

# **Mingara Recreation Club Limited**

**ABN: 81 001 662 648**

## **Financial Statements**

**For the Year Ended 30 June 2024**

# Mingara Recreation Club Limited

ABN: 81 001 662 648

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For the Year Ended 30 June 2024

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# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Report For the Year Ended 30 June 2024

The directors present their report on Mingara Recreation Club Limited for the financial year ended 30 June 2024.

### 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>
Jessica Jemima Gleeson	Commenced April 2024
Kate Herron	Commenced May 2018
Russell Johnston	Commenced March 2013
Chris King	Retired April 2024
Debbie Phillips	Commenced June 2016
Ian Robilliard, OAM	Commenced May 2019
Philip Walker	Commenced 1996

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 Company 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.

### Principal Activities

The principal activities of the Company 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 Company's activity occurred during the financial year.

### Review of operations

The profit of the Company after providing for income tax amounted to \$6,160,673 (2023: profit of \$7,007,628).

The operating profit for the year amounted to \$15,821,538 (2023: \$15,433,558) before charging \$8,763,210 (2023: \$8,337,967) for depreciation and amortisation, \$389,883 (2023: \$249,658) for financing costs and income tax expense of \$507,772 (2023: \$226,880) and not including other income of \$0 (2023: \$388,575).

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Directors' Report For the Year Ended 30 June 2024

#### Review of operations (cont'd)

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

	2024	2023
	\$	\$
Mingara Recreation Club Ltd (Tumbi Umbi)	6,160,141	6,071,934
The Westport Club (Port Macquarie)	4,553,391	3,642,779
Lantern Club (Roselands)	3,733,284	4,297,520
Springwood Sports Club	(286,574)	(63,813)
The Greens The Entrance	(858,253)	(508,211)
Other Group Income and Expenses	<u>(6,633,544)</u>	<u>(6,205,701)</u>
	6,668,445	7,234,508
Income tax expense	<u>(507,772)</u>	<u>(226,880)</u>
<b>Total</b>	<u><b>6,160,673</b></u>	<u><b>7,007,628</b></u>

#### 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 previous years 2022 and 2023, the Club received insurance proceeds of \$3,200,000, with the full revenue being recognised as other revenue in the 2022 financial year. During the current financial year a further \$6,295,000 was received from the insurance proceeds, 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

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## Directors' Report For the Year Ended 30 June 2024

### 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 30 June 2024 and the comparison with the prior year is as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Ordinary	<b>58,226</b>	56,983
Special	<b>6,116</b>	6,026
Junior	<b>269</b>	395
Employee	<b>362</b>	359
Life	<b>7</b>	7
<b>Total</b>	<b>64,980</b>	63,770

### 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:

Jessica Jemima Gleeson  
Experience

Business Manager  
Director since April 2024  
Business Owner Glee Coffee Roasters Pty Ltd since 2008  
Leadership and Business consultant 2022 – 2024  
Mentor Tactical Skills Coach NSW Police Force 2022 - 2024  
Team Leader NSW Police Force 2019 - 2024  
Business Manager Glee Coffee Roasters 2012 - 2019  
Over 10 years experience in professional communications

Kate Herron  
Experience

Business Manager  
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  
Experience

Retired  
Director since March 2013  
Member, Mingara Community Advisory Committee, 2010 - 2013  
Director, All Over Beauty and Medi Spa Pty Ltd, 2010-2014  
Head Teacher, Department of Education and Communities, 1981 - 2016

## Mingara Recreation Club Limited

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## Directors' Report For the Year Ended 30 June 2024

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

Chris King Experience	Consultant Director since 2015, Retired in April 2024 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 Experience	Licensed Real Estate Agent/Auctioneer 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 Experience	Business Manager Director since May 2019, Deputy Chair, since November 2020 Managing Director & Founder Central Coast Academy of Sport, since 2004 Director, Regional Academies of Sport Inc, since 2005 Director, Regional Academies of Sport Ltd since 2022 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 Chair, Regional Academies of Sport Inc, 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 Experience	Retired Director since 1996 Chair, 2001 - 2003, and since 2012 Deputy Chair, 1998 - 2000, 2009 - 2011 Junior Deputy Chair, 1997 - 1998, 2008 - 2009 Chair, ClubsNSW Central Coast Region, since 2016 Community Support Committee member, 2008 - 2009 Chair, Regional Development Australia, Central Coast, 2014 - 2021 Acting Chair, 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

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## Directors' Report For the Year Ended 30 June 2024

### 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 30 June 2024 the collective liability of members was \$1,299,600 (2023: \$1,275,440).

