



# **MAYFIELD EX-SERVICES CLUB LIMITED**

ABN 82 000 995 602

(A Company Limited by a guarantee not having share capital)

## **FINANCIAL REPORT For the Year Ended 30 June 2011**

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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(A Company limited by guarantee not having share capital)

## ANNUAL GENERAL MEETING NOTICE

**NOTICE** is hereby given of the Annual General Meeting of **MAYFIELD EX SERVICES CLUB LIMITED** to be held on **16 October 2011** commencing at the hour of **9:00 am** at the premises of the Club, 58 Hanbury Street, Mayfield, New South Wales.

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### BUSINESS

The business of the meeting will be as follows:

1. To confirm the minutes of the previous Annual General Meeting and the minutes of any other general meeting that require confirmation.
  2. To receive and consider the directors' report, financial report, auditor's report and any other report of the Board. These reports are available on the Club's website [www.mayfieldexservicesclub.com.au](http://www.mayfieldexservicesclub.com.au)
  3. To consider the resolutions set out in the attached Notice of Resolutions (which relate to the possible amalgamation with Waratah Mayfield Rugby League Football Club Limited).
  4. To consider the resolutions set out in the Notice of Special Resolutions sent to Life Members and Ex Service Members of the Club (which relate to amendments to the Club's Constitution).
  5. To conduct the election of directors as required by the Club's Constitution.
  6. To appoint a Returning Officer.
  7. To consider the Ordinary Resolutions set out below (which relate to director expenses and honorariums).
  8. To deal with any other business that may be dealt with at the Annual General Meeting.
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### CLUB PROPERTY REPORT

Pursuant to Section 41J(2) of the Registered Clubs Act, for the financial year ended 30 June 2011, the Club's property at:

- (a) 58 Hanbury Street Mayfield NSW is core property of the Club
  - (b) 72 Hanbury Street Mayfield NSW is non-core property of the Club
  - (c) 74 Hanbury Street Mayfield NSW is non-core property of the Club
  - (d) 26 Baker Street Mayfield NSW is non-core property of the Club
  - (e) 28 Baker Street Mayfield NSW is non-core property of the Club
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### FIRST ORDINARY RESOLUTION

- (a) That the members hereby approve expenditure by the Club not exceeding \$60,000.00 until the next Annual General Meeting of the Club for the following:
  - (i) The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
- (ii) The reasonable costs (including travel and accommodation expenses) of directors attending meetings, conferences and trade shows conducted by ClubsNSW, the Club

# MAYFIELD EX SERVICES CLUB LIMITED

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## ANNUAL GENERAL MEETING NOTICE (cont)

Managers Association and such other conferences and trade shows as determined by the Board from time to time.

- (iii) The reasonable cost of directors attending any other registered club or gaming venue for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
  - (iv) The reasonable cost of directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
  - (v) The reasonable out of pocket expenses incurred by directors in relation to carrying out their duties directly relating to club affairs approved by the Board on production of documentary evidence of such expenditure.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors of the Club.

### Notes to Members on First Ordinary Resolution

- 2. The First Ordinary Resolution is to have the members in general meeting approve expenditure by the Club for directors to attend seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club and for other out of pocket expenses.

### Procedural Matters

- 3. To be passed, the First Ordinary Resolution must receive votes from not less than a majority of those members who being eligible to do so vote in person on the First Ordinary Resolution at the meeting.
- 4. The Registered Clubs Act provides that:
  - (a) members who are employees of the Club are not entitled to vote; and
  - (b) proxy voting is prohibited.

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### SECOND ORDINARY RESOLUTION

That the members hereby approve the payment of the following honorariums to directors of the Club for services as directors of the Club until the next Annual General Meeting:

- |                             |   |                      |
|-----------------------------|---|----------------------|
| (i) President               | - | \$1,400.00 per annum |
| (ii) Vice President         | - | \$500.00 per annum   |
| (iii) Treasurer             | - | \$1,400.00 per annum |
| (iv) Ordinary Board Members | - | \$500.00 per annum   |

### Notes to Members on Second Ordinary Resolution

- 5. The Second Ordinary Resolution is to have the members approve honorariums for the President, Vice President, Treasurer and Ordinary Board members.
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## ANNUAL GENERAL MEETING NOTICE (cont)

### **Procedural Matters**

6. To be passed, the Second Ordinary Resolution must receive votes from not less than a majority of those members who being eligible to do so vote in person on the Second Ordinary Resolution at the meeting.
  7. The Registered Clubs Act provides that:
    - (a) members who are employees of the Club are not entitled to vote; and
    - (b) proxy voting is prohibited.
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Dated:

By direction of the Board

Ray Richards  
General Manager

# MAYFIELD EX SERVICES CLUB LIMITED

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## NOTICE OF RESOLUTIONS FOR ANNUAL GENERAL MEETING

**NOTICE** is hereby given that at the Annual General Meeting of the **MAYFIELD EX SERVICES CLUB LIMITED** to be held on **Sunday 16th October 2011** commencing at the hour of **9.00am** at the premises of the Club, 58 Hanbury Street, Mayfield, New South Wales the members will be asked to consider and, if thought fit, pass the resolutions set out below.

### ORDINARY RESOLUTION

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

That the members hereby:

