

BOARD OF DIRECTORS 2007 - 2008

Chairman:
KEN AINSWORTH

Vice-Chairmen:
K. WALKER
D. LAIRD

Board:
B. ANTCLIFF S. WARD C. HARDING
G. HUNT B. FULLER

Treasurer:
J. WILLARD

Secretary- Manager:
H . M O R T O N
Assistant Manager
M. McKAY

LIFE MEMBERS

E. PROCTOR G. GOLDSRING
J. CARRUTHERS V. BLANCH
B. GALLAGHER N. HARDGE (Deceased)
J. McILVEEN (Deceased) S. WARD

PATRONS

G. GOLDSRING J. CARRUTHERS S. WARD

NOTE

Members are required to note that office hours are from 10 am to 5 pm
Phone 6568 1344 * Dining room 6568 1740

ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Macksville District Ex-Servicemen's Club Limited will be held in the Club rooms on Sunday, 4th May, 2008 at 10.00am.

AGENDA

1. Confirmation of Minutes of the Annual General Meeting held on 29th April, 2007.

2. To receive and adopt the following documents covering the Club's activities for the year ended 31st January, 2008.

The Directors' Report.

The Statement of Income and Balance Sheet.

The Auditor's Report.

3. Election of Directors.

4. For the Purpose of the Registered Clubs Act: to consider and if thought fit pass the following Ordinary Resolution:

Resol uti on

(a) That the Members hereby approve expenditure by the Club in a sum not exceeding \$12,000 for the following 12 months for the following expenses subject to approval by the Board of Directors:

1. The reasonable cost of a meal and beverage for each Director before and after a Board or Committee Meeting on the day of that Meeting when the Meeting coincides with a normal meal time.

2. Reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the club and other professional activities approved by the Board on production of documentary evidence of such expense.

3. President's Entertainment Expenses.

(b) The Members acknowledge that the benefits in Paragraph (a) above are not available to Members generally, but only for those Directors of the Club.

5. For the Purpose of the Registered Clubs Act: to consider and if thought fit pass the following Ordinary Resolution:

Resol uti on

(a) The Members hereby approve expenditure by the Club in a sum not exceeding \$10,000 for the professional development and education of Directors over the following twelve (12) months, including:

1. The reasonable cost of Directors attending the ClubsNSW

1. The reasonable cost of Directors attending the ClubsNSW Association Annual General Meeting.
 2. The reasonable cost of Directors attending Meetings of other Associations of which the Club is a member.
 3. The reasonable cost of Directors attending Seminars, Lectures and Trade Displays, Organised Study Tours, Fact Finding Tours and other similar events as may be determined by the Board from time to time.
 4. The reasonable costs of Directors attending other Clubs for the purpose of observing their facilities and methods of operation.
- (b) The Members acknowledge that the benefits in Paragraph (a) above are not available to Members generally, but only for those Directors of the Club.

Explanatory Notes to Members regarding above Resolution
—Professional Development and Education of Directors.

The accountability and governance of our Directors has now increased with new legislation. This requires Directors to be better informed and educated about their responsibilities. Therefore, permission is sought to provide this budget to the sum of \$10,000. This resolution is strongly supported by the Club's Accountants.

6. For the Purpose of the Registered Clubs Act: to consider and if thought fit pass the following Ordinary Resolution:

Resolution

- (a) The Members hereby approve expenditure by the Club in a sum not exceeding \$30,000 over the following twelve months for the following expenses subject to approval by the Board of Directors.
1. Expenses involved in subsidies of Intra Clubs, ANZAC Day, Children's Christmas Party, Voluntary Workers Dinner, Presentations to Members or other persons acknowledging services deemed by the Directors as being of benefit to the Club and/or the community and sponsorship of sporting events and sports persons deemed by the Directors to be of benefit to the Club and/or the community.
 2. Attendance at functions with spouses where appropriate and required to represent the Club including the Annual General Meeting of the Clubs NSW Association.
- (b) The Members acknowledge that the benefits in Paragraph (a) above are not available to Members generally, but only for those Directors of the Club and those Members directly involved in the above activities.

7. For the purpose of the Registered Clubs Act: to consider and if thought fit pass the following Ordinary Resolution:

Resolution

- (a) That the Club makes provision for car parking spaces adjacent to the Club for use by the President, Director and Secretary/Manager.
 - (b) The Members acknowledge that the benefits in Paragraph (a) above are not available to Members generally, but only to those mentioned above.
8. Auditor: The auditors continue in office in accordance with the provisions of the Corporations Act.
9. Business which may be brought forward in conformity with the rules of the Club.