### Future developments and results

Likely developments in the operations of the Company 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 Company.

### Meetings of directors

During the financial year, 17 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
Jessica Jemima Gleeson	3	3	-	-
Kate Herron	11	11	6	6
Russell Johnston	11	11	6	6
Chris King	9	9	6	6
Debbie Phillips	11	11	6	6
Ian Robilliard, OAM	11	11	6	6
Philip Walker	11	10	6	6

# Mingara Recreation Club Limited

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## Directors' Report

For the Year Ended 30 June 2024

### 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:

	<b>CPD Points Achieved 2023 - 2024</b>
Jessica Jemima Gleeson	15
Kate Herron	110
Russell Johnston	100
Chris King	120
Debbie Phillips	110
Ian Robilliard, OAM	220
Philip Walker	250

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2024 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:   
Ian Robilliard, OAM

Dated 24 September 2024



## Mingara Recreation Club Limited

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# Discussion and Analysis on the Concise Financial Report For the Year Ended 30 June 2024

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

The FY24 total operating revenue is \$91.2M, an increase of \$3M or 3.4% on the FY23 operating revenue of \$88.2M. The main increase in revenue was due to bringing Hadley's restaurant back in-house, along with strong gym revenue.

SALES REVENUE BY BUSINESS 2014 - 2024  
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 \$29.4M represent 32.3% of revenue compared to 30.9% in the previous year. Hadley's Dining was under Mingara operations for the full year compared to one month in FY23, resulting in increased employee benefit costs in FY24.

Poker machine compliance costs, which include the NSW Government's gaming tax decreased slightly to \$19.1M in line with decreased gaming revenue. At 21% of operating revenue, this continues to be the second largest recurrent cost.

Repairs and Maintenance and Insurance costs increased by \$0.25M each. All other expenses remained reasonably stable when compared to FY23 costs.

The FY24 profit of the club after providing for income tax is \$6.2M with the comparable result for FY23 being \$7M.

## **Mingara Recreation Club Limited**

ABN: 81 001 662 648

# **Discussion and Analysis on the Concise Financial Report For the Year Ended 30 June 2024**

### **Statement of Financial Position**

Net assets increased by \$6.2M from \$128.1M to \$134.3M.

Total Assets increased \$8.6M from \$160.1M to \$168.7M while Total Liabilities increased by \$2.4M from \$32M to \$34.4M.

Major movements in Assets during the year were:

- Increase in Property, Plant and Equipment of \$18.8M
- Decrease in Receivables of \$6.2M representing insurance funds received
- Decrease in Cash holdings of \$3.8M

Major movements in Liabilities during the year were:

- Increase in Total Borrowings of \$0.8M
- Increase in Trade and Other Payables of \$1.4M

Total loan balances have increased from \$14.1M to \$14.9M in FY24.

### **Statement of Cash Flows**

Cash generated from operating activities amounts to \$23.1M, an increase of \$6.7M on the previous year.

The Club invested \$27.6M in Property, Plant and Equipment in FY24, an increase of \$13.2M on the FY23 investment of \$14.4M. The main investments are the building of the Mingara Hotel and rebuilding The Greens Club at The Entrance.

Net cash from Financing activities was \$0.6M, being \$9.8M in proceeds from bank borrowings, and \$4.1M in equipment and insurance financing, offset by \$9.8M repayment of bank borrowings, \$3.3M repayment of equipment and insurance financing, and \$0.2M repayment of leases.

As a result of these cash flow movements, opening cash of \$18.6M was reduced by \$3.8M to \$14.8M at year end.



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## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of MINGARA RECREATION CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, 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.

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'Clayton Hickey'.