- (a) approve in principle the amalgamation of the Mayfield Ex Services Club Limited ACN 000 995 602 (Ex Services Club) with the Waratah Mayfield Rugby League Football Club Limited ACN 001 047 043 (Leagues Club), such amalgamation to be effected by:
  - (i) the continuation of the Ex Services Club (as the amalgamated club) and the dissolution of the Leagues Club; and
  - (ii) the transfer of the club licence of the Leagues Club to the Ex Services Club.
- (b) approve the making of an application to the Casino, Liquor and Gaming Control Authority for the transfer of the club licence of the Leagues Club to the Ex Services Club for the purposes of such amalgamation.
- (c) acknowledge that if, after three (3) months of the application referred to in paragraph (b) being granted, the Leagues Club's premises are not financially viable (in the opinion of the Board of the amalgamated club) then the amalgamated club will cease to trade from the Leagues Club's premises (at Allowah Street Waratah West) and will thereafter transfer the Leagues Club's poker machine entitlements from the Leagues Club's premises to the Ex Services Club's premises (at Hanbury Street Mayfield).
- (d) approve, for the purposes of section 21(4) of the Gaming Machines Act 2001 (NSW), the transfer of all of the Leagues Club's poker machine entitlements from the Leagues Club's premises to the Ex Services Club's premises if the amalgamated club ceases to trade from the Leagues Club's premises in the manner referred to in paragraph (c).
- (e) declare that, as and from the application referred to in paragraph (b) being granted, the Leagues Club's premises are "non-core property" for the purposes of section 41J of the Registered Clubs Act 1976 (NSW) and hereby authorise the amalgamated club disposing the Leagues Club's premises if the amalgamated club ceases to trade from the Leagues Club's premises in the manner referred to in paragraph (c).
- (f) approve, for the purposes of section 17AI of the Registered Clubs Act 1976 (NSW), the amalgamated club disposing the Leagues Club's premises if the amalgamated club ceases to trade from the Leagues Club's premises in the manner referred to in paragraph (c)."

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## NOTICE OF RESOLUTIONS FOR ANNUAL GENERAL MEETING (Cont)

### Notes to Members on Ordinary Resolution

1. To be passed the Ordinary Resolution must receive votes from a simple majority (ie 50% plus 1) of those members who being eligible to do so vote in person on the Ordinary Resolution at the meeting.
  2. Before attending the meeting, members should read and consider the Memorandum of Understanding which has been entered into between the clubs. A copy of the Memorandum of Understanding is on display on the Club's website and on the Club's Notice Board.
  3. **All members (except Honorary members, Provisional members and Temporary members) are eligible to attend the meeting and vote on the Ordinary Resolution.**
  4. Under the Registered Clubs Act:
    - (a) members who are employees of the Club are not entitled to vote.
    - (b) proxy voting is prohibited.
  5. The Board recommends that members vote in favour of the Ordinary Resolution.
- 

### SPECIAL RESOLUTION

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

Provided the Ordinary Resolution is passed, but subject to Completion of the Amalgamation (as defined in the Memorandum of Understanding between the clubs), the Constitution of Mayfield Ex Services Club Limited be amended by:

(a) **inserting** the following new Rule 12(c):

“(c) **Waratah Mayfield Rugby League Football Club Members** shall be persons who are admitted to Waratah Mayfield Rugby League Football Club Membership in accordance with Rule 25A. Waratah Mayfield Rugby League Football Club Members shall have the same rights and privileges of Ordinary Members as set out in this Constitution.”

(b) **inserting** the following new heading and new Rule 25A:

#### **“ADMISSION OF MEMBERS PURSUANT TO AMALGAMATION**

25A (a) Rules 22 to 24 inclusive shall not apply to a person who is admitted as a member of the Club pursuant to:

- (i) an amalgamation with another registered club; and
- (ii) this Rule 25A.

(b) A person shall be admitted as a member of the Club pursuant to an amalgamation if that person:

- (i) is a full member (as defined in the Registered Clubs Act) of a registered club which has amalgamated with the Club; and
- (ii) has agreed to be a member of the Club pursuant to the amalgamation.

(c) The agreement referred to in paragraph (b)(ii) of this Rule 25 must be:

- (i) in writing and to the effect that the person agrees to be a member of the Club and agrees to be bound by the Constitution and By-laws of the Club;
- (ii) in such form as approved by the Board from time to time.

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## NOTICE OF RESOLUTIONS FOR ANNUAL GENERAL MEETING (Cont)

- (d) *Any person who completes and signs the agreement referred to in paragraph (c) of this Rule 25A and returns that agreement to the Club shall, after the procedure set out in Rule 24(c) and (d) has been followed, be entered in the Register of Members of the Club as a member and shall from the date of entry on the register be a member of the Club."*

### Notes to Members on Special Resolution

1. The Special Resolution will only be considered if the Ordinary Resolution is passed by members. The amendments contained in the Special Resolution will not take effect until such time as the amalgamation between the Club and the Waratah Mayfield Rugby League Football Club Limited is completed in accordance with the Memorandum of Understanding entered into by the clubs.
2. **The Special Resolution proposes to amend the Club's Constitution to create a new category of membership to be known as "Waratah Mayfield Rugby League Football Club members".**
3. It is a requirement of the Registered Clubs Act that a separate category of membership is established for amalgamated members. To satisfy this requirement, it is proposed for the category of membership to be known as "Waratah Mayfield Rugby League Football Club members" to be inserted into the Club's Constitution.
4. To be passed the Special Resolution must receive votes from not less than three quarters of those members who being eligible to do so vote in person on the Special Resolution at the meeting.
5. **Only Ex-Services members and Honorary Life members of the Club are entitled to vote on the Special Resolution.**
6. Under the Registered Clubs Act:
  - (a) members who are employees of the Club are not entitled to vote; and
  - (b) proxy voting is prohibited.
7. Amendments (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) will not be permitted from the floor of the meeting.
8. The Board recommends that members vote in favour of the Special Resolution

Dated: 31st August 2011

By direction of the Board

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Ray Richards  
General Manager

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## PRESIDENT'S REPORT

Dear Members,

It's that time of the year again, your 2010/2011 Annual General Meeting (AGM) will be held in the ground floor lounge on Sunday 16th October 2011, commencing at 9am.

Members it gives me great pleasure to report to you that your Club has posted an after tax, adjustments & depreciation profit of \$343,427 & before tax, adjustments & depreciation profit of \$1,212,516.

This puts your Club in a fairly strong financial position for the future.

With all our major renovations now completed the members are now receiving comforts they have never before seen. The TAB area is second to none making Diggers a leader in this area with many of our competitors copying what we have done.

The new outdoor areas have also created a different atmosphere with members enjoying the sunshine and fresh air.

I would like to make a special mention of our jewel in the crown the Star Buffet. To Andrew Kong, Robert, Wilkie & their staff a big thank you from everyone. The numbers attending the buffet have increased every year and the flow on effect to the club is greatly appreciated. Numbers for our Xmas dinner have increased every year so make sure you book early this year so you don't miss out.

