

KATOOMBA RSL ALL SERVICES CLUB LIMITED

ABN 36 000 957 773

Summary Financial Report
For the Year Ended
30 June 2021

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The financial statements and other specific disclosures have been derived from Katoomba RSL All Services Club Limited'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 2021 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Directors' Report

30 June 2021

Your Directors present their report on Katoomba RSL All Services Club Limited for the financial year ended 30 June 2021.

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
Brian Turner	President	Retired	10
Owen Wood	Vice President	Retired	13
Stephen Barratt	Director	Retired	13
Geoffrey Bates	Director	Retired	10
Paul Edmunds	Director	Bus Driver	10
Eric Tasker	Director	Postal Officer	2
Chris Van der Kley	Director	Retired	2

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

Club Secretary

Mr Nicholas Darias, who is also CEO of the Club has been the Club Secretary since 2009.

Principal activities

The principal activities of Katoomba RSL All Services Club Limited during the financial year was the conduct of a Licensed Club.

No significant change in the nature of these activities occurred during the year.

Members guarantee

Katoomba RSL All Services 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 prior year to the winding up, is limited to \$5 for all members, subject to the provisions of the Club's constitution.

At 30 June 2021 the collective liability of members was \$34,625 (2020 \$45,480).

Operating results

The total comprehensive income of the Club amounted to \$ 543,693 (2020 loss of: \$1,765,266). The 2021 result does include a net revaluation increment of \$316,203.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Directors' Report

30 June 2021

Review of operations

Gross profit from bar trading amounted to \$677,093 and a gross profit percentage of 59% was obtained from sales of \$1,151,870.

Gross profit from cafe trading amounted to \$57,855 and a gross profit percentage of 49% was obtained from sales of \$118,948.

Net gaming revenue amounted to \$4,275,045 and compares with \$2,363,702 in 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
Brian Turner	13	13
Owen Wood	13	12
Stephen Barratt	13	13
Geoffrey Bates	13	7
Paul Edmunds	13	12
Eric Tasker	13	13
Chris Van der Kley	13	13

Significant changes in state of affairs

During the year, the Club exchanged contracts for the sale of land and buildings at Wentworth Falls Bowling Club. The settlement of this sale is scheduled for September 2021.

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.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Directors' Report

30 June 2021

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 aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through appropriate key performance indicators that have been determined relevant to the Club industry and may include EBITDA as a percentage of revenue, gross profit percentages as examples. No information is included on the likely developments in the operations of the Club and the expected results of those operations.

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 had annual gaming machine profits of greater than \$1 million, the Regulation prescribes that all Directors must have completed their mandatory training within 12 months of appointment unless otherwise exempt.

All Directors have completed their mandatory training.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

Disclosure of Core and Non Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2021:

Address	Current Usage	Classification
86 Lurline Street Katoomba NSW 2780	Katoomba Club	Core
2 Falls Road Wentworth Falls NSW 2782	Wentworth Falls Club	Non-core

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Directors' Report

30 June 2021

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.

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

Director: 

Director: 

Dated 30 September 2021

Katoomba RSL All Services Club Limited

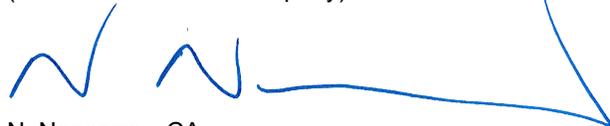
ABN 36 000 957 773

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Katoomba RSL All Services Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, 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

23 September 2021

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Independent Audit Report to the members of Katoomba RSL All Services 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 30 June 2021, 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 summary financial statements and the Directors' Declaration for the year then ended, and related notes, are derived from the audited financial report of Katoomba RSL All Services Club Limited for the year ended 30 June 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material aspects 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 28 September 2021.

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*.

Katoomba RSL All Services Club Limited

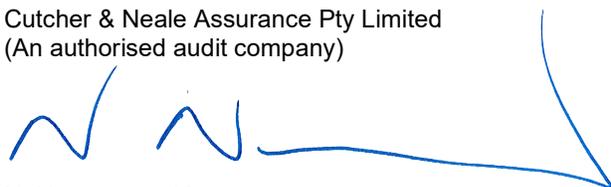
ABN 36 000 957 773

Independent Audit Report to the members of Katoomba RSL All Services 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. Our opinion is not modified in respect of this matter.

