



CLUB MACQUARIE LIMITED
ABN 29 315 070 885

Summary Financial Report
For the Year Ended
30 June 2020

The financial statements and other specific disclosures have been derived from Club Macquarie 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 2020 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

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Club Macquarie Limited

ABN 29 315 070 855

Directors' Report

30 June 2020

Your Directors present their report on Club Macquarie Limited for the financial year ended 30 June 2020.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Name	Position	Occupation	Years Service
G. R. Ford	President	Retired	26
G. Shepherd	Vice President	Electrician	12
G. Clack	Junior Vice President	Retired	30
L. Peterson	Director	Retired	28
M. Houghton	Director	Manager	Appointed 18/03/20
K. Robertson	-	-	Resigned 12/08/19
B. Stanbridge	-	-	Resigned 10/02/20

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:

Mr Bernard McCarthy who is also the Chief Executive Officer of the Club has been the Club secretary since 20 April 2006.

Members guarantee

Club Macquarie 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 who ceased to be a member in the year prior to the winding up, is limited to \$1 for all members, subject to the provisions of the Club's constitution.

At 30 June 2020 the collective liability of members was \$6,394 (2019: \$ 6,529).

Principal activities

The principal activity of Club Macquarie 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 \$ 733,550 (2019: a loss of \$504,608).

Club Macquarie Limited

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Directors' Report

30 June 2020

Review of operations

Gross profit from bar trading amounted to \$516,030 and gross profit percentage of 64% was obtained from sales of \$804,561.

Gross profit from catering trading amounted to \$729,785 and gross profit percentage of 68% was obtained from sales of \$1,078,215.

Net gaming revenue amounted to \$2,189,640 and compares with \$2,803,235 in 2019.

Net operating profit from Macquarie Inn amounted to \$260,350 and compares with \$451,371 in 2019.

The following table outlines the Club's profit after the add back of depreciation and also shows the Club's EBITDA performance as a percentage of revenue.

	2020 \$	2019 \$
Reported operating profit / (loss) after tax	(733,550)	(504,608)
Add back: depreciation	977,471	938,156
Operating profit / (loss) before depreciation	243,921	433,548
Add back: (profit) / loss on sale of non-current assets	-	(2,189)
Less: interest received	(5,022)	(22,196)
Add back: income tax expense / (benefit)	(8,310)	339
Add back: borrowing costs	16,969	21,409
EBITDA	247,558	430,911
Total Revenue	5,680,134	5,937,730
EBITDA % of Revenue	4.36%	7.26%

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
G. R. Ford	12	12
G. Shepherd	12	12
G. Clack	12	12
L. Peterson	12	12
M. Houghton (appointed 18/03/2020)	4	4
K. Robertson (resigned 12/08/2019)	2	1
B. Stanbridge (resigned 10/02/2020)	9	8

Club Macquarie Limited

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Directors' Report

30 June 2020

Significant changes in state of affairs

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

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

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.

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 30 June 2020, the Directors have determined that the property of the Club shall be classified as follows:

Address	Current Usage	Classification
458 Lake Road, Argenton NSW 2284	Club Premises	Core
Unit 15, 15 Bidjigal Road, Arncliffe NSW 2205	Investment Property	Non-Core

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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.

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Directors' Report

30 June 2020

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.

The Board has deemed four Directors, G. R. Ford, G. Shepherd, G. Clack and L. Peterson exempt based on time served on the Club's board prior to 30 June 2013. Directors with less than 12 months' tenure will complete mandatory training prior to completion of 12 months' service.

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 except for those disclosed in note 17 of the full financial statements.

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

Director:

Director:

Dated 19 August 2020

Club Macquarie Limited

ABN 29 315 070 855

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Club Macquarie Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

N. Nancarrow CA
Director

12 August 2020

NEWCASTLE

Club Macquarie Limited

ABN 29 315 070 855

Independent Audit Report to the members of Club Macquarie 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 2020, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity, the summary statement of cash flows, discussion and analysis of the financial statements and the Directors Declaration for the year then ended, and related notes, are derived from the audited financial report of Club Macquarie Limited for the year ended 30 June 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards – Reduced Disclosure Requirements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 20 August 2020.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

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

N. Nancarrow CA
Director

20 August 2020

NEWCASTLE

Club Macquarie Limited

ABN 29 315 070 855

Directors' Declaration

The Directors of the Club Macquarie Limited declare that the summary financial statements of Club Macquarie Limited for the financial year ended 30 June 2020, 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 Club Macquarie Limited.

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

Director

Director

Dated 19 August 2020

Club Macquarie Limited

ABN 29 315 070 855

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Bar sales		804,561	981,731
Less: Bar cost of goods sold		(288,531)	(354,105)
Catering Sales		1,078,215	492,426
Less: Catering cost of goods sold		(348,430)	(181,743)
Gross profit		1,245,815	938,309
Gaming machine net clearances		2,189,640	2,803,235
Keno and TAB commissions		40,678	56,639
Raffles and bingo revenue		185,862	236,497
Motel revenue		752,114	1,011,105
Functions revenue		112,269	156,273
Other revenue from contracts with customers	2	20,043	20,375
Other revenue from ordinary activities	2	113,966	179,449
Other revenue from non-ordinary activities	2	382,786	-
Borrowing cost expense		(16,969)	(21,409)
Bar trading expense		(139,678)	(153,666)
Catering trading expense		(792,755)	(335,423)
Function trading expense		(2,063)	(20,019)
Gaming machine trading expense		(552,810)	(718,004)
Keno and TAB expense		(64,118)	(87,803)
Raffle and bingo expense		(224,202)	(270,253)
Occupancy expense		(589,452)	(643,208)
Club promotion and entertainment expense		(272,115)	(336,573)
Motel trading expenses		(491,764)	(559,734)
Depreciation of property plant and equipment		(977,471)	(938,156)
Investment property expenses		(6,134)	(5,394)
Administrative expenses		(1,655,502)	(1,818,648)
Other expenses		-	2,139
Profit / (loss) before income tax		(741,860)	(504,269)
Income tax (expense)/benefit		8,310	(339)
Profit / (loss) after income tax		(733,550)	(504,608)
Other comprehensive income		-	-
Total comprehensive income / (loss)		(733,550)	(504,608)

The accompanying notes form part of these financial statements.

Club Macquarie Limited

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Summary Statement of Financial Position

As At 30 June 2020

	2020	2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,015,651	1,360,845
Trade and other receivables	154,722	77,934
Inventories	66,506	66,822
Other assets	99,218	68,339
TOTAL CURRENT ASSETS	1,336,097	1,571,940
NON-CURRENT ASSETS		
Property, plant and equipment	7,775,748	8,338,137
Investment property	831,029	831,029
Intangible assets	162,684	162,684
Deferred tax assets	81,943	73,633
TOTAL NON-CURRENT ASSETS	8,851,404	9,405,483
TOTAL ASSETS	10,187,501	10,977,423
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	341,877	477,891
Short-term borrowings	78,645	7,202
Short-term provisions	287,220	236,590
Other liabilities	63,819	102,882
TOTAL CURRENT LIABILITIES	771,561	824,565
NON-CURRENT LIABILITIES		
Long-term borrowings	383,058	394,646
Long-term provisions	37,604	29,384
TOTAL NON-CURRENT LIABILITIES	420,662	424,030
TOTAL LIABILITIES	1,192,223	1,248,595
NET ASSETS	8,995,278	9,728,828
EQUITY		
Retained earnings	8,995,278	9,728,828
TOTAL EQUITY	8,995,278	9,728,828

The accompanying notes form part of these financial statements.

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Summary Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	9,728,828	9,728,828
Total comprehensive income / (loss)	<u>(733,550)</u>	<u>(733,550)</u>
Balance at 30 June 2020	<u>8,995,278</u>	<u>8,995,278</u>

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	10,233,436	10,233,436
Total comprehensive income / (loss)	<u>(504,608)</u>	<u>(504,608)</u>
Balance at 30 June 2019	<u>9,728,828</u>	<u>9,728,828</u>

The accompanying notes form part of these financial statements.

Club Macquarie Limited

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Summary Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	5,827,150	6,413,722
Interest received	5,022	22,196
Payments to suppliers and employees	(6,053,170)	(6,019,858)
Borrowing costs	(16,969)	(21,409)
Federal Government Cashflow Boost	50,000	-
Federal Government Job Keeper Income	198,000	-
Net cash provided by (used in) operating activities	<u>10,033</u>	<u>394,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for Property, Plant & Equipment	(415,082)	(763,233)
Proceeds from sale of Property, Plant & Equipment	-	16,000
Net cash used by investing activities	<u>(415,082)</u>	<u>(747,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	100,593	-
Repayment of borrowings	(40,738)	(6,246)
Net cash used by financing activities	<u>59,855</u>	<u>(6,246)</u>
Net increase / (decrease) in cash and cash equivalents held	(345,194)	(358,828)
Cash and cash equivalents at beginning of year	<u>1,360,845</u>	<u>1,719,673</u>
Cash and cash equivalents at end of financial year	<u><u>1,015,651</u></u>	<u><u>1,360,845</u></u>

The accompanying notes form part of these financial statements.

Club Macquarie Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The Summary financial statements have been prepared from the audited financial report of Club Macquarie Limited for the year ended 30 June 2020. The audited report for the year ended 30 June 2020 is available at request from Club Macquarie 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 Club Macquarie 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 Club Macquarie Limited as the full financial statements.

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

(b) Significant changes in the current report period

Impact of COVID-19 on Club Operations

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

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

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

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

- Accessing available NSW and federal government stimulus measures to assist the Club’s cashflow.
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobKeeper payments.
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at this time. Management have suspended and / or reduced contracts and supplier payments where possible.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

The Board and Management also recognise that the situation associated with the management of COVID-19 continues to evolve on a daily basis. The Club reopened on 1 June 2020 subject to social distancing.

2 Revenue

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Trading revenue	5,163,339	5,737,906
Other revenue from contracts with customers		
- Membership subscriptions	20,043	20,375
Total other revenue from contracts with customers	20,043	20,375
Total revenue from contracts with customers	5,183,382	5,758,281
Other revenue from ordinary activities		
- Interest income	5,022	22,196
- Commissions received	34,458	42,400
- Investment property income	35,631	37,516
- Rent received - Restaurant	-	18,454
- Rebate for GST on gaming machine duty	17,180	17,180
- Grant income	7,927	32,727
- Other income	13,748	8,976
Total other revenue from ordinary activities	113,966