



MUDGEE SOLDIERS CLUB LTD

ABN: 99 001 044 677

2020

ANNUAL REPORT

'Your Club, Your Community'

Ph: 6372 1922

E: info@clubmudgee.com.au

www.clubmudgee.com.au

BOARD OF DIRECTORS DECEMBER 2020



S. Fittler - President



P. Sinclair – Vice President



E. Best – Jnr. Vice President



M. Shepperd - Director



S. Byrnes - Director



B. Crossingham - Director



J. Mills - 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 23rd May, 2021 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 26th July, 2020;
4. To receive and consider the reports and declarations of the Directors and Auditors for the year ended 31st December 2020;
5. To receive and consider the Concise Financial Statements for the year ended 31st December 2020;
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: 2nd March 2021, 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 23rd May 2021 commencing at 10.00am at the premises of the Club, 99 Mortimer Street, Mudgee NSW, the members will be asked to consider and if though 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 Resolution

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 Resolution

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 2021 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 Third Ordinary Resolution

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

Dated: 2nd March 2021, by direction of the Board



Maureen Hutchison
Chief Executive Officer

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 2020.

The financial statements for the year continue to be positive in that the Club is trading at a profit despite the impacts of COVID-19.

During the reporting period, Club Mudgee experienced some unprecedented and wildly unpredictable times with almost 3 months of shutdown and very limited trading at best. During these times gaming and bar trade ceased however, job keeper enabled limited trading in the kitchen and home delivery dining kept the dedicated staff busy.

The Board would like to thank Maureen Hutchison (CEO), her management team and all staff for their continued efforts and performance throughout a year that demonstrated uncertainty, disruption and very difficult trading circumstances.

There were two major capital projects for the year. The comprehensive power supply upgrade and a full renovation of the carpark that included a complete resurface. The carpark project was necessary due to the degrading of the old surface that saw many faults and large potholes appearing. It also coincided with the power upgrade that required extensive excavation works. While these upgrades are not as tangible as some previous years' projects the power supply upgrade will now provide the Club with the capacity to accommodate any future larger scale renovation or expansion projects.

The rear verandah upgrade is well underway. Upon completion, there will be additional seating that will benefit members and guests all year round. The project includes the installation of adjustable café blinds and heating for the winter months.

Last year the Clubs commitment to Club Grants was \$64,310. There was a total of 40 local organisations who received donations and sponsorships. In addition to the monetary donations, there were numerous in-kind donations made. 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 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 for further details.

Finally, I take this opportunity to thank all our members for their understanding and continued support throughout the last year. Without doubt it has been a year filled with challenges. We look forward to the exciting times ahead as we continue to adjust to the new 'normal'.

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,

On behalf of the Board of Directors and I, I present to you my report for the year ended 31st December 2020.

The Club's financial performance for 2020 is a profit of \$642,561 compared to a profit of \$251,558 in 2019.

The year 2020 was one of the toughest for the Club, the Board, managers, staff, our members, and the community as a whole. One of my toughest days was when the announcement came through from the NSW Government advising there would be a shutdown of our industry, and I recall feeling very overwhelmed about delivering this news to all the staff. In saying that, I acknowledge the tremendous efforts of the staff during the shutdown, in particular when we introduced limited home delivery and takeaway trading through our kitchen and café.

Even during difficult times, our contribution to the local economy through employment equates to 60 staff with wages & salaries amounting to a significant \$2.9M. The employee expenses decreased slightly by \$216,503 on the prior year and is purely as a result of the shutdown.

In 2020, the Club provided the members with benefits totalling \$372,247 by way of providing many & various promotions, 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 and gratitude to all the staff for their support throughout 2020 and I congratulate each one of them for the enthusiasm, loyalty and dedication they bring to the club and their individual roles each day.

I extend my sincere thanks to the Management team for their dedication, support and commitment to their roles, you are greatly valued.

I extend my genuine appreciation to all the Board of Directors for their support and encouragement throughout the toughest of years, 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 2020.

