CURRENT LIABILITIES			
Borrowings	12	563,547	591,200
Employee benefits		59,660	57,316
TOTAL NON-CURRENT LIABILITIES		<u>623,207</u>	648,516
TOTAL LIABILITIES		<u>1,966,220</u>	1,933,609
NET ASSETS		<u>9,964,214</u>	9,712,656
<b>EQUITY</b>			
Reserves		206,970	206,970
Retained earnings		9,757,244	9,505,686
TOTAL EQUITY		<u>9,964,214</u>	9,712,656

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 2019

	<b>Retained Earnings</b>	<b>Capital Profits Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2019</b>	<b>9,505,686</b>	<b>206,970</b>	<b>9,712,656</b>
Profit for the year	<b>251,558</b>	-	<b>251,558</b>
<b>Balance at 31 December 2019</b>	<b>9,757,244</b>	<b>206,970</b>	<b>9,964,214</b>
<b>Balance at 1 January 2018</b>	8,950,046	206,970	9,157,016
Profit for the year	555,640	-	555,640
<b>Balance at 31 December 2018</b>	<b>9,505,686</b>	<b>206,970</b>	<b>9,712,656</b>

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 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	9,979,548	9,152,827
Payments to suppliers and employees	(9,034,112)	(7,794,801)
Interest received	1,764	8,538
Interest paid	(51,722)	(93,127)
Net cash provided by operating activities	21 895,478	1,273,437
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	(899,922)	(1,363,313)
Proceeds from sale of plant and equipment	87,215	46,920
Net cash used in investing activities	(812,707)	(1,316,393)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of borrowings	(211,117)	(348,042)
Net cash provided by (used in) financing activities	(211,117)	(348,042)
Net decrease in cash and cash equivalents held	(128,346)	(390,998)
Cash and cash equivalents at beginning of year	661,128	1,052,126
Cash and cash equivalents at end of financial year	7 532,782	661,128

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 2019

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

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the 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.

### 2 Change in Accounting Policy

#### Revenue from Contracts with Customers - Adoption of AASB 15

The Club has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

The Club has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations.

#### Leases - Adoption of AASB 16

The Club has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Under AASB 117, the Club assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Club or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

### 3 Summary of Significant Accounting Policies

#### (a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Club. Revenue is recognised upon receipt from the customer as this is the point in time when the performance obligation is satisfied.

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 is ultimately received is interest revenue.

## The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 3 Summary of Significant Accounting Policies (continued)

##### (a) Revenue and other income (continued)

###### Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

###### Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

###### 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).

##### (b) 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.

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.

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 3 Summary of Significant Accounting Policies (continued)

#### (b) Income Tax (continued)

Current assets and liabilities are offset where a legally enforceable right of set-off 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 tax 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.

#### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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..

#### (d) Inventories

Inventories are measured at the lower of cost and net realisable value.

#### (e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value 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:

<b>Class of Fixed Asset</b>	<b>Depreciation rate</b>
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.

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3 Summary of Significant Accounting Policies (continued)

#### (e) Property, plant and equipment (continued)

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.

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.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Club has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3 Summary of Significant Accounting Policies (continued)

#### (f) Financial instruments (continued)

##### Financial assets (continued)

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Club renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Club measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Club comprise trade payables, bank and other loans and lease liabilities.

#### (g) 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.

#### (h) 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.

## The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

# Notes to the Financial Statements

For the Year Ended 31 December 2019

### 3 Summary of Significant Accounting Policies (continued)

#### (i) 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.

#### (j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services 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.

#### (k) 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.

### 4 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.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - 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 2019 has resulted in no impairment write-downs being recognised in relation to its intangible assets or property, plant and equipment.