I would like to thank our Management team of Ray Richards, Greg Luck, Chris Gardner & our Staff for their contribution to another successful year. Also my fellow Directors & last but not least all our wonderful Members for your attendance throughout the year for without your there is no Club.

Sadly Members, since our last AGM, 53 of our Members have passed away & I offer my condolences to their families.

Yours Faithfully

**R.F Bailey**  
President

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## GENERAL MANAGER'S REPORT

I wish to take this opportunity to present my fourth annual report.

Once again sadly I must bring to your attention the political pressure being placed on my industry.

In the past this was a State Labor Government attacking the Club industry through, capping of Poker Machines, unjust Taxes, Machines to the AHA and all this from a Mr. Carr & Egan.

We finally get State Liberals running the show, who it seems will work with our industry & we get hit with a double "whammy". The lovely truthful Miss Julia Gillard grabs power by making ridiculous promises to a Tasmanian named Willkie.

Now all we have to do is link all the Poker Machines in Australia together so as a small amount of Problem Gamblers can get a license to set their own amount of how much they can lose before the machine blocks them out of playing at all venues on the day.

Now I know if I told you I was bringing in a scheme to let Alcoholics set their limit of drinks instead of going to AA I may lose a bit of credibility--- mind you Julia did do Kevin in, lied to Australia about the Carbon Tax, did deals with the Greens, Willkie, and a few little side deals with some Independents all in the name of POWER.

As well as not helping the problem gambler the mandatory pre commitment will stop the casual gambler.

Example. A couple come to the buffet for lunch on their way out they decide to put \$20 in a machine. They are informed by the supervisor that they cannot play a machine until they register at reception and receive a card.

They then go to reception and are asked to fill out a form which they have to give details of their full name and address as well as the amount they wish to cap their losses every day.

They are then informed this will go to the Government who will be able to tell how much you play or win and lose on the Poker Machines. In the end they decide they don't want to give all this information out, put the \$20 back in their pocket and go home.

I might add that since 1998 CDSE funding returned to the communities as confirmed by OLGR stands at \$538 million & this year 11 Registered Clubs in the Local Government Area contributed over \$1 million.

In conclusion you the member must not sit back & let this happen to your club because in the end you will pay by way of increased charges for your entertainment, food, beverages & amenities.

**Ray Richards**

General Manager

# MAYFIELD EX SERVICES CLUB LIMITED

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## TREASURER'S REPORT

It is with great pleasure that I present the Financial Statements for Diggers @ Newcastle City (trading as Mayfield Ex Services Club Ltd.) for the year ended 30th June 2011, again building upon the solid foundations we have achieved in previous years.

The Club continues to deliver growth in Operating Profit, before depreciation and other adjustments, of \$1,212,516 up \$159,487 or 15% on last year. With net cash flows from operating activities of \$1,301,899 (up \$412,325 or 46%), this coincides with a strong net profit of \$343,247. I think you will all agree that this is a great result for the Club.

The Board and Management made a conscious decision that the 2010/11 financial year would be one of consolidation of the hard work and achievements of previous years, with the focus being on reducing the clubs Commercial Bill Liability while maintaining or improving services. I am very pleased to inform you that over the financial year we have reduced our Bill Liability from approx \$1,752,000 to \$999,000. We have reduced that by a further \$100,000 before writing this report. On top of this, over \$450,000 was spent on capital improvements to the club and equipment.

We did experience a small reduction of approx 2.4% in Bar revenue for the year, but this reduction and worse was experienced across the industry. Poker machine net revenue continues to be strong with an increase of 5.6%, and our Total Trading Accounts experienced a healthy increase of 6.5%, which included a fantastic result from Keno Commission, up 26.9%.

The Board and Management team have continued to closely monitor expenses, with Trading Expenses for the year only rising \$59,477 or 2.4% on last year. The two big ticket items being Insurance and Power are up 11.4% and 7.1% respectively. As we are all experiencing, power will be an issue for the foreseeable future with the club being notified that there would be an increase in network costs in excess of 20% as of 1 July 2011. Our management and maintenance team are constantly looking for ways to minimise and make our power usage more efficient. On a bright note, the club did increase its Club Promotions expense in the financial year by up to 80% to reward our loyal members and patrons.

Unfortunately, looking forward there is some uncertain times for the club industry with the threat of the Wilkie – Gillard poker machine reforms hanging over our head. If this reform is legislated as set out by Mr. Wilkie it will be devastating for the club industry as a whole, not only jeopardising millions of dollars in community funds, but the financial viability and existence of some clubs. We would like to believe that we are now in a financial position, from the hard work of the previous 5 years, to weather any potential fall out from this atrocious deal from a grab for power.

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## **TREASURER'S REPORT (cont)**

However, the Board and Management are constantly looking at better ways to utilise and capitalise club assets with the aim to diversify club income and lessen our dependence on gaming revenue. This includes all useable club space as well as our property investments. Several opportunities have been identified, but rest assured, we will always investigate diligently any opportunity to make sure that not only are these projects fiscally responsible, but the long term benefits for the club are realisable and achievable. Hopefully we will have some exciting news about a possible fitness centre within the club to share with you soon.

As with any club, our success can not be achieved without the wonderful support of our members and I thank you whole heartedly. To the staff, management and my fellow board members, thank you for your hard work and continued support which makes our club what it is today.

We have produced an amazing turn around of club fortunes over the past four financial periods, and I strongly believe that with the foundations we have put in place we will continue to perform successfully over the coming years.

**Rex Jones**

Treasurer

# MAYFIELD EX SERVICES CLUB LIMITED

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## YOUTH CLUB REPORT

It gives me great pleasure to present the Youth Club Report for 2011.

The Netball section started the season with fifteen teams.

We had twelve teams playing competition netball and three sub junior teams playing each week to learn and enjoy the game. Four of our teams made the semi finals and three made the grand finals.

Members of the Netball Committee held very successful clinics at ten schools in our area.

The Youth Club continues to support Mayfield West, Mayfield East, Tighes Hill and Islington Public Schools.

