

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Summary Financial Statements

For the Year Ended 30 June 2023

The financial statements and other specific disclosures have been derived from Swansea Workers Co-Operative Club Limited (the Club) 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 2023 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

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For the Year Ended 30 June 2023

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Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Directors' Report

30 June 2023

Your Directors present their report on Swansea Workers Co-Operative Club Limited for the year ended 30 June 2023.

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 | 10 |
| G. Wall | Director | Retired | 10 |
| S. Price | Director | Business Owner | 10 |
| R. Broadbent | Director | Retired | 5 |
| L. Farmer | Director | Employed | 5 |
| D. Wallace | Director | Retired | 3 |
| G. Perrin | Director | Business Owner | 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 during the financial year:

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 profit of the Club after providing for income tax amounted to \$ 124,630 (2022: loss of \$20,887)

Review of operations

Profit from bar trading amounted to \$447,944 and gross profit percentage of 60% was obtained from sales of \$1,239,217.

Net gaming revenue amounted to \$1,235,855 and compares with \$1,006,238 in 2022.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Directors' Report

30 June 2023

Meetings of Directors

During the financial year, 10 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 | 10 | 9 |
| G. Wall | 10 | 9 |
| S. Price | 10 | 9 |
| R. Broadbent | 10 | 9 |
| L. Farmer | 10 | 5 |
| D. Wallace | 10 | 8 |
| G. Perrin | 10 | 9 |

Significant changes in state of affairs

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

After balance date events

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

Environmental issues

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

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

ABN 65 261 562 336

Directors' Report 30 June 2023

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2023:

| 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 2023 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 27 July 2023

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 2023, 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

20 July 2023

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 2023, 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 2023.

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 28 July 2023.

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 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 - 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. Our opinion is not modified in respect of this matter.

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



N. Nancarrow CA
Director

NEWCASTLE

28 July 2023

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 2023, 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 27 July 2023

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 2023

| | 2023 | 2022 |
|---|----------------|-----------------|
| Note | \$ | \$ |
| Bar sales | 1,239,217 | 885,118 |
| Less: Bar cost of goods sold | (493,148) | (347,351) |
| Gross profit | <u>746,069</u> | <u>537,767</u> |
| Bistro sales | 891,794 | 539,237 |
| Less: Bistro cost of goods sold | (357,308) | (221,745) |
| Gross profit | <u>534,486</u> | <u>317,492</u> |
| Cafe sales | 56,546 | 39,518 |
| Less: Cafe cost of good sold | (25,842) | (14,628) |
| Gross profit | <u>30,704</u> | <u>24,890</u> |
| Gaming machine net clearances | 1,235,855 | 1,006,238 |
| Tab and Keno commissions | 84,184 | 58,365 |
| Raffles income | 76,559 | 59,968 |
| Bowling income | 29,831 | 30,420 |
| Other revenue from contracts with customers | 2 16,296 | 13,963 |
| Other revenue from ordinary activities | 2 154,243 | 52,855 |
| Other revenue from non-ordinary activities | 2 - | 171,293 |
| Borrowing cost expense | (72,750) | (52,740) |
| Bar trading expenses | (298,125) | (259,693) |
| Bistro trading expenses | (514,318) | (387,117) |
| Cafe trading expenses | (42,948) | (41,069) |
| Gaming machine trading expenses | (230,868) | (153,711) |
| Tab and Keno expenses | (130,301) | (112,248) |
| Raffles expenses | (71,784) | (55,355) |
| Bowling expenses | (103,772) | (79,443) |
| Club promotion and entertainment expenses | (167,003) | (107,455) |
| Occupancy expenses | (217,173) | (193,094) |
| Depreciation and amortisation expense | (402,825) | (391,472) |
| Administrative expenses | (525,831) | (462,539) |
| Profit / (loss) before income tax | <u>130,529</u> | <u>(22,685)</u> |
| Income tax (expense)/benefit | (5,899) | 1,798 |
| Profit / (loss) after income tax | <u>124,630</u> | <u>(20,887)</u> |
| Other comprehensive income | - | - |
| Total comprehensive income / (loss) | <u>124,630</u> | <u>(20,887)</u> |

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 2023

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 553,718 | 570,492 |
| Trade and other receivables | 90,961 | 4,613 |
| Inventories | 52,141 | 43,071 |
| Other assets | 78,850 | 77,517 |
| TOTAL CURRENT ASSETS | 775,670 | 695,693 |
| NON-CURRENT ASSETS | | |
| Financial assets | 110 | 110 |
| Property, plant and equipment | 1,858,335 | 2,037,358 |
| Right-of-use assets | 21,882 | 23,177 |
| Deferred tax assets | 91,462 | 97,361 |
| TOTAL NON-CURRENT ASSETS | 1,971,789 | 2,158,006 |
| TOTAL ASSETS | 2,747,459 | 2,853,699 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 190,723 | 303,497 |
| Short-term borrowings | 156,589 | 1,124,210 |
| Short-term provisions | 61,912 | 92,349 |
| Lease liabilities | 9,910 | 19,709 |
| TOTAL CURRENT LIABILITIES | 419,134 | 1,539,765 |
| NON-CURRENT LIABILITIES | | |
| Long-term borrowings | 1,007,972 | 131,065 |
| Long-term provisions | 8,589 | 3,356 |
| Lease liabilities | 12,770 | 5,149 |
| TOTAL NON-CURRENT LIABILITIES | 1,029,331 | 139,570 |
| TOTAL LIABILITIES | 1,448,465 | 1,679,335 |
| NET ASSETS | 1,298,994 | 1,174,364 |
| EQUITY | | |
| Retained earnings | 1,298,994 | 1,174,364 |
| TOTAL EQUITY | 1,298,994 | 1,174,364 |

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 2023

2023

| | Retained Earnings |
|---|--------------------------------|
| | \$ |
| Balance at 1 July 2022 | 1,174,364 |
| Profit / (loss) attributable to members | <u>124,630</u> |
| Balance at 30 June 2023 | <u><u>1,298,994</u></u> |

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><u>1,174,364</u></u> |

The accompanying notes form part of these financial statements.

Swansea Workers Co-Operative Club Limited

ABN 65 261 562 336

Summary Statement of Cash Flows

For the Year Ended 30 June 2023

| | 2023 | 2022 |
|---|------------------|-----------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 4,041,001 | 2,962,541 |
| Payment to suppliers and employees | (3,670,748) | (2,712,215) |
| Interest received | 1,122 | 6 |
| Borrowing costs | (72,750) | (52,740) |
| State Government small business grants | - | 10,743 |
| State Government JobSaver | - | 160,550 |
| Net cash provided by / (used in) operating activities | <u>298,625</u> | <u>368,885</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of plant and equipment | - | 3,858 |
| Purchase of property, plant and equipment | (204,824) | (58,636) |
| Net cash provided by / (used in) investing activities | <u>(204,824)</u> | <u>(54,778)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 86,077 | 223,832 |
| Repayment of borrowings | (176,791) | (104,291) |
| Repayment of leases | (19,861) | (19,718) |
| Net cash provided by / (used in) financing activities | <u>(110,575)</u> | <u>99,823</u> |
| Net increase / (decrease) in cash and cash equivalents held | (16,774) | 413,930 |
| Cash and cash equivalents at beginning of year | 570,492 | 156,562 |
| Cash and cash equivalents at end of financial year | <u>553,718</u> | <u>570,492</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 2023

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 2023. The audited report for the year ended 30 June 2023 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.

In the prior year (2022), 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

ABN 65 261 562 336

Notes to the Summary Financial Statements For the Year Ended 30 June 2023

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. At the date of signing the 2023 financial report, no further closures of the Club have occurred since 11 October 2021.

(c) Working Capital Deficit

At 30 June 2022, the Club had a working capital deficit of \$844,072 as loans with the Commonwealth Bank had an expiry date of October 2022 and November 2022 and were treated as current liabilities accordingly.

During the 2023 financial year, new facility agreements were entered into with the Commonwealth Bank with an expiry date of September 2025. Loans have been treated as current and non-current accordingly. The working capital position is positive \$356,357 at 30 June 2023.

2 Revenue

| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| - Trading revenue | 3,613,986 | 2,618,864 |
| Other revenue from contracts with customers | | |
| - Membership subscriptions | 16,296 | 13,963 |
| Total revenue from contracts with customers | <u>3,630,282</u> | <u>2,632,827</u> |
| Other revenue from ordinary activities | | |
| - Interest received | 1,122 | 6 |
| - Rebate for GST on gaming machine duty | 17,180 | 17,180 |
| - Insurance proceeds | 77,300 | - |
| - Commissions received | 29,622 | 19,861 |
| - Other income | 29,019 | 15,808 |
| Total other revenue from ordinary activities | <u>154,243</u> | <u>52,855</u> |
| Other revenue from non-ordinary activities | | |
| - NSW Government small business grants | - | 10,743 |
| - State Government JobSaver | - | 160,550 |
| Total other revenue from non-ordinary activities | <u>-</u> | <u>171,293</u> |
| Total revenue | <u><u>3,784,525</u></u> | <u><u>2,856,975</u></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 2023

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 2023 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 a profit after tax of \$124,630 for this year compared to a loss of \$20,887 in 2022.

In 2022, the Club was 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 2023, the Club has been open for the full year however was impacted by two storm events in March and May with the closure of the outdoor gaming area from 26 May 2023.

It is difficult to compare 2023 to 2022 due to the above impacts. The Club received \$171k in government subsidies in 2022 compared to nothing received in 2023. Other substantial changes include:

- Bar sales increased \$354k
- Bistro sales increased \$353k
- Gaming machine net clearances decreased \$230k

In relation to expenses, the following significant changes include:

- Bar COGS increased \$146k
- Bistro COGS increased \$136k
- Bistro expenses increased \$127k
- Gaming machine expenses increased \$77k
- Club promotion and entertainment expenses increased \$60k
- Administrative expenses increased \$63k.

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 2023

The Club has done well in improving the financial result with EBITDA as a % of revenue result for 2023 at 16.0% compared to 14.8% last year.

Summary Statement of Financial Position

The main changes in assets and liabilities include:

- Trade and other receivables has increased \$86k in relation to a debtor raised for loss of trade from storm damage to the outdoor gaming area.
- Property, plant and equipment has decreased \$179k. Capital additions this year totalled \$205k net of \$384k depreciation expense.
- Short term borrowings has decreased \$967k due to the Commonwealth Bank loans facility now expiring in September 2025, hence the loans being treated as current and non-current liabilities this year. In 2022, these loans were treated as current liabilities only as loans were expiring within 12 months. Long-term borrowings has increased \$877k.

All other asset and liabilities are comparable to last year.

Summary Statement of Changes in Equity

The equity of the Club has increased by the reported profit result of \$123k.

Summary Statement of Cash Flows

The Club's cash position has decreased \$17k this year.

Operating cash flows have decreased this year with no government assistance received in 2023. Also impacting this years result is the loss of the outdoor gaming area from 26 May 2023.

Investing cash flows relate to capital additions which are well up on the previous year.

Financing cash flows relate to new borrowings of \$87k (insurance) and the repayment of these and existing borrowings of \$177k. The Club also repaid lease liabilities of \$20k.