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



N. Nancarrow CA
Director

NEWCASTLE

1 October 2021

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Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Ltd ABN 37 126556 330

Katoomba RSL All Services Club Limited

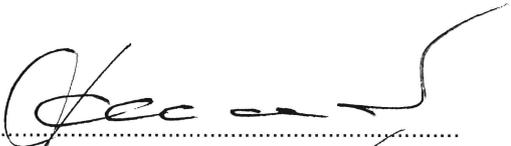
ABN 36 000 957 773

Directors' Declaration

In the Directors' opinion, the summary financial statements of Katoomba RSL All Services Club Limited for the financial year ended 30 June 2021, as set out on pages 9 to 17:

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

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

Director 

Director 

Dated 30 September 2021

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Bar sales	1,151,870	1,117,435
Less: Bar cost of goods sold	<u>(474,777)</u>	<u>(493,909)</u>
	677,093	623,526
Bistro & cafe sales	118,948	211,440
Less: Bistro & cafe cost of goods sold	<u>(61,093)</u>	<u>(104,863)</u>
	57,855	106,577
Gross profit	734,948	730,103
Gaming machine net clearances	4,275,045	2,363,702
Tab and Keno commissions	71,268	74,396
Other revenue from contracts with customers	2 247,778	310,950
Other revenue from ordinary activities	2 62,209	65,760
Other revenue from non-ordinary activities	2 282,393	299,107
Borrowing cost expenses	(209,651)	(262,849)
Gaming machine expenses	(705,958)	(288,009)
Tab and Keno expenses	(46,892)	(58,366)
Occupancy expenses	(666,949)	(743,216)
Club promotion and entertainment expenses	(360,689)	(437,511)
Depreciation and amortisation expenses	(1,176,439)	(1,030,612)
Administrative expenses	(434,052)	(403,279)
Salaries and wages	(1,622,618)	(1,972,148)
Profit / (loss) before income tax	450,393	(1,351,972)
Income tax (expense) / benefit	(222,903)	(413,294)
Profit / (loss) after income tax	227,490	(1,765,266)
Other comprehensive income		
Revaluation increment on land	375,017	-
Loss on disposal of Wentworth Falls Bowling Club	(58,814)	-
Total other comprehensive income / (loss)	316,203	-
Total comprehensive income / (loss)	543,693	(1,765,266)

The accompanying notes form part of these financial statements.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Summary Statement of Financial Position

As At 30 June 2021

	2021	2020
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,597,586	1,182,940
Trade and other receivables	10,063	115,398
Inventories	71,079	56,443
Other assets	147,874	108,435
TOTAL CURRENT ASSETS	1,826,602	1,463,216
NON-CURRENT ASSETS		
Deferred tax assets	36,411	72,806
Property, plant and equipment	19,215,850	21,782,214
Intangible assets	214,388	129,388
Right-of-use assets	22,438	-
Assets held for sale	2,000,000	-
TOTAL NON-CURRENT ASSETS	21,489,087	21,984,408
TOTAL ASSETS	23,315,689	23,447,624
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	522,407	401,466
Short-term borrowings	482,934	-
Short-term provisions	281,092	236,722
Lease liabilities	5,019	-
Other liabilities	12,154	18,486
TOTAL CURRENT LIABILITIES	1,303,606	656,674
NON-CURRENT LIABILITIES		
Long-term borrowings	4,951,577	6,460,891
Deferred tax liabilities	526,289	402,786
Long-term provisions	46,637	46,440
Lease liabilities	17,380	-
Other liabilities	66,692	21,018
TOTAL NON-CURRENT LIABILITIES	5,608,575	6,931,135
TOTAL LIABILITIES	6,912,181	7,587,809
NET ASSETS	16,403,508	15,859,815

The accompanying notes form part of these financial statements.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Summary Statement of Financial Position

As At 30 June 2021

	2021 \$	2020 \$
EQUITY		
Reserves	3,059,351	2,743,148
Retained earnings	<u>13,344,157</u>	<u>13,116,667</u>
TOTAL EQUITY	<u>16,403,508</u>	<u>15,859,815</u>

The accompanying notes form part of these financial statements.

