

CARDIFF RSL CLUB LIMITED

ABN 39 001 065 425

Summary Financial Report
For the Year Ended
31 December 2021

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The financial statements and other specific disclosures have been derived from Cardiff RSL 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.

Cardiff RSL Club Limited

ABN 39 001 065 425

Directors' Report 31 December 2021

Your Directors present their report on Cardiff RSL Club Limited for the financial year ended 31 December 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
G. McColl	President	Training Assessor	29
K. Eshman	Vice President	Retired	25
W. Dews	Vice President	Retired-Product Manager/Civil	18
W. Cook	Director	Sole Trader	8
B. Coutman (CPA)	Director	Retired-Accountant/Academic	7
J. Wright	Director	Order Manager	6
S. Maloney	Director	Case Worker Manager	3

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:

G. Malone (ACCM, BBus) who is also the secretary manager of the Club and has held the position of Club Secretary for 4 years.

Principal activities

The principal activity of Cardiff 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 loss of the Club after providing for income tax amounted to \$ 291,105 (2020: a loss of \$ 66,640).

Review of operations

Gross profit from bar trading amounted to \$565,581 and gross profit percentage of 60% was obtained from sales of \$941,615.

Net gaming revenue amounted to \$2,599,333 and compares with \$2,767,236 in 2020.

The Club's operations were also impacted in 2021 by the COVID-19 pandemic. Refer to Note 1(b) for further details.

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Directors' Report 31 December 2021

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		Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G. McColl	13	13	2	2
K. Eshman	13	12	5	3
W. Dews	13	12	6	4
W. Cook	13	13	5	5
B. Coutman	13	13	1	1
J. Wright	13	13	3	2
S. Maloney	13	11	5	4

Board Sub-Committees include the Citation Committee, the Remuneration & Nomination Committee and the Policy & Procedures Committee.

Members' guarantee

Cardiff RSL Club Limited is a company limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of \$5 towards any outstanding obligations of the Club. At 31 December 2021 the number of members was 12,541 (2020: 16,000).

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 5 August 2021 as a response to the management of the COVID-19 pandemic, the Club was directed to close. The Club re-opened on 15 October 2021 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 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.

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Directors' Report
31 December 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 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.

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 2021, the Directors have determined that the property of the Club shall be classified as follows:

Address	Current Usage	Classification
45 Macquarie Road, CARDIFF NSW 2285	Club Building and Carpark	Core
4, 6, 10, 14 & 16 Lachlan Road, CARDIFF NSW 2285	Investment Property	Non Core

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2021 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.

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.

Cardiff RSL Club Limited

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Directors' Report
31 December 2021

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 28 February 2022

Cardiff RSL Club Limited

ABN 39 001 065 425

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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 Ltd
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

21 February 2022

Cardiff RSL Club Limited

ABN 39 001 065 425

Independent Audit Report to the members of Cardiff 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 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 financial statements and the Directors Declaration for the year then ended, and related notes, are derived from the audited financial report of Cardiff RSL Club Limited for the year ended 31 December 2021.

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.

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 on 5 August 2021 and re-opened on 15 October 2021. Our opinion is not modified in respect of this matter.

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 1 March 2022.

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.

Cardiff RSL Club Limited

ABN 39 001 065 425

Independent Audit Report to the members of Cardiff RSL Club Limited

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 are conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

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



N. Nancarrow CA
Director

NEWCASTLE

1 March 2022

Cardiff RSL Club Limited

ABN 39 001 065 425

Directors' Declaration

In the Director's opinion, the summary financial statements of Cardiff RSL Club Limited for the financial year ended 31 December 2021, as set out in 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 Cardiff RSL Club Limited.

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


Director


Director

Dated 28 February 2022

Cardiff RSL Club Limited

ABN 39 001 065 425

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
Bar sales	941,615	865,855
Less: Bar cost of goods sold	<u>(376,034)</u>	<u>(381,324)</u>
	565,581	484,531
Cafe sales	74,088	62,256
Less: Cafe cost of goods sold	<u>(34,295)</u>	<u>(35,158)</u>
	39,793	27,098
Function sales	56,706	61,986
Less: Function cost of goods sold	<u>(57,029)</u>	<u>(47,149)</u>
	(323)	14,837
Gross profit	605,051	526,466
Gaming machine clearances	2,599,333	2,767,236
Tab and keno commissions	70,083	64,617
Raffles and bingo revenue	422,046	196,573
Other revenue from contracts with customers	2 63,171	71,107
Other revenue from ordinary activities	2 262,039	325,696
Other revenue from non-ordinary activities	2 183,049	628,737
Borrowing cost expense	(65,788)	(78,724)
Bar trading expenses	(228,615)	(238,223)
Cafe trading expenses	(83,022)	(70,541)
Function trading expenses	(5,507)	(8,098)
Gaming machine expenses	(749,608)	(757,822)
Tab and keno expenses	(136,377)	(120,679)
Raffle and bingo expenses	(457,393)	(239,015)
Occupancy expenses	(542,003)	(606,353)
Club promotion and entertainment expenses	(132,989)	(134,869)
Rental property expenses	(60,254)	(83,425)
Depreciation and amortisation expense	(842,611)	(930,142)
Administrative expenses	(1,202,422)	(1,333,137)
Other expenses from ordinary activities	<u>(30,733)</u>	<u>(29,924)</u>
Profit / (loss) before income tax	(332,550)	(50,520)
Income tax expense	<u>41,445</u>	<u>(16,120)</u>
Profit / (loss) after income tax	(291,105)	(66,640)
Other comprehensive income	<u>-</u>	<u>-</u>
Total other comprehensive income	-	-
Total comprehensive income / (loss)	(291,105)	(66,640)