By Order of the Board,

March 11, 2008
MACKSVILLE

H. MORTON,
Secretary- Manager

PRESIDENT'S REPORT 2008

Another very successful year for your club, all renovations finished and everyone has settled in nicely. We have had lots of positive comments regarding our new look and have been praised by many for our concern for our community by providing such a venue that can host any event that the whole of the District may require. The Staff, Management and Board can be congratulated for that.

One of the highlights for the year was an increase of members by 30% to approximately 3000. Another pleasing positive was being able to welcome the Sub Branch to their new welfare and counselling office that has direct access to the car park. Other achievements this year included a record children's Christmas Party and Toy Bonanza for the young families. A lot of our new members are coming from the younger family people.

Another positive for the year is the \$14,000 spent on donations to our community via charities, junior sport, Tafe, schools and many more.

Recently we hosted a zone Club Managers Association meeting and the 50+ Managers and Suppliers gave us loads of accolades on our Bistro and Club, which made us very happy. We have been able to welcome Daniel and Simon McPherson to the Bistro, ensuring absolutely top shelf product and friendly service.

Now the icing on the cake, with all of the above we achieved a very healthy trading profit of approximately \$160,000 before depreciation and assets impairment resulting in a bottom line profit of \$26,646.23.

I take this opportunity to thank, the Board, yourselves - the members, management and staff for your and their part in this very successful achievement.

Ken Ainsworth
President

SPORTS REPORT

Indoor Sports have once again been well organised within our club for visitors and members alike. Carpet Bowls, Snooker, Darts and Cards are provided and all are welcome to participate.

Thank you to all the individual organisers who each week voluntarily promote and run these activities.

Weekly sports and organisers:

CARDS: Euchre 2nd, 4th, and 5th Sundays of each month from 10am.

Organisers: Clare Daley, Charlie Phillip and Alma Armstrong.

SNOOKER, Handicap Social: Sunday, 10.30am. Competition starts first Sunday in February and finishes last Sunday in November.

Organisers: Gary Smith, Mark Smith, Peter Munday and Andy Yusuf.

Congratulations to the winners of the snooker club championships for 2007.

SENIOR CRICKET

The senior side struggled for numbers most of the season but eventually made the semi finals before defeated by Stuarts Point. We have had a number of players coming from other clubs to play for us.

Individually for our club, Jesse O'Grady won the Nambucca Bellinger Cricket Association Player of the Year Award (yet to be officially announced) as well as a number of individual awards.

JUNIOR CRICKET

The season started with no under 15 competition for our team so we had to run with two under 11 teams in the local competition. We had that many players wanting to play we could have had three teams at the finish. As it was we split the two teams down the middle and made sure we didn't stack all the better players into the one side and all the children had a great year and enjoyed themselves. We had lots of parents helping out which makes the jobs of coaching, scoring etc. much easier.

There had been many reports from other club members on how well the Macksville kids play the game and how great they look in the club cricket shirts that have been kindly supplied by the club. Our cricket club is the envy of all others with the great support we have from the Ex-Services Club, management and staff. We only have to ask for something for the juniors and we have it.

We have already started to plan for next year and hope to have at least three and possibly four junior teams competing in the junior association.

SUMMARY

The season was not great for the seniors but our junior ranks have started to swell with numbers again and we are starting to plan for next year hoping that the juniors will flow through to the senior ranks.

The cricket club is very appreciative of the valuable ongoing support we receive from Macksville Ex-Services Club. Without its support we would not have the success we are enjoying in our junior teams.

Finally, thanks again to the members of the Macksville Ex-Services Club.

Geoff O'Grady,
Secretary/Treasurer,
Macksville Ex-Services Cricket Club.

DIRECTORS' REPORT

Your Directors submit herewith the Balance Sheet as at 31st January, 2008 and the Statement of Income for the year then ended. In order to comply with the provisions of the Corporations Law, the Directors report as follows:

Directors

The names and particulars of the Directors, together with information relating to the number of Directors meetings attended by each director during and since the financial year are set out in the table below:

NAME	QUALIFICATIONS	EXPERIENCE	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED	PERIOD OF DIRECTORSHIP
AINSWORTH, Kenneth	Retired	Prev. Director	13	10	Full Period
FULLER, Barry	Semi-Retired	Prev. Director	13	12	Full Period
HARDING, Colin	Electrician	Prev. Director	13	10	Full Period
McILVEEN, John	Retired	Prev. Director	4	4	Dcd. 24-4-07
WALKER, Kenneth	Retired	Prev. Director	13	12	Full Period
WARD, Sydney	Retired	Prev. Director	13	13	Full Period
WILLARD, June	Retired	Prev. Director	13	11	Full Period
LAIRD, Robert J.	Business Proprietor	Prev. Director	13	11	Full Period
HUNT, Gordon	Technician	Prev. Director	13	11	Full Period
ANTCLIFF, Robert	Retired		9	7	Appt. 29-4-07

Company Secretary

The Company Secretary is Harold Morton who has held the appointment for 20 years.