CLAYTON HICKEY  
PARTNER

24 SEPTEMBER 2024  
NEWCASTLE, NSW

## Mingara Recreation Club Limited

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### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

		2024	2023
	Note	\$	\$
Revenue	4	91,179,266	88,213,161
Finance income		40,079	6,160
Other income	4	-	388,575
Changes in inventories		(75,592)	100,110
Raw materials and consumables used		(6,668,964)	(6,223,921)
Employee benefits expense		(29,411,907)	(27,275,274)
Entertainment, promotions and members amenities		(5,443,505)	(5,475,382)
Depreciation and impairment expense		(8,763,210)	(8,337,967)
Insurance expense		(1,611,647)	(1,363,120)
Poker machine compliance costs		(19,143,557)	(19,997,129)
Postage, printing and stationery		(102,523)	(123,983)
Professional service fees		(275,368)	(204,684)
Property and IT expense		(6,148,424)	(6,150,002)
Repairs and maintenance		(3,150,525)	(2,897,053)
Other operating expenses		(3,365,795)	(3,175,325)
Finance costs		(389,883)	(249,658)
<b>Profit before income tax</b>		<b>6,668,445</b>	<b>7,234,508</b>
Income tax expense	6	(507,772)	(226,880)
<b>Profit for the year</b>		<b>6,160,673</b>	<b>7,007,628</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>6,160,673</b>	<b>7,007,628</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 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	14,790,217	18,618,553
Trade and other receivables	8	327,890	6,546,359
Inventories	9	608,632	684,224
Current tax receivable	17	-	160,400
Other assets		1,685,738	1,676,041
<b>TOTAL CURRENT ASSETS</b>		<b>17,412,477</b>	<b>27,685,577</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	137,058,966	118,264,621
Deferred tax assets	17	326,746	280,654
Intangible assets	11	13,673,593	13,673,593
Right-of-use assets	12	263,198	244,901
<b>TOTAL NON-CURRENT ASSETS</b>		<b>151,322,503</b>	<b>132,463,769</b>
<b>TOTAL ASSETS</b>		<b>168,734,980</b>	<b>160,149,346</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	6,929,207	5,464,290
Financial liabilities	14	4,272,885	6,806,481
Current tax liabilities	17	434,121	-
Short-term provisions	15	4,862,556	4,864,535
Lease liabilities	12	160,967	148,546
Employee benefits	16	3,843,766	4,012,926
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,503,502</b>	<b>21,296,778</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	14	10,609,329	7,250,000
Deferred tax liabilities	17	2,999,719	3,100,998
Employee benefits	16	209,241	260,972
Lease liabilities	12	113,826	101,908
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,932,115</b>	<b>10,713,878</b>
<b>TOTAL LIABILITIES</b>		<b>34,435,617</b>	<b>32,010,656</b>
<b>NET ASSETS</b>		<b>134,299,363</b>	<b>128,138,690</b>
<b>EQUITY</b>			
Reserves	18	3,279,120	3,279,120
Retained earnings		131,020,243	124,859,570
<b>TOTAL EQUITY</b>		<b>134,299,363</b>	<b>128,138,690</b>

The accompanying notes form part of these financial statements.

## Mingara Recreation Club Limited

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### Statement of Changes in Equity For the Year Ended 30 June 2024

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 26 June 2023</b>	<b>124,859,570</b>	<b>3,279,120</b>	<b>128,138,690</b>
Profit for the year	6,160,673	-	6,160,673
<b>Balance at 30 June 2024</b>	<b>131,020,243</b>	<b>3,279,120</b>	<b>134,299,363</b>
<b>Balance at 27 June 2022</b>	117,851,942	3,279,120	121,131,062
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>

The accompanying notes form part of these financial statements.

## Mingara Recreation Club Limited

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### Statement of Cash Flows For the Year Ended 30 June 2024

	2024	2023
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	100,104,285	90,279,067
Payments to suppliers and employees	(76,705,414)	(73,036,643)
Interest received	40,079	6,160
Interest paid	(378,381)	(249,658)
Income taxes paid	(221,022)	(657,180)
Receipt from Government Grants	249,974	66,660
Net cash provided by operating activities	<u>23,089,521</u>	<u>16,408,406</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	3,197	-
Purchase of property, plant and equipment	(27,564,737)	(14,398,264)
Net cash used in investing activities	<u>(27,561,540)</u>	<u>(14,398,264)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bank borrowings	13,910,236	-
Repayment of bank borrowings	(13,084,503)	(5,700,000)
Repayment of lease liabilities	(182,050)	(159,151)
Net cash used in financing activities	<u>643,683</u>	<u>(5,859,151)</u>
Net increase/(decrease) in cash and cash equivalents held	(3,828,336)	(3,849,009)
Cash and cash equivalents at beginning of year	18,618,553	22,467,562
Cash and cash equivalents at end of financial year	7 <u>14,790,217</u>	<u>18,618,553</u>

The accompanying notes form part of these financial statements.

