

# **Mingara Recreation Club Limited**

**ABN: 81 001 662 648**

## **Financial Statements**

**For the Year Ended 25 June 2023**

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Contents

For the Year Ended 25 June 2023

	<b>Page</b>
<b>Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	33
Independent Audit Report	34

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 25 June 2023

The directors present their report on Mingara Recreation Club Limited for the financial year ended 25 June 2023.

### Directors

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

<b>Names</b>	<b>Appointed</b>
Kate Herron	Commenced May 2018
Russell Johnston	Commenced 2013
Chris King	Commenced 2015
Debbie Phillips	Commenced June 2016*
Ian Robilliard, OAM	Commenced May 2019
Philip Walker	Commenced 1996

\* formerly Montgomery.

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

### Company Secretary

The following person held the position of Club secretary at the end of the financial year:

Mr Paul Barnett (MME (Newcastle), GAICD, JP) was appointed to the position of Company Secretary on 27 December 2002. Mr Barnett is also the Chief Executive Officer of the group and has been in the gaming and hospitality industry since 1988. During this financial year, he resigned from his Director position on the Board of The Registered Clubs Association of NSW (ClubsNSW), the industry's peak body. Other Directorships from which Mr Barnett also resigned were Chair of the Board of ClubBIZ Holdings Pty Ltd and Director of Club Keno Holdings Pty Ltd.

### Principal activities

The principal activities of the Club is to be a non-proprietary, not-for-profit members' club conducted in good faith as a club for the benefit of members and their guests.

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

### Review of operations

The profit of the Club after providing for income tax amounted to \$7,007,628 (2022: profit of \$9,902,024).

The operating profit for the year amounted to \$15,433,558 (2022: \$9,897,322) before charging \$8,337,967 (2022: \$8,461,223) for depreciation and amortisation, \$249,658 (2022: \$281,347) for financing costs and income tax expense of \$226,880 (2022: \$747,728 ) and not including other income of \$388,575 (2022: \$9,495,000).

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 25 June 2023

### Review of operations (cont'd)

The profit break up between each of the Club's sites is as follows:

	2023	2022
	\$	\$
Mingara Recreation Club Ltd (Tumbi Umbi)	6,071,934	810,175
The Westport Club (Port Macquarie)	3,642,779	3,270,075
Lantern Club (Roselands)	4,297,520	2,649,714
Springwood Sports Club	(63,813)	(25,881)
The Greens The Entrance	(508,211)	(1,040,041)
Other Group Income and Expenses	(6,205,701)	4,985,710
	<b>7,234,508</b>	10,649,752
Income tax expense	(226,880)	(747,728)
<b>Total</b>	<b>7,007,628</b>	9,902,024

### The Greens The Entrance

On 30 September 2019, the Club amalgamated with The Greens The Entrance, with a discount on amalgamation of \$8,351,356 recorded in the 2019 statement of comprehensive income.

On 2 March 2020 a fire occurred at The Greens The Entrance. The Club property experienced significant damage and the Club has not reopened since.

An impairment loss of \$2,471,405 was recorded in the 30 June 2021 Statement of Profit or Loss and Other Comprehensive Income for damaged buildings and plant and equipment.

A progress claim for damages from the fire of \$4,000,000 was received during the 2021 financial year and recorded as other income in the 30 June 2021 Statement of Profit or Loss and Other Comprehensive Income. During the previous year 2022, the Club received insurance proceeds of \$2,700,000, with the full revenue being recognised as other revenue in the 2022 financial year. During the current financial year a further \$500,000 was received from the insurance proceeds, with a further \$6,295,000 to be received across the construction of the new Club.

### Core and non-core property

For the purpose of complying with section 41J Registered Clubs Act, the Club's members, at the Annual General Meeting held on 18 November 2007, passed the following ordinary resolution:

That all of the real property owned or occupied by the Club is declared not to be core property of the Club except:

- the Club's defined premises other than the areas within those defined premises currently occupied by third-party users; and
- the bowling greens currently used in connection with the Club's Port Macquarie premises.

### Short and long term objectives

The Club's short and long term objectives as outlined in the Club's business plan is reviewed on an annual basis. The Club's short term objective is to maintain the current level of services provided to members and their guests whilst improving trading performance at all venues. This integrates with the longer term objective of conducting business activities in a sound and responsible manner ensuring value to members and the community.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 25 June 2023

### Short and long term objectives (cont'd)

These objectives are measured through both financial and non-financial key performance indicators that have been determined as relevant to the club industry.

The Club continually reviews its operations and assesses opportunities to determine if they can be a benefit to the Club and its members.