Mr Morton has extensive administrative experience in the club industry having spent over 40 years in the industry and has been Secretary- Manager of the club for 29 years.

Principal Activities

The principal activities during the past year have been as a Registered Club. There has been no significant change in the nature of those activities during the year.

Result for the Year

The operations of the Company for the financial year have resulted as follows:

	2008	2007
Operating (Loss)/Profit before Income Tax ..	30,835	(51,169)
Income Tax Attributed to Operating Profit ...	(4,189)	(2,593)
OPERATING (LOSS)/PROFIT		
AFTER INCOME TAX	\$26,646	(\$53,762)

Review of Operations

A review of operations by Directors has determined that the ongoing popularity and success of the club's major renovation program has again resulted in a most rewarding and positive result for the 2007/2008 financial year.

Changes in State of Affairs

During the financial year, there has been no significant change in the Company's state of affairs other than that referred to in the accounts or notes thereto.

Subsequent Events

As far as the directors are aware, there is no matter or circumstance that has arisen since the end of the financial year which will significantly effect the company's operations, the results of those operations, or the company's state of affairs in subsequent years.

Environmental Regulations

The company is subject to various environmental regulations under both Commonwealth and State Legislation. Compliance is monitored by the Board and Management. At the time of this report the directors are not aware of any significant breaches occurring during the period covered by the report.

Future Developments

It is not anticipated there will be any major developments in the company's operations nor in the expected result of those operations which will effect the profits of the company in future years.

Indemnifying Officers of the Club

During the financial year the Company entered into an agreement indemnifying the directors and officers of the Company against all liabilities to another person (other than the company) that may arise from their position as directors or officers of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the company will meet the full amount of any such liabilities, including costs and expenses. Since the end of the previous financial year, the company has paid insurance premiums in respect of a Directors and Officers Liability Insurance contract, for current and former directors and officers of the Company.

The insurance cover provided indemnifies for costs and expenses which may be incurred in defending proceedings, whether civil or criminal, and whatever their outcome, and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Property Classification

In accordance with the registered Clubs Amendment Regulations 2007 the Board has determined club property classification as follows:

"Core" Property — 16 Cooper Street Macksville

Lots 2-3 Section C in DP6045	Club House and Grounds
Lot 4 Section C in DP6045	Club House and Grounds

Lots 4-5	in DP23202	Car Park
"None-Core" Property		
Lots 2-3	in DP2302	29 Princess Street
Lots 5-9 Section C	in DP6045	18-22 Cooper Street
Lot 11	Section C in DP6045	18-22 Cooper Street
Lot 12	in DP55012	18-22 Cooper Street

Auditor Independence Declaration

A statement of the Auditors Independence Declaration as required under Section 307C of the Corporations Act (2001) has been received, a copy of which is shown on page 14.

Provision of non-audit services:

During the year, there were no non-audit services provided by the clubs auditor, Hooykaas Lawry Valjan.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act.

On behalf of the Board:

KENNETH AINSWORTH,
Director.

March
11, 2008.
MACKSVILLE.
JUNE WILLARD,
Director.



INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LTD.

We have audited the accompanying financial statements of the Macksville District Ex-Servicemen's Club Ltd. which comprises the balance sheet as at 31 January, 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Macksville District Ex-Servicemen's Club Ltd. are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. The responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. (In note 1, the directors also state in accordance with the Accounting Standard AASB 101 *Presentation of the Financial Statements*, that compliance with the Australian equivalents to the International Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with the International Financial Reporting Standards.)

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Audit Opinion

In our opinion,

- (a) the financial statements of The Macksville District Ex-Servicemen's Club Limited are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Macksville District Ex-Servicemens Club Ltd's financial position as at 31st January, 2008 and of its performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* ; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

March 11, 2008
MACKSVILLE.



PETER S. LAWRY — PARTNER
HLV CHARTERED ACCOUNTANTS,
Registered Company Auditors Corporations
Act 2001



The Board of Directors
Macksville District Ex-Servicemen's Club Ltd.
PO Box 331
MACKSVILLE NSW 2447

AUDITOR'S INDEPENDENCE DECLARATION

As auditors of the Macksville District Ex-Servicemen' Club Ltd. for the year ended 31 January 2008, we declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

March 11, 2008
MACKSVILLE.



