

# **Financial Report**

Muswellbrook & District Workers Club Ltd

ABN 55 001 052 526

For the year ended 30 June 2018

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# President's Report

## Muswellbrook & District Workers Club Ltd

For the year ended 30 June 2018

### President's Report

It's been my great pleasure to be President of the Muswellbrook & District Workers Club Ltd for last financial year. The Club has been through some tough times and to have served on a Board that helped lead it out of the wilderness and to now be Chairman is a truly humbling experience.

The General Manager has written in his report about the excellent profit we have achieved this year. I'd like to take the time to thank Scott for all of the work he does here at the Club. It is his efforts in driving the team that goes such a long way to allowing us to report these excellent profits.

Members will no doubt see for themselves the transformation the Club has undergone, with our small dining extension and the full refurbishment of our catering areas now open as the new and exciting ODEUM. The kitchen has been fully operational since October and by the time of the Annual General Meeting the Club will be open for breakfast, offer all day dining in our Cafe and have tapas available in the evening along with the already popular lunch and dinner options.

The sub clubs have played a big part in our success so I'd like to thank the Men's Shed, the Snooker Club and our Pool teams who have all added to the vibrancy and variety in the Club. We have had some great events throughout the year with the Muswellbrook Firefighters making the Club their home for the night to raise money for Motor Neurone Disease research, we had an excellent Day at Muswellbrook Race Club and hopefully everyone followed the tipping guide with Pikey's Picks paying off. The always successful "Muswellbrook's Got Idol Talent" was a success once again along with the regular sessions of bingo and raffles that we run every week. For all of the member's that participated in any or all of these events a big hearty thanks.

I would like to thank Les Gleeson who chose to step down from the Board this year. Both he and Neville Heron are being considered for Life Membership. I endorse both of them for this. I know the work they did to keep the Club trading through the grim times, I thank them for it and do not underestimate the work that they did. I trust the members will see their way clear to vote them into the position of Life Membership at the AGM.

The new year will see us bed down our new space and really signals to not only the members but also the rest of the community that the Muswellbrook & District Workers Club is ready for business. I know the members will be asking when the next stage of the redevelopment will get underway. "As soon as possible" is my preferred answer but we first have to see how well the new spaces are received by our customers. Once we have a good understanding of the new trading figures we will prepare a new financial model and begin the next stage of our works based on that data. That being said it could be as early as February 2020.

The Club has agreed to undertake a master planning exercise. This encompasses the entire precinct and considers issues such as multi story car parking and the active reuse both of the old Boyle Building and the old Chinese Restaurant. It is critical that we undertake long term planning for the Club. If the Club is going to continue to grow, diversify its revenue streams and remain relevant to the local community we not only just have to be looking two years into the future but twenty years and beyond.

The 2017 / 18 has been an excellent year. The members have played a huge part in the success of the Club once again and I thank them unreservedly. The Board has had a massive workload with the building committee doing some seriously heavy lifting. The raffle committee has been busy improving the quality of the raffles and while the disciplinary committee doesn't get much joy due to the nature of its work, it is a necessary part of keeping the Club a safe and enjoyable space.

A big thank you to my fellow building committee members Dorothy Cooper, Dennis Sheehan and Brian Young who have been attending site meetings relating to the build every week since late January. Dot also headed up the raffle committee and along with Marlene Goodwin and Brian Young they have been making constant improvements and tweaks to the raffles. Dennis Sheehan along with Marlene Goodwin has had the unenviable task of adjudicating member conflict. I thank them for what is often a thankless job. My Senior Vice President Barry French has stepped up to help out on many occasions when I've been unavailable and I thank him profusely. Lastly, I must thank Julie-Anne Ellem who oversees our accounts, the work she does to

make the Club financials easy to understand and her input in the Board room is invaluable. It has been a huge asset having an accountant on the Board and we would be worse off without her.

It would now be timely to wish one of Life Members Mr Ray Budden a happy 100th birthday. Ray has been a member of the Club since prior to when accurate records were kept. He has no doubt seen nearly every change that Club has undergone and I know he is looking forward to seeing the new space when it opens.

2017/18 has been an outstanding year for the members of the Muswellbrook & District Workers Club Ltd. 2018/19 is shaping up to be even better. I hope all the members enjoy the improvements we have made and that you stick around to enjoy the many more improvements to come. Thank you for your support and here's to an even more prosperous 2018 /19.

Timothy Pike

**President**

# General Manager's Report

## Muswellbrook & District Workers Club Ltd

For the year ended 30 June 2018

### General Manager's Report

What an extraordinary year! After what seemed like an eternity our renovation finally got underway and after what seemed like an age it was finished. I think we can all agree they were worth the wait. What was once Willows Restaurant and then Oscar's Restaurant is now "Odeum" an exciting new rebrand of our catering operations.