Secretary, Jean Burns, is standing down from the position due to ill health. Jean has been associated with the Youth Club for thirty one (31) years and secretary for sixteen (16) years. A life member of the Newcastle Netball Association and Mayfield Ex Services Youth Club, she will be sadly missed.

I would like to thank the Board of Directors, Management staff and our members for their continued support for the youth of our community.

**Les Cook**

President

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The financial report was authorised for issue by the Directors on 24 August 2011. The Company has the power to amend and re-issue the financial report.

# MAYFIELD EX SERVICES CLUB LIMITED

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## DIRECTOR'S REPORT

Your Directors present their report on the Club for the financial year ended 30 June 2011.

### 1. The names of the Directors during the year and to the date of this report are:

Name	Position	Occupation	Years Service
R. Bailey	President	Retired	17 years
T. Passfield	Vice President	Retired	2 years
R. Jones	Treasurer	Retired	6 years
L. Chapman	Director	Retired	12 years
W. Ting	Director	Retired	9 years
L. Cook	Director	Retired	4 years
P. Hicks	Director	Retired	2 years
B. Pope	Director	Retired	12 years - Elected at AGM
C. Dibden	Director	Retired	Not re-elected at AGM
J. Brady	Director	Retired	Did not stand at AGM

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

### 2. Activities

The principal activities of the Company in the course of the financial year ended 30 June 2011 were:

The running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution.

There have been no significant changes in the activities conducted by the Company in the year under review.

### 3. Objectives of the Club

The Club's short and long term objectives are to;  
Provide the best facilities available to members and their guests with a special interest in the welfare of the returned service league.

To achieve these objectives the Club has adopted the following strategies;  
Maintain or increase existing revenue levels and control costs to continue profitability which will allow the Club's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

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## **DIRECTOR'S REPORT (cont)**

### **4. Results**

The net result of operations after applicable income tax was a profit of \$343,427 (2010 profit of \$39,348).

### **5. Review of Operations**

The increased profit reflects increased revenue from poker machines and a lower level of operating expenses with the previous including loss on disposal of assets of \$547,553. The increase in value of the Club's investment properties was \$35,000 compared to \$430,000 last year.

### **6. Events Subsequent to Balance Date**

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### **7. Likely Developments and Expected Results**

The Directors do not anticipate any major changes in operations of the Company which will adversely affect profitability in future periods. The Directors anticipate continued revenue growth which together with a controlling of costs should see the Club continue to operate profitably.

### **8. Directors Benefits**

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due to be received by Directors shown in the accounts or received as the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest.

### **9. Indemnifying Officer or Auditor**

The Club has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company:

## **DIRECTOR'S REPORT (cont)**

\* Indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs expenses in successfully defending legal proceedings: or

\* paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters:

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity.

Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

### **10. Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2011 has been received and is set out on page 5 of the financial report.

Crosbie Warren Sinclair continues to hold office in accordance with Section 307 of the Corporations Act. The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Club is important.

### **11. Dividends**

The Company is a non-profit organisation and is prevented from paying dividends by its constitution.

### **12. Environmental Regulations**

The Company's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

### **13. Company Secretary**

The Company Secretary is Mr Ray Richards. Mr Richards has been an employee of Mayfield Ex Services Club Limited since 1 September 2007 and was appointed to the position of Company Secretary at that date. Prior to this Mr Richards has held management positions in other Registered Clubs in the area.

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## DIRECTOR'S REPORT (cont)

### 14. Limited by Guarantee

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any obligations of the Club. At 30 June 2011 the collective liability of members was \$21,576 (2010 \$22,232).

### 15. Meeting Attendances

The number of Board meetings held during the financial year ended 30 June 2011 was 17, being 12 normal Board meetings and 5 special Board meetings. The details of each Directors attendance at those meetings is given below:-

<b>Director</b>	<b>Normal</b>	<b>Special</b>	<b>No. Held while in Office</b>
R. Bailey	12	5	17
R. Jones	10	5	17
L. Chapman	12	4	17
W. Ting	12	4	17
L. Cook	11	5	17
B. Pope - elected at AGM	8	4	13
P. Hicks	12	5	17
T. Passfield	11	4	17
C. Dibden - not re-elected at AGM	3	1	4
J. Brady - did not stand at AGM	2	-	4

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## DIRECTOR'S REPORT (cont)

### 16. Property Report

The Directors have determined that all property of the Club shall be classified as follows in accordance with Section 41J of the Registered Clubs Act 1976.

#### Core Property

- 58 Hanbury Street, Mayfield NSW 2304

#### Non Core Property

- 70 Hanbury Street, Mayfield NSW 2304

- 74 Hanbury Street, Mayfield NSW 2304

- 26 Baker Street, Mayfield NSW 2304

- 28 Baker Street, Mayfield NSW 2304

Signed in accordance with a resolution of the Board of Directors

R. F. Bailey - President

R. Jones – Treasurer

**Date: 24 August 2011**

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## **AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MAYFIELD EX SERVICES CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

Kirsty Porteous - Partner

Crosbie Warren Sinclair Partners  
Certified Practising Accountants

**Date: 24 August 2011  
Warabrook, NSW**

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## INDEPENDENT AUDIT REPORT TO MEMBERS

To the members of Mayfield Ex Services Club Limited

### **Report on the Financial Report**

#### *The Financial Report and Directors Responsibility*

We have audited the accompanying financial report of Mayfield Ex Services Club Limited, which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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## **INDEPENDENT AUDIT REPORT TO MEMBERS (cont)**

Matters relating to the electronic presentation of the audited financial report  
The auditor's report relates to the financial report of Mayfield Ex Services Club Limited (the Company) for the year ended 30 June 2011 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Mayfield Ex Services Club Limited has the same date as this auditor's report.

