



SWANSEA RSL CLUB LIMITED
ABN 82 001 052 642

Summary Financial Report
For the Year Ended
31 December 2019

The financial statements and other specific disclosures have been derived from Swansea RSL Club's (the Club's) full financial statements for the financial year. Other information included in the Summary Financial Statements is consistent with the Club's full financial statements.

The Summary Financial Statements do not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Club as the full financial statements.

A copy of the Club's 2019 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

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Swansea RSL Club Limited

ABN 82 001 052 642

Directors' Report

31 December 2019

Your Directors present their report on Swansea RSL Club Limited for the financial year ended 31 December 2019.

Directors

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

Name	Position	Occupation	Years Service
G. Davies	President	Retired	32
A. Rankin	Senior Vice President	Company Director	7
T. Jones	Vice President	Social Worker	13
P. Jeffery	Director	Retired	12
C. George	Director	Practice Manager	6
T. De Lore	Director	Retired	2
M. Ellis	Director	Self Employed	Appointed 26/03/2019
B. Pearce	-	-	Resigned 26/03/2019

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

Club secretary

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

K. Emerton who is also the General Manager of the Club has held the position of Secretary for 14 years.

Principal activities

The principal activity of Swansea RSL Club Limited during the financial year was the conduct of a Licensed Club.

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

Operating results

The profit of the Club after providing for income tax amounted to \$420,884 (2018: \$221,236).

Review of operations

Profit from bar trading amounted to \$886,384 and gross profit percentage of 64% was obtained from sales of \$2,257,312.

Net gaming revenue amounted to \$3,853,006 and compares with \$3,871,315 in 2018.

Profit from catering trading amounted to \$726,998 and compares to a profit of \$207,997 in 2018.

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Directors' Report

31 December 2019

Meetings of directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
G. Davies	12	11
A. Rankin	12	10
T. Jones	12	12
P. Jeffery	12	8
C. George	12	10
T. De Lore	12	11
M. Ellis (appointed 26/03/2019)	9	9
B. Pearce (resigned 26/03/2019)	3	3

Members guarantee

Swansea RSL 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 \$1 for all members, subject to the provisions of the Club's constitution.

At 31 December 2019 the collective liability of members was \$13,861 (2018: \$10,422).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year.

After balance date events

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

Environmental issues

The Club's operations are subject to environmental regulations under the laws of the Commonwealth and State of Australia. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

Swansea RSL Club Limited

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Directors' Report

31 December 2019

Short and long term objectives

The Club has established short and long term objectives as outlined in the Club's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the club industry. No information is included on the likely developments in the operations of the club and the expected results of those operations.

Auditors independence declaration

The lead auditors independence declaration for the year ended 31 December 2019 has been received and can be found on page 5 of the financial report.

Mandatory Director Training

Under the Registered Clubs Amendment (Disclosures) Regulation 2019, the Club is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the Club has annual gaming machine profits of more than \$1 million, the Regulation prescribes that all Directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

All Directors with greater than 12 months' tenure on the Board have completed the mandatory training requirements, except for T. De Lore who is currently undergoing training. Directors with less than 12 months' tenure will complete mandatory training prior to completion of 12 months' service.

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 31 December 2019, the Directors have determined that the property of the Club shall be classified as follows:

Address	Current Usage	Classification
Lot 5, 12 Chalmers Street / 5 Bridge Street, Swansea	Clubhouse and Carpark	Core
4 Peel Street, Swansea	Carpark	Core
11 Chalmers Street, Swansea	Investment Property	Non-Core

Indemnification and insurance of officers

The Club has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the club, other than conduct involving a wilful breach of duty in relation to the club.

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Directors' Report 31 December 2019

Proceedings on behalf of the Club

No Director has applied for leave of court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings.

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

Director: 

Director: 

Dated 17 February 2020

Swansea RSL Club Limited

ABN 82 001 052 642

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Swansea RSL Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, 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.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

10 February 2020

Swansea RSL Club Limited

ABN 82 001 052 642

Independent Audit Report to the members of Swansea RSL Club Limited

Report on the Audit of the Financial Report

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2019, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity, the summary statement of cash flows, discussion and analysis of the financial statements and the Directors Declaration for the year then ended, and related notes, are derived from the audited financial report of Swansea RSL Club Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 18 February 2020.

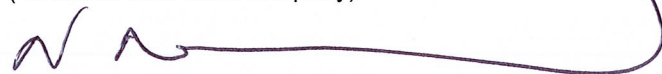
Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

18 February 2020

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Innovative thinking. Traditional values.