For the third year in a row the Club has declared a healthy profit as it enjoys a **\$947,977** for the 2017 – 2018 financial year. The members, as always, have led the way to our healthy bottom line and without their support this club would be a shadow of its current self.

The three main profit centres of the Club performed extremely well. The bar achieved more than a million dollars in sales, the catering department grossed \$1.32 million and gaming improved to be \$3.82 million for the year.

I have to make special mention of the work done by the Board throughout the year, ably led by our Chairman Tim Pike. The Raffle Committee, led by our Junior Vice President Dorothy Cooper, have continued to innovate, the Disciplinary Committee, led by Dennis Sheehan, have been fortunately not much been required but have continued the necessary work of maintaining the behavioural standards of the members and our guests. The Building Committee have met weekly since January and have tirelessly reviewed every aspect of the build. I know their attention detail and constant review of the bottom line have kept the build to within budget while ensuring the quality product we are now enjoying.

I would also like to thank two outgoing Board members, Mr Les Gleeson and Mr Neville Heron. Both of these gentlemen are being nominated for the position of Life Member of the Club. I personally know how much effort both of them put in to turning the Club around during its darkest hour. I'd like to thank them for their service to the Club and acknowledge their work in getting the Club to where it is today.

It is timely of me to thank the staff, of which there are now 41, many of whom who are at the coal face of the business. Kim Button in leading our bar team and keeps the beer flowing and the fridges stocked. She and her team do an excellent job not only making sure the bar is well provisioned but also in organising the TAB, the Keno, the poker machines, the raffles and the bingo. They see everything is all set up and ready to go ensuring the members can enjoy all of the amenities that the Club has to offer. Thank you, Kim, and thank you bar staff.

The catering operation has had a huge raft of challenges this year. It was my truly great pleasure to offer the executive chef position to Levi Hellewell. This year not only has he had to suffer through a reduced menu, a temporary kitchen and all the associated building works he has also had to prepare, the new cafe menu, the new breakfast menu, the new summer lunch and dinner menu, a new function menu and the new tapas menu. All while keeping the team going in the kitchen. We also had the pleasure of appointing Linda Hutchinson to the sous chef position where she has excelled in her role. Linda has been a breath of fresh air to the team and we welcome her to the Club. So a big thank you to the entire kitchen team.

Khalifa Askar has done a superb job as the face of our restaurant. He has suffered with a smile through all the changes within his department. He has spent many hours training new staff, making coffee like a demon, serving the many customers in the dining room and dealing with problems not of his own making with little or no notice. Khalifa has been a welcome addition to the team. His depth of knowledge in all things beverage has been greatly appreciated and the new range of offerings in the Odeum bar is a testimony to his expertise in this field. Thank you, Khalifa, and thank you to the front of house restaurant team.

The administration department has been headed up for yet another year by Tahlae Ball. She has done an excellent job in dealing with the extra workload that comes with the renovation and building works. While it is really just Tahlae and Mel who work full time in that department their work seems to never end. They process all the rosters, the staff pays, the supplier invoices, maintain the creditors, take the bus bookings, sign in the visitors, handle the function enquiries and while managing all of this along with all the regular customer enquiries is no small job. They do this with a smile and their work is highly valued.

I also need to thank the unsung heroes who maintain our Club, the cleaning staff. Mary Lou and Wendy, along with the entire cleaning staff, arrive on site at 5.00am. They have the unenviable job of cleaning up the morning after the night before, day after day. They set the functions, take deliveries, vacuum the floors and clean our bathrooms. They have had to cope with the extra stress and mess of renovation and have taken it all in their stride and always with a smile. You often don't see them but the work they do is invaluable. So a big thank you to the entire cleaning team.

## General Manager's Report

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It has been an extremely pleasing year. To see the new renovation and refurbishment take shape has been both a privilege and an honour. To see the Club's financial position continue to improve has been more than gratifying. To see the uptick in the restaurant, the bar and the gaming has been deeply satisfying and the plans for the future are quite frankly exhilarating. The Club is in an excellent position. So, thank you once again to the members, the Board and the staff. Thank you for your patronage, guidance and hard work. 2018 has been a great year with 2019 shaping up to be even better.

Scott Bailey  
**General Manager**

# Directors' Report

## Muswellbrook & District Workers Club Ltd For the year ended 30 June 2018

Your directors present this report on the company for the financial year ended 30 June 2018.