### **Auditor's Opinion**

In our opinion, the financial report of Mayfield Ex Services Club Limited is in accordance with the Corporation Act 2001, including:

- (i) giving a true and fair view of Mayfield Ex Services Club Limited's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Kirsty Porteous - Partner

Crosbie Warren Sinclair Partners  
Certified Practising Accountants

**Date: 24 August 2011**  
**Warabrook, NSW**

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 22 to 36 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory reporting requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Directors by:

R. F Bailey - Director

R. Jones - Treasurer

**Date: 24 August 2011**

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	774,413	552,511
Trade and Other Receivables	7	26,562	73,374
Inventories	8	48,610	60,836
Investments	9	-	239,354
Other Assets	10	192,442	189,254
<b>TOTAL CURRENT ASSETS</b>		<u>1,042,027</u>	<u>1,115,329</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	11	9,953,388	10,218,182
Investment Properties	12	1,595,000	1,560,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>11,548,388</u>	<u>11,778,182</u>
<b>TOTAL ASSETS</b>		<u>12,590,415</u>	<u>12,893,511</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	13	322,857	336,081
Borrowings	14	457,830	431,306
Short Term Provisions	15	131,490	27,443
Other Liabilities	16	97,232	97,592
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,009,409</u>	<u>992,422</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	1,164,811	1,833,475
Long Term Provisions	15	29,203	24,049
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,194,014</u>	<u>1,857,524</u>
<b>TOTAL LIABILITIES</b>		<u>2,203,423</u>	<u>2,849,946</u>
<b>NET ASSETS</b>		<u>10,386,992</u>	<u>10,043,565</u>
<b>MEMBERS' FUNDS</b>			
Accumulated Profits		<u>10,386,992</u>	<u>10,043,565</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>10,386,992</u>	<u>10,043,565</u>

The accompanying Notes form part of these Financial Statements

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2010 \$
Bar Sales		1,427,050	1,462,430
Less Members Discount		(132,829)	(139,451)
Less Cost of Goods Sold		(580,968)	(588,635)
Bar Gross Profit (\$)		<u>713,253</u>	<u>734,344</u>
Bar Gross Profit (%)		49.98%	50.21%
Poker Machine Net Revenue		4,873,318	4,690,946
Paper Gaming Commissions		133,185	106,504
Function Revenue		297,035	337,166
Members Subscriptions		51,857	55,533
Interest Received		38,792	37,047
Profit on Sale of Fixed Assets		47,243	14,511
Fair Value Adjustment on Investment Properties		35,000	430,000
Rent Received		78,128	75,795
Other Income		127,274	40,686
<b>Total Trading and Other Income</b>		<u>6,395,085</u>	<u>6,522,532</u>
<b>Expenses</b>			
Bar Direct Expenses		403,466	394,072
Poker Machine Direct Expenses		1,587,947	1,569,747
Paper Gaming Direct Expenses		144,383	130,046
Function Direct Expenses		176,598	201,147
Rental Property Expenses		12,404	25,555
Members Amenities Expenses		660,377	652,172
Clubhouse Expenses		662,353	690,228
Administration Expenses		2,261,934	2,677,913
Borrowing Expenses		142,196	142,304
<b>Total Expenses</b>		<u>6,051,658</u>	<u>6,483,184</u>
<b>Net Profit/(Loss) Before Income Tax</b>		343,427	39,348
<b>Income Tax Benefit/(Expense) relating to ordinary activities</b>	5	-	-
<b>Net Profit/(Loss) After Income Tax</b>		<u>343,427</u>	<u>39,348</u>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income/(Loss)</b>		<u>343,427</u>	<u>9,348</u>

The accompanying Notes form part of these Financial Statements

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2010 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Members and Guests		7,987,850	7,614,540
Payments to Suppliers and Employees		(6,585,804)	(6,615,833)
Interest Received		42,048	33,172
Borrowing Costs		<u>(142,195)</u>	<u>(142,305)</u>
<i>Net Cash Flows provided by (used in) Operating Activities</i>		<u>1,301,899</u>	<u>889,574</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Property, Plant and Equipment		49,144	15,458
Payments for Plant and Equipment		(337,226)	(1,051,247)
Transfer to/from Investment		<u>239,355</u>	<u>(8,529)</u>
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(48,727)</u>	<u>(1,044,318)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		129,432	97,104
Repayment of Hire Purchases		(342,248)	(237,800)
Repayments of Borrowings		<u>(818,454)</u>	<u>(51,823)</u>
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>(1,031,270)</u>	<u>(192,519)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		221,902	(347,263)
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		<u>552,511</u>	<u>899,774</u>
<b>Cash and Cash Equivalents at the End of the Financial Year</b>		<u>774,413</u>	<u>552,511</u>

The accompanying Notes form part of these Financial Statements

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2010 \$
<b>Opening Balances 1 July 2010</b>			
Accumulated Profits		10,043,565	10,004,217
Comprehensive Income/(Loss) for the year		343,427	39,348
<b>Closing Balances 30 June 2011</b>			
Accumulated Profits		<u>10,386,992</u>	<u>10,043,565</u>

The accompanying Notes form part of these Financial Statements

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Statement of Compliance**

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB).

The Club has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2010:

AASB 1053 Application of Tiers of Australian Accounting Standards and

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This includes applying the revised pronouncements to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The adoption of AASB 1053 and AASB 2010-2 allowed the entity to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

#### **Income Tax**

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

### **Inventories**

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

### **Trade Debtors and Other Receivables**

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

### **Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### Employee Benefits

Provision is made for the Company's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual and sick leave, which would be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, using appropriate estimation techniques.

### Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Building Improvements	10 to 40 years
Plant and Equipment	5 to 10 years
Poker Machines	4 to 8 years

### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generated unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generated units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of comprehensive income in the administration expense line item.

### **Intangible Assets**

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either infinite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment where an indicator for impairment exists.

### **Borrowing Costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### **Hire Purchase**

Assets acquired under hire purchase agreements are brought to account at cost together with a corresponding hire purchase liability and unexpired terms charges and are depreciated on a straight line basis over their estimated economic life to the Company. Terms charges are written off over the period of the agreements.

### **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Interest income is recognised as it accrues.

The gross proceeds on the disposal of assets are included as revenue of the Company. The profit or loss on disposal of an asset is brought to account at the date an unconditional contract is signed.

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Other revenue is recognised as it accrues.