The Board, management and staff will do our best to recover from what has been a tough year and we look forward to providing you with exceptional customer service, experience and value, and most importantly, our friendly smiles will always be here waiting to greet you.

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 2020

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Contents

For the Year Ended 31 December 2020

	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	23
Independent Audit Report	24

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2020

The directors present their report on The Mudgee Soldiers Club Limited for the financial year ended 31 December 2020.

General information

Directors

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

Names	Position	Appointed/Resigned
Scott Fittler	President	
Paul Sinclair	Vice President	
Emma Best	Junior Vice President	
Michael Shepperd	Director	
Wayne Wilkinson	Director	Not reappointed 26 July 2020
William Crossingham	Director	
Simon Byrnes	Director	
John Mills	Director	Appointed 26 July 2020

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 - 2018 President 2018 - current Ex-officio member of sub committees (Audit, Club Grants & Building)
Paul Sinclair	
Qualifications	Builder
Experience	Board member 2018 - 2019 Vice President 2019 - current Chairman Community Engagement / Club Grants Committee Building Committee Member
Emma Best	
Qualifications	Paralegal / Licensed Conveyancer
Experience	Board Member 2019 - 2020 Junior Vice President July 2020 - current Community Engagement / Club Grants Committee Member

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2020

General information (continued)

Information on directors (continued)

Michael Shepperd

Qualifications

Experience

Retired

Board Member 1995 - 2011

Vice President 1997 - 1999

President 1999 - 2011

Board Member 2013 - 2018

Junior Vice President May 2017 - July 2020

Board Member July 2020 - current

Audit, Finance & Business Risk, Asset Renewal Committee Member

Wayne Wilkinson

Qualifications

Experience

Not reappointed 26 July 2020

Retired

Board Member 2014 - 2017

Vice President 2017 - 2018

Board Member 2018 - current

Chairman Audit Committee

Building Committee Member

William Crossingham

Qualifications

Experience

Businessman

Board Member 2011 - May 2018

President May 2014 - February 2016

President May 2016 - May 2017

Board Member May 2019 - current

Audit, Finance & Business Risk, Asset Renewal Committee Member

Building Committee Member

Simon Byrnes

Qualifications

Experience

Professional Accountant

Board Member November 2017 - current

Audit, Finance & Business Risk, Asset Renewal Committee Member

John Mills

Qualifications

Experience

Appointed 26 July 2020

Sales Manager

Board Member July 2020 - current

Community Engagement / Club Grants 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 2020**

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 it's 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 ohspitality, lifestyle and entertainment services to the community; and
- Invest funds generated by the Club's operations to develop the Club's assets, to enable the Club to continue to provide services to members and the local community that are concurrent with the needs of the members and the local community.

Strategy for achieving the objectives

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

- Ensure that 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 Club, 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 (2019: \$ 5), subject to the provisions of the Club's constitution.

At 31 December 2020 the collective liability of members was \$ 35,985 (2019: \$ 38,755).

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Directors' Report For the Year Ended 31 December 2020

Meetings of directors

During the financial year, 28 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		Audit Committee	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Scott Fittler	12	11	12	11	2	1	2	1
Paul Sinclair	12	7	12	9	2	2	-	-
Emma Best	12	12	12	12	2	2	-	-
Michael Shepperd	12	12	12	11	-	-	1	-
Wayne Wilkinson	6	6	6	6	-	-	1	1
William Crossingham	12	11	12	12	-	-	1	1
Simon Byrnes	12	10	12	9	-	-	2	2
John Mills	6	6	7	5	1	1	-	-

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 Club's core property assets are defined as the Club's premises and associated car parks at the following address:

- 93-99 Mortimer Street Mudgee NSW.