## **The Mudgee Soldiers Club Limited**

ABN: 99 001 044 677

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **4 Critical Accounting Estimates and Judgments (continued)**

##### **Key estimates - 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 estimates - Provision for long service leave**

As discussed in Note 3 (k), 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 2019

	2019	2018
	\$	\$
<b>5 Revenue and Other Income</b>		
Revenue recognised on receipt		
- Bar and takeaway sales	1,664,752	1,448,311
- Dining room and coffee lounge sales	1,698,565	1,251,849
- Interest received	1,764	8,538
- Entertainment income	281,663	271,315
- Poker machine revenue	5,068,289	5,036,056
- Rental revenue	17,018	17,018
- Commissions received	220,791	212,927
- Fees and subscriptions	37,991	29,036
- Green fees	11,870	11,227
- Other revenue	77,263	27,322
	<b>9,079,966</b>	<b>8,313,599</b>
Other Income		
- gain on disposal of non-current assets	7,454	43,446
<b>6 Tax</b>		
(a) <b>Reconciliation of income tax to accounting profit:</b>		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)	69,178	152,801
Tax effect of:		
- net income and expenditure items relating to member activity	(97,498)	(168,215)
- deferred tax assets not brought to account	28,320	15,414
Income tax expense	-	-
<b>Unrecognised deferred tax assets and liabilities</b>		
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.		
<b>Deferred tax assets</b>		
Tax losses	482,299	442,914
Capital losses	74,256	74,256
Temporary differences	-	11,065
	<b>556,555</b>	<b>528,235</b>

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements For the Year Ended 31 December 2019

	2019	2018
	\$	\$
<b>7 Cash and Cash Equivalents</b>		
Cash on hand	300,000	300,000
Cash at bank	232,782	361,128
	<u>532,782</u>	<u>661,128</u>
<b>8 Property, plant and equipment</b>		
Freehold land		
Land, at cost	529,034	529,034
Buildings		
At cost	10,988,186	10,922,112
Less accumulated depreciation	(4,082,408)	(3,810,285)
Total buildings	<u>6,905,778</u>	<u>7,111,827</u>
Capital works in progress		
At cost	257,804	-
Plant and equipment		
At cost	4,233,912	3,914,465
Accumulated depreciation	(3,233,474)	(3,082,464)
Total plant and equipment	<u>1,000,438</u>	<u>832,001</u>
Furniture, fixtures and fittings		
At cost	1,034,237	1,012,524
Less accumulated depreciation	(783,138)	(755,626)
Total furniture, fixtures and fittings	<u>251,099</u>	<u>256,898</u>
Motor vehicles		
At cost	24,070	24,070
Less accumulated depreciation	(23,969)	(23,944)
Total motor vehicles	<u>101</u>	<u>126</u>
Poker Machines		
At Cost	3,327,317	3,183,661
Less accumulated depreciation	(2,508,309)	(2,516,479)
Total poker machines	<u>819,008</u>	<u>667,182</u>
	<u>9,763,262</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 2019

#### 8 Property, plant and equipment (continued)

##### (a) Movements in Carrying Amounts

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Poker Machines	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	-	529,034	7,111,827	832,001	256,898	126	667,182	9,397,068
Additions	257,804	-	66,074	323,990	21,714	-	450,492	1,120,074
Disposals	-	-	-	(2,272)	-	-	(77,489)	(79,761)
Depreciation expense	-	-	(272,123)	(153,281)	(27,513)	(25)	(221,177)	(674,119)
<b>Closing balance</b>	<b>257,804</b>	<b>529,034</b>	<b>6,905,778</b>	<b>1,000,438</b>	<b>251,099</b>	<b>101</b>	<b>819,008</b>	<b>9,763,262</b>

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
<b>9 Investment Properties</b>		
Balance at beginning of year	518,010	518,010
Depreciation	<u>(20,501)</u>	<u>(15,276)</u>
<b>Balance at end of the period</b>	<u><b>497,509</b></u>	<u>502,734</u>
<b>10 Intangible Assets</b>		
Poker machine licences, at Cost	<u><b>868,373</b></u>	<u>868,373</u>

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.