PETER S. LAWRY
HLV CHARTERED ACCOUNTANTS,
Registered Company Auditors
Corporations Act 2001

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

BALANCE SHEET

As at 31st January, 2008

	2008	2007
CURRENT ASSETS		
Bank - Trading Account	108,405.91	135,881.20
Bank - Keno Account	4,069.32	4,117.19
Bank - ATM Account	2,600.00	2,070.00
Bank - EFTPOS Account	264.00	
Bank - IBD	300,000.00	
Bank - Incentive Savings Account	106,332.53	377,621.43
Bank - ANZ Cheque Account	47,715.90	36,190.90
Stock on Hand - Cost/Replaced	22,715.75	21,495.80
Cash on Hand	85,301.00	73,981.00
Prepayments	41,178.87	48,202.53
Other Debtors	3,071.83	6,457.80
Shares - Bananacoast Com. C/Union	10.00	10.00
Deferred Tax Benefit	9,544.94	13,734.40
TOTAL CURRENT ASSETS	<u>731,210.05</u>	<u>719,762.25</u>
ADD NON-CURRENT ASSETS		
Land and Buildings - Note 7	2,507,813.48	2,574,834.75
Plant and Equipment - Note 7	606,078.70	550,840.61
Furniture and Fittings - Note 7	285,577.36	381,012.26
Intangible Assets - Note 7	90,000.00	133,933.25
TOTAL NON-CURRENT ASSETS	<u>3,489,469.54</u>	<u>3,640,620.87</u>
TOTAL ASSETS	<u>4,220,679.59</u>	<u>4,360,383.12</u>
CURRENT LIABILITIES		
Gaming Tax Rebate in Advance	5,726.64	5,726.64
ANZ Loan	166,280.28	160,738.56
Australian Tax Office	(10,559.31)	(5,743.89)
Provision - Leave Entitlements	126,643.43	217,076.93
Subscriptions in Advance	10,739.08	10,049.09
Trade Creditors	54,961.38	107,315.43
Other Creditors		
Accruals	72,699.11	43,908.33
TOTAL CURRENT LIABILITIES	<u>426,490.61</u>	<u>539,071.09</u>
ADD NON-CURRENT LIABILITIES		
ANZ Loan	1,123,911.34	1,177,680.62
TOTAL NON-CURRENT LIABILITIES	<u>1,123,911.34</u>	<u>1,177,680.62</u>

These financial statements should be read in conjunction with the accompanying notes.

TOTAL LIABILITIES	1,550,401.95	1,716,751.71
NET ASSETS	<u>\$2,670,277.64</u>	<u>\$2,643,631.41</u>
ACCUMULATED FUNDS & RESERVES		
Accumulated Trading Profits	2,618,645.16	2,591,998.93
CAPITAL PROFITS RESERVE	51,632.48	51,632.48
	<u>\$2,670,277.64</u>	<u>\$2,643,631.41</u>

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

STATEMENT OF INCOME

For the year ended 31 st January 2008

	2008	2007
INCOME		
Net Bar Operating Profit	91,368.48	100,691.96
Net Poker Machine Operating Profit	947,211.98	761,265.14
Net Keno Profit	28,348.74	21,246.78
Subscriptions	12,655.45	10,139.09
Bank Interest	19,207.15	43,161.61
Gaming Tax Rebate	17,180.00	17,180.00
Sundry Income	10,571.24	2,834.78
	<u>1,126,543.04</u>	<u>956,519.36</u>
Rent - Princess Street	6,998.94	6,333.60
Expenses - Princess Street	(2,051.53)	(1,852.16)
	<u>4,947.41</u>	<u>4,481.44</u>
Rent - Eastland	38,192.40	36,810.00
Depreciation - Eastland	(6,128.39)	(5,142.11)
Repairs and Maintenance	(3,651.03)	
	<u>28,412.98</u>	<u>31,667.89</u>
	<u>1,159,903.43</u>	<u>992,668.69</u>
EXPENSES:		
Advertising, Printing, Stationary	34,259.12	42,080.85
Auditor's Remuneration - Audit	14,989.99	15,149.99
Bad Debts	265.00	-
Bank Charges	6,408.66	5,400.86
Computer Software and Charges	3,715.20	5,483.08
Cleaning Materials/Toilet Requisites	21,714.77	17,651.48
Asset Realisation - Loss	7,016.21	64,020.71
Asset Impairment - Loss	43,933.00	-
Depreciation	196,127.09	103,578.15
Community Promotions	9,252.48	17,400.82

These financial statements should be read in conjunction with the accompanying notes.