### Membership

The Club is a company limited by guarantee and without share capital. The number of members at 25 June 2023 and the comparison with the prior year is as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Ordinary	<b>56,983</b>	55,665
Special	<b>6,026</b>	5,426
Junior	<b>395</b>	440
Employee	<b>359</b>	314
Life	<b>7</b>	7
<b>Total</b>	<b>63,770</b>	61,852

### Information relating to Directors

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

Kate Herron	Business Manager
Experience	Director since May 2018 Director/Shareholder, Tumbi Medical Suites, since 2022 Director/Shareholder, Kids Health Gosford Pty Ltd, since 2021 Director/Shareholder, Kids Point Specialist Centre Pty Ltd, since 2021 Director/Shareholder, HealthPoint Mingara (Allied Health medical practice), since 2017 Director/Shareholder, KidsPoint Mingara (pediatric medical practice), since 2017 Business Owner
Russell Johnston	Retired
Experience	Director since March 2013 Director, All Over Beauty and Medi Spa Pty Ltd, since 2010 Member of Mingara Community Advisory Committee, 2010 - 2013 Head Teacher, Department of Education and Communities, 1981 - 2016

## Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 25 June 2023

### Information relating to Directors (cont'd)

Chris King	Consultant
Experience	Director since 2015 Board Member, Regional Development Australia, Central Coast, 2009 - 2022 Deputy Chair, Regional Development Australia, Central Coast, 2018 - 2021 Manager Arts and Culture, Central Coast Council, 2013 - 2021 Business and Tourism Manager Central Coast Tourism Inc, 2011 - 2012 Vice President Gosford Musical Society, 2004 - 2013 Federal Medal recipient for Services to the Community, 2000 Coordinator Gosford Regional Show, 1998 - 2015 Small events, entertainment business owner/operator 1988 - 2011 Over 50 years in Theatre, Television, Actor and Entertainer Gosford City Council Cultural Citizen of the Year, 2006 Active Central Coast community and charity volunteer for over 30 years
Debbie Phillips	Licensed Real Estate Agent/Auctioneer
Experience	Director since 2016 Licensed Real Estate Agent, since July 2002 Accredited Auctioneer, since 2020 Licensed Real Estate Agent, Licensee in Charge, 2012 - 2019 Registered Fitness Instructor Business Owner
Ian Robilliard, OAM	Business Manager
Experience	Director since May 2019, Deputy Chair, since November 2020 Managing Director & Founder Central Coast Academy of Sport, since 2004 Director, Regional Academies of Sport, since 2005 Deputy Chair, Sport Central Coast, since 2019 OAM Recipient for Service to Sport as a Player, Coach and Administrator, 2017 Director, Central Coast Basketball, 2018 - 2021 Director, Central Coast Basketball, 2018 - 2021 Chair, Regional Academies of Sport, 2018 - 2021 Managing Director, Gold Coast Academy of Sport, 2005 - 2016 CEO Sydney Kings National Basketball League, 2012 Head Coach, Sydney Kings, 2010 - 2012 Chief Operations Officer, PGA Australia, 1998 - 2003 National Education Director, PGA Australia, 1993 - 1997
Philip Walker	Retired
Experience	Director since 1996 Chairman, 2001 - 2003, and since 2012 Deputy Chair, 1998 - 2000, 2009 - 2011 Junior Deputy Chair, 1997 - 1998, 2008 - 2009 Chair of ClubsNSW Central Coast Region, since 2016 Community Support Committee member, 2008 - 2009 Chair of Regional Development Australia, Central Coast, 2014 - 2021 Acting Chair of Regional Development Australia, Central Coast, 2013 - 2014 Director of Central Coast Tourism Inc, 2003 - 2013 Former Detective Senior Sergeant, NSW Police Crime Agencies Former Chief of Staff for a member of the Australian Senate

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 25 June 2023

### Members' guarantee

Mingara Recreation Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$20 subject to the provisions of the company's constitution.

At 25 June 2023 the collective liability of members was \$1,275,440 (2022: \$1,237,040).

### Future developments and results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

### Meetings of directors

During the financial year, 14 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Board Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kate Herron	12	11	2	2
Russell Johnston	12	12	2	2
Chris King	12	12	2	2
Debbie Phillips	12	10	2	2
Ian Robilliard, OAM	12	11	2	1
Philip Walker	12	11	2	2

### Directors' Continuing Professional Development (CPD)

Industry best practice recommends that active directors record their CPD results each year, with a goal of achieving 120 points over a 3 year period (40 points per year). This demonstrates our Directors' commitment that the highest standards of governance are being applied by all Board members. Directors' CPD points during the financial year were as follows:

	CPD Points Achieved 2022 - 2023
Kate Herron	150
Russell Johnston	130
Chris King	130
Debbie Phillips	130
Ian Robilliard, OAM	120
Philip Walker	390

**Mingara Recreation Club Limited**

ABN: 81 001 662 648

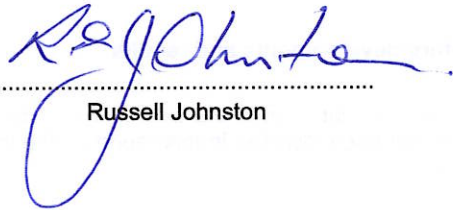
**Directors' Report  
For the Year Ended 25 June 2023**

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 25 June 2023 has been received and can be found on page 9 of the financial report.