### 11 Trade and Other Payables

#### CURRENT

Trade payables	322,551	379,860
GST payable	103,754	1,048
Sundry payables and accrued expenses	<u>302,148</u>	<u>307,723</u>
	<u><b>728,453</b></u>	<u>688,631</u>

### 12 Borrowings

#### Unsecured liabilities:

Lease liability - secured	(a) 116,400	32,495
Bank loan - secured	(b) <u>196,817</u>	<u>240,000</u>
<b>Total current borrowings</b>	<u><b>313,217</b></u>	<u>272,495</u>

#### NON-CURRENT

Lease liability - secured	(a) 107,786	-
Bank loan - secured	(b) <u>455,761</u>	<u>591,200</u>
<b>Total non-current borrowings</b>	<u><b>563,547</b></u>	<u>591,200</u>

<b>Total borrowings</b>	<u><b>876,764</b></u>	<u>863,695</u>
-------------------------	-----------------------	----------------

#### (a) Lease liability

Leased liabilities are secured by the underlying leased assets.

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements

For the Year Ended 31 December 2019

2019	2018
\$	\$

### 12 Borrowings (continued)

#### (b) Bank Loans

Bank loans comprise of the following facilities:

- Agribusiness Line of Credit with a facility limit of \$150,000, no drawdowns as at balance date; and
- Market Rate Loan with a facility limit of \$1,500,000 which expires in September 2022, the liability at balance date is \$652,578

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.

### 13 Provisions

Current

Long service leave

Provision for employee benefits

90,788 94,550

210,555 229,417

301,343 323,967

### 14 Reserves

#### (a) Capital profits reserve

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

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements For the Year Ended 31 December 2019

	2019	2018
	\$	\$
<b>15 Leasing Commitments</b>		
<b>(a) Finance leases</b>		
Minimum lease payments:		
- not later than one year	116,400	33,805
- between one year and five years	107,786	-
<b>Minimum lease payments</b>	<b>224,186</b>	33,805
Less: finance charges	-	(1,310)
Present value of minimum lease payments	<b>224,186</b>	32,495

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 (2018: none).

## 16 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 of the category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

### Financial assets

Held at amortised cost

Cash and cash equivalents	532,782	661,128
Trade and other receivables	77,481	66,243

### Financial liabilities

Financial liabilities at amortised cost

<b>Total financial liabilities</b>	<b>1,149,456</b>	961,126
------------------------------------	------------------	---------

## 17 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 \$ 5 (2018: \$2) each towards meeting any outstandings and obligations of the Club. At 31 December 2019 the number of members was 7,751 (2018: 6,805).

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Notes to the Financial Statements

For the Year Ended 31 December 2019

2019	2018
\$	\$

### 18 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of The Mudgee Soldiers Club Limited during the year are as follows:

The total remuneration paid to key management personnel of the Club is \$ 182,228 (2018: \$ 164,948).

### 19 Contingencies

As at balance date, the Club is holding \$35,738 in retention payments with respect to the Club refurbishment (2018: \$35,738).

In the opinion of the Directors, the Club did not have any other contingencies at 31 December 2019.

### 20 Related Parties

#### Transactions with related parties

There were no related party transactions during the financial year.

### 21 Cash Flow Information

#### (a) Non-cash financing and investing activities

Acquisition of assets by means of leases

224,186

-

### 22 Events after the end of the Reporting Period

The financial report was authorised for issue on 3 March 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

### 23 Statutory Information

The registered office and principal place of business of the company is:

The Mudgee Soldiers Club Limited

99 Mortimer Street

MUDGEES NSW 2850

# The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

## Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2019 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.

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

Director:  .....

Director:  .....  
3/3/2020

Dated 3-03-2020 .

## INDEPENDENT AUDIT REPORT

### TO THE MEMBERS OF THE MUDGEES SOLDIERS CLUB LIMITED

#### Report on the Audit of 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 2019, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Club 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 2019 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 Club, 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.

##### 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.

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

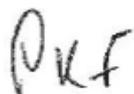
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

3 MARCH 2020  
NEWCASTLE, NSW