

SWANSEA WORKERS CO-OPERATIVE CLUB LIMITED
ABN 65 261 562 336

Summary Financial Report
For the Year Ended
30 June 2022

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The financial statements and other specific disclosures have been derived from Swansea Workers Co-operative 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 2022 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Directors' Report

30 June 2022

Your Directors present their report on Swansea Workers Co-Operative Club Limited for the year ended 30 June 2022.

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
K. Rearden	President	Retired	9
G. Wall	Director	Retired	9
S. Price	Director	Business Owner	9
R. Broadbent	Director	Retired	4
L. Farmer	Director	Employed	4
D. Wallace	Director	Retired	2
G. Perrin	Director	Business Owner	Appointed 28/11/2021
P. Williams	-	-	Resigned 28/11/2021

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 persons held the position of Club Secretary during the financial year:

Keith Rearden was the Club Secretary from April 2021 until August 2021. Adam Loades, who is also the CEO of the Club, has been the Club Secretary since August 2021.

Principal activities

The principal activity of Swansea Workers Co-Operative 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 \$ 20,887 (2021: loss of \$123,993).

Review of operations

Profit from bar trading amounted to \$278,073 and gross profit percentage of 61% was obtained from sales of \$885,118.

Net gaming revenue amounted to \$1,006,238 and compares with \$1,331,537 in 2021.

Swansea Workers Co-Operative Club Limited

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Directors' Report

30 June 2022

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
K. Rearden	12	12
G. Wall	12	11
S. Price	12	12
R. Broadbent	12	12
L. Farmer	12	10
D. Wallace	12	11
G. Perrin (Appointed 28/11/2021)	7	6
P. Williams (Resigned 28/11/2021)	5	5

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 11 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.

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.

Swansea Workers Co-Operative Club Limited

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Directors' Report 30 June 2022

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2022:

Address	Current Usage	Classification
9 Rawson Street Swansea NSW 2281	Club Premises	Core
6 Rawson Street Swansea NSW 2281	Car Park	Core

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 4 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 have completed their training.

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.

Directors emoluments

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Club, with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

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

Director:

Director:

Dated 28 July 2022

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, 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

21 July 2022

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Independent Audit Report to the Members of Swansea Workers Co-Operative 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 2022, 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 Workers Co-Operative Club Limited for the year ended 30 June 2022.

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 – Simplified 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 29 July 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.

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*.

Emphasis of Matter - COVID-19

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 5 August 2021 to 11 October 2021. Our opinion is not modified in respect of this matter.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Independent Audit Report to the Members of Swansea Workers Co-Operative Club Limited

Emphasis of Matter - Working Capital Deficit

We draw attention to Note 1(c) in the financial statements, which addresses the Club's current working capital deficit. Our opinion is not modified in respect of this matter.

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

N. Nancarrow CA
Director

NEWCASTLE

29 July 2022

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Directors' Declaration

In the Directors' opinion, the summary financial statements of Swansea Workers Co-Operative Club Limited for the financial year ended 30 June 2022, as set out on pages 8 to 15:

- 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 Swansea Workers Co-Operative Club Limited.

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

Director.....

Director

Dated 28 July 2022

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
Bar sales	885,118	1,090,593
Less: Bar cost of goods sold	<u>(347,351)</u>	(438,686)
Gross profit	<u>537,767</u>	651,907
Bistro sales	539,237	541,986
Less: Bistro cost of goods sold	<u>(221,745)</u>	(234,619)
Gross profit	<u>317,492</u>	307,367
Cafe sales	39,518	26,691
Less: Cafe cost of good sold	<u>(14,628)</u>	(18,660)
Gross profit	<u>24,890</u>	8,031
Gaming machine net clearances	1,006,238	1,331,537
Tab and Keno commissions	58,365	77,753
Raffles and bingo income	59,968	51,328
Bowling income	30,420	33,228
Other revenue from contracts with customers	2 13,963	13,108
Other revenue from ordinary activities	2 52,855	53,271
Other revenue from non-ordinary activities	2 171,293	166,250
Borrowing cost expense	(52,740)	(35,225)
Bar trading expenses	(259,693)	(401,217)
Bistro trading expenses	(387,117)	(462,307)
Cafe trading expenses	(41,069)	(37,895)
Gaming machine trading expenses	(153,711)	(235,352)
Tab and Keno expenses	(112,248)	(167,221)
Raffles and bingo expenses	(55,355)	(62,140)
Bowling expenses	(79,443)	(105,477)
Club promotion and entertainment expenses	(107,455)	(157,076)
Occupancy expenses	(193,094)	(234,305)
Depreciation and amortisation expense	(391,472)	(393,297)
Administrative expenses	<u>(462,539)</u>	(506,086)
Profit / (loss) before income tax	(22,685)	(103,818)
Income tax (expense)/benefit	<u>1,798</u>	(20,175)
Profit / (loss) after income tax	(20,887)	(123,993)
Other comprehensive income	-	-
Total comprehensive income / (loss)	(20,887)	(123,993)

