

SUTHERLAND UNITED SERVICES CLUB LTD (trading as CLUB on EAST)

ANNUAL GENERAL MEETING – SATURDAY 10 DECEMBER 2022

Meeting Opened – 10.01 AM

The meeting was declared open by The President - Mr Tony Hogan at 10.01am.

Members were thanked for their attendance by Tony Hogan. Ode was read by Tony Hogan. The ode was observed. Meeting was Chaired by The President – Mr Tony Hogan.

APOLOGIES

Apology received from Neville Batchelador – Badge 682 - Unwell

No further apologies from the floor.

AGENDA ITEM 1

“To confirm the minutes of the Annual General Meeting held on Sunday, 19 December 2021.
Request a mover and seconder to receive the Minutes of the Annual General Meeting held on Sunday, 19 December, 2021.”

Mover – Peter Crimlisk – 2148

Secunder – Peter Ovenden - 7314

All those in favour, say I

Floor – “I”

All those against – None

Motion Carried.

BUSINESS ARISING

Tony Hogan - “Request a mover and seconder to adopt the Minutes of the Annual General Meeting held on Sunday, 19 December 2021.”

All those in favour, say I

Floor – “I”

All those against – None

Motion Carried.

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AGENDA ITEM 2

Tony Hogan – “To receive and consider the Report and Statement of the Board of Directors.”

“I’d now like to introduce the Club’s Auditor, Mr Mark Lennon, to the meeting to give his presentation on the Annual Report 2022. Thanks Mark”

AUDITOR’S REPORT

Mark Lennon – Club Auditor - “Thank you, Mr President. Thank you, Ladies and Gentlemen. Good morning. The exciting part (gesturing to the projector screen showing The Auditor’s Report). You’ve got to have a sense of humour on a Saturday morning.”

“Ok, I’ll go through it fairly quickly, and hopefully just try to explain some of the results for the Members.”

“It is important to note that The Club was closed for, I think three and a half months during the year, so that had a significant impact, particularly on revenue. The other big impact on revenue was COVID subsidies from The Federal and State Governments. In the previous year, the subsidies were quite high and useful. This year not, as high, and that did have a huge impact as well.”

“The operating expenses, the total expenses did increase by 7 hundred odd thousand dollars. Some of those increases, just for your own information, I did have them marked here, sorry to hold you up (Mark checking his paperwork). Here we go.”

“There was a large increase this year in bingo and raffle expenses, actually, because it was kicked off again during the year, and there was a fairly high cost this year compared to the previous year, when bingo and raffles and things couldn’t be held because of COVID and what have you, and that was a substantial cost. We did look into that. There was a large loss on sale of fixed assets during the year and there was a slight increase in wages and that effectively accounts for the difference quite frankly. But, the actual operating profit, or in this case, loss, significantly contributed to by the reduction in revenue. Sorry, need a bigger desk, now you know why my desk looks so messy.”

“Then as you know we have a look at cash movement, because profit or loss is different to cash, whereas most people say, well ok if I made that much profit, how come there is no money in the bank? A bit like at home, but cash is very different, so we have a look at the cash movement during the year and again you will see that the cash from operations is substantially down, and that has had the most significant impact. Other income received in cash, of course, as I mentioned before, that’s down. There was a large capital expenditure on new poker machines and equipment last year. There was this year as well, but not as high and so as a result of that there was a reduced expenditure on capital improvements and things, but the total surplus for the year, in fact this year was a deficit of cash of \$1700 compared with \$800, 000 last year. That is all the income side of it quite frankly, so just to explain that to you. The components of that are the COVID-19 subsidies in the 2021 year were \$295 000, this year \$158 000. So those things do make a significant difference, particularly when you close down for a sizeable part of the year.”

“Now the balance sheet as most of you may be aware, I prepare this differently to the balance sheet you get in the financial statements, the statutory financial statements. The major reason, quite frankly is, and I don’t say this out loud, I have to say if softly, the financial statements, the statutory ones are prepared to accounting standards which are fantastic for financial analysts and all the rest of it, but for the rest of us, the people in the street, it is a little bit hard to understand. So, I strip all of that out and try to present it in

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a balance sheet that may look more like our own, quite frankly. Granted, the numbers will be different, but the layout is basically the same.”