## Mingara Recreation Club Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2024

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

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## Notes to the Financial Statements For the Year Ended 30 June 2024

### 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.

# Mingara Recreation Club Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2024

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

#### (b) Income Tax

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.

#### (c) 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.

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

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

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, 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.

#### (e) Financial instruments

##### Financial liabilities

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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2024**

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

**(f) 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).

**(g) Employee benefits**

Provision is made for the Company'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.

**(h) Provisions**

The Jackpot provision is recognised when the Company 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.

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

## Mingara Recreation Club Limited

ABN: 81 001 662 648

# Notes to the Financial Statements

## For the Year Ended 30 June 2024

### 3 Critical Accounting Estimates and Judgments (cont'd)

#### 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 30 June 2024 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%).

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 30 June 2024

### 4 Revenue and Other Income

#### Revenue

	2024	2023
	\$	\$
- sale of goods	82,022,387	79,948,637
- provision of services	7,714,540	6,858,485
- rental revenue	1,192,365	1,339,379
- government grants	249,974	66,660
	<u>91,179,266</u>	<u>88,213,161</u>

#### Other income

- insurance proceeds	-	388,575
	<u>-</u>	<u>388,575</u>

#### Disaggregation of revenue from contracts with customers

##### Timing of revenue recognition

- At a point in time	82,594,942	80,015,297
- Over time	8,584,324	8,197,864
	<u>91,179,266</u>	<u>88,213,161</u>

### 5 Result for the Year

Depreciation and impairment expense		
Depreciation - property, plant and equipment	8,583,432	8,174,587
Depreciation - right-of-use assets	179,778	163,380
	<u>8,763,210</u>	<u>8,337,967</u>
Finance costs		
Interest on bank loans	378,381	237,874
Interest on lease liabilities	11,502	11,784
	<u>389,883</u>	<u>249,658</u>
Cost of sales		
Raw materials and consumables used	6,668,964	6,223,921
Changes in inventories	75,592	(100,110)
	<u>6,744,556</u>	<u>6,123,811</u>

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 30 June 2024

#### 6 Income Tax Expense

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

	2024	2023
	\$	\$
Current tax	655,143	(62,156)
Deferred tax	(147,371)	289,036
	<u>507,772</u>	<u>226,880</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% (2023: 30%)	2,000,533	2,243,287
Net income and expenditure relating to member activity	(1,492,761)	(2,016,407)
Income tax benefit	<u>507,772</u>	<u>226,880</u>

#### 7 Cash and Cash Equivalents

Cash on hand	4,277,288	4,324,394
Cash at bank	9,384,012	13,027,576
ATM cash on hand	1,128,917	1,266,583
	<u>14,790,217</u>	<u>18,618,553</u>

#### 8 Trade and Other Receivables

Trade receivables	223,789	129,185
Insurance proceeds receivable	-	6,295,000
Other receivables	104,101	122,174
	<u>327,890</u>	<u>6,546,359</u>

#### 9 Inventories

At cost:		
Bar and beverage stock	521,531	556,775
Promotions and other stock	87,101	127,449
	<u>608,632</u>	<u>684,224</u>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 30 June 2024