### Directors

The names of directors in office at the date of this report are:

Name	Appointed	Resigned	Qualifications	Board Service
Dorothy Cooper	27-Mar-2014		Retired	3 years
Barry French	26-Feb-2014		Retired	3 years
Leslie Gleeson	20-Oct-2013	28-Nov-2017	Retired	4 years
Marlene Goodwin	17-Sep-2017		Retail Employee	1 year
Neville Heron	20-Oct-2015	17-Sep-2017	Retired	4 years
Julie-Anne Ellem	21-Dec-2017		Chartered Accountant and Chartered Company Secretary	1 year
Robert Minch	17-Sep-2017	29-Sep-2017		
Timothy Pike	30-Aug-2015		Retired	2 years
Dennis Sheehan	17-Dec-2013		Retired	4 years
Brian Young	17-Dec-2013 21-Dec-2017	17-Sep-2017	Bus Driver	4 years

### Operating Results

The profit after providing for income tax for the financial year amounted to \$947,977.

### Principal Activities

The principle activities of the company during the financial year were to provide comfortable recreational facilities and amenities for members and guests.

The vision of the Board and Management is for the company to be a successful business providing excellent member facilities, having diversified income streams providing good return on investment and to foster good relationships to support and promote the general community, and local sporting bodies.

The company's operations improvements during the year included the continued upgrade of our Poker Machine installation, the expansion of our loyalty program, the introduction of an extra day of bingo, the upgrade of our audio visual system, the replacement of ageing kitchen equipment, the enclosure of the gaming room, the expansion of outdoor heating in the smoking area, the increase in size to our outdoor gaming area.

### Club Refurbishment, Renovation and Refit

The company has embarked upon a refurbishment of the dining, kitchen, Ron Adams Room and bathroom areas. The total cost of the works is estimated at \$3.8 million with the works being funded by an approved Commonwealth Bank of Australia loan.

### **Short Term and Long Term Objectives**

The company's short-term objectives are to maintain a high standard of customer service, and to provide modern and comfortable facilities for its Members and Guests.

The Company is to continue to financially support local charities, sporting and community groups, and provide meeting and function rooms for community groups to utilise.

The Company's short-term objectives are also to:

1. Continue to improve customer service;
2. Continue to improve the profitability of the bar's gross profit;
3. Continue to improve the profitability of catering's gross profit;
4. Continue to improve the profitability of the Club's gaming operations;
5. Continue to improve the profitability of the Company;
6. Continue to build upon the united approach between Board and Management;
7. Refurbish key areas of the Club as funds permit;
8. Diversify income streams to future proof the business.

The Company's long-term objectives are:

1. To ensure the company remains profitable by monitoring earnings before interest, tax, depreciation and amortisation;
2. Benchmarking all areas of the company against industry standards;
3. Ensuring gaming installation is upgraded and maintained to achieve optimal performance;
4. To ensure the company is always in a financial position to manage debt
5. Ensure the company continues, through budgeting, to operate a positive cashflow
6. Develop the company's facilities within income and budgeting constraints
7. Continue with the Corporate Governance strategies developed by the company and required by legislation
8. Implement appropriate Corporate Governance procedures to safeguard assets

### **Strategies**

To achieve its stated objectives, the company has adopted the following strategies:

- Improve the profitability of the company through diversified investments
- Continue to review the performance of each trading department of the company
- Continue to monitor the financial benefits of each company promotion introduced
- Continue to improve customer service
- Review all existing contracts of the company to achieve the best financial outcome
- Improve the facilities of the company
- Continue the existing united approach of the Board and Management of the Company

### **Key Performance Measures**

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

The company undertakes a number of systems to measure its performance including:

- Monthly Performance Report
- EBITDA earnings before interest, tax, depreciation, amortisation 2018: \$1,596,777 (2017: \$1,354,639)
- Monthly board review of various relevant management reports

### **Members Guarantee**

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$39,105 (2017: \$31,885).



### Meetings of Directors


During the financial year, 15 meetings of directors were held. Attendances by each of committee member during the year were as follows:

Name	Monthly Board Meeting: Number eligible to attend	Monthly Board Meeting: Number attended	Special Meetings: Number eligible to attend	Special Meetings Number attended
Dorothy Cooper	12	11	4	4
Barry French	12	11	4	4
Leslie Gleeson	4	2	3	3
Marlene Goodwin	10	10	2	2
Neville Heron	2	2	2	1
Julie-Anne Ellem	6	4	1	1
Robert Minch	1	0	1	1
Timothy Pike	12	10	4	4
Dennis Sheehan	12	12	4	4
Brian Young	8	8	2	1

### Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2018 has been received and can be found on the following page.

