



SWANSEA RSL CLUB LIMITED
ABN 82 001 052 642

Summary Financial Report
For the Year Ended
31 December 2020

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 2020 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

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Directors' Report

31 December 2020

Your Directors present their report on Swansea RSL Club Limited for the financial year ended 31 December 2020.

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	33
A. Rankins	Senior Vice President	Company Director	8
T. Jones	Vice President	Social Worker	14
P. Jeffery	Director	Retired	13
C. George	Director	Administration Manager	7
T. De Lore	Director	Retired	3
M. Ellis	Director	Project Manager	1

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 15 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 \$ 967,281 (2019: \$ 420,884).

Review of operations

Profit from bar trading amounted to \$586,309 and gross profit percentage of 63% was obtained from sales of \$1,553,376.

Net gaming revenue amounted to \$3,397,958 and compares with \$3,853,006 in 2019.

Profit from catering trading amounted to \$402,515 and compares to a profit of \$726,998 in 2019.

The Club's operations were also impacted in 2020 by the COVID-19 pandemic. Refer to Note 1(b) for further details.

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Directors' Report

31 December 2020

Meetings of Directors

During the financial year, 13 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	13	13
A. Rankins	13	12
T. Jones	13	13
P. Jeffery	13	13
C. George	13	13
T. De Lore	3	2
M. Ellis	13	13

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 Club, 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 2020 the collective liability of members was \$13,916 (2019: \$13,861).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year apart from:

On 23 March 2020 as a response to the management of the COVID-19 pandemic, the Club was directed to close. The Club reopened on 1 June subject to social distancing. Refer to Note 1(b) in the financial statements for further information regarding the impacts of the closure.

After balance date events

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

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Directors' Report

31 December 2020

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 2020 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.

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 2020, 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.

Swansea RSL Club Limited

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Directors' Report
31 December 2020

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 15 February 2021

Swansea RSL Club Limited

ABN 82 001 052 642

Auditor's 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 2020, 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

8 February 2021

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 2020, 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 2020.

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*.

Swansea RSL Club Limited

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Independent Audit Report to the members of Swansea RSL Club Limited

Emphasis of Matter

We draw attention to Note 1(b) in the financial statements, which discusses the impact of COVID-19 on the Club's operations and finances and acknowledges the closure of the Club from 23 March 2020 to 1 June 2020. Our opinion is not modified in respect of this matter.

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



N. Nancarrow CA
Director

NEWCASTLE

16 February 2021

Swansea RSL Club Limited

ABN 82 001 052 642

Directors' Declaration


In the Directors' opinion:

The summary financial statements of Swansea RSL Club Limited for the financial year ended 31 December 2020, as set out on pages 9 to 16:

- 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 15 February 2021

Swansea RSL Club Limited

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Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Bar sales		1,553,376	2,257,312
Less: Cost of goods sold		(570,497)	(822,390)
		<u>982,879</u>	<u>1,434,922</u>
Catering sales		2,398,142	3,448,787
Less: Cost of goods sold		(914,556)	(1,279,157)
		<u>1,483,586</u>	<u>2,169,630</u>
Gross profit		2,466,465	3,604,552
Gaming machine net clearances		3,397,958	3,853,006
Tab and keno commissions		92,147	124,296
Raffles and bingo revenue		145,458	282,343
Other revenue from contracts with customers	2	45,482	46,234
Other revenue from ordinary activities	2	98,864	119,322
Other revenue from non-ordinary activities	2	1,025,500	-
Borrowing cost expense		(98,158)	(167,842)
Bar trading expenses		(396,570)	(548,538)
Catering trading expenses		(1,081,071)	(1,442,632)
Gaming machine trading expenses		(920,588)	(1,194,637)
Tab and keno expenses		(173,557)	(260,871)
Raffle and bingo expenses		(182,417)	(362,207)
Occupancy expenses		(457,742)	(567,810)
Club promotion and entertainment expenses		(166,141)	(405,319)
Depreciation and amortisation expense		(944,675)	(765,503)
Administrative expenses		(1,806,248)	(1,870,498)
Other operating expenses from ordinary activities		5,726	(51,935)
Profit before income tax		1,050,433	391,961
Income tax (expense)/benefit		(83,152)	28,923
Profit attributable to members		967,281	420,884
Other comprehensive income		-	-
Total comprehensive income / (loss)		967,281	420,884

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Summary Statement of Financial Position

As At 31 December 2020

	2020 \$	2019 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,056,718	1,696,939
Trade and other receivables	29,785	26,472
Inventories	51,209	68,769
Other assets	194,914	188,901
TOTAL CURRENT ASSETS	3,332,626	1,981,081
NON-CURRENT ASSETS		
Financial assets	1,450	1,450
Property, plant and equipment	11,669,350	12,344,267
Investment properties	577,510	591,248
Deferred tax assets	220,745	303,897
Intangible assets	166,320	166,320
TOTAL NON-CURRENT ASSETS	12,635,375	13,407,182
TOTAL ASSETS	15,968,001	15,388,263
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	785,551	749,830
Short-term borrowings	358,628	475,669
Short-term provisions	502,703	510,912
TOTAL CURRENT LIABILITIES	1,646,882	1,736,411
NON-CURRENT LIABILITIES		
Long-term borrowings	3,558,417	3,835,041
Long-term provisions	23,747	45,137
TOTAL NON-CURRENT LIABILITIES	3,582,164	3,880,178
TOTAL LIABILITIES	5,229,046	5,616,589
NET ASSETS	10,738,955	9,771,674
EQUITY		
Retained Earnings	10,738,955	9,771,674
TOTAL EQUITY	10,738,955	9,771,674