### **Goods and Services Tax**

Revenues, 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

### **Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the statement of comprehensive income in the periods in which they are incurred.

### **Accounts Payable**

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

### **Investment Properties**

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in the year in which they arise.

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of comprehensive income in that year.

### 2 Corporate Details

The registered address of the Club is 58 Hanbury Street, Mayfield NSW 2304.

	<b>2011</b>	<b>2010</b>
<b>3 Operating Revenue</b>		
Bar Sales	1,427,050	1,462,430
Poker Machine Net Revenue	4,873,318	4,690,946
Function Revenue	297,035	337,166
Interest Received/Receivable	38,792	37,047
Profit on Sale of Assets	47,243	14,511
Paper Gaming Commission	133,185	106,504
Rent Received	78,128	75,795
Fair Value Adjustment on Investment Properties	35,000	430,000
Other	179,131	96,219
Total	<u>7,108,882</u>	<u>7,250,618</u>

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 4 Operating Profit

Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-

	2011	2010
<b>Credits</b>		
Interest Received/Receivable	38,792	37,047
Profit on Sale of Assets	47,243	14,511
Fair Value Adjustment on Investment Properties	35,000	430,000
<b>Charges</b>		
Depreciation	901,060	896,119
Loss on Sale of Assets	50,273	547,335
Interest and Finance Costs	142,196	142,304

### 5 Income Tax Expense

a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the operating profit. The difference is reconciled as follows:-

Operating profit/(loss) before income tax	343,427	39,348
Income Tax thereon @ 30%	103,028	11,804
Non Deductible Expenses	15,375	15,375
Apportionment Adjustment Members Income and Expenses	(78,334)	75,054
Investment Allowance	-	(8,702)
Timing Differences	(5,333)	(131,529)
Recoupment of Tax Losses	(34,736)	-
Deferred Tax Asset for Tax Losses not Brought into Account	-	37,998
Income Tax Expense/(Benefit)	-	-
b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2011 in respect of tax losses not brought into account is:-	243,691	278,427

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The benefit for tax losses will only be obtained if:-

- i) the Company drives future assessable income in the nature and of amount sufficient to enable the benefit from deductions for the losses to be realised;
- ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and
- iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

	<b>2011</b>	<b>2010</b>
<b>6 Cash and Cash Equivalents</b>		
Cash and Cash Equivalents	774,413	552,511
	<u>774,413</u>	<u>552,511</u>
<b>7 Trade and Other Receivables</b>		
Current		
Other Debtors	25,440	69,018
Interest Accrued	1,122	4,356
	<u>26,562</u>	<u>73,374</u>
<b>8 Inventories</b>		
Stock on Hand - Liquor	48,610	60,836
	<u>48,610</u>	<u>60,836</u>
<b>9 Investments</b>		
Interest Bearing Deposits	-	239,354
	<u>-</u>	<u>239,354</u>
<b>10 Other Assets</b>		
Prepayments	187,442	184,254
Security Deposit	5,000	5,000
	<u>192,442</u>	<u>189,254</u>

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 11 Property, Plant and Equipment

	Building & Improvements	Land	Plant & Equipment	Total
<b>Year ended 30 June 2011</b>				
At 1 July 2010, Net of Accumulated Depreciation/ Amortisation	7,862,996	1,050,000	1,305,186	10,218,182
Additions	65,741	-	622,693	688,434
Disposals	(6,794)	-	(45,374)	(52,168)
Depreciation/Amortisation	(391,208)	-	(509,852)	(901,060)
At 30 June 2011 Net of Accumulated Depreciation/ Amortisation	<u>7,530,735</u>	<u>1,050,000</u>	<u>1,372,653</u>	<u>9,953,388</u>
<b>At 1 July 2010</b>				
Cost or Fair Value	11,034,823	1,050,000	5,595,060	17,679,883
Accumulated Depreciation/ Amortisation	(3,171,827)	-	(4,289,874)	(7,461,701)
Net Carrying Amount	<u>7,862,996</u>	<u>1,050,000</u>	<u>1,305,186</u>	<u>10,218,182</u>
<b>At 30 June 2011</b>				
Cost or Fair Value	11,084,159	1,050,000	4,877,991	17,012,150
Accumulated Depreciation/ Amortisation	(3,553,424)	-	(3,505,338)	(7,058,762)
Net Carrying Amount	<u>7,530,735</u>	<u>1,050,000</u>	<u>1,372,653</u>	<u>9,953,388</u>

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>12 Investment Properties</b>		Opening
Balance at 1 July	1,560,000	1,130,000
Net gain/(loss) from fair value adjustment	35,000	430,000
Closing Balance 30 June	1,595,000	1,560,000

Investment properties are stated at fair value, which has been determined based on valuations performed by Dalton Real Estate as at 30 June 2011. The real estate agent frequently assesses the market values for properties similar to those held by the Company in the same areas, having regard to past sales prices of other properties and current market conditions.

### 13 Trade and Other Payables

#### Current

Trade Creditors	88,774	143,721
Sundry Creditors	161,647	139,069
GST Payable	72,436	53,291
	322,857	336,081

### 14 Borrowings

#### Short Term

Hire Purchase Liability	247,342	248,203
Bill Facility (Secured)	94,000	86,000
Loan - Insurance	116,488	97,103
	457,830	431,306

#### Long Term

Hire Purchase Liability	259,811	167,501
Bill Facility (Secured)	905,000	1,665,974
	1,164,811	1,833,475

Refer Note 19 for Security Details

### 15 Provisions

#### Short Term

Provision for Annual Leave	88,651	79,112
Provision for Long Service Leave	29,784	26,241
Provision for Linked Jackpot	13,055	22,090
	131,490	127,443

#### Long Term

Provision for Long Service Leave	29,203	24,049
	29,203	24,049

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 16 Other Current Liabilities

Income in Advance	97,232	97,592
	<u>97,232</u>	<u>97,592</u>

### 17 Commitments for Expenditure

The Club has committed to the following capital expenditure since balance date to be expended within one year:

Gymnasium	600,000
Balance of electronic sign	16,679

### Non Cancellable Rental Agreements

Total commitments in respect of rental agreements are as follows:-

	2011	2010
Not later than one year	95,605	89,436
Later than one year and not later than five	73,714	114,738
Later than five years	-	-
	<u>169,319</u>	<u>204,174</u>

### 18 Related Parties

#### Directors

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors Report.