Donations	4,927.27	440.91
Electricity	62,447.02	54,303.98
Entertainment and Orchestras	21,319.11	27,828.82
Promotions	84,801.90	72,856.14
Worker's Compensation -		
General and Administration	10,921.05	9,869.52
Insurances	28,542.73	33,005.78
Land Tax	819.76	899.58
Leave Entitlements - Provision	(54,185.40)	8,660.30
Loan Interest	113,164.87	73,865.46
Rates	8,591.64	7,975.48
Subscriptions and Registrations	5,825.79	5,141.98
Repairs and Maintenance		
General	26,570.56	29,599.88
Renovations		9,962.00
Air Conditioning	2,039.35	5,760.33
Security Expenses	6,056.43	3,839.63
Sporting Materials and Expenses	1,660.02	4,495.00
Superannuation	61,376.64	16,101.67
Superannuation - Club Plus	56,255.17	53,578.89
Sundry Expenses	9,985.51	9,186.58
Telephone	4,518.10	5,776.54
Travelling and Accommodation Expenses	346.36	281.81
Bistro Expenses		
Sundry	1,340.04	2,310.98
Repairs and Maintenance	1,642.90	4,140.82
Subsidy	295.78	7,000.01
Training and Expenses	12,096.92	10,905.76
Wages and Salaries - Cleaning	87,339.45	94,489.66
- Office	211,811.58	203,009.74
Trophies and Prizes	4,913.58	3,566.59
Payroll Tax	15,725.73	283.26
Relocation Expenses	236.36	13,934.48
	<u>1,129,067.74</u>	<u>1,043,837.52</u>
NET PROFIT/(LOSS) BEFORE INCOME TAX	30,835.69	(51,168.83)
LESS INCOME TAX EXPENSE/(BENEFIT)		
- NOTE 2	4,189.46	2,593.10
NET PROFIT/(LOSS) AFTER		
INCOME TAX	26,646.23	(53,761.93)

These financial statements should be read in conjunction with the accompanying notes.

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 st January 2008

	2008	2007
ACCUMULATED FUNDS - 1/2/2007	2,591,998.93	2,645,760.86
OPERATING (LOSS)/PROFIT AFTER INCOME TAX	26,646.23	(53,761.93)
ACCUMULATED FUNDS - 31/1/2008	<u>2,618,645.16</u>	<u>S2,591,998.93</u>

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31st January 2008

	2008	2007
	Inflows/Outflows	
Cashflows from operating activities: Receipts from members and Visitors	1,965,193	1,681,996
Payments to suppliers and employees	(1,737,847)	(1,596,575)
Rent received	42,788	41,292
Interest received	19,207	43,162
Gaming Tax Rebate Received	17,180	17,180
Income Tax paid	(9,188)	(40,354)
Net cash provided by operating activities Note 6(a)	<u>297,333</u>	<u>146,701</u>
Less Cash flows from investing activities:		
Payment for property, plant and equipment	(224,542)	(2,251,350)
Proceeds from sale of property, plant and equip.		
Net cash used in or from investing activities	<u>(224,542)</u>	<u>(2,251,350)</u>
PLUS CASH FLOWS FROM FINANCING ACTIVITIES:		
Drawdown on secured loan		1,350,000
Repayment during the year	<u>(48,228)</u>	<u>(11,581)</u>
Net cash from financing activities	<u>(48,228)</u>	<u>1,338,419</u>
Net increase or (decrease) in cash held	24,563	(766,230)
Cash at beginning of financial year	<u>629,861</u>	<u>1,396,091</u>
Cash at the end of the financial year Note 6(b)	<u>\$654,424</u>	<u>\$629,861</u>

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO ACCOUNTS

Notes to and forming part of the accounts for the year ended 31st January, 2008.

Note 1 - Statement of Significant Accounting Policies

The financial report has been prepared as a general purpose financial report and complies with the requirements of the Corporation Act and Australian Accounting Standards.

Statement of Compliance

The financial report complies with Australian Accounting Standards which include Australian equivalents to the International Financial Reporting Standards (IFRS). Compliance with the Australian equivalents ensures that the financial statements and notes complies with the IFRS.

Basis of Preparation

- (a) **Historical Cost Accounting** - The accounts have been prepared in accordance with conventional historical cost principles and have not been adjusted to take into account changes in the purchasing power of money or changes in the value of specific assets. The accounts are in accordance with Statements of Accounting Concepts and applicable Accounting Standards, and comply with other requirements of the law.
- (b) **The Going Concern Principle** - The financial statements have been prepared on a going concern basis, which contemplates continuity of the normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

- (c) **Trading Stock Valuation** - trading Stock is valued at the lower of cost or replacement value.
- (d) **Property, Plant and Equipment** - with the exception of freehold land, which is not depreciated, all items of property, plant and equipment stated at cost, or deemed cost, if applicable, less accumulated depreciation and impairment losses. [See accounting policy (h)].