“Equity, if you like is our savings over the years, the profits we have made, but haven’t spent yet. Then we look at our working capital, our current assets and they are mainly, the money we have in the bank, the stock we have to sell and any other current assets that we have. Then we have current liabilities, provisions for employee leave and entitlements, payables, and what we have to pay out within the next twelve months to give our current liability position.

Then we have this thing called Net current assets. Now the importance of this is, the current assets are those assets that we have, that we can utilise in the next twelve months. Money in the bank, inventory, etc. Then we have our payables, our current liabilities and those liabilities that are due within the next twelve months. So, what we are looking at here is that, OK, we have these assets we can use within the next twelve months. We have these liabilities we must meet within the next twelve months, so what is our net twelve month position? Our net current assets, and that’s quite strong, and did get stronger in the 2022 year. This can happen, even though we didn’t have as good a financial result, our net current assets are stronger, and that is a good thing and it is a strong positive. We have 1.1 million dollars surplus to meet our bills for the next twelve months. That’s useful information and I would suggest that if you have a look at a lot of Clubs Financial Statements, they don’t look like that. So, it is a strong financial position to be in. We do have to be wary of it and we do have to watch it. If there are further losses in future years, that will dissipate. And our non-current position, as I mentioned, last year we bought a lot of new plant and equipment in the 2021 year. Not so much this year and there was a disposal of equipment. So, our property, plant and equipment did drop slightly and our net current, our net position as a result has dropped, but only slightly. Out of \$10 million, \$84 000 isn’t bad. If I can say that, I don’t know if I should, but I did.”

“So, OK, one of the things I do do is have a look at trends and if we look at the Expenses, the red line, the Revenue is blue and you can see we might a slight loss, which was totally different to the previous year, but monitoring that, one of the things that needs to be noted, from a governance point of view, and Management point of view is the movement of those lines, which is a trend downward. So again, that is something that needs to be watched. It is nice to see an Expenses trend downward, but not the Revenue so much. That is not too bad, but we’ve just got to watch that. I hope that makes sense.”

“Net profit position, when you see numbers, numbers mean one thing and you see it on a picture it is totally different, not a pretty picture, but anyhow, let’s hope that picks up.”

“Assets and liabilities, again looking at those current assets and those current liabilities, and we can see how that has shifted, and the gap between the two has improved, which is great. We saw that in the numbers and now we see it in picture form, and down the bottom, what’s called the current ratio, which is the ratio of those current assets to meet current liabilities, and that is a strong position and it hasn’t been that strong since 2013. So that’s pretty good. So, again, that’s a good position to be in, we just have to watch that.”

“Net cash flow from operating activities, we’ve seen the numbers on that, now we see the graph.”

“Having a look at revenue, I go through and tell you the source of that revenue, where does it come from and how does that revenue contribute to the total, and then of course, having a look at the expenses from

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each of those sections. If I was to go back for instance, and say Poker Machines contributed 53% of revenue, but 16% of expenses, so that why there is a big concentration.”

“Probably one of the other things to look at is Coffee Shop, because Coffee Shop is 30% of revenue, 13% of expenses, again that’s just something to be looked at.”

“Bar Revenue; so, it sort of goes up and down a little bit, so what I do there is to put a linear trend line. One of the benefits of excel is that you can press a button and it will do a linear trend for you. It’s not something I calculate. So, again, its just showing a slight downward trend. So that is just another management tool to have a look at.”

“Gross profit from bar trading, the gross profit margin and then the net profit after costs. Again, look at that trend.”

“Coffee shop trading, again bought in-house and that’s why it’s showing such a significant difference. It will be interesting to monitor that in the future.”

“Poker machine trading; so OK poker machine revenue 63% of revenue, so where did that actually go? That is just having a look at that. Poker machine takings, how are they going and then poker machine takings after GST. One of the things about poker machine takings is that obviously when you play the poker machines, you can’t add an extra 10% and put an extra 10 cents in, so all of the revenue that you see from poker machine trading is Gross and the GST has to come out of that. So, you just have to watch that and see what the impact is on the Club.”