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Summary Statement of Changes in Equity For the Year Ended 31 December 2020

2020

	Retained Earnings
	\$
Balance at 1 January 2020	9,771,674
Total comprehensive income for the year	<u>967,281</u>
Balance at 31 December 2020	<u><u>10,738,955</u></u>

2019

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

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Summary Statement of Cash Flows

For the Year Ended 31 December 2020

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	8,523,743	11,082,253
Payments to suppliers and employees	(7,442,036)	(10,053,897)
Interest received	416	1,941
Interest paid	(98,158)	(167,842)
Federal Government JobKeeper income	925,500	-
Federal Government Cashflow Boost	100,000	-
Net cash provided by / (used in) operating activities	<u>2,009,465</u>	<u>862,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(256,021)	(735,688)
Net cash provided by / (used by) investing activities	<u>(256,021)</u>	<u>(735,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	878,051
Repayment of borrowings	(393,665)	(582,501)
Net cash provided by / (used in) financing activities	<u>(393,665)</u>	<u>295,550</u>
Net increase / (decrease) in cash and cash equivalents held	1,359,779	422,317
Cash and cash equivalents at beginning of year	1,696,939	1,274,622
Cash and cash equivalents at end of financial year	<u>3,056,718</u>	<u>1,696,939</u>

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Notes to the Summary Financial Statements For the Year Ended 31 December 2020

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 2020. The audited report for the year ended 31 December 2020 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.

(b) Significant changes in the current report period

Impact of COVID-19 on Club Operations

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

During the week beginning 16 March 2020, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

Subsequent to these measures on 22 March 2020 it was announced that all registered clubs were to cease operating from midday the following day. The Club followed this directive and management stood down the vast majority of staff. The Club re-opened on 1 June 2020 subject to social distancing measures.

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Notes to the Summary Financial Statements

For the Year Ended 31 December 2020

(b) Significant changes in the current report period

The Board and Management have implemented a range of operational and financial strategies in order to minimise the impact of this enforced closure including, but not limited to:

- Accessing available NSW and federal government stimulus measures to assist the Club's cashflow.
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobKeeper payments.
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at this time. Management have suspended and / or reduced contracts and supplier payments where possible.
- The Club has complied with social distancing measures on re-opening, including implementing a COVID-19 safety plan, hygiene marshalls rostered and Service NSW electronic check-in for patrons.

2 Revenue

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Trading revenue	7,587,082	9,965,744
Other revenue from contracts with customers		
- Membership subscriptions	45,482	46,234
Total revenue from contracts with customers	7,632,564	10,011,978
Other revenue from ordinary activities		
- Rent received	20,596	23,774
- Interest received	416	1,941
- Rebate for GST on gaming machine duty	17,180	17,180
- Other income	60,672	69,400
- Insurance recoveries	-	7,027
Total other revenue from ordinary activities	98,864	119,322
Other revenue from non-ordinary activities		
- Federal Government JobKeeper Income	925,500	-
- Federal Government Cashflow Boost	100,000	-
Total other revenue from non-ordinary activities	1,025,500	-
Total Revenue	8,756,928	10,131,300

Swansea RSL Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2020

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 2020 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 \$967,281. The result has increased by \$546,397 compared to a profit of \$420,884 reported in 2019.

It is noted that the Club's financial results and operations have been impacted by COVID-19 in 2020 with the Club forced to close from 23 March 2020 and re-opened on 1 June 2020 subject to social distancing measures. This has made it difficult with the comparison of this year's results to 2019.

Revenue

Total revenue has decreased by \$1,374,372 or 13.56% compared to 2019. This year, the Club has seen a significant decrease in all trading areas due to COVID-19 and implications of the Club closure and social distancing measures. Bar sales have decreased by \$704k, catering sales have decreased \$1.05m and gaming machine clearances decreased by \$455k.

The Club has received government subsidies from the impacts of COVID-19 including JobKeeper income of \$926k and Cashflow boost of \$100k.

Expenditure

Total expenditure, excluding income tax, has decreased by \$2,032,844 or 20.87% compared to 2019. The Club closure and social distancing measures in 2020, as well as the decrease in revenue, have resulted in most expenditure areas decreasing when compared to 2019. However, depreciation has increased this year (up \$179k) due to a full year of depreciation on the 2019 renovations.

An important key performance indicator for clubs is EBITDA as a percentage of revenue. This year the Club has reported a percentage of 23.90% compared to 13.07% in 2019. It is noted that the 2020 EBITDA includes the COVID-19 government subsidies.

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2020

Summary Statement of Financial Position

Total assets increased by \$580k to \$15.97m representing an increase of 3.8%. This increase is mainly attributable to the increase in cash and cash equivalents of \$1.36m and a decrease in property, plant and equipment of \$675k.

Total liabilities decreased by \$388k to \$5.23m. This decrease is mainly attributable to a decrease in total borrowings (current and non-current) of \$394k.

Working capital (current assets compared to current liabilities) is surplus \$1.69m compared to a surplus position of \$245k in 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 \$1.36m to \$3.06m which is mainly attributable to positive operative cash flows and reduced capital expenditure.

Cash flows from operating activities are up \$1.15m with the decrease in expenditure greater than the decrease in revenue (including government COVID-19 subsidies received).

Cash flows from investing activities relate to net capital additions of \$256k mostly relating to gaming machines.

Cash flows from financing activities relate to the repayment of borrowings in 2020 of \$394k. In 2019, the Club had new borrowings for the finance of Clubhouse renovations of \$707k and insurance premiums of \$171k totalling \$878k. Repayments of existing debts in 2019 totalled \$583k.