Signed in accordance with a resolution of the Members of the Board of Directors' on:



\_\_\_\_\_  
Timothy Pike (President)

Date 23/10/18



## Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

### PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A

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MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED  
A.B.N. 55 001 052 526

AUDITORS INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED

We declare that, to the best of our knowledge and beliefs, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Davies, Thompson & Wright  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Tracey L. Lawler', is written over a horizontal line.

Tracey L. Lawler  
Partner  
22 October 2018  
Muswellbrook

# Statement of Profit or Loss and Other Comprehensive Income

Muswellbrook & District Workers Club Ltd  
For the year ended 30 June 2018

	NOTES	2018	2017
<b>Revenue And Other Income</b>			
Revenue from Sales	2	6,089,645.57	5,409,670.46
<b>Less Direct Costs:</b>			
Cost Of Goods Sold		996,838.03	819,957.36
Wages & Salaries (Direct)		982,238.00	866,197.42
Other Direct Costs		943,077.60	853,554.97
<b>Total Less Direct Costs:</b>		<b>2,922,153.63</b>	<b>2,539,709.75</b>
<b>Gross Profit on Trading</b>		<b>3,167,491.94</b>	<b>2,869,960.71</b>
<b>Other income</b>			
Rental Profit / (Loss)	2	128,637.62	127,789.53
Other Income	2	389,546.79	269,509.12
<b>Total Other Income</b>		<b>518,184.41</b>	<b>397,298.65</b>
<b>Less Administration &amp; Operating Expenses</b>			
Depreciation and Amortisation Expense	3	553,892.31	553,275.28
Electricity		116,598.57	105,156.30
Wages & Salaries (Indirect)		738,642.46	646,299.46
Entertainment & Amenities		163,959.77	151,953.55
Interest Costs	3	94,620.64	83,044.12
Members Promotions		383,542.82	334,371.80
Postage, Stationary & Advertising		99,563.51	104,756.39
Repairs & Maintenance		111,533.61	163,540.75
Other Expenses		475,345.42	406,542.00
<b>Total Less Administration &amp; Operating Expenses</b>		<b>2,737,699.11</b>	<b>2,548,939.65</b>
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>947,977.24</b>	<b>718,319.71</b>
<b>Income Tax Expense</b>		<b>-</b>	<b>-</b>
<b>PROFIT / (LOSS) AFTER INCOME TAX</b>		<b>947,977.24</b>	<b>718,319.71</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>947,977.24</b>	<b>718,319.71</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

## Muswellbrook & District Workers Club Ltd As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	351,422.24	373,535.29
Trade and Other Receivables	6	454,006.45	71,368.82
Inventories	7	49,121.93	45,566.23
Other Current Assets	8	208,462.10	85,718.93
<b>Total Current Assets</b>		<b>1,063,012.72</b>	<b>576,189.27</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	4,001,831.98	4,012,701.71
Investment Property	10	1,005,216.03	1,005,216.03
Intangibles	11	389,932.43	396,035.18
Capital Works in Progress	12	2,300,198.94	82,353.99
<b>Total Non-Current Assets</b>		<b>7,697,179.38</b>	<b>5,496,306.91</b>
<b>Total Assets</b>		<b>8,760,192.10</b>	<b>6,072,496.18</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	880,603.88	374,225.30
Borrowings	14	117,320.17	401,373.44
<b>Total Current Liabilities</b>		<b>997,924.05</b>	<b>775,598.74</b>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	13	27,587.72	44,186.97
Borrowings	14	2,677,180.94	1,143,188.32
<b>Total Non-Current Liabilities</b>		<b>2,704,768.66</b>	<b>1,187,375.29</b>
<b>Total Liabilities</b>		<b>3,702,692.71</b>	<b>1,962,974.03</b>
<b>Net Assets</b>		<b>5,057,499.39</b>	<b>4,109,522.15</b>
<b>Equity</b>			
Retained Profits		5,057,499.39	4,109,522.15
<b>Total Equity</b>		<b>5,057,499.39</b>	<b>4,109,522.15</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

## Muswellbrook & District Workers Club Ltd For the year ended 30 June 2018

	NOTES	2018	2017
<b>Retained Earnings after Appropriation</b>			
Retained Earnings At Start of Year		4,109,522.15	3,391,202.44
Total Comprehensive Income Attributable to Members of the Company for the Year		947,977.24	718,319.71
Retained Earnings After Appropriation		5,057,499.39	4,109,522.15

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## Muswellbrook & District Workers Club Ltd For the year ended 30 June 2018