The accompanying notes form part of these financial statements.

Cardiff RSL Club Limited

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Summary Statement of Financial Position

As at 31 December 2021

	2021	2020
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,484,819	1,609,784
Trade and other receivables	85,707	77,238
Inventories	59,098	49,443
Current tax receivable	12,870	25,733
Other assets	288,450	267,082
TOTAL CURRENT ASSETS	1,930,944	2,029,280
NON-CURRENT ASSETS		
Property, plant and equipment	11,801,121	12,266,167
Investment properties	1,750,000	1,750,000
Deferred tax assets	44,858	17,433
Intangible assets	864,517	803,695
TOTAL NON-CURRENT ASSETS	14,460,496	14,837,295
TOTAL ASSETS	16,391,440	16,866,575
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	650,382	584,054
Short-term borrowings	377,109	429,511
Short-term provisions	155,628	142,913
TOTAL CURRENT LIABILITIES	1,183,119	1,156,478
NON-CURRENT LIABILITIES		
Long-term borrowings	1,433,040	1,646,528
Deferred tax liabilities	95,580	92,255
Long-term provisions	50,116	50,624
TOTAL NON-CURRENT LIABILITIES	1,578,736	1,789,407
TOTAL LIABILITIES	2,761,855	2,945,885
NET ASSETS	13,629,585	13,920,690
EQUITY		
Asset revaluation reserve	3,675,329	3,675,329
Retained earnings	9,954,256	10,245,361
TOTAL EQUITY	13,629,585	13,920,690

The accompanying notes form part of these financial statements.

Cardiff RSL Club Limited

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Summary Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2021	10,245,361	3,675,329	13,920,690
Profit / (loss) attributable to members	(291,105)	-	(291,105)
Revaluation increment / (decrement)	-	-	-
Balance at 31 December 2021	9,954,256	3,675,329	13,629,585

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	10,312,001	3,675,329	13,987,330
Profit / (loss) attributable to members	(66,640)	-	(66,640)
Revaluation increment / (decrement)	-	-	-
Balance at 31 December 2020	10,245,361	3,675,329	13,920,690

The accompanying notes form part of these financial statements.

Cardiff RSL Club Limited

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Summary Statement of Cash Flows For the Year Ended 31 December 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,878,266	4,884,902
Payments to suppliers and employees	(4,446,440)	(4,827,373)
Interest received	533	922
Borrowing costs	(65,788)	(78,724)
Income tax (paid)/refunded	30,208	5,972
Federal Government - JobKeeper	-	497,827
Federal Government - Cashflow Boost	-	100,000
State Government - JobSaver	183,049	-
Net cash provided by / (used in) operating activities	<u>579,828</u>	<u>583,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment property	-	375,910
Purchase of property, plant and equipment	(378,081)	(344,939)
Purchase of intangible gaming machine licences	(60,822)	-
Net cash provided by / (used in) investing activities	<u>(438,903)</u>	<u>30,971</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	236,639	678,025
Repayment of borrowings	(502,529)	(224,529)
Net cash provided by / (used in) financing activities	<u>(265,890)</u>	<u>453,496</u>
Net increase (decrease) in cash and cash equivalents held	(124,965)	1,067,993
Cash and cash equivalents at beginning of year	<u>1,609,784</u>	<u>541,791</u>
Cash and cash equivalents at end of financial year	<u>1,484,819</u>	<u>1,609,784</u>

The accompanying notes form part of these financial statements.

Cardiff RSL Club Limited

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Notes to the Summary Financial Statements For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The summary financial statements have been prepared from the audited financial statements of Cardiff RSL Club Limited for the year ended 31 December 2021. The audited report for the year ended 31 December 2021 is available at request from Cardiff 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 Cardiff 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 Cardiff RSL Club Limited as the full financial statements.

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

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.