Directors, Mr R. Jones and Mr T. Passfield, lease investment properties from the Club under normal terms and conditions.

Key Management personnel received the following benefits during the financial year:

Employee benefits	302,926	276,660
Termination benefits	-	-
	<u>302,926</u>	<u>276,660</u>

### 19 Contingent Liabilities

#### Security

The bank holds a charge over non residential real property located at 50 - 58 Hanbury St, Mayfield and over the whole of its assets and undertakings including uncalled capital.

#### Mortality Fund

As at the 30 June 2011 the Club had 328 financial members in the Mortality Fund. This equates to a contingent liability totalling \$49,200 based on \$150 per member, which has not been brought to account in the financial report. (2010: 374 members \$56,100).

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

**TRADING ACCOUNT** **2011** **2010**

### STATEMENT OF BAR TRADING - MAYFIELD EX SERVICES CLUB

Sales	1,427,050	1,446,984
Less Members Discount	<u>(132,829)</u>	<u>(137,427)</u>
	1,294,221	1,309,557

Less Cost of Sales	<u>580,968</u>	<u>581,982</u>
<b>GROSS PROFIT</b>	713,253	727,575

### DIRECT EXPENSES

Hire of Plant	16,528	16,528
Other	16,619	12,959
Promotions	28,850	22,742
Repairs & Maintenance	4,406	6,785
Replacements	3,864	2,221
Wages	<u>333,199</u>	<u>328,031</u>
<b>DIRECT EXPENSES</b>	403,466	389,266

<b>NET PROFIT</b>	<u>309,787</u>	<u>338,309</u>
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### STATEMENT OF BAR TRADING - NEWBOLDS

Sales	-	15,446
Less Members Discount	<u>-</u>	<u>(2,024)</u>
	-	13,422

Less Cost of Sales	<u>-</u>	<u>6,653</u>
<b>GROSS PROFIT</b>	-	6,769

### DIRECT EXPENSES

Other	-	182
Promotions	-	80
Repairs & Maintenance	-	-
Wages	<u>-</u>	<u>4,544</u>
<b>DIRECT EXPENSES</b>	-	4,806

<b>NET PROFIT</b>	<u>-</u>	<u>1,963</u>
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Detailed Profit and Loss Statement  
Not Covered by Audit Report on Pages 19 & 20  
Prepared for the information of Members in the Annual Report

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>STATEMENT OF POKER MACHINES - MAYFIELD EX SERVICES CLUB</b>		
Net Revenue	4,873,318	4,686,891
<b>DIRECT EXPENSES</b>		
Central Monitoring System	78,210	70,328
Community Development Expenditure	64,211	60,522
Duty Tax	931,178	876,505
Less: Gaming Tax Rebate	(17,180)	(17,180)
Other	75,226	38,150
Progressive Jackpots	(9,035)	5,561
Promotions	82,166	51,936
Repairs & Maintenance	51,408	50,541
Statewide Link Expenses	104,025	208,676
Wages	227,738	223,308
<b>DIRECT EXPENSES</b>	<u>1,587,947</u>	<u>1,568,347</u>
<b>NET PROFIT</b>	<u>3,285,371</u>	<u>3,118,544</u>
<b>STATEMENT OF POKER MACHINES - NEWBOLDS</b>		
Net Revenue	-	4,055
<b>DIRECT EXPENSES</b>		
Repairs & Maintenance	-	1,400
<b>DIRECT EXPENSES</b>	<u>-</u>	<u>1,400</u>
<b>NET PROFIT</b>	<u>-</u>	<u>2,655</u>

Detailed Profit and Loss Statement  
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# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>STATEMENT OF FUNCTIONS TRADING</b>		
Bar Sales	143,247	173,134
Less Cost of Sales	<u>51,719</u>	<u>57,444</u>
<b>GROSS PROFIT</b>	91,528	115,690
Catering Sales	39,749	44,631
Less Cost of Sales	<u>8,587</u>	<u>9,470</u>
<b>GROSS PROFIT</b>	31,162	35,161
Function Room Hire	81,133	96,351
Function Room Income	<u>32,906</u>	<u>23,050</u>
	14,039	119,401
<b>DIRECT EXPENSES</b>		
Bar Wages	28,292	33,240
Function Wages	80,591	85,001
Hire of Equipment	3,361	6,593
Other	<u>4,048</u>	<u>9,399</u>
<b>DIRECT EXPENSES</b>	116,292	134,233
<b>NET PROFIT</b>	<u>120,437</u>	<u>136,019</u>
<b>STATEMENT OF TAB OPERATIONS - MAYFIELD EX SERVICES CLUB</b>		
Commission	22,418	18,685
<b>DIRECT EXPENSES</b>		
Repairs & Maintenance	13,140	15,702
Hire of Equipment	7,595	7,696
Sky Channel	22,761	19,094
Wages	<u>30,933</u>	<u>28,372</u>
	74,429	70,864
<b>NET LOSS</b>	<u>(52,011)</u>	<u>(52,179)</u>

# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

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## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011 (cont)

	<b>2011</b>	<b>2010</b>
<b>STATEMENT OF KENO OPERATIONS - MAYFIELD EX SERVICES CLUB</b>		
Commission	110,767	87,250
<b>DIRECT EXPENSES</b>		
Promotion	660	900
Repairs & Maintenance	5,241	1,948
Stationery	1,595	1,142
Wages	62,458	53,965
<b>DIRECT EXPENSES</b>	<u>69,954</u>	<u>57,955</u>
<b>NET PROFIT</b>	<u>40,813</u>	<u>29,295</u>

Detailed Profit and Loss Statement  
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# MAYFIELD EX SERVICES CLUB LIMITED