### 10 Property, plant and equipment

	2024	2023
	\$	\$
LAND AND BUILDINGS		
Freehold land		
Land, at cost	<u>21,388,185</u>	21,388,185
Buildings, at cost	<u>127,146,523</u>	126,418,436
Accumulated depreciation	<u>(55,044,121)</u>	(51,021,970)
	<u>72,102,402</u>	75,396,466
Total land and buildings	<u>93,490,587</u>	96,784,651
PLANT AND EQUIPMENT		
Capital works in progress, at cost	<u>23,610,044</u>	3,645,242
Plant and equipment, at cost	<u>46,270,142</u>	44,635,849
Accumulated depreciation	<u>(30,535,397)</u>	(30,736,647)
Total plant and equipment	<u>15,734,745</u>	13,899,202
Furniture, fixtures and fittings, at cost	<u>9,388,946</u>	9,214,049
Accumulated depreciation	<u>(5,174,927)</u>	(5,291,392)
Total furniture, fixtures and fittings	<u>4,214,019</u>	3,922,657
Motor vehicles, at cost	<u>16,264</u>	29,180
Accumulated depreciation	<u>(6,693)</u>	(16,311)
Total motor vehicles	<u>9,571</u>	12,869
Total plant and equipment	<u>43,568,379</u>	21,479,970
<b>Total property, plant and equipment</b>	<u><u>137,058,966</u></u>	<u>118,264,621</u>

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 30 June 2024

#### 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	3,645,242	21,388,185	75,396,466	13,899,202	3,922,657	12,869	118,264,621
Additions	20,735,697	-	467,706	5,798,472	562,862	-	27,564,737
Disposals	-	-	(16,510)	(138,867)	(31,583)	-	(186,960)
Transfers	(770,895)	-	297,710	112,967	360,218	-	-
Depreciation expense	-	-	(4,042,970)	(3,937,029)	(600,135)	(3,298)	(8,583,432)
<b>Balance at the end of the year</b>	<b>23,610,044</b>	<b>21,388,185</b>	<b>72,102,402</b>	<b>15,734,745</b>	<b>4,214,019</b>	<b>9,571</b>	<b>137,058,966</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

	2024	2023
	\$	\$
626 (2023: 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 30 June 2024</b>		
Balance at the beginning of the year	13,673,593	13,673,593
Additions	-	-
Amortisation	-	-
<b>Closing value at 30 June 2024</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 30 June 2024

#### 12 Leases

##### Company as a lessee

The Company has leases over a range of motor vehicles.

##### Right-of-use assets

	Motor Vehicles	Total
	\$	\$
<b>Year ended 30 June 2024</b>		
Balance at beginning of year	244,901	244,901
Depreciation charge	(179,778)	(179,778)
Additions to right-of-use assets	206,388	206,388
Disposal to right-of-use assets	(8,313)	(8,313)
<b>Balance at end of year</b>	<b>263,199</b>	<b>263,198</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>2024</b>					
Lease liabilities	161,056	125,623	-	286,679	274,793
<b>2023</b>					
Lease liabilities	148,396	111,618	-	260,014	250,454

#### 13 Trade and Other Payables

	2024	2023
	\$	\$
Trade payables	1,889,421	1,901,112
Goods and services tax payable	156,118	259,976
Accrued expenses	4,713,560	3,150,722
Income received in advance	170,108	152,480
	<b>6,929,207</b>	<b>5,464,290</b>

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 30 June 2024

#### 14 Financial liabilities

	2024	2023
	\$	\$
CURRENT		
Bank borrowings	3,129,665	5,400,000
Other financial liabilities	1,143,220	1,406,481
	<u>4,272,885</u>	<u>6,806,481</u>
NON-CURRENT		
Bank borrowings	<u>10,609,329</u>	<u>7,250,000</u>

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

CURRENT		
Link Jackpots and Bonus Points	<u>4,862,556</u>	4,864,535

	Link Jackpots and Bonus Points
	\$
Opening balance at 26 June 2023	4,864,535
Additional provisions	4,877,168
Provisions used	<u>(4,879,147)</u>
<b>Balance at 30 June 2024</b>	<u><b>4,862,556</b></u>

#### 16 Employee Benefits

CURRENT		
Long service leave	1,270,449	1,614,575
Provision for annual leave	2,573,317	2,398,351
	<u>3,843,766</u>	<u>4,012,926</u>
NON-CURRENT		
Long service leave	<u>209,241</u>	<u>260,972</u>

## Mingara Recreation Club Limited

ABN: 81 001 662 648

### Notes to the Financial Statements For the Year Ended 30 June 2024

#### 17 Tax assets and liabilities

	2024	2023
	\$	\$
Income tax (payable) / receivable	<u>(434,121)</u>	<u>160,400</u>