Katoomba RSL All Services Club Limited

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Summary Statement of Changes in Equity For the Year Ended 30 June 2021

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2020	13,116,667	2,743,148	15,859,815
Profit / (loss) attributable to members	227,490	-	227,490
Net revaluation increment / (decrement)	-	316,203	316,203
Balance at 30 June 2021	13,344,157	3,059,351	16,403,508

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	14,881,933	2,743,148	17,625,081
Profit / (loss) attributable to members	(1,765,266)	-	(1,765,266)
Balance at 30 June 2020	13,116,667	2,743,148	15,859,815

The accompanying notes form part of these financial statements.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Summary Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	6,493,709	4,545,775
Payments to suppliers and employees	(4,815,195)	(4,815,568)
Interest received	3,793	2,092
Interest paid	(209,558)	(262,849)
Federal Government JobKeeper income	331,500	150,000
Federal Government Cashflow Boost	50,000	50,000
Income tax paid	(63,005)	(30,191)
Net cash provided by / (used in) operating activities	<u>1,791,244</u>	<u>(360,741)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	103,136	-
Purchase of property, plant and equipment	(452,657)	(6,069,828)
Net cash used by investing activities	<u>(349,521)</u>	<u>(6,069,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	3,220,362
Repayment of borrowings	(1,026,380)	-
Repayment of leases	(697)	-
Net cash provided by / (used by) financing activities	<u>(1,027,077)</u>	<u>3,220,362</u>
Net increase / (decrease) in cash and cash equivalents held	414,646	(3,210,207)
Cash and cash equivalents at beginning of year	<u>1,182,940</u>	<u>4,393,147</u>
Cash and cash equivalents at end of financial year	<u>1,597,586</u>	<u>1,182,940</u>

The accompanying notes form part of these financial statements.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Notes to the Summary Financial Statements For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The summary financial statements have been prepared from the audited financial report of Katoomba RSL All Services Club Limited for the year ended 30 June 2021. The audited report for the year ended 30 June 2021 is available at request from Katoomba RSL All Services 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 Katoomba RSL All Services 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 Katoomba RSL All Services Club Limited as the full financial statements.

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

(b) Significant changes in the current report period

Since the World Health Organisation (“WHO”) declared COVID-19 as a pandemic in March 2020, the Club has experienced periods of closure and restricted trade due to directives from government and health authorities.

During the 2021 financial year, COVID-19 impacted the Club's trade in the following ways:

- Social distancing measures restricted the number of members and visitors the Club could admit for the period 1 July 2020 to 25 November 2020.

- The Club received JobKeeper for the period to September 2020 which enabled the Club to retain employees.

- The Club was forced into lockdown from 25 June 2021 and has remained in lockdown until at the least the date of signing of this report. During this lockdown period, the Club was required to stand down staff and access financial support through the NSW Government COVID Grant and JobSaver. The Club also minimised expenditure during this period. The Club's financial position prior to lockdown was quite strong with adequate cash reserves.

Adherence with social distancing rules, including implementing a COVID-19 safety plan, rostering of hygiene marshalls, restricting the number of patrons in the Club and utilising Service NSW electronic check-in for patrons are now considered the normal course of business.

The Board and Management continue to monitor the continuing challenges that COVID-19 presents. Strategies will be engaged again if required to minimise the impact of COVID-19 on the Club's financial performance should government and health authorities direct businesses to restrict trade or close for a period of time after the most recent lockdown.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Notes to the Summary Financial Statements For the Year Ended 30 June 2021

2 Revenue

	2021	2020
	\$	\$
Revenue from contracts with customers		
- Trading revenue	<u>5,617,131</u>	3,766,973
Other revenue from contracts with customers		
- Membership subscriptions	43,765	29,942
- Other income	<u>204,013</u>	281,008
Total other revenue from contracts with customers	<u>247,778</u>	310,950
Total revenue from contracts with customers	<u>5,864,909</u>	4,077,923
Other revenue from ordinary activities		
- Interest received	3,793	2,092
- Rebate for GST on gaming machine duty	20,857	48,697
- Profit on sale of assets	36,512	-
- Other income	<u>1,047</u>	14,971
Total other revenue from ordinary activities	<u>62,209</u>	65,760
Other revenue from non-ordinary activities		
- Federal Government JobKeeper income	232,393	249,107
- Federal Government Cashflow boost	<u>50,000</u>	50,000
Total other revenue from non-ordinary activities	<u>282,393</u>	299,107
Total Revenue	<u>6,209,511</u>	4,442,790

3 Result for the Year

(a) Significant items

Low-value lease expense	-	<u>6,588</u>
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The low-value lease expense in 2020 relates to monthly payments for the photocopier machine which was classified as a low-value lease in accordance with AASB 16: Leases. In 2021, a new photocopier lease was signed which satisfies the AASB 16 definition of a lease. Lease payments are now allocated against a lease liability.