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

Director: .....  
  
Philip Walker

Director: .....  
  
Russell Johnston

Dated *September 26, 2023*



# Mingara Recreation Club Limited

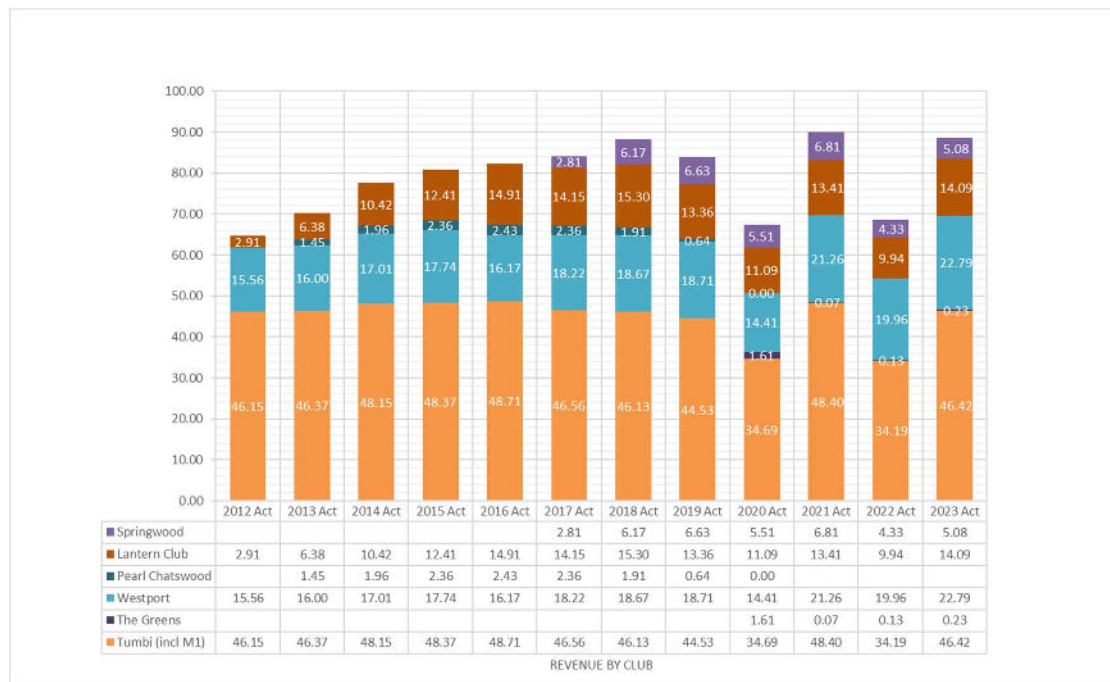
ABN: 81 001 662 648

## Discussion and Analysis on the Concise Financial Report For the Year Ended 30 June 2023

### Statement of Profit or Loss and Other Comprehensive Income

The FY23 total operating revenue is \$88.2M, an increase of \$19.6M or 28.7% on the FY22 operating revenue of \$68.6M. Gaming revenue was strong in the first 7 months of FY23 but started to decline in February following 9 consecutive interest rate rises and increased pressure on energy and fuel prices. Still a strong result overall and closer to the post Covid result in FY21 of \$90M.

**SALES REVENUE BY BUSINESS 2012 - 2023**  
FIGURES SHOWN IN \$M'S



### Commentary

Our largest expense relates to employee benefits, which includes all wages, payroll on-costs, staff training, uniforms and recruitment. Total employee benefits for the year of \$27.3M represent 30.9% of revenue compared to 30.4% in the previous year. From 29<sup>th</sup> May, Hadley's Dining was no longer outsourced and falls under Mingara operations resulting in increased employee benefit costs later in the year.

Poker machine compliance costs, which include the NSW Government's gaming tax, increased by \$4.5M or 29.1% to \$20M in line with increased gaming revenue. At 22.7% of operating revenue, this continues to be the second largest recurrent cost.

Property Expenses (including IT expense) increased by \$1.4M or 29.7% on FY22 figures bringing the annual expenditure to \$6.2M. This is largely due to a significant increase in energy costs, particularly gas, and an increased cost in cleaning contracts.

Raw materials and consumables increased by 30% to \$6.2M in FY23. This was partly due to ramping up for bringing Hadley's Dining back under Mingara's operations. Lantern and Springwood clubs continue to outsource their primary catering functions, while Ming Dragon remains outsourced at Mingara.

## **Mingara Recreation Club Limited**

ABN: 81 001 662 648

### **Discussion and Analysis on the Concise Financial Report For the Year Ended 30 June 2023**

Entertainment and Promotion costs increased by \$1.2M or 29.4% in FY23 bringing the annual expenditure to \$5.5M, which is mainly due to the increased value of Major Promotion prizes.