Swansea RSL Club Limited

ABN 82 001 052 642

Directors' Declaration

The Directors of Swansea RSL Club Limited declare that the summary financial statements of Swansea RSL Club Limited for the financial year ended 31 December 2019, as set out on pages 7 to 14:

- a. comply with Accounting Standards as described in Note 1; and
- b. have been derived from and are consistent with the full financial statements of Swansea RSL Club Limited.

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

Director



Director



Dated 17 February 2020

Swansea RSL Club Limited

ABN 82 001 052 642

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Bar sales		2,257,312	1,511,507
Less: Bar cost of goods sold		(822,390)	(544,625)
		<u>1,434,922</u>	<u>966,882</u>
Catering sales		3,448,787	1,915,257
Less: Catering cost of goods sold		(1,279,157)	(742,739)
		<u>2,169,630</u>	<u>1,172,518</u>
Gross profit		3,604,552	2,139,400
Gaming machine net clearances		3,853,006	3,871,315
Tab and keno commissions		124,296	121,279
Raffles and bingo revenue		282,343	235,379
Other revenue from contracts with customers	2	46,234	34,633
Other revenue from ordinary activities	2	119,322	166,365
Borrowing cost expense		(167,842)	(76,137)
Bar trading expenses		(548,538)	(385,806)
Catering trading expenses		(1,442,632)	(964,521)
Gaming machine trading expenses		(1,194,637)	(1,145,722)
Tab and keno expenses		(260,871)	(226,424)
Raffle and bingo expenses		(362,207)	(329,242)
Occupancy expenses		(567,810)	(519,411)
Club promotion and entertainment expenses		(405,319)	(325,125)
Depreciation and amortisation expense		(765,503)	(728,872)
Administrative expenses		(1,870,498)	(1,541,266)
Other operating expenses from ordinary activities		(51,935)	(137,864)
Profit / (loss) before income tax		391,961	187,981
Income tax (expense) / benefit		28,923	33,255
Profit / (loss) after income tax		420,884	221,236
Other comprehensive income		-	-
Total comprehensive income / (loss)		420,884	221,236

Swansea RSL Club Limited

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Summary Statement of Financial Position

As At 31 December 2019

	2019 \$	2018 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,696,939	1,274,622
Trade and other receivables	26,472	58,515
Inventories	68,769	52,167
Other current assets	188,901	174,498
TOTAL CURRENT ASSETS	1,981,081	1,559,802
NON-CURRENT ASSETS		
Financial assets	1,450	1,450
Property, plant and equipment	12,344,267	12,332,265
Investment property	591,248	633,494
Deferred tax assets	303,897	274,974
Intangible assets	166,320	166,320
TOTAL NON-CURRENT ASSETS	13,407,182	13,408,503
TOTAL ASSETS	15,388,263	14,968,305
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	749,830	1,075,506
Short-term borrowings	475,669	705,777
Short-term provisions	510,912	451,924
TOTAL CURRENT LIABILITIES	1,736,411	2,233,207
NON-CURRENT LIABILITIES		
Long-term borrowings	3,835,041	3,309,383
Long-term provisions	45,137	74,925
TOTAL NON-CURRENT LIABILITIES	3,880,178	3,384,308
TOTAL LIABILITIES	5,616,589	5,617,515
NET ASSETS	9,771,674	9,350,790
EQUITY		
Retained Earnings	9,771,674	9,350,790
TOTAL EQUITY	9,771,674	9,150,790

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Summary Statement of Changes in Equity For the Year Ended 31 December 2019

2019

	Retained Earnings
	\$
Opening balance 1 January 2019	9,350,790
Total other comprehensive income for the year	<u>420,884</u>
Balance at 31 December 2019	<u><u>9,771,674</u></u>

2018

	Retained Earnings
	\$
Opening balance 1 January 2018	9,129,554
Total other comprehensive income for the year	<u>221,236</u>
Balance at 31 December 2018	<u><u>9,350,790</u></u>

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Summary Statement of Cash Flows For the Year Ended 31 December 2019

	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	11,082,253	8,546,054
Payments to suppliers and employees	(10,053,897)	(7,050,939)
Interest received	1,941	3,608
Interest paid	(167,842)	(76,137)
Net cash provided by / (used in) operating activities	<u>862,455</u>	<u>1,422,586</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(735,688)	(4,684,011)
Net cash provided by / (used in) investing activities	<u>(735,688)</u>	<u>(4,684,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	878,051	3,420,738
Repayment of borrowings	(582,501)	(507,467)
Net cash provided by / (used in) financing activities	<u>295,550</u>	<u>2,913,271</u>
Net increase / (decrease) in cash and cash equivalents held	422,317	(348,154)
Cash and cash equivalents at beginning of year	1,274,622	1,622,776
Cash and cash equivalents at end of financial year	<u>1,696,939</u>	<u>1,274,622</u>

Swansea RSL Club Limited

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Notes to the Summary Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The summary financial statements have been prepared from the audited financial statements of Swansea RSL Club Limited for the year ended 31 December 2019. The audited report for the year ended 31 December 2019 is available at request from Swansea RSL Club Limited.