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2021

Information on Katoomba RSL All Services Club Limited Summary Financial Statements

The financial statements, disclosures and discussion and analysis in the summary financial statements have been derived from the 2021 financial statements of Katoomba RSL All Services 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 and Loss and Other Comprehensive Income

Earnings before interest, taxation, depreciation and amortisation (EBITDA)	Change \$	2021 \$	2020 \$
Total comprehensive income	2,308,959	543,693	(1,765,266)
Less: Revaluation increment (land) and decrement (WFBC)	(316,203)	(316,203)	-
Reported operating profit/(loss) after tax	1,992,756	227,490	(1,765,266)
Add: depreciation	145,827	1,176,439	1,030,612
Add: interest paid	(53,198)	209,651	262,849
Less: interest received	(1,731)	(3,793)	(2,062)
Add: income tax (benefit) / expense	(190,391)	222,903	413,294
EBITDA	1,893,263	1,832,690	(60,573)
Add: insurance claim preparation costs and additional costs of operating - fire	(2,423)	-	2,423
Adjusted EBITDA for abnormal items – fire	1,890,840	1,832,690	(58,150)
Total Revenue (excluding insurance proceeds)	1,766,721	6,209,511	4,442,790
Adjusted EBITDA % of Revenue	30.82%	29.51%	(1.31%)

The Club has reported a total comprehensive income of \$543,693 which includes a revaluation increment of \$375,017 relating to land valuation performed on 16 July 2021 by K.D. Wood Valuations Pty Limited and adopted by the Directors. There was also a decrement to Asset Revaluation Reserve of \$58,814 relating to the sale of Wentworth Falls Bowling Club. Excluding both of the above transactions, the Club has reported an operating profit before tax of \$450,393 compared to a loss before tax of \$1,351,972 in 2020.

In 2020, Katoomba RSL opened on 14 August 2019. Also impacting on 2020 result was COVID-19, with both Clubs being forced to close on 22 March 2020 (social distancing was enforced from 16 March 2020).

Katoomba RSL re-opened on 23 June 2020 subject to social distancing whilst the Board determined that Wentworth Falls Bowling Club would not re-open due to substantial loss results that this Club has incurred in 2020 and prior years.

In 2021, the Club has continued to experience social distancing, however to a lesser extent for most of the year. However, the Club was again forced to close from 26 June 2021 due to further COVID-19 restrictions. With the multiple closure periods, it is difficult to compare 2021 to 2020, however the Club has seen good growth in bar sales and significant growth in gaming machine net clearances (up \$253k and \$2.219m respectively).

Katoomba RSL All Services Club Limited

ABN 36 000 957 773

Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2021

Gaming machine expenses are up \$418k, which relates to increased gaming machine tax as a result of increased net clearances, as mentioned above.

Salaries and wages are down \$350k due to the closure and subsequent sale of Wentworth Falls Bowling Club. This has resulted in wages as a % of revenue decreasing from 44% in 2020 to 26% in 2021.

The Club has also received the following subsidies due to COVID-19 during the year:

- Federal Govt. JobKeeper income of \$232k
- Federal Govt. Cashflow Boost of \$50k

The Club has reported an EBITDA % of revenue of 29.51% for the year compared to negative 1.31% last year.

Summary Statement of Financial Position

The main changes in assets and liabilities included:

- Cash and cash equivalents increased \$415k. Refer to the below discussion on the summary statement of cash flows.
- Property, plant and equipment decreased by \$2.566M which is the net difference between additions of \$453k, disposals of \$2.133M, transfers to intangibles of \$85k, revaluation increment of \$375k and depreciation expense of \$1.176M;
- Non-current assets held for sale increased by \$2M, which relates to the sale price to be received for Wentworth Falls Bowling Club;
- Right of use asset and lease liability have arisen this year with the Club entering into a new photocopier lease which resulted in compliance with accounting standard AASB 16.
- Both short term and long-term borrowings decreased \$1.026M due to updated loan facility (previous facility expired in 2021) and repayments made during the year.

Summary Statement of Changes in Equity

The equity of the Club has increased due to the reported profit result of \$227,490 and the net revaluation increment of \$316,203.

Summary Statement of Cashflows

The main changes in cash flows included:

- Operating cash flows have increased compared to 2020 due to the Club operating for almost the full year, rather than for only 7.5 months as was the case in 2020. Both bar and gaming revenue increased significantly.
- Investing cash flows have decreased due to net of asset purchases and consideration received on disposals of \$350k this year (\$6.070M last year) due to the construction of the new Club and associated plant and equipment purchases in 2020.
- Financing cash flows relate to the repayment of the Bendigo Bank loan made during the year and lease repayments.