Non-core Property: The Club's non-core property assets are defined as all other property assets held by the Club, including 91 Mortimer Street 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 2020 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: 

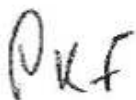
Director: 

Date: 2/3/2021

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 2020, 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

2 MARCH 2021
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 2020

	Note	2020 \$	2019 \$
Revenue	4	7,057,440	9,079,966
Other income	4	805,831	7,454
Changes in inventories of finished goods and work in progress		(2,455)	(25,677)
Raw materials and consumables used		(1,057,413)	(1,617,697)
Employee benefits expense		(2,894,922)	(3,111,425)
Depreciation expense		(732,703)	(680,378)
Insurance expense		(208,607)	(207,684)
Professional and consulting expense		(107,531)	(140,695)
Repairs and maintenance expense		(161,452)	(208,114)
Utilities expense		(252,753)	(290,486)
Advertising expense		(42,067)	(75,278)
Functions and entertainment expense		(30,491)	(64,772)
Poker machine taxes		(746,023)	(906,185)
Members promotion expense		(372,247)	(554,681)
Other operating expenses		(585,991)	(901,068)
Finance expenses		(26,055)	(51,722)
Surplus before income tax		642,561	251,558
Income tax expense	5	-	-
Surplus for the year		642,561	251,558
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		642,561	251,558

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	605,779	532,782
Trade and other receivables		42,494	77,481
Inventories		102,669	100,214
Other assets		67,382	90,813
TOTAL CURRENT ASSETS		<u>818,324</u>	<u>801,290</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,000,711	9,763,262
Investment properties	8	492,283	497,509
Intangible assets	9	868,373	868,373
TOTAL NON-CURRENT ASSETS		<u>11,361,367</u>	<u>11,129,144</u>
TOTAL ASSETS		<u>12,179,691</u>	<u>11,930,434</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	879,679	728,453
Borrowings	11	213,635	313,217
Employee benefits	12	239,576	301,343
TOTAL CURRENT LIABILITIES		<u>1,332,890</u>	<u>1,343,013</u>
NON-CURRENT LIABILITIES			
Borrowings	11	166,598	563,547
Employee benefits		73,428	59,660
TOTAL NON-CURRENT LIABILITIES		<u>240,026</u>	<u>623,207</u>
TOTAL LIABILITIES		<u>1,572,916</u>	<u>1,966,220</u>
NET ASSETS		<u>10,606,775</u>	<u>9,964,214</u>
EQUITY			
Reserves		206,970	206,970
Retained earnings		10,399,805	9,757,244
TOTAL EQUITY		<u>10,606,775</u>	<u>9,964,214</u>

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 2020

	Retained Earnings	Capital Profits Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	9,757,244	206,970	9,964,214
Surplus for the year	642,561	-	642,561
Balance at 31 December 2020	10,399,805	206,970	10,606,775

	Retained Earnings	Capital Profits Reserve	Total
	\$	\$	\$
Balance at 1 January 2019	9,505,686	206,970	9,712,656
Surplus for the year	251,558	-	251,558
Balance at 31 December 2019	9,757,244	206,970	9,964,214

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 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	8,593,721	9,979,548
Payments to suppliers and employees	(7,033,284)	(9,034,112)
Interest received	2,811	1,764
Interest paid	(26,055)	(51,722)
Net cash provided by operating activities	<u>1,537,193</u>	<u>895,478</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	(841,703)	(899,922)
Proceeds from sale of plant and equipment	-	87,215
Net cash used in investing activities	<u>(841,703)</u>	<u>(812,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(2,275,498)	(211,117)
Proceeds from borrowings	1,653,005	-
Net cash used in financing activities	<u>(622,493)</u>	<u>(211,117)</u>
Net increase/(decrease) in cash and cash equivalents held	72,997	(128,346)
Cash and cash equivalents at beginning of year	532,782	661,128
Cash and cash equivalents at end of financial year	6 <u>605,779</u>	<u>532,782</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 2020

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 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably and 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 any 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 that is ultimately received is interest revenue.

Gain or loss on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with the asset's 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

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

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.

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.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

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.