The financial statements, specific disclosures and the other information included in the summary financial statements are derived from and are consistent with the full financial statements of Swansea RSL Club Limited. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Swansea RSL Club Limited as the full financial statements.

The accounting policies have been consistently applied to Swansea RSL Club Limited and are consistent with those of the financial year in their entirety.

The presentation currency used in the financial statements is Australian dollars.

There have been no changes to the accounting policies of the Club from last year.

2 Revenue

	2019 \$	2018 \$
Revenue from Contracts with Customers		
- Trading revenue	9,965,744	7,654,737
Other revenue from contracts with customers		
- Membership subscriptions	46,234	34,633
Total revenue from contracts with customers	10,011,978	7,689,370
Other Revenue from Ordinary Activities		
- Rent received	23,774	36,667
- Interest received	1,941	3,608
- Insurance recoveries	7,027	55,139
- Rebate for GST on poker machine duty	17,180	17,180
- Other income	69,400	53,771
Total other revenue from ordinary activities	119,322	166,365
Total Revenue	10,131,300	7,855,735

Swansea RSL Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2019

Information on Swansea RSL Club Limited Summary Financial Statements

The financial statements, disclosures and discussion and analysis in the summary financial statements have been derived from the 31 December 2019 financial statements of Swansea RSL Club Limited.

A copy of the full financial statements and auditors report will be sent to any member, free of charge, upon request. The summary financial statements cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements.

The discussion and analysis is provided to assist members in understanding the summary financial statements.

Summary Statement of Profit or Loss and Other Comprehensive Income

The profit from ordinary activities after income tax attributable to members for this year was \$420,884. The result has increased by \$199,648 compared to a profit of \$221,236 reported in 2018.

Revenue

Total revenue has increased by \$2,275,565 or 28.97% compared to 2018. This year, the Club has seen a significant increase in bar and catering revenue from the renovations completed in late 2018.

Expenditure

Total expenditure, excluding income tax, has increased by \$2,071,585 or 27.02% compared to 2018. Some notable comparisons include:

- Bar and catering cost of goods sold have increased \$278k and \$536k respectively due to increases in sales.
- Borrowing cost expense has increased \$92k due to increased borrowings from renovations.
- Bar and catering trading expenses has increased \$163k and \$478k respectively mainly due to increased wages associated with increased sales.
- Club promotion and entertainment expenses have increased \$80k due to increases in promotions and entertainment expenditure.
- Administrative expenses have increased \$329k mainly through increases in insurance, payroll tax, superannuation, wages and staff training.
- Other operating expenses from ordinary activities have decreased \$86k. 2018 included a loss on disposal of part of the Clubhouse building due to renovations of \$97k.

An important key performance indicator for clubs is EBITDA as a percentage of revenue. This year the Club has reported a percentage of 13.07% compared to 13.83% in 2018.

Summary Statement of Financial Position

Total assets increased by \$420k to \$15.39m representing an increase of 2.8%. This increase is mainly attributable to the increase in cash and cash equivalents of \$422k.

Total liabilities decreased by \$926 to \$5.62m. This decrease is attributable to a decrease in trade and other payables of \$326k due to the timing of trade payables associated with renovation costs last year. Total borrowings have increased \$296k with finalisation of the renovation this year.

Working capital (current assets compared to current liabilities) is surplus \$245k compared to a deficit position of \$673k in 2018.

Swansea RSL Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2019

Summary Statement of Changes in Equity

The equity of the Club has increased by the reported profit result for the year.

Summary Statement of Cash flows

Cash has increased during the year by \$422k to \$1.70m which is mainly attributable to positive operative cash flows, reduced capital expenditure and proceeds from borrowings exceeding repayments in 2019.

Cash flows from operating activities are down \$560k with the timing of expenditure of incurred.

Cash flows from investing activities relate to net capital additions of \$735,688, mostly relating to Clubhouse renovations and gaming machines.

Cash flows from financing activities relates to the net proceeds from borrowings. The Club had new borrowings this year for the finance of Clubhouse renovations of \$707k and insurance premiums of \$171k totalling \$878k. Repayments of existing debts totalled \$583k.