	NOTES	2018	2017
<b>Cash flows from Operating Activities</b>			
Receipts from customers		6,141,134.45	5,762,118.71
Payments to suppliers and employees		(4,995,586.74)	(4,570,562.23)
Interest received		287.18	513.76
Finance costs		(94,620.64)	(83,044.12)
<b>Total Cash flows from Operating Activities</b>		<b>1,240,455.53</b>	<b>1,109,026.12</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sales of property, plant and equipment		324,809.64	62,167.04
Payment for property, plant and equipment		(2,403,191.06)	(513,830.82)
<b>Total Cash flows from Investing Activities</b>		<b>(2,078,381.42)</b>	<b>(451,663.78)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from borrowing		2,320,642.24	125,444.26
Repayment of borrowings		(1,504,829.40)	(798,427.38)
<b>Total Cash flows from Financing Activities</b>		<b>815,812.84</b>	<b>(672,983.12)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(22,113.05)</b>	<b>(15,620.78)</b>
<b>Cash Balances</b>			
Opening cash balance		373,535.29	389,156.07
Closing cash balance		351,422.24	373,535.29
Movement in cash		(22,113.05)	(15,620.78)

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Muswellbrook & District Workers Club Ltd For the year ended 30 June 2018

The financial statements are for Muswellbrook & District Workers Club Limited as an individual company, incorporated and domiciled in Australia. Muswellbrook & District Workers Club Limited is a company limited by guarantee.

### 1. Statement of Significant Accounting Policies

#### Basis of Preparation

Muswellbrook & District Workers Club Limited applies the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 stated otherwise.

The financial statements, except for the cash flow information, 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.

#### Accounting Policies

##### Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Poker machine revenue is stated net of payouts.

Interest is brought to account on an accruals basis for bank term deposits.

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

##### Inventories

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

##### Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revaluated asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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These notes form part of the financial statements.

## Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is available for use. Buildings are depreciated on a straight line basis.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant & Equipment	7.5% to 50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss in the period in which they arise. When revalued assets are sold amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the company, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial instruments are measured at cost.

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired.

## Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Impairment testing is performed annually for intangible assets with indefinite lives.

## Employee Benefits

Provision is made in respect of the company's liability for annual leave and long service leave at balance date. Long service leave is accrued in respect of all employees with more than 5 years' service with the company.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.



## 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.

## Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Receivables and payables are stated inclusive of the amount of GST receivable or payable. Cash flows are presented in the statement of cash flows exclusive of GST.

## Income Tax

Income tax expense, shown on the statement of comprehensive income, is calculated in accordance with the Waratah's formula. It is calculated on an annual basis, with a corresponding provision for income tax payable raised.

## Intangibles

Intangibles are initially recognised at cost. Borrowing expenses are amortised on a straight line basis over five years. Poker machine licences are initially recognised at the purchase price paid. Poker machine licences are not amortised as they do not have a finite useful life. Intangibles are tested annually for impairment and carried at cost less accumulated impairment losses where applicable.

## Comparative Figures

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

## Trade and Other Payables

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

## Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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 company.

## Investment Property

Investment property, comprising rental properties is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost, fair value or director's valuation. Where property is actively marketed for sale it is classified as a current asset.

	NOTES	2018	2017
<b>2. Revenue and Other Income</b>			
<b>Revenue</b>			
Bar		1,036,350.84	832,429.23
Poker Machine		3,725,357.12	3,379,338.48
Restaurant		1,327,937.61	1,197,902.75
<b>Total Revenue</b>		<b>6,089,645.57</b>	<b>5,409,670.46</b>
Profit/(Loss) From Rental Activities		128,637.62	127,789.53
<b>Other Income</b>			
Interest Received		287.18	513.76

These notes form part of the financial statements.

Profit on Disposal of Property, Plant & Equipment	147,250.32	51,092.98
Commissions	174,401.28	143,256.20
Members Subscriptions	15,477.35	13,273.83
Other Revenue	52,130.66	61,372.35
<b>Total Other Income</b>	<b>389,546.79</b>	<b>269,509.12</b>
<b>Total Revenue and Other Income</b>	<b>6,607,829.98</b>	<b>5,806,969.11</b>
	NOTES	2018
		2017

### 3. Profit For The Year

<b>Expenses</b>		
Contributions to Regulated Superannuation Funds	132,716.72	118,777.00
Depreciation & Amortisation	553,892.31	553,275.28
<b>Finance Costs</b>		
Interest Paid	94,620.64	83,044.12
<b>Total Finance Costs</b>	<b>94,620.64</b>	<b>83,044.12</b>
<b>Significant Revenue / Expense items</b>		
Loss on Sale of Assets	5,411.86	4,371.00
Profit on sale on Non Current Asset	(147,250.32)	(51,092.98)
<b>Total Significant Revenue / Expense items</b>	<b>(141,838.46)</b>	<b>(46,721.98)</b>
	NOTES	2018
		2017