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 Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

- 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 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.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(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.

(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.

3 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.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

3 Critical Accounting Estimates and Judgments (continued)

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 2020 has resulted in no impairment write-downs being recognised in relation to its intangible assets or property, plant and equipment.

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 2(i), 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 2020

4 Revenue and Other Income

	2020	2019
	\$	\$
Revenue recognised on receipt		
- Bar and takeaway sales	1,107,895	1,664,752
- Dining room and coffee lounge sales	1,126,847	1,698,565
- Fees and subscriptions	28,948	37,991
- Entertainment income	161,791	281,663
- Poker machine revenue	4,280,190	5,068,289
- Rental revenue	10,504	17,018
- Green fees	6,796	11,870
- Commissions received	163,267	220,791
- Other revenue	168,391	77,263
	<u>7,054,629</u>	<u>9,078,202</u>
Other Income		
- Gain/(loss) on disposal of non-current assets	(2,669)	7,454
- Government grants	808,500	-
	<u>805,831</u>	<u>7,454</u>

5 Tax

(a) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	176,704	69,178
Tax effect of:		
- net income and expenditure items relating to member activity	(209,272)	(97,498)
- deferred tax assets not brought to account	32,568	28,320
Income tax expense	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets and liabilities

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.

Deferred tax assets

Tax losses	516,787	494,442
Capital losses	74,256	74,256
Temporary differences	3,305	(6,917)
	<u>594,348</u>	<u>561,781</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2020

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	389,220	300,000
Bank balances	216,559	232,782
	<u>605,779</u>	<u>532,782</u>

7 Property, plant and equipment

Freehold land		
At cost	<u>529,034</u>	529,034
Buildings		
At cost	10,991,645	10,988,186
Accumulated depreciation	<u>(4,355,593)</u>	<u>(4,082,408)</u>
Total buildings	<u>6,636,052</u>	6,905,778
Capital works in progress		
At cost	<u>793,746</u>	257,804
Plant and equipment		
At cost	4,395,185	4,233,912
Accumulated depreciation	<u>(3,399,481)</u>	<u>(3,233,474)</u>
Total plant and equipment	<u>995,704</u>	1,000,438
Furniture, fixtures and fittings		
At cost	1,041,050	1,034,237
Accumulated depreciation	<u>(807,637)</u>	<u>(783,138)</u>
Total furniture, fixtures and fittings	<u>233,413</u>	251,099
Motor vehicles		
At cost	24,070	24,070
Accumulated depreciation	<u>(23,989)</u>	<u>(23,969)</u>
Total motor vehicles	<u>81</u>	101
Poker Machines		
At cost	2,971,144	3,327,317
Accumulated depreciation	<u>(2,158,463)</u>	<u>(2,508,309)</u>
Total poker machines	<u>812,681</u>	819,008
	<u>10,000,711</u>	<u>9,763,262</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

7 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	257,804	529,034	6,905,778	1,000,438	251,099	101	819,008	9,763,262
Additions	631,652	-	3,459	99,915	6,813	-	225,826	967,665
Disposals	(69)	-	-	-	-	-	(2,670)	(2,739)
Transfers	(95,641)	-	-	61,358	-	-	34,283	-
Depreciation	-	-	(273,185)	(166,007)	(24,499)	(20)	(263,766)	(727,477)
Closing balance	793,746	529,034	6,636,052	995,704	233,413	81	812,681	10,000,711

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2020

8 Investment Properties

	2020	2019
	\$	\$
At cost	518,010	518,010
Depreciation	(25,727)	(20,501)
	<u>492,283</u>	<u>497,509</u>

9 Intangible Assets

Poker Machine licenses		
Cost	<u>868,373</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.