Depreciation is calculated on buildings on a straight line basis, whilst plant and equipment depreciation is calculated on the diminishing value method. Both methods are calculated over the estimated useful lives of the assets. The main rates of depreciation utilised are:

Buildings	2.5%
Plant and Equipment	7.5 to 40%
Furniture and Fittings	7.5 to 40%

- (e) **Employee Entitlements** - the company's net obligation in respect of long-term service entitlements is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected

increases in wages and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the company's obligation.

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent obligations resulting from employees' service provided to reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date.

- (f) Income Tax - Income Tax is not levied on the operations of the club as they pertain to members, but only as regards activities concerning visitors, as well as the club's investment income. Therefore, normal company rates of tax are not based on the operating surplus for the year but on the proportion applicable to visitors.
- (g) Deferred tax accounting has been adopted whereby the income tax expenses are related to the accounting profit rather than to the taxable income. The tax effect of timing differences, which come about because an item is included in the calculation of taxable income in a different period from that in which it is included in the financial statements, are carried forward on the Balance Sheet as either Provision for Deferred Tax or Deferred Tax Benefit. Refer also Note 2.
- (h) In dealing with the Club's financial liabilities, the accruals basis of accounting has been employed. Financial assets are recorded at cost as adjusted for interest earned but not received at the date of the accounts.
- (i) Impairment - the carrying amount of the company's assets (not including inventories and deferred tax assets) are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Intangible Assets - The Company's intangible assets, which relate to Poker Machine Entitlements, are considered to have an indefinite life and therefore cannot under IFRS be amortised. Accordingly, they are shown at cost less any impairment losses which may be recognised. These assets are tested for impairment each year.

- (k) Investment Property - While investment properties are normally shown at fair value each year, current accounting standards provide that Not for Profit Organisations can carry such property at cost. However in this instance the fair value must be shown by way of a note [see Note

Note 2 - Income Tax Expense

	2008	2007
Movement on Deferred Tax Provision	4,189	(3,150)
Tax Payable for the year	-	5,743
INCOME TAX EXPENSE FOR THE YEAR	<u>4,189</u>	<u>\$2,593</u>

Note 3 - Liability of Members

The Rules of the Club limit the liability of each member to \$1.00 (one dollar).

Note 4 - Contingent Liability

At the date of this report the Directors are not aware of any contingent liabilities against the Club.

Note 5 - Capital Commitments

The board, during the year, has not committed the club to any capital expenditure or program of future capital expenditure.

Note 6 - Statement of Cash Flows

(a) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in other financial institutions. Cash at the end/beginning of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	31 January 2008	31 January 2007
Bank - Trading	156,122	172,072
Bank - Keno Account	4,069	4,117
Bank - IBD	300,000	-
Cash on Hand	,85,301	73,981
Bank - ATM Account	2,600	2,070
Bank - EFTPOS.....	264	-
Bank - Savings Account	106,332	377,621
TOTAL	<u>\$654,424</u>	<u>\$629,861</u>

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.

	2008	2007
Operating profit (loss) after taxation	26,646	(53,762)
Depreciation and amortisation of non-current assets	289,015	237,238
Impairment Loss	43,933	
Changes in net assets and liabilities		
Decrease/ (Increase) in current receivables	10,410	(23,658)
Decrease/(Increase) in current trade inventories	(1,220)	(3,107)

Increase/(Decrease) in current trade creditors	(9,872)	4,158
Increase/(Decrease) in current accruals	(65,769)	(11,018)
Decrease/(Increase) in deferred tax benefit	4,190	(3,150)
Increase/(Decrease) in accrued income	-	-
Net cash provided by operating activities	<u>\$297,333</u>	<u>\$146,701</u>

Note 7(a) - Property, Plant and Equipment

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land and Buildings	Plant and Equipment	Fixtures and Fitting
Balance at 1 February 2007 ...	2,574,835	550,840	381,012
Other acquisitions	1,890	185,483	33,179
Disposals	-	(23,140)	(46,508)
Depreciation Expenses	(68,911)	(126,627)	(97,609)
Write Back of Depreciation on Disposal		19,517	15,505
Balance at 31 January 2008 ..	<u>2,507,814</u>	<u>606,076</u>	<u>285,579</u>

Note 7(b) - Investment Land and Buildings

Land and Buildings includes properties which are not utilised in the clubs operations but are rental properties, held for possible future use.

The table below shows the cost amount for each property, which is included in the total Land and Buildings figure above, and its fair value, both as at 31 January 2008.