The FY23 profit of the club after providing for income tax is \$7M. The comparable result for FY22 is \$9.9M which included accounting for \$9.5M of insurance proceeds from The Greens fire.

#### **Statement of Financial Position**

Net assets increased by \$7M from \$121.1M to \$128.1M.

Total Assets increased \$2.3M from \$157.8M to \$160.1M while Total Liabilities decreased by \$4.7M from \$36.7M to \$32M.

Major movements in Assets during the year were:

- Increase in Property, Plant and Equipment of \$5.7M
- Decrease in Cash holdings of \$3.9M
- Increase in Other Assets of \$0.5M

Major movements in Liabilities during the year were:

- Decrease in Total Borrowings of \$5.7M
- Increase in Trade and Other Payables of \$0.9M
- Decrease in Current Tax Liabilities of \$0.6M
- Increase in Provisions relating to Link Jackpot and Bonus Points of \$0.4M

Total loan balances have decreased from \$19.7M to \$14M in FY23.

#### **Statement of Cash Flows**

Cash generated from operating activities amounts to \$16.4M, an increase of \$2.8M on the previous year.

The Club invested \$14.4M in Property, Plant and Equipment in FY23, an increase of \$3.5M on the FY22 investment of \$10.9M.

Net cash used in Financing activities was \$5.9M which comprises the repayment of bank borrowings of \$5.7M and repayment of leases of \$0.2M.

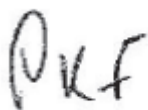
As a result of these cash flow movements, opening cash of \$22.5M was reduced by \$3.9M to \$18.6M at year end.

## MINGARA RECREATION CLUB LIMITED

### Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 25 June 2023 there have been:

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



PKF



CLAYTON HICKEY  
PARTNER

26 SEPTEMBER 2023

NEWCASTLE, NSW

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 25 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	88,213,161	68,554,786
Finance income		6,160	329
Other income	4	388,575	9,495,000
Changes in inventories		100,110	1,216
Raw materials and consumables used		(6,223,921)	(4,789,383)
Employee benefits expense		(27,275,274)	(20,865,166)
Entertainment, promotions and members amenities		(5,475,382)	(4,231,412)
Depreciation and impairment expense		(8,337,967)	(8,461,223)
Insurance expense		(1,363,120)	(1,456,971)
Poker machine compliance costs		(19,997,129)	(15,488,092)
Postage, printing and stationery		(123,983)	(91,355)
Professional service fees		(204,684)	(363,802)
Property and IT expense		(6,150,002)	(4,765,480)
Repairs and maintenance		(2,897,053)	(2,753,673)
Other operating expenses		(3,175,325)	(3,853,675)
Finance costs		(249,658)	(281,347)
<b>Profit before income tax</b>		<b>7,234,508</b>	<b>10,649,752</b>
Income tax expense	6	(226,880)	(747,728)
<b>Profit for the year</b>		<b>7,007,628</b>	<b>9,902,024</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>7,007,628</b>	<b>9,902,024</b>

The accompanying notes form part of these financial statements.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Statement of Financial Position

As At 25 June 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	18,618,553	22,467,562
Trade and other receivables	8	6,546,359	6,881,023
Inventories	9	684,224	584,114
Current tax receivable	17	160,400	-
Other assets		1,676,041	1,184,082
<b>TOTAL CURRENT ASSETS</b>		<b>27,685,577</b>	<b>31,116,781</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	118,264,621	112,618,309
Deferred tax assets	17	280,654	312,896
Intangible assets	11	13,673,593	13,673,593
Right-of-use assets	12	244,901	149,418
<b>TOTAL NON-CURRENT ASSETS</b>		<b>132,463,769</b>	<b>126,754,216</b>
<b>TOTAL ASSETS</b>		<b>160,149,346</b>	<b>157,870,997</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	5,464,290	4,611,939
Financial liabilities	14	6,806,481	7,012,004
Current tax liabilities	17	-	559,035
Short-term provisions	15	4,864,535	4,432,647
Lease liabilities	12	148,546	96,310
Employee benefits	16	4,012,926	4,001,305
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,296,778</b>	<b>20,713,240</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	14	7,250,000	12,650,000
Deferred tax liabilities	17	3,100,998	2,844,204
Employee benefits	16	260,972	475,560
Lease liabilities	12	101,908	56,931
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,713,878</b>	<b>16,026,695</b>
<b>TOTAL LIABILITIES</b>		<b>32,010,656</b>	<b>36,739,935</b>
<b>NET ASSETS</b>		<b>128,138,690</b>	<b>121,131,062</b>
<b>EQUITY</b>			
Reserves	18	3,279,120	3,279,120
Retained earnings		124,859,570	117,851,942
<b>TOTAL EQUITY</b>		<b>128,138,690</b>	<b>121,131,062</b>

The accompanying notes form part of these financial statements.