10 Trade and Other Payables

CURRENT		
Trade payables	282,819	322,551
GST payable	86,499	103,754
Sundry payables and accrued expenses	510,361	302,148
	<u>879,679</u>	<u>728,453</u>

11 Borrowings

Unsecured liabilities:		
Lease liability - secured	(a) 145,929	116,400
Bank loans	(b) 67,706	196,817
Total current borrowings	<u>213,635</u>	<u>313,217</u>
NON-CURRENT		
Lease liability secured	(a) 166,598	107,786
Bank loans	(b) -	455,761
Total non-current borrowings	<u>166,598</u>	<u>563,547</u>
Total borrowings	<u>380,233</u>	<u>876,764</u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Borrowings (continued)

(a) Lease liability

Leased liabilities are secured by the underlying leased assets.

(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 \$67,706.

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

	2020	2019
	\$	\$
Current		
Long service leave	37,488	90,788
Provision for employee benefits	202,088	210,555
	<u>239,576</u>	<u>301,343</u>

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.

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements

For the Year Ended 31 December 2020

14 Leasing Commitments

(a) Lease Liabilities

	2020	2019
	\$	\$
Minimum lease payments:		
- not later than one year	145,929	116,400
- between one year and five years	166,598	107,786
Minimum lease payments	312,527	224,186
Present value of minimum lease payments	312,527	224,186

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

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 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	605,779	532,782
Trade and other receivables	42,494	77,481

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost	1,259,912	1,149,456
Total financial liabilities	1,259,912	1,149,456

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 \$ 5 (2019: \$ 5) each towards meeting any outstandings and obligations of the Club. At 31 December 2020 the number of members was 7,197 (2019: 7,751).

17 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 \$ 154,744 (2019: \$ 182,228).

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Notes to the Financial Statements For the Year Ended 31 December 2020

18 Contingencies

As at balance date, the Club is holding \$35,738 in retention payments with respect to the Club refurbishment (2019: \$35,738).

In the opinion of the Directors, the Club did not have any other contingencies at 31 December 2020.

19 Related Parties

Transactions with related parties

There were no related party transactions during the financial year.

20 Cash Flow Information

(a) Non-cash financing and investing activities

	2020	2019
	\$	\$
Acquisition of assets by means of leases	125,962	224,186

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 2 March 2021 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.

22 Statutory Information

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

The Mudgee Soldiers Club Limited
99 Mortimer Street
MUDGEE 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 22, 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 2020 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:



Date

2/3/2021

INDEPENDENT AUDITOR'S 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 Mudgees Soldiers Club Limited ('the Club'), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's 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 2020 and of its financial performance for the year then 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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.

Other Information

The Directors of the Club are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2020 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.

Responsibilities of Management and the Directors for the Financial Report

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.

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements², and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Entity's financial reporting process.

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:

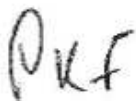
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 management 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, actions taken to eliminate threats or safeguards applied.



PKF



CLAYTON HICKEY
PARTNER

2 MARCH 2021
NEWCASTLE, NSW

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Divisional Profit and Loss Statement (unaudited) For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Bar Trading		
Trading Income		
Operating Income	1,107,895	1,664,752
Cost of Goods Sold		
Purchases	(353,587)	(549,748)
Bar wastage	(14,121)	(17,803)
Transfers	(25,288)	(30,266)
Movement in inventories	3,855	24,620
Gross Surplus	<u>718,754</u>	<u>1,091,555</u>
Less: Expenses		
Bar expenses	(5,486)	(12,400)
Freight	(136)	-
Laundry & bar runners	(3,606)	(9,068)
Promotion expenses	(11,553)	(46,193)
Repairs and maintenance	(9,415)	(11,087)
Wages	(367,741)	(456,900)
Net operating surplus	<u><u>320,817</u></u>	<u><u>555,907</u></u>

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Divisional Profit and Loss Statement (unaudited) For the Year Ended 31 December 2020