“Poker machine trading result, again, just having a look at that over the various years, and the machine takings in the yellow, and the average number of poker machines in the red. So, as we saw, we did sell some poker machines during the year, so the number came down, and then the bottom line; I don’t know if you can read that up the back. The gross takings per machine, which is really quite an interesting number when you have a look at that, and what is the trend in that. That again is something that you should be looking at and modelling as you go along. If only because of the contribution that poker machines make to the net revenue. And that’s the end of that. I hope I haven’t confused you too much.”

Tony – “Thank you Mark.”

“Request a Mover and seconder to receive and consider the report and statement of the Board of Directors.”

Mover – Robert Barr – 8108

Secunder – Leonard Court – 2405

All those in favour, say I

Floor – “I”

All those against – None

The motion is carried.

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Tony – “Request a mover and seconder to adopt the report and statement of the Board of Directors”

Mover – Anthony Brown – 4886

Secunder – Bruce Mitchell 6308

All those in favour, say I

Floor – “I”

All those against – None

Motion Carried.

AGENDA ITEM 3

Tony – “To receive and consider the Balance Sheet at 30 June 2022 and supporting financial statement for the year ended together with the Auditor’s Report thereon.”

“Request a mover for that please?”

Mover – Peter Crimlisk - 2148

Secunder – Ben McAuliffe 2405

All those in favour, say I

Floor – “I”

All those against – None

Motion Carried.

Tony – “Request a mover and seconder to adopt the Balance sheet at 30 June 2022 and supporting financial statement for the year ended, together with the Auditor’s Report thereon.

All those in favour, say I

Floor – “I”

All those against – None

Motion is Carried.

(No mover or seconder were taken from the member’s floor – motion was stated as carried by The President – The President moved on to Agenda Item 4).

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AGENDA ITEM 4

FIRST ORDINARY RESOLUTION (Simple Majority 50% + 1)

Tony – “To consider and if thought fit, pass the ordinary resolutions regarding benefits to the Directors and others.

1. That for the purposes of sections 10(6) and 10(6)(a) of the Registered Clubs Act 1976 the members hereby approve and agree to the reasonable expenditure by the Club until the next Annual General Meeting of the Club for the following activities:
 - (a) Reasonable expenses incurred by Directors in attending to business for the Club including without limitation immediately before or immediately after a Board or committee meeting on the day of that meeting when that meeting corresponds with a normal meal time; Travelling to and from Directors’ meetings.”

(The President is quietly interrupted by Mr Frank Zumbo passing the Club on East, Notice of Annual General Meeting notice, issued to members, and requesting him to read from that copy rather than the agenda handed to Board Members – (inaudible discussion occurs) - the President recommenced reading from the Member’s AGM Notice)

Tony - “Reasonable expenses, sorry, expenses and for the purposes of sections 10(6) and 10(6)(a) of the Registered Clubs Act 1976 the members hereby approve and agree to the reasonable expenditure by the Club until the next Annual General Meeting of the Club for the following activities:

- (a) Reasonable expenses incurred by Directors in attending to business for the Club including without limitation immediately before or immediately after a Board or committee meeting on the day of that meeting when that meeting corresponds with a normal meal time;

*Travelling to and from Directors’ meetings and committee meetings and to such places necessary to attend to Club business of the Club as approved by the Board from time to time on production of invoices, receipts or other proper documentary evidence of such expenditure;

- (b) the provision of blazers and associated apparel for the use of Directors in representing the Club;
- (c) reasonable costs of the Directors and their partners attending the annual Christmas luncheon and other functions as approved by the Board; and
- (d) the reasonable costs of Directors undertaking directors Mandatory Training required under Clubs. NSW continuing Professional Development Program.

2. The members acknowledge that the benefits in paragraph 1 above are not available to members generally but only for those who are Directors of the Club and those persons who are directly involved in the above activities.”

So, request a mover and seconder to consider the Director benefits.”

Mover – Kerry Smith – 6499

Secunder – Timothy Williamson - 9772

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All those in favour

Floor – “I”

All those against – None

Motion Carried.

(Inaudible discussion at Board table – Tony Hogan confers with Scott Lindsay and then continues to read)

Tony – “OK,

SECOND ORDINARY RESOLUTION (Simple Majority 50% + 1)

1. That for the purposes of section 10(6) of the Registered Clubs Act 1976 the members hereby approve that the Board of the Club be granted honoraria as follows, subject to paragraph (b) below:

President \$200 per week;

Deputy President \$180 per week;

Treasurer \$150 per week

Other Directors \$100 per week.