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Statement of Changes in Equity For the Year Ended 25 June 2023

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 27 June 2022</b>	<b>117,851,942</b>	<b>3,279,120</b>	<b>121,131,062</b>
Profit for the year	7,007,628	-	7,007,628
<b>Balance at 25 June 2023</b>	<b>124,859,570</b>	<b>3,279,120</b>	<b>128,138,690</b>
<b>Balance at 27 June 2021</b>	107,949,918	3,279,120	111,229,038
Profit for the year	9,902,024	-	9,902,024
<b>Balance at 25 June 2022</b>	<b>117,851,942</b>	<b>3,279,120</b>	<b>121,131,062</b>

The accompanying notes form part of these financial statements.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Statement of Cash Flows For the Year Ended 25 June 2023

	2023	2022
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	90,279,067	71,247,470
Payments to suppliers and employees	(73,036,643)	(58,881,951)
Interest received	6,160	329
Interest paid	(249,658)	(281,347)
Income taxes paid	(657,180)	-
Receipt from government grants	66,660	1,500,000
Net cash provided by operating activities	<u>16,408,406</u>	<u>13,584,501</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(14,398,264)</u>	<u>(10,857,159)</u>
Net cash used in investing activities	<u>(14,398,264)</u>	<u>(10,857,159)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bank borrowings	-	1,150,000
Repayment of bank borrowings	(5,700,000)	(4,275,000)
Repayment of lease liabilities	(159,151)	(290,916)
Net cash used in financing activities	<u>(5,859,151)</u>	<u>(3,415,916)</u>
Net increase/(decrease) in cash and cash equivalents held	<u>(3,849,009)</u>	<u>(688,574)</u>
Cash and cash equivalents at beginning of year	<u>22,467,562</u>	<u>23,156,136</u>
Cash and cash equivalents at end of financial year	7 <u>18,618,553</u>	<u>22,467,562</u>

The accompanying notes form part of these financial statements.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

The financial statements are for Mingara Recreation Club Limited as a not-for-profit individual entity. A not-for-profit entity is an entity whose primary objective is to provide goods or services for community or social benefit and where equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

The functional and presentation currency of Mingara Recreation Club Limited is Australian dollars.

### **1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.



# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

The revenue recognition policies for the principal revenue streams of the Club are:

##### **Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time where the performance obligations have been met and transfer of control have been completed. Revenue is recognised net of any discounts given to members/patrons.

##### **Provision of services**

Revenue from rendering of services comprises revenue from memberships together with other services to members and other patrons of the club and is recognised when the services are provided.

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Gaming machine revenue is recognised on an accrual basis calculated as net of gaming machine collections and payout's, less any costs associated with future jackpot contributions.

##### **Government grants**

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

##### **Other income**

Other income is recognised on an accruals basis when the Club is entitled to it.

##### **Insurance income**

Insurance proceeds are recognised in the statement of profit and loss statement when deemed receivable.

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

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

#### (b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### (c) Income Tax

The income tax expense (revenue) for the year comprises of current income tax expense (income) and deferred tax expense (income). The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

As the Club is not for profit, any profits made from members goes back into the organisation to carry out its purpose. Profits made from non-members are taxed under the mutuality principle.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

#### Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

#### Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

#### Benefit brought to account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the club will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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

#### (d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

#### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first out basis and is net of any rebates and discounts received.

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

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

##### Land and buildings

Land and buildings are measured using the cost model.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Club, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Buildings	7 - 66 years
Plant and Equipment	3 - 25 years
Furniture, Fixtures and Fittings	6 - 15 years
Motor Vehicles	6 - 8 years

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

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

##### Capital work in progress

Capital work in progress are recognised at cost and are not subject to depreciation until the asset is ready for use and transferred to plant and equipment.

#### (g) Financial instruments

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

#### (g) Financial instruments (cont'd)

instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

Financial assets are divided into the following categories which are described in detail below:

- amortised cost

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

#### *Amortised cost*

Financial assets measured at amortised cost are financial assets where:

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

The Club's financial assets measured at amortised cost comprise of trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment and including forward looking information.

The Club uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Club uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Club in full, without recourse to the Club to actions such as realising security (if any is held); or

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

#### (g) Financial instruments (cont'd)

##### Financial assets (cont'd)

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Club's financial liabilities include bank borrowings, insurance refinance, trade and other payables, which are measured at amortised cost using the effective interest rate method.

#### (h) Impairment of non-financial assets

At the end of each reporting period the Club determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### (i) Intangible assets

##### Poker machine entitlements

Purchase of poker machine entitlements are held at cost and are deemed to have an indefinite useful life. They are tested for impairment in accordance with Note 2(i).