The accompanying notes form part of these financial statements.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Summary Statement of Financial Position

As At 30 June 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	570,492	156,562
Trade and other receivables	4,613	21,754
Inventories	43,071	62,250
Other assets	77,517	-
TOTAL CURRENT ASSETS	695,693	240,566
NON-CURRENT ASSETS		
Financial assets	110	110
Property, plant and equipment	2,037,358	2,354,942
Right-of-use assets	23,177	42,551
Deferred tax assets	97,361	95,563
TOTAL NON-CURRENT ASSETS	2,158,006	2,493,166
TOTAL ASSETS	2,853,699	2,733,732
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	303,497	255,522
Short-term borrowings	1,124,210	20,098
Short-term provisions	92,349	99,849
Lease liabilities	19,709	19,718
TOTAL CURRENT LIABILITIES	1,539,765	395,187
NON-CURRENT LIABILITIES		
Long-term borrowings	131,065	1,115,636
Long-term provisions	3,356	2,800
Lease liabilities	5,149	24,858
TOTAL NON-CURRENT LIABILITIES	139,570	1,143,294
TOTAL LIABILITIES	1,679,335	1,538,481
NET ASSETS	1,174,364	1,195,251
EQUITY		
Retained earnings	1,174,364	1,195,251
TOTAL EQUITY	1,174,364	1,195,251

The accompanying notes form part of these financial statements.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Summary Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings
	\$
Balance at 1 July 2021	1,195,251
Profit / (loss) attributable to members	<u>(20,887)</u>
Balance at 30 June 2022	<u>1,174,364</u>

2021

	Retained Earnings
	\$
Balance at 1 July 2020	1,319,244
Profit / (loss) attributable to members	<u>(123,993)</u>
Balance at 30 June 2021	<u>1,195,251</u>

The accompanying notes form part of these financial statements.

Swansea Workers Co-Operative Club Limited

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Summary Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,962,541	3,517,591
Payment to suppliers and employees	(2,712,215)	(3,279,021)
Interest received	6	47
Borrowing costs	(52,740)	(35,225)
Federal Government Cashflow Boost	-	50,000
Federal Government JobKeeper income	-	154,500
State Government small business grants	10,743	3,000
State Government JobSaver	160,550	-
Net cash provided by / (used in) operating activities	<u>368,885</u>	<u>410,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	3,858	-
Purchase of property, plant and equipment	(58,636)	(731,096)
Net cash provided by / (used in) investing activities	<u>(54,778)</u>	<u>(731,096)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	223,832	1,068,023
Repayment of borrowings	(104,291)	(656,711)
Repayment of leases	(19,718)	(18,798)
Net cash provided by / (used in) financing activities	<u>99,823</u>	<u>392,514</u>
Net increase / (decrease) in cash and cash equivalents held	413,930	72,310
Cash and cash equivalents at beginning of year	156,562	84,252
Cash and cash equivalents at end of financial year	<u>570,492</u>	<u>156,562</u>

The accompanying notes form part of these financial statements.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Notes to the Summary Financial Statements For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The summary financial statements have been prepared from the audited financial report of Swansea Workers Co-Operative Club Limited for the year ended 30 June 2022. The audited report for the year ended 30 June 2022 is available at request from Swansea Workers Co-Operative 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 Workers Co-Operative 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 Workers Co-Operative Club Limited as the full financial statements.

The accounting policies have been consistently applied to Swansea Workers Co-Operative 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.

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 Statewide lockdown to restrict the spread of the virus. The Club was not able to trade during this closure period. The Club re-opened on 11 October 2021 (closure period was 66 days). The Club has complied with COVID-19 safety and social distancing measures outlined by authorities since reopening.

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.
- 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 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.

Swansea Workers Co-Operative Club Limited

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Notes to the Summary Financial Statements For the Year Ended 30 June 2022

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.

(c) Working Capital Deficit

At 30 June 2022, the Club has a working capital deficit of \$844,072 (2021: working capital deficit of 154,621). The working capital deficit is largely attributable to the allocation of two large bank loans as current liabilities due to the facilities expiring in October and November 2022 (within 12 months of the year end date). In 2021, both loans were non-current liabilities as the terms were interest only. Without this reallocation, the Club would be in a positive working capital position of \$177,497 at 30 June 2022. The Club is negotiating both loans with the existing financier.

2 Revenue

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Trading revenue	2,618,864	3,153,116
Other revenue from contracts with customers		
- Membership subscriptions	13,963	13,108
Total revenue from contracts with customers	<u>2,632,827</u>	<u>3,166,224</u>
Other revenue from ordinary activities		
- Interest received	6	47
- Rebate for GST on gaming machine duty	17,180	17,180
- Commissions received	19,861	24,820
- Other income	15,808	11,224
Total other revenue from ordinary activities	<u>52,855</u>	<u>53,271</u>
Other revenue from non-ordinary activities		
- Federal Government Cashflow Boost	-	113,250
- Federal Government JobKeeper income	-	50,000
- NSW Government small business grants	10,743	3,000
- State Government JobSaver	160,550	-
Total other revenue from non-ordinary activities	<u>171,293</u>	<u>166,250</u>
Total revenue	<u>2,856,975</u>	<u>3,385,745</u>

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2022

Information on Swansea Workers Co-Operative Club Limited Summary Financial Statements

The financial statements, disclosures and discussion and analysis in the summary financial statements have been derived from the 2022 financial statements of Swansea Workers Co-Operative 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 Club has recorded an operating loss after tax of \$20,887 for this year compared to a loss of \$123,993 last year.

In 2022, the Club has been impacted by COVID-19 with the Club closed from 5 August 2021 to 11 October 2021. The Club was also impacted by the Omicron variant in December 2021 and January 2022 and also the large amount of wet weather during the last six months of the 2022 financial year.

In 2021, the Club was also impacted by COVID-19 with the Club being subject to social distancing measures for a significant portion of the year.

It is difficult to compare 2022 to 2021 due to the above impacts. The Club received \$171k in government subsidies in 2022 compared to \$166k in 2021.

Also with the closures and other impacts this year, the Club has seen the following in relation to revenue:

- Bar sales decreased \$205k
- Bistro sales decreased \$3k
- Café sales increased \$13k
- Gaming machine net clearances decreased \$325k

In relation to expenses, the following significant changes include:

- Bar expenses decreased \$141k
- Bistro expenses decreased \$65k
- Gaming machine expenses decreased \$82k
- Tab and Keno expenses decrease \$55k.
- Club promotion and entertainment expenses decrease \$53k

Swansea Workers Co-Operative Club Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2022

The Club has done well this year in reducing expenses to improve the financial result of the Club with EBITDA as a % of revenue result for 2022 is 14.8% compared to 9.6% last year.

Summary Statement of Financial Position

The main changes in assets and liabilities include:

- Cash has increased \$414k.
- Other assets increased \$78k due to the timing of the insurance prepayment.
- Property, plant and equipment has decreased \$317k. Capital additions this year totaled \$59k net of depreciation expense \$372k.
- Short term borrowings increased \$1.104m due to the Commonwealth bank loans expiring in October and November 2022, hence the loans being treated all as current this year. Long term borrowings have decreased \$985k.

All other asset and liabilities are comparable to last year.

Summary Statement of Changes in Equity

The equity of the Club has decreased by the reported loss result of \$21k.

Summary Statement of Cash Flows

The Club's cash position has increased \$414k this year.

Operating cash flows have decreased this year with reduction in revenue greater than the reduction in payments.

Investing cash flows relate to capital additions which are significantly less than the previous year.

Financing cash flows relate to new borrowings of \$223k (insurance and kitchen equipment) and the repayment of these and existing borrowings of \$104k. The Club also repaid lease liabilities of \$20k.