From 5pm on 5 August 2021, the Club was forced to close by the NSW Government due to the escalating transmission of COVID-19 within NSW regional areas. The closure was imposed in a state wide lockdown to restrict the spread of the virus. The Club was not able to trade during this closure period. The Club re-opened on 15 October 2021 (closure period was 70 days). The Club has complied with COVID-19 safety and social distancing measures outlined by authorities since re-opening.

To minimise the impacts on cashflows during this closure period, management of the Club have adopted various short-term measures including:

- Monitoring stock expiry dates and taking appropriate action to reduce the financial impacts of stock losses.
- Sourced funding offered by the NSW Government (COVID grants and / or JobSaver) where applicable.
- Staff were stood down to reduce wage costs. Permanent and part-time staff had access to unused leave balances.

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Notes to the Summary Financial Statements For the Year Ended 31 December 2021

- Contacting suppliers and taking up revised payment terms if available.
- Incentives offered through other taxes or duties payable have also been considered.

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

The Club continues to monitor and adhere to NSW Government guidelines and review cashflows during the latest Omicron variant spread from mid December 2021. At the date of signing the 2021 financial report, no further closures of the Club have occurred since 15 October 2021.

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Notes to the Summary Financial Statements For the Year Ended 31 December 2021

2 Revenue

	2021	2020
	\$	\$
Revenue from contracts with customers		
- Trading revenue	4,163,871	4,018,523
Other revenue from contracts with customers		
- Membership subscriptions	63,171	71,107
Total revenue from contract with customers	4,227,042	4,089,630
Other revenue from ordinary activities		
- Interest received	533	922
- Rebate for GST on gaming machine duty	17,180	17,180
- Function income (room hire)	19,001	24,566
- Insurance recovery	-	71,968
- Rent received	176,292	155,500
- Other income	49,033	55,560
Total other revenue from ordinary activities	262,039	325,696
Other revenue from non-ordinary activities		
- Federal Government JobKeeper Income	-	497,827
- Federal Government Cashflow Boost	-	100,000
- Gain on sale of 1 Lachlan Road, Cardiff	-	30,910
- State Government JobSaver	183,049	-
Total other revenue from non-ordinary activities	183,049	628,737
Total Revenue	4,672,130	5,044,063

Cardiff RSL Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2021

Information on Cardiff 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 2021 financial statements of Cardiff 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 Club 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 loss from ordinary activities after income tax attributable to members for the year was \$291,105. The result has declined by \$224,465 compared to a loss of \$66,640 in 2020.

The Club was impacted by COVID-19 over the course of the year with the Club closing the doors on 5 August 2021. The Club re-opened 15 October 2021. The Club continues to recover from the closure and social distancing measures remain in place.

Revenue

Total revenue has decreased by \$371,933 or 7% compared to 2020. The current year results include the COVID-19 period, so it does make it difficult to compare to prior year results.

The prior year result included \$100,000 for Cashflow Boost and \$497,827 for JobKeeper. In the current the Club received \$183,049 from the State Government for JobSaver.

Expenditure

Total expenditure, excluding income tax, has decreased by \$89,903 or 2% compared to 2020. The most notable comparison relates to repairs and maintenance decreasing by \$68,936, with carpet repairs in the prior year of \$71,248 for storm damage in February 2020.

An important key performance indicator for Clubs is EBITDA as a percentage of revenue. This year the Club has reported a percentage of 12.32% compared to 18.40% in 2020.

Cardiff RSL Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 December 2021

Summary Statement of Financial Position

The main changes in assets and liabilities included:

Assets

Total assets decreased by \$475,135 to \$16.39M representing a decrease of 3%. This decrease is attributable to a decrease in cash of \$124,965 and Property, Plant and Equipment of \$465,046 representing depreciation of \$842,611 offset by additions of \$378,081.

This decrease is also offset by the purchase of intangible gaming machine licences of \$60,822.

All other assets have remained relatively comparable to the previous year balances.

Liabilities

Total liabilities decreased by \$184,030 to \$2.76M representing a decrease of 6%. This decrease is attributable to the Club's borrowings decreasing by \$265,890.

This decrease was offset by trade and other payables increasing by \$66,328 compared to 2020 relating to invoices for the Eastern Tiger Restaurant renovation.

All other liabilities have remained relatively comparable to the previous year balances.

Summary Statement of Changes in Equity

The equity of the Club has decreased by the reported loss result of \$291,105 for the year.

Summary Statement of Cash flows

The Club's cash position has decrease during the year by \$124,965. The main changes in cash flows included:

- Operating cash flows have decreased \$3,698 compared with the prior year due to a decline in the operating result.
- Investing cash outflows in 2021 are represented by purchases of plant and equipment of \$378,081 mainly relating to the Eastern Tiger Restaurant renovations and purchase of intangible gaming machine licences of \$60,822.
- Finance cash flows in 2021 are represented by new borrowings of \$236,639 and repayments of \$502,529. In 2020, new borrowings totalled \$678,025 and repayments were \$224,529.