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

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) and poker machine revenue (refer note 2(a)). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of an item of the expense. Receivables and payable are stated inclusive of GST.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

#### (j) Goods and services tax (GST) (cont'd)

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

#### (k) Employee benefits

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

Employee benefits expected to be settled in more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on Australian Corporate bonds with terms to maturity that match the expected timing of cash flows.

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

#### (l) Provisions

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

#### (m) Comparatives

Certain comparative balances have been reclassified to align with AASB.

The aggregate effect of the reclassification of the comparatives on the annual financial statements for the year ended 25 June 2023 is nil.

#### (n) Leases

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expense in the periods in which they are incurred. The lease is not recognised in the statement

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 2 Summary of Significant Accounting Policies (cont'd)

- (n) **Leases (cont'd)**  
of financial position.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

#### Key estimates - impairment of property, plant and equipment

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

#### Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value-in-use. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period. Cash flow projections are based on 6 months expected trading revenue in the year to 25 June 2023 and allow for sufficient headroom.

The cash flows are discounted using a rate of 5% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

### 4 Revenue and Other Income

#### Revenue

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
- sale of goods	<b>79,948,637</b>	61,645,292
- provision of services	<b>6,858,485</b>	4,367,917
- rental revenue	<b>1,339,379</b>	1,041,577
- government grants	<b>66,660</b>	1,500,000
	<b>88,213,161</b>	68,554,786
	<hr/> <hr/>	<hr/> <hr/>
Other income		
- insurance proceeds	<b>388,575</b>	9,495,000
	<b>388,575</b>	9,495,000
	<hr/> <hr/>	<hr/> <hr/>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 4 Revenue and Other Income (cont'd)

#### Disaggregation of revenue from contracts with customers

##### Timing of revenue recognition

- At a point in time	<b>80,015,297</b>	63,006,639
- Over time	<b>8,197,864</b>	5,409,494
	<b><u>88,213,161</u></b>	<b><u>68,416,133</u></b>



# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 5 Result for the Year

	2023	2022
	\$	\$
Depreciation and impairment expense		
Depreciation - property, plant and equipment	8,174,587	8,223,719
Depreciation - right-of-use assets	163,380	237,504
	<u>8,337,967</u>	<u>8,461,223</u>
Finance costs		
Interest on bank loans	237,874	270,559
Interest on lease liabilities	11,784	10,788
	<u>249,658</u>	<u>281,347</u>
Cost of sales		
Raw materials and consumables used	6,223,921	4,789,383
Changes in inventories	(100,110)	(1,216)
	<u>6,123,811</u>	<u>4,788,167</u>

### 6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

Current tax	(62,156)	559,035
Deferred tax	289,036	188,693
	<u>226,880</u>	<u>747,728</u>

(b) Reconciliation of income tax to accounting profit:

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities.

Prima facie income tax expense 30% (2022: 30%)	2,243,287	5,759,023
Net income and expenditure relating to member activity	(2,016,407)	(5,011,295)
Income tax benefit	<u>226,880</u>	<u>747,728</u>

### 7 Cash and Cash Equivalents

Cash on hand	4,324,394	4,613,098
Cash at bank	13,027,576	16,622,455
ATM cash on hand	1,266,583	1,232,009
	<u>18,618,553</u>	<u>22,467,562</u>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 8 Trade and Other Receivables

	2023	2022
	\$	\$
Trade receivables	129,185	85,100
Insurance Proceeds Receivable	6,417,174	6,795,923
	<u>6,546,359</u>	<u>6,881,023</u>

### 9 Inventories

At cost:		
Bar and beverage stock	556,775	455,896
Promotions and other stock	127,449	128,218
	<u>684,224</u>	<u>584,114</u>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 10 Property, plant and equipment

	2023	2022
	\$	\$
LAND AND BUILDINGS		
Freehold land		
Land, at cost	<u>21,388,185</u>	21,388,185
Buildings, at cost	<b>126,418,436</b>	122,815,556
Accumulated depreciation	<b>(51,021,970)</b>	(49,095,505)
	<u>75,396,466</u>	73,720,051
Total land and buildings	<b>96,784,651</b>	95,108,236
PLANT AND EQUIPMENT		
Capital works in progress, at cost	<u>3,645,242</u>	3,368,522
Plant and equipment, at cost	<b>44,635,849</b>	40,303,567
Accumulated depreciation	<b>(30,736,647)</b>	(28,560,865)
Total plant and equipment	<u>13,899,202</u>	11,742,702
Furniture, fixtures and fittings, at cost	<b>9,214,049</b>	7,723,097
Accumulated depreciation	<b>(5,291,392)</b>	(5,341,866)
Total furniture, fixtures and fittings	<u>3,922,657</u>	2,381,231
Motor vehicles, at cost	<b>29,180</b>	64,405
Accumulated depreciation	<b>(16,311)</b>	(46,787)
Total motor vehicles	<u>12,869</u>	17,618
Total plant and equipment	<u>21,479,970</u>	17,510,073
<b>Total property, plant and equipment</b>	<b><u>118,264,621</u></b>	<b>112,618,309</b>