2. The members acknowledge that the benefits in paragraph 1 above are not available to members generally but only for those who are Directors of the Club.

I’ll request a mover and seconder to consider the Director Honoraria: -

Mover?”

Tony – “No movers?”

Mover – Bruce Nicholson/Mitchelson 3008

Tony – “Seconder?”

Seconder – Robert Barr – 8108

Tony – “All in favour?”

“All those against?”

Tony – “All those in favour put your hands up please.”

Scott stands to count members and advises 9 in favour

Tony – “All those against?”

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Scott standing, counts and advises 16 against

Tony – “OK, motion carried. 16 against 9 in favour.”

Chatter from members on the floor.

Unidentified members from the floor – “Motion not carried.”

Tony “Pardon?”

Unidentified member from the floor – “Motion not carried. You said motion carried. Motion lost.”

Tony – “Motion lost”

Chatter from the floor.

AGENDA ITEM 5

SPECIAL RESOLUTION

Tony – “OK, Agenda number 5

To consider and if thought fit, pass the special resolution appearing under the heading “Special Resolution” amending the Articles of Association of the Club.

That the Articles of Association of Sutherland United Services Club Ltd Club Limited be amended by:

Deleting rule 63 and instead the following new Rule 63:

No business shall be transacted at any General Meeting of members unless a quorum of members is present at the time when the meeting proceeds to business. A quorum if convened on the request of members shall not be less than forty (40) members present and entitled to vote and at all other General Meetings and at all Annual General Meetings shall not be less than twenty (20) members present and entitled to vote.

b. To make such other consequential amendments including updating Rule numbering and Rule cross referencing as is necessary to give full effect to this Special Resolution.”

“Request a mover and seconder to consider the Club’s, to consider the Special Resolution amending the Articles of Association of the Club – “

Mover – Peter Ovenden – 7314

Secunder Peter Crimlisk – 2148

All those in favour

Floor – “1”

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All those against – None

Carried.

“Request a mover and seconder that the members hereby approve and agree to the Special Resolution amending the Articles of Association of the Club.

All those in favour, say I

Floor – “I”

All those against – None

Carried

AGENDA ITEM 6

“To deal with any other business that the meeting may approve of which due notice has not been given.”

“So, General Business, I take it.”

Silence from the floor

“There have been no letters received on General Business, if anyone would like to say anything?”

“None”

“OK.”

AGENDA ITEM 7

“To declare the names of Directors elected for the ensuing year 2022-2023”.

Ballot Officer takes the microphone –

“Thank you, Mr President. The election was held a couple of weeks ago. There were 75 members lodged formal votes. There were no informal votes received.”

“The results –

James Docherty received 20, sorry 31 votes

Ross Perry received 38 votes and has been elected

John Barker received 43 votes and has been elected

Congratulations to the two elected. Thank you very much.”

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Applause

Tony - "Agenda number 7 to declare the names of Directors elected for the ensuing year 2022-2023.

John Barker. John Barker and Ross Perry. Congratulations and well done. Welcome to the Board."

"I now declare the meeting closed. Thank you for your attendance."

Frank Zumbo – "Just to let you know, that Neville Batchelador is not restanding for the Board. Neville has been a lifetime member here of the Club for many many years. I'd like to move that we acknowledge Neville's service to the Club over an extended period of time. Very sorry he couldn't be here; we would have loved to have had a few words from him. So can I please move a vote of acknowledgement to Neville Batchelador for his long service to our Club."

"Do we have a seconder?"

Peter Crimlisk – "Ill second that. Peter Crimlisk – 2148."

Frank – "On that basis, I will put it to the Board, all those in favour of that motion?"

Floor – "I"

Frank – "Those against?"

None

Frank – "Thank you for your support."

Frank – "Motion carried."

Tony – "OK, I will now declare the meeting closed. Thank you for your attendance, Ladies and Gentlemen. There will be food and drinks available out there in the Restaurant. Thank you for coming. Have a great day."

Meeting closed at 10.29 am