	Cost	Fair Value
Cooper Street Macksville (Eastlands)	515,916	900,000
Princess Street	59,907	255,000
	<u>\$575,823</u>	<u>\$1,155,000</u>

Note 7(c) - Intangible Assets

The amount showing for these assets represent the cost of poker machine entitlements purchased under current government regulation. These entitlements have allowed the club to increase the number of poker machines.

It is considered that the life of the entitlements is indefinite so the cost cannot be amortised.

The movement in the Intangible asset is as follows:

	2008	2007
Opening Balance at Cost	133,933	67,486
Entitlements Purchased at Cost	-	66,447
Impairment Loss	(43,933)	
Balance at 31 January 2008	<u>\$90,000</u>	<u>8133,933</u>

Under the applicable accounting standards intangible assets have to be tested for impairment. Impairment on an asset occurs where the recoverable amount (as defined) exceeds the carrying amount. When this occurs the value of the asset must be reduced to the lower amount with the resulting loss being shown in the statement of income. The write down recognised this year is \$43,933 as shown above.

Note 8 - Deferred Tax Assets and Liabilities

Movement in Temporary differences during the year:

	Balance 1/02/07	Recognised in income	Recognised in equity	Balance 31/01/08
Employee Benefits	13,209	(4,707)		8,502
Other items		525		517
.....	1,042			
	13,734	(\$4,189)		\$9,544

Note 9 - Borrowings

During the year ended 31 January 2007 the club borrowed \$1,350,000 to finance the club's renovations and rebuilding.

The loan is for a maximum of 15 years from April 2006 and is secured by a first mortgage and by a fixed and floating charge over all the assets of the club, both present and future.

The loan is repayable by monthly instalments. The amount outstanding on the loan at 31 January 2008 is as follows:

	2008	2007
Repayable within 12 months.....	166,280	160,738
Repayable later than 12 months	1,123,911	1,177,681
Total owing at 31 January 2007	<u>\$1,290,191</u>	<u>\$1,338,419</u>

Note 10 - Financial Instruments

Interest Rate Risk:

The following table describes the club's interest rate at risk as at the reporting date:

Financial Assets:	Average Interest Rate	Term	\$ Amount
Banking Trading Accounts	0%	At Call	178,259
I.B.D.	7.10%	Less than 1 year	300,000
Incentive Saving Account.....	6.25%	Less than 1 year	106,332
Other Debtors	0%	Less than 1 year	3,072

Financial Liabilities:

	Interest Rate	Term	Amount
Secured Loan	9.12%	Less than 12mths	66,280
Secured Loan	9.12%	More than 12 mths & less than 24 mths	166,280
Secured Loan	9.12%	More than 24 mths	957,631

Credit Risk:

The club has a policy of dealing with credit worthy financial institutions as a means of mitigating the risk of financial loss from defaults. The carrying amounts of financial assets in the Balance Sheet represent the club's maximum exposure to credit risk.

Net Fair Value:

The net fair values of financial assets and financial liabilities are their carrying value as disclosed in the Balance Sheet. These values have been determined in accordance with the accounting policies described in Note 1.

Note 11 - Directors' Interest in Contracts with the Company

Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit (other than the emoluments shown in the accounts of the fixed salary of a full time employee) by reason of a contract made by the company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, with the exception of Kenneth Ainsworth, who was a member of a company which rents property from the club on an arms length basis. Mr Ainsworth ceased any connections with the said company on 30 June 2007.

Note 12 - Management Committee Expenses

These expenses amounted to \$2,484 (2007 \$1,747) and are included in the Profit & Loss category "Entertainment Expenses".

DECLARATION BY DIRECTORS

In the opinion of the Directors, the financial statements of the Company for the year ended 31st January, 2008 (which includes the notes attached thereto):

- (a) Comply with current Accounting Standards, including the Australian equivalent of the International Financial Reporting Standards.
- (b) Give a true and fair view of the financial position and performance of the Company,
- (c) Are in accordance with the Corporations Law.

The Directors are also of the opinion that there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations ACT.

On behalf of the Board:

KENNETH AINSWORTH,
Director.

March 11, 2008.

MACKSVILLE.
JUNE WILLARD,
Director.