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 25 June 2023

#### 10 Property, plant and equipment (cont'd)

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

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	3,368,522	21,388,185	73,720,051	11,742,702	2,381,231	17,618	112,618,309
Additions	276,720	-	5,535,149	6,165,192	2,015,193	-	13,992,254
Disposals	-	-	(15,696)	(115,952)	(39,707)	-	(171,355)
Depreciation expense	-	-	(3,843,038)	(3,892,740)	(434,060)	(4,749)	(8,174,587)
<b>Balance at the end of the year</b>	<b>3,645,242</b>	<b>21,388,185</b>	<b>75,396,466</b>	<b>13,899,202</b>	<b>3,922,657</b>	<b>12,869</b>	<b>118,264,621</b>

The properties of Mingara Recreation Club Limited are held as security for the bank loans with Westpac Banking Corporation (See note 14).

#### 11 Intangible Assets

	2023	2022
	\$	\$
626 (2022: 626) Purchased poker machine entitlements, at cost	<b>13,673,593</b>	13,673,593

The Club has a total of 1,111 (2022: 1,111) poker machine entitlements at its Club sites.

These poker machine entitlements are stated at cost, and have an indefinite useful life given they have no expiry date. The remainder of the Club's poker machine entitlements were granted for no cost, and have not been recognised as they do not meet the recognition and measurement criteria of the Accounting Standards.

##### (a) Movements in carrying amounts of intangible assets

	Poker Machine Entitlements	Total
	\$	\$
<b>Year ended 25 June 2023</b>		
Balance at the beginning of the year	13,673,593	13,673,593
Additions	-	-
Amortisation	-	-
<b>Closing value at 25 June 2023</b>	<b>13,673,593</b>	<b>13,673,593</b>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 12 Leases

#### Club as a lessee

The Club has leases over a range of motor vehicles.

#### Right-of-use assets

	Motor Vehicles	Total
	\$	\$
<b>Year ended 25 June 2023</b>		
Balance at beginning of year	149,418	149,418
Depreciation charge	(163,380)	(163,380)
Additions to right-of-use assets	258,863	258,863
<b>Balance at end of year</b>	<b>244,901</b>	<b>244,901</b>

#### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
<b>2023</b>					
Lease liabilities	148,396	111,618	-	260,014	250,454
<b>2022</b>					
Lease liabilities	86,243	72,217	-	158,460	153,241

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 25 June 2023

#### 13 Trade and Other Payables

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	<b>1,901,112</b>	1,019,993
Goods and services tax payable	<b>259,976</b>	291,717
Accrued expenses	<b>3,150,722</b>	3,173,439
Income received in advance	<b>152,480</b>	126,790
	<b><u>5,464,290</u></b>	<b><u>4,611,939</u></b>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 14 Financial liabilities

	2023	2022
	\$	\$
CURRENT		
Bank borrowings	5,400,000	5,700,000
Other financial liabilities	1,406,481	1,312,004
	<u>6,806,481</u>	<u>7,012,004</u>
NON-CURRENT		
Bank borrowings	<u>7,250,000</u>	12,650,000

The bank loans are secured by a registered first mortgage over all of the Club's property; a fixed and floating charge over the assets and undertakings of the Club; and a Deed of Undertaking between the CEO, the Club and Westpac Banking Corporation in relation to the operating of the Club's gaming and liquor licences.

### 15 Provisions

	2023	2022
CURRENT		
Link Jackpots and Bonus Points	<u>4,864,535</u>	4,432,647

	Link Jackpots and Bonus Points
	\$
Opening balance at 27 June 2022	4,432,646
Additional provisions	5,293,403
Provisions used	<u>(4,861,514)</u>
<b>Balance at 25 June 2023</b>	<u><b>4,864,535</b></u>

### 16 Employee Benefits

	2023	2022
CURRENT		
Long service leave	1,614,575	1,571,630
Provision for annual leave	2,398,351	2,429,675
	<u>4,012,926</u>	<u>4,001,305</u>
NON-CURRENT		
Long service leave	<u>260,972</u>	475,560

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 25 June 2023

#### 17 Tax assets and liabilities

	2023	2022
	\$	\$
Income tax receivable / (payable)	<u>160,400</u>	<u>(559,035)</u>