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## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>STATEMENT OF KENO OPERATIONS - NEWBOLDS</b>		
Commission	-	569
<b>DIRECT EXPENSES</b>		
Other	-	227
Wages	-	1,000
<b>DIRECT EXPENSES</b>	-	1,227
<b>NET PROFIT</b>	-	(658)
<b>TOTAL TRADING PROFIT</b>	3,704,397	3,573,948
<b>OTHER INCOME - MAYFIELD EX SERVICES CLUB</b>		
Commissions Received	28,173	30,375
Fair Value Adjustment on Investment Properties	35,000	430,000
Insurance Recoveries		
Interest Received	38,792	37,047
Members Subscriptions	51,857	55,533
Profit on Sale of Assets	47,243	14,511
Rent Received	65,724	50,240
Sundry Income	8,358	-
Telephone Receipts	368	707
Vending Income	-	4,815
<b>TOTAL INCOME</b>	365,890	627,681
<b>OTHER INCOME – NEWBOLDS</b>		
Bowling Club Revenue	-	336
<b>TOTAL INCOME</b>	-	336
<b>TOTAL INCOME</b>	4,070,287	4,201,965

Detailed Profit and Loss Statement  
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# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>LESS EXPENSES - MAYFIELD EX SERVICES CLUB</b>		
<b>Members Amenities</b>		
Bingo	122,579	124,872
Birthday Vouchers	25,446	23,474
Club Promotions	131,062	73,126
Distress & Welfare	2,916	2,621
Donations	1,879	2,348
Entertainment	205,225	279,031
Free Drinks & Meals	37,620	37,571
Member Cards	3,886	4,777
Members Expenses	43,532	46,194
Picnic Expenses	5,460	5,265
Raffles	78,680	51,998
Vending Expenses	2,092	-
	<u>660,377</u>	<u>651,277</u>
<b>Clubhouse</b>		
Cleaning Materials	14,442	13,939
Cleaning Wages	13,484	13,658
Cleaning Contractors	91,939	81,327
Light, Power & Heating	280,022	261,445
Rates	50,412	64,929
Repairs & Maintenance	135,249	109,966
Repairs & Maintenance Wages	51,782	62,773
Security	20,876	65,884
Utility Expenses	4,147	3,812
	<u>662,353</u>	<u>677,733</u>

Detailed Profit and Loss Statement  
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# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>Administration</b>		
Accountancy & Audit Fees	27,300	26,808
Advertising	39,499	42,165
Affiliation Fees	9,190	6,066
Bank Charges	2,385	4,047
Computer Expenses	40,452	35,422
Courtesy Vehicle Expenses	14,694	9,853
Consulting	14,585	6,500
Depreciation	901,060	896,119
Director Expenses	2,887	7,141
Employment Expenses	223,257	197,245
Honorariums	6,300	5,800
Insurance	146,736	131,650
Interest on Commercial Bill	97,629	99,646
Interest on Hire Purchase	44,567	42,658
Land Tax	6,472	10,641
Legal Costs	288	20,969
Loss on Sale of Fixed Assets	50,273	547,335
Printing, Postage & Stationery	26,703	29,541
Shortages	2,776	1,743
Subscriptions & Licences	7,496	13,674
Sponsorship	44,572	32,346
Telephone	21,433	22,579
Wages	673,576	614,056
	<u>2,404,130</u>	<u>2,804,004</u>

Detailed Profit and Loss Statement  
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# MAYFIELD EX SERVICES CLUB LIMITED

ACN 000 995 602

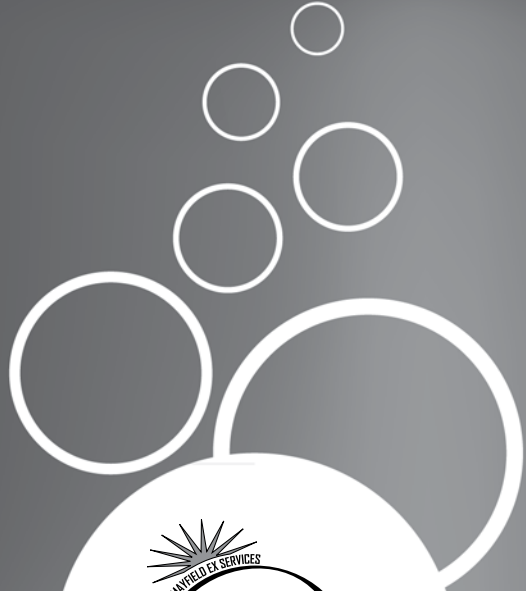
## DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>LESS EXPENSES - NEWBOLDS</b>		
<b>Members Amenities</b>		
Club Promotions	-	332
Free Drinks & Meals	-	11
Raffles	-	552
	<u>-</u>	<u>895</u>
<b>Clubhouse</b>		
Cleaning Materials	-	311
Cleaning Wages	-	1,135
Light, Power & Heating	-	2,280
Rates	-	1,707
Repairs & Maintenance	-	- 2,331
Repairs & Maintenance - Wages	-	3,144
Security	-	1,587
	<u>-</u>	<u>12,495</u>
<b>Administration</b>		
Bowling Club Expenses	-	2,091
Lease of Property	-	11,865
Telephone	-	1,393
Wages	-	864
	<u>-</u>	<u>16,213</u>
<b>TOTAL EXPENSES</b>	<u>3,726,860</u>	<u>4,162,617</u>
<b>OPERATING PROFIT/(LOSS) BEFORE TAX</b>	<u>343,427</u>	<u>39,348</u>
<b>Income Tax (Expense)/Benefit</b>	-	-
<b>OPERATING PROFIT/(LOSS) AFTER TAX</b>	<u>343,427</u>	<u>39,348</u>
<b>RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	10,043,565	10,004,217
<b>RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR</b>	<u>10,386,992</u>	<u>10,043,565</u>

Detailed Profit and Loss Statement  
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The logo is centered within a large white circle. At the top of the circle is a sunburst icon with the text "WARRFIELD EX SERVICES" written in a curved path above it. Below this, the word "Diggers" is written in a large, bold, serif font. Underneath "Diggers" is a smaller "@", and at the bottom of the circle, the words "Newcastle City" are written in a simple sans-serif font.