	2020 \$	2019 \$
Catering Trading		
Trading Income		
Soldiers Café	226,106	322,747
Bistro income	898,469	1,364,643
Functions income	2,272	11,175
Room hire	10,968	38,163
	1,137,815	1,736,728
Cost of Goods Sold		
Purchases	(456,041)	(690,572)
Wastage	(3,442)	(5,750)
Movement in inventories	(1,022)	(7,933)
	677,310	1,032,473
Gross Surplus		
Less: Expenses		
Accommodation & Travel	(11,260)	(30,255)
Cleaning	(22,869)	(30,556)
Consumables	(18)	(1,160)
Contractor wage expense	(46,705)	(85,403)
Laundry	(2,373)	(3,988)
Printing and Stationery	(1,128)	(2,724)
Promotion expenses	(2,350)	(6,479)
Repairs and maintenance	(11,759)	(16,499)
Sundry expenses	(18,216)	(21,120)
Utilities	(16,210)	(18,983)
Wages	(754,579)	(870,089)
Net operating deficit	(210,157)	(54,783)

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Divisional Profit and Loss Statement (unaudited) For the Year Ended 31 December 2020

	2020 \$	2019 \$
Poker Machine Trading		
Sale of goods		
Poker machine revenue	4,280,190	5,068,289
Less: Expenses		
Club grants	(71,320)	(106,968)
CMS fees	(37,509)	(53,570)
Depreciation	(263,767)	(222,209)
Fees and licencing	(11,832)	(70,065)
Poker machine amenities	(3,150)	(4,585)
Poker machine duty	(746,023)	(906,185)
Promotion expenses	(78,621)	(31,858)
Repairs and maintenance	(62,286)	(68,303)
Sundry expenses	(1,984)	(1,315)
Support fees	(40,563)	(34,045)
Wages	(285,191)	(313,150)
Net operating surplus	2,677,944	3,256,036

The Mudgee Soldiers Club Limited

ABN: 99 001 044 677

Divisional Profit and Loss Statement (unaudited) For the Year Ended 31 December 2020

	2020 \$	2019 \$
Net operating surplus: Bar Trading	320,817	555,907
Net operating surplus: Gaming	2,677,944	3,256,036
Net operating deficit: Catering	(210,157)	(54,783)
	2,788,604	3,757,160
Other trading income		
ATO cash boost	100,000	-
Bingo income	74,057	107,797
Green fees	6,796	11,870
Commission income	163,267	220,791
Interest income received	2,811	1,764
Jobkeeper income	808,500	-
Other income	23,144	28,085
Poker income	3,170	24,952
Raffle income	73,459	109,925
Rental income	10,504	17,018
Subscription income	28,948	37,991
Less: Expenses		
Advertising and marketing	(42,067)	(72,843)
Bank charges	(22,936)	(19,406)
Bingo expenses	(101,727)	(159,606)
Cleaning	(51,612)	(54,495)
Depreciation	(468,936)	(458,169)
Director expenses	(8,694)	(39,818)
Employee leave expense	(80,522)	(93,054)
Entertainment expenses	(46,130)	(89,784)
Finance cost	(26,055)	(51,722)
Insurance expense	(208,607)	(207,684)
IT expenses	(35,437)	(43,313)
Keno expense	(2,583)	(4,403)
Loss on sale of asset	(2,669)	7,454
Member expenses	(311,596)	(494,090)
Other employee expenses	(61,735)	(60,556)
Payroll tax expense	(57,915)	(104,161)
Professional and consulting expenses	(46,309)	(78,126)
Raffle expenses	(74,222)	(122,353)
Rates	(57,564)	(55,432)
Repairs and maintenance	(85,856)	(119,244)
Security expenses	(31,417)	(48,006)
Subscriptions	(18,896)	(23,626)
Subsidiary club expense	(16,426)	(76,990)
Sundry expenses	(29,978)	(56,742)
Superannuation expense	(216,438)	(255,753)
Tab expense	(18,150)	(34,096)
Training expenses	(6,524)	(22,708)
Utilities	(178,979)	(216,071)
Wages	(1,130,719)	(1,010,998)
Net operating surplus	642,561	251,558