	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
	\$	\$	\$	\$
<b>Deferred tax assets</b>				
Employee benefits	175,409	(36,287)	-	139,122
Property, plant and equipment	362,591	(314,873)	-	47,718
Lease liability	133,247	(87,275)	-	45,972
Trade and other payables	66,084	14,000	-	80,084
Tax losses	462,858	(462,858)	-	-
<b>Balance at 25 June 2022</b>	<u>1,200,189</u>	<u>(887,293)</u>	-	<u>312,896</u>
Employee benefits	<b>139,122</b>	<b>17,154</b>	-	<b>156,276</b>
Property, plant and equipment	<b>47,718</b>	<b>(47,718)</b>	-	-
Lease liability	<b>45,972</b>	<b>29,164</b>	-	<b>75,136</b>
Trade and other payables	<b>80,084</b>	<b>(30,842)</b>	-	<b>49,242</b>
<b>Balance at 25 June 2023</b>	<u><b>312,896</b></u>	<u><b>(32,242)</b></u>	-	<u><b>280,654</b></u>

<b>Deferred tax liability</b>				
Land	2,223,972	-	-	2,223,972
Springwood Sports Club land	365,463	-	-	365,463
Right of use asset	128,879	(84,054)	-	44,825
Buildings	824,490	-	(614,546)	209,944
<b>Balance at 25 June 2022</b>	<u>3,542,804</u>	<u>(84,054)</u>	<u>(614,546)</u>	<u>2,844,204</u>
Property, plant and equipment				
- tax allowance	-	<b>87,554</b>	-	<b>87,554</b>
Land	<b>2,223,972</b>	-	-	<b>2,223,972</b>
Springwood Sports Club land	<b>365,463</b>	-	-	<b>365,463</b>
Right of use asset	<b>44,825</b>	<b>28,645</b>	-	<b>73,470</b>
Buildings	<b>209,944</b>	<b>140,595</b>	-	<b>350,539</b>
<b>Balance at 25 June 2023</b>	<u><b>2,844,204</b></u>	<u><b>256,794</b></u>	-	<u><b>3,100,998</b></u>



# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 18 Reserves

#### Asset realisation reserve

The asset realisation reserve represents a reduction in the Club's deferred tax liability in relation to the calculation of the tax base of buildings owned by the Club. The tax base of buildings for registered clubs is calculated by reducing from the cost of the buildings the capital allowances deducted for taxation purposes under Division 43 of the Income Tax Assessment Act 1997.

### 19 Financial Risk Management

The Club's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and overdrafts, commercial bills and leases.

The Club does not have any derivative financial instruments. No financial assets and liabilities are readily traded on organised markets in standardised form.

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2023	2022
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	18,618,553	22,467,562
Trade receivables	6,472,950	6,880,100
<b>Total financial assets</b>	<b>25,091,503</b>	<b>29,347,662</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Goods and services tax payable	259,976	291,717
Sundry payables and accrued expenses	3,150,722	3,172,516
Trade payables	1,901,112	1,019,993
Borrowings	14,056,481	19,662,004
Other financial liabilities	1,406,481	1,312,004
<b>Total financial liabilities</b>	<b>20,774,772</b>	<b>25,458,234</b>

There is no material difference between the carrying value and fair value of the Club's financial assets and liabilities.

Mingara Recreation Club Ltd have utilised triannual commercial bill funding as a means to benefit from lower interest rate fees and increased flexibility, and use of a redraw facility.

### 20 Related Parties

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

There were no transactions with related parties during the financial year.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 25 June 2023

### 21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Club is \$ 1,929,539 (2022: \$ 1,728,240).

### 22 Contingencies

In the opinion of the Directors, the Club had the following contingencies at 25 June 2023.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
TAB Limited	<b>5,000</b>	5,000
Port Macquarie-Hastings Council	<b>214,000</b>	214,000
Weston Energy Pty Ltd and QBE Insurance	-	75,000
	<b>219,000</b>	294,000

The above contingencies have been incurred for the provision of facilities or services to the Club. The contingencies are ongoing for TAB facilities and overflow parking.

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

Subsequent to year end, Mingara entered into a contract with Red Eye Constructions Pty Ltd for the construction of a hotel at the Tumbi Umbi site.

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

**Mingara Recreation Club Limited**

ABN: 81 001 662 648

**Directors' Declaration**

The directors of the Club declare that:

- 1. The financial statements and notes, as set out on pages 10 to 32, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
  - b. give a true and fair view of the financial position as at 25 June 2023 and of the performance for the year ended on that date of the Club.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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

Director .....  .....  
Philip Walker

Director .....  .....  
Russell Johnston

Dated 

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MINGARA RECREATION CLUB LIMITED

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

#### Opinion

We have audited the financial report of Mingara Recreation Club Limited (the Company), which comprises the statement of financial position as at 25 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mingara Recreation Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 25 June 2023, and of its financial performance for the year then ended; and
- (b) The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards – Simplified Disclosures* and *Corporations Act 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

#### Independence

We are independent of the 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

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 25 June 2023, but does not include the financial report and our auditor's report thereon.

## Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of 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 has no realistic alternative but to do so.

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

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

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

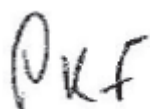
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

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

- 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.

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



PKF



CLAYTON HICKEY  
PARTNER

26 SEPTEMBER 2023  
NEWCASTLE, NSW