	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
	\$	\$	\$	\$
<b>Deferred tax assets</b>				
Employee benefits	139,122	17,154	-	156,276
Property, plant and equipment	47,718	(47,718)	-	-
Lease liability	45,972	29,164	-	75,136
Trade and other payables	80,084	(30,842)	-	49,242
Tax losses	-	-	-	-
<b>Balance at 25 June 2023</b>	<u>312,896</u>	<u>(32,242)</u>	-	<u>280,654</u>
Employee benefits	<b>156,276</b>	<b>(26,076)</b>	-	<b>130,200</b>
Property, plant and equipment	-	<b>11,033</b>	-	<b>11,033</b>
Lease liability	<b>75,136</b>	<b>7,302</b>	-	<b>82,438</b>
Trade and other payables	<b>49,242</b>	<b>53,833</b>	-	<b>103,075</b>
<b>Balance at 30 June 2024</b>	<u><b>280,654</b></u>	<u><b>46,092</b></u>	-	<u><b>326,746</b></u>

#### Deferred tax liability

Property, plant and equipment				
- tax allowance	-	87,554	-	87,554
Land	2,223,972	-	-	2,223,972
Springwood Sports Club land	365,463	-	-	365,463
Right of use asset	44,825	28,645	-	73,470
Buildings	209,944	140,595	-	350,539
<b>Balance at 25 June 2023</b>	<u>2,844,204</u>	<u>256,794</u>	-	<u>3,100,998</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>73,470</b>	<b>5,490</b>	-	<b>78,960</b>
Buildings	<b>350,539</b>	<b>(19,215)</b>	-	<b>331,324</b>
<b>Balance at 30 June 2024</b>	<u><b>3,100,998</b></u>	<u><b>(101,279)</b></u>	-	<u><b>2,999,719</b></u>

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Notes to the Financial Statements For the Year Ended 30 June 2024

### 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 Company'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 Company 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:

	2024	2023
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	14,790,217	18,618,553
Trade and other receivables	327,890	6,546,359
<b>Total financial assets</b>	<b>15,118,107</b>	<b>25,164,912</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Goods and services tax payable	156,118	259,976
Sundry payables and accrued expenses	4,713,560	3,150,722
Trade payables	1,889,421	1,901,112
Borrowings	12,690,251	14,056,481
Other financial liabilities	2,191,963	1,406,481
<b>Total financial liabilities</b>	<b>21,641,313</b>	<b>20,774,772</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 30 June 2024

### 21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$ 2,023,148 (2023: \$ 1,929,539).

### 22 Contingencies

In the opinion of the Directors, the Company had the following contingencies at 30 June 2024.

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
TAB Limited	<b>5,000</b>	5,000
Port Macquarie-Hastings Council	<b>214,000</b>	214,000
	<b>219,000</b>	219,000

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.

During the financial year, Mingara Recreation Club entered into a partnership named Pariter Mingara Pty Limited. The purpose of this partnership is to further diverse Mingara's interests and invest in a retirement living strategy.

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

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

## **Consolidated Entity Disclosure Statement**

Mingara Recreation Club Limited has no controlled entities and, therefore, is not required by the Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

### *Basis of Preparation*

This Consolidated Entity Disclosure Statement (CEDs) has been prepared in accordance with the Corporations Act 2001.

# Mingara Recreation Club Limited

ABN: 81 001 662 648

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 27, 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 30 June 2024 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declataion required by section 295A of the Coprorations Act 2001. Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

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

Director .....   
Philip Walker

Director .....   
Ian Robilliard, OAM

Dated 24 September 2024

## 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 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 30 June 2024, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Simplified Disclosure Requirements and Corporations Regulations 2001.

#### Basis for Opinion

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

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

#### Independence

We are independent of the 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 30 June 2024, 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.



## Other Information (cont'd)

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:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and the consolidated entity disclosure statement that is true and correct and is free of 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:

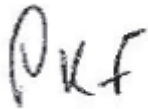
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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)

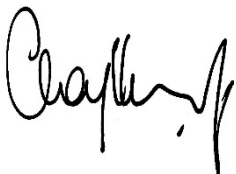
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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

24 SEPTEMBER 2024  
NEWCASTLE, NSW