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED
POKER MACHINE REVENUE ACCOUNT

For the year ended 31st January 2008

	2008	2007
INCOME		
Poker Machine Takings	1,438,132.76	1,253,830.84
LESS EXPENSES		
Wages	157,059.10	194,489.02
Machine Taxation	179,792.60	155,446.59
Depreciation	70,272.98	60,335.51
Stationary	1,725.00	1,765.00
Repairs and Maintenance -		
Poker Machines	14,659.05	15,365.34
DMS Monitoring and Statewide Link Fees	41,597.13	59,125.04
Application Fees	1,050.00	
VASA Fees	19,200.00	
Workers Compensation	5,564.92	6,039.20
	490,920.78	492,565.70
NET REVENUE	<u>\$947,211.98</u>	<u>\$761,265.14</u>
	65.86%	60.72%

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

KENO REVENUE ACCOUNT

For the year ended 31st January 2008

	2008	2007
INCOME		
Keno Takings	65,471.65	51,841.71
LESS EXPENSES		
Wages	33,094.26	26,509.31
Stationary	809.30	1,177.63
Repairs and Maintenance	1,589.09	1,823.59
Depreciation	454.48	254.49
Workers Compensation	1,175.78	829.91
	37,122.91	30,594.93
NET REVENUE	<u>\$28,348.74</u>	<u>\$21,246.78</u>
	43.30%	40.98%

THE MACKSVILLE DISTRICT EX-SERVICEMEN'S CLUB LIMITED

BAR TRADING STATEMENT

For the Year Ended 31 st January, 2008

	2008	2007
INCOME:		
Sales	437,586.28	364,892.98
LESS: COST OF SALES		
Opening Stock	21,495.80	18,389.01
Purchases	161,996.88	134,657.17
Freight and Cartage	5,802.94	5,179.73
Gas - CO2	2,144.04	1,904.09
	<u>191,439.66</u>	<u>160,130.00</u>
LESS: Closing Stock	22,715.75	21,495.80
COST OF GOODS SOLD	<u>168,723.91</u>	<u>138,634.20</u>
GROSS TRADING PROFIT	<u>\$268,862.37</u>	<u>\$226,258.78</u>
	61.44%	62.01%
LESS: EXPENSES		
Bar Wages	149,760.06	101,503.54
Depreciation	9,015.69	3,907.24
Repairs and Maintenance - Bar	5,615.76	9,184.31
Bar Waste	1,957.45	2,315.26
Bar Stores, Ice, etc.	5,862.75	5,370.62
Workers Compensation	5,282.18	3,285.85
	<u>177,493.89</u>	<u>125,566.82</u>
NET TRADING PROFIT	<u>\$91,368.48</u>	<u>\$100,691.96</u>
	20.88%	27.59%

COMMUNITY PROMOTIONS AND DONATIONS

February 2006 to January 2007

Anzac Day Donation to Macksville RSL Sub Branch	\$1,211.74
Bowraville Junior Rugby League	\$400.00
Brendan Flanders - Kokoda Trail	\$100.00
Louis Ballangarry Charity Golf Day	\$47.00
Leukemia Foundation	\$20.00
Macksville Scotts Head Surf Life Saving Club	\$227.27
Macksville Amateur Swimming Club	\$100.00
Macksville Ambulance - Pulse Oximeters	\$250.00
Macksville Athletic Club	\$500.00
Macksville Athletic Club - Gift Queen Entrant	\$92.75
Macksville Chamber of Commerce	\$186.36
Macksville Ex-Services Cricket Club	\$1,723.64
Macksville High School	\$100.00
Macksville Hospital Charity Bowls Day	\$104.50
Macksville Ladies Golf	\$50.00
Macksville Primary School	\$50.00
Macksville Public School	\$50.00
Macksville Rugby League Football Club	\$500.00
Macksville Scouts & Guides - Blue and Gold Ball Committee	\$450.00
Macksville Soccer Club	\$50.00
Macksville Women's Bowling Club	\$1,000.00
Nambucca Bellinger Cricket Assoc	\$45.45
Nambucca District State Emergency Services	\$1,500.00
Nambucca District VRA Rescue Squad	\$1,500.00
Nambucca Marine Volunteer Rescue Squad	\$1,500.00
Nambucca Valley Cancer Support Group.....	\$46.50
Nambucca Valley Combined Schools Association	\$50.00
Nambucca Valley Junior Tennis Association	\$150.00
Nambucca Valley Laurel Club	\$300.00
Nambucca Valley Students - Hearing Impaired	\$100.00
Nambucca Valley Students - Vision Impaired	\$100.00
Nambucca Valley Torch Bearers for Legacy	\$200.00
Nambucca Valley Zone Playgroup	\$100.00
Primary School Sports Representative - Alina Tape	\$150.00
Primary School Sports Representative - Ben Fitzgerald	\$100.00
Salvation Army - Red Shield Appeal	\$100.00
Scotts Head New Years Eve Committee	\$250.00
Special Childress Christmas Party	\$200.00
St Patricks School	\$50.00
TAFE Macksville Campus	\$100.00
United Hospitals Auxiliary - Macksville Branch	\$100.00
Vietnam Veterans Day	\$347.27
	<hr/>
	\$14,202.48