### 4. Income Tax Expense

Income Tax Expense	-	-
<b>Total Income Tax Expense</b>	<b>-</b>	<b>-</b>
	NOTES	2018
		2017

### 5. Cash & Cash Equivalents

<b>Bank Accounts</b>		
Westpac - Term Deposit	25,000.00	-
CBA - Retention Account	71,441.44	-
CBA - TAB	0.02	-
CBA - Keno	0.04	-
CBA - Main	78,581.37	-
ATM Account	66,785.45	30,280.00
Westpac - Cash Reserve	778.17	61,525.20
Westpac - Keno Account	4,285.11	4,293.93
Westpac - Tab Account	492.57	165.53
Westpac - Working Account	158.07	183,250.63
<b>Total Bank Accounts</b>	<b>247,522.24</b>	<b>279,515.29</b>
<b>Other Cash Items</b>		
Cash on hand	103,900.00	94,020.00
<b>Total Other Cash Items</b>	<b>103,900.00</b>	<b>94,020.00</b>
<b>Total Cash &amp; Cash Equivalents</b>	<b>351,422.24</b>	<b>373,535.29</b>

These notes form part of the financial statements.

	NOTES	2018	2017
<b>6. Receivables</b>			
Trade Debtors		16,036.49	34,507.58
Other Receivables		437,969.96	36,861.24
<b>Total Receivables</b>		<b>454,006.45</b>	<b>71,368.82</b>
	NOTES	2018	2017
<b>7. Inventory (at cost)</b>			
Stock on Hand - bar		40,794.95	31,015.40
Stock on Hand - bingo		1,328.73	676.70
Stock on Hand - catering		6,998.25	13,874.13
<b>Total Inventory (at cost)</b>		<b>49,121.93</b>	<b>45,566.23</b>
	NOTES	2018	2017
<b>8. Other Current Assets</b>			
Prepayments		208,462.10	85,718.93
<b>Total Other Current Assets</b>		<b>208,462.10</b>	<b>85,718.93</b>
	NOTES	2018	2017
<b>9. Property Plant and Equipment - at cost</b>			
<b>Club House &amp; Land</b>			
Club House & Land		3,586,634.31	3,584,120.81
Less: Accumulated Depreciation		(1,155,458.37)	(1,039,826.41)
<b>Total Club House &amp; Land</b>		<b>2,431,175.94</b>	<b>2,544,294.40</b>
<b>Fittings 29 Sydney Street</b>			
Fittings - 29 Sydney Street		11,323.82	11,323.82
Less: Accumulated Depreciation		(3,972.72)	(3,155.93)
<b>Total Fittings 29 Sydney Street</b>		<b>7,351.10</b>	<b>8,167.89</b>
<b>Plant &amp; Equipment</b>			
Plant & Equipment		1,142,709.96	1,095,641.57
Less: Accumulated Depreciation		(855,636.27)	(763,750.49)
<b>Total Plant &amp; Equipment</b>		<b>287,073.69</b>	<b>331,891.08</b>
<b>Furniture &amp; Fittings</b>			
Furniture & Fittings		395,308.34	392,458.93
Less: Accumulated Depreciation		(342,601.39)	(328,462.85)
<b>Total Furniture &amp; Fittings</b>		<b>52,706.95</b>	<b>63,996.08</b>
<b>Poker Machines</b>			
Poker Machines		2,131,949.69	1,887,204.51
Less: Accumulated Depreciation		(1,159,522.80)	(1,081,326.39)
<b>Total Poker Machines</b>		<b>972,426.89</b>	<b>805,878.12</b>
Crockery & Cutlery		29,422.95	29,422.95
<b>Improvements</b>			
Improvement - Outdoor Smoking Area		290,464.60	290,464.60

These notes form part of the financial statements.

	NOTES	2018	2017
Less: Accumulated Depreciation		(68,790.14)	(61,413.41)
<b>Total Improvements</b>		<b>221,674.46</b>	<b>229,051.19</b>
<b>Total Property Plant and Equipment - at cost</b>		<b>4,001,831.98</b>	<b>4,012,701.71</b>

### Movement in Carrying Amounts

Movements in the carrying amount for each applicable class of plant and equipment between the beginning and end of the current financial year:

	Clubhouse & Improvements	Plant & Equipment	Furniture & Fittings
Opening balance	2,773,345.59	331,891.08	63,996.08
Additions at cost	-	59,964.05	15,973.57
Disposals	-	(12,895.66)	(13,124.16)
Depreciation	(142,446.91)	(91,885.78)	(14,138.54)
<b>Closing balance</b>	<b>2,630,898.68</b>	<b>287,073.69</b>	<b>52,706.95</b>

	Poker Machines	Poker Machine Licences	Crockery
Opening balance	805,878.12	389,932.43	29,422.95
Additions at cost	543,535.00	-	-
Disposals	(298,789.82)	-	-
Depreciation	(78,196.41)	-	-
<b>Closing balance</b>	<b>972,426.89</b>	<b>389,932.43</b>	<b>29,422.95</b>

### Core and Non-Core Property

In accordance with provisions under Section 41J(2) of the Registered Clubs Act the directors have classified the following assets as core property of the company:

#### Club land and buildings:

- 15-17 Sydney Street, Muswellbrook NSW 2333
- 29-31 Sydney Street, Muswellbrook NSW 2333
- 7 Sydney Street, Muswellbrook NSW 2333

	NOTES	2018	2017
<b>10. Investment Properties</b>			
29-31 Sydney Street Building		812,512.00	812,512.00
7 Sydney Street at cost		192,704.03	192,704.03
<b>Total Investment Properties</b>		<b>1,005,216.03</b>	<b>1,005,216.03</b>
<b>11. Intangible Assets</b>			
Poker Machine Licences at Cost		389,932.43	389,932.43

These notes form part of the financial statements.

Borrowing Costs	-	6,102.75
Total Intangible Assets	389,932.43	396,035.18
	NOTES	2018
		2017

## 12. Capital Works in Progress

Renovation Works (DA18/2017)	2,300,198.94	82,353.99
Total Capital Works in Progress	2,300,198.94	82,353.99
	NOTES	2018
		2017

## 13. Trade and Other Payables

<b>Current</b>		
Trade Creditors	664,073.05	131,001.94
Accrued Expenses & Other Creditors	88,851.21	66,915.41
Members' Subscriptions in Advance	9,211.81	10,240.15
GST Payable	(14,964.26)	29,745.56
Deferred Revenue	14,828.21	23,640.26
<b>Employee Entitlements</b>		
Provision - Annual Leave	84,239.97	88,067.51
Provision LSL - current	15,245.93	11,420.56
Members Unclaimed Points	12,411.67	9,251.39
Unclaimed Monies	6,706.29	3,942.52
Total Current	880,603.88	374,225.30
<b>Non Current</b>		
Members' Subscriptions in Advance	12,495.75	15,822.05
Provision LSL - non-current	15,091.97	28,364.92
Total Non Current	27,587.72	44,186.97
	NOTES	2018
		2017

## 14. Borrowings

<b>Borrowings - Current</b>		
<b>Westpac</b>		
- Bank Bill Loan	-	122,700.00
- Equipment Finance Loan	-	162,209.76
Total Westpac	-	284,909.76
Insurance Loan	77,587.81	52,320.65
Poker Machine & Equipment Loans	39,732.36	64,143.03
Total Borrowings - Current	117,320.17	401,373.44
<b>Borrowings - Non Current</b>		
Commonwealth Bank of Australia Loan	2,677,180.94	-
<b>Westpac</b>		
Bank Bill Loan	-	266,224.54
Equipment Financial Loan	-	837,267.46
Total Westpac	-	1,103,492.00

These notes form part of the financial statements.

	NOTES	2018	2017
Poker Machine & Equipment Loans		-	39,696.32
Total Borrowings - Non Current		2,677,180.94	1,143,188.32
<b>Total Borrowings</b>		<b>2,794,501.11</b>	<b>1,544,561.76</b>

The Westpac loans were extinguished on 31 May 2018 by Commonwealth Bank of Australia.

The Commonwealth Bank of Australia loan is secured over a General Security Interest over all existing and future assets and undertakings of the company including:

- Mortgage in favour of property located at 15-27 Sydney Street, Muswellbrook NSW 2333;
- Mortgage in favour of property located at 29-31 Sydney Street, Muswellbrook NSW 2333; and
- Mortgage in favour of property located at 7 Sydney Street, Muswellbrook NSW 2333.

The Commonwealth Bank of Australia loan is interest only at a rate of 4.04% until 31 May 2019. Thereafter, principal and interest repayments for 4 years with a residual balloon balance of \$3.767m that may be refinanced for a further 10 years. The facility is limited to \$4.76 million subject to annual covenant requirements and a \$20,000 bank guarantee refer note 20.

## 15. Provisions

The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

	2018	2017
Provision for Long Service Leave:		
Balance at the beginning of the year	39,785.48	54,551.86
Additional Provisions raised during year	4,979.86	13,006.19
Amounts Used	(14,427.44)	(27,772.57)
<b>Balance at End of Year</b>	<b>30,337.90</b>	<b>39,785.48</b>
<b>Analysis of Long Service Leave</b>		
Current Trade & Other Payables	15,245.93	11,420.56
Non-Current Trade & Other Payables	15,091.97	28,364.92
	<b>30,337.90</b>	<b>39,785.48</b>

## 16. Related Party Transactions

The directors of the company are not paid for their services. Directors, in the course of carrying out their duties at meetings and on other occasions, are provided with meals and liquor on a complimentary basis. Each director is provided with an honorarium of \$2,500 as approved by the members at the prior year's annual general meeting. These are allocated monthly over the term of their directorship for the year. All other transactions with directors are at normal commercial terms and conditions no more favourable than available to other parties.

No relatives of directors were employed by the company.

### Accounting Services

Management accounting services have been provided by Catalyst Plus Pty Ltd which is owned and Directed by Julie-Anne Ellem. These services have been performed at commercial rates.

2018: \$20,292.89

### Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company is considered Key Management Personnel.

All remuneration paid to executives is valued at the cost to the company and expensed.

In the course of carrying out their duties, the Secretary Manager is provided with meals and liquor on a complimentary basis and mobile phone and internet is reimbursed.

	2018	2017
<b>Key Management Personnel Compensation</b>	\$169,304.65	\$132,320.87

Compensation is paid in accordance with the employment contract and includes salary, superannuation and meal benefits.

## 17. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments: Recognition And Measurement as detailed in the accounting policies to these financial statements are as follows:

	NOTES	2018	2017
<b>Financial Assets &amp; Liabilities</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	5	351,422.24	373,535.29
Loans and Receivables	6	454,006.45	71,368.82
<b>Total Financial Assets</b>		<b>805,428.69</b>	<b>444,904.11</b>
<b>Financial Liabilities</b>			
Trade & Other Payables	13	908,191.60	418,412.27
Borrowings	14	2,794,501.11	1,544,561.76
<b>Total Financial Liabilities</b>		<b>3,702,692.71</b>	<b>1,962,974.03</b>

## 18. Operating Commitments

There were no operating lease commitments at balance date other than three remaining payments on an Aristocrat EGM monthly contract \$2,464 per month (excluding GST) due to expire by 30 September 2018.

These notes form part of the financial statements.

## 19. Capital Commitments

At balance date, the Company had committed to pay Network Refurbishment & Construction Pty Ltd the balance of costs to complete the renovations of Dining, Ron Adams, Kitchen and Bathroom facilities (excluding GST) of \$1,206,857.00, plus retention of \$94,222.47.

There was an additional expected committed expenditure of \$240,000 for furniture and fittings and other associated costs related to this renovation.

From the period of 1st July to the date of this report, a total payment of \$1,156,186.33 (excluding GST) had been paid.

## 20. Contingent Liabilities

A bank guarantee of \$20,000 is held with the Commonwealth Bank of Australia in order to secure the TAB and Keno gaming facility.

## 21. Events After the Reporting Period

From the period of 1st July to the date of this report, a total payment of \$1,156,186.33 (excluding GST) had been paid to Network Refurbishment & Construction Pty Ltd.

The Directors are not aware of any other significant events since the end of the reporting period.

## 22. Company Details

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

15 Sydney Street

MUSWELLBROOK NSW 2333

## 23. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 30 June 2018, the number of members was 7,821 (2017: 6,377).



# Directors Declaration

## Muswellbrook & District Workers Club Ltd For the year ended 30 June 2018


In accordance with a resolution of the directors of Muswellbrook & District Workers Club Limited, the directors of the company declare that:

1. The financial statements and notes 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 of the company as at 30 June 2018 and of its performance for the year on that date.

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.

---

Timothy Pike, President  
Date: 23/10/18



## Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

### PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED

A.B.N. 55 001 052 526

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Muswellbrook & District Workers Club Limited, which comprises the statement of financial position as at 30 June 2018, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Muswellbrook & District Workers Club Limited is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its 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 are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Muswellbrook & District Workers Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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



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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED  
A.B.N. 55 001 052 526**

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in so doing, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.





## Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

### PARTNERS

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED  
A.B.N. 55 001 052 526**

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

**Davies, Thompson & Wright**  
Chartered Accountants

Tracey L. Lawler  
Partner  
25 October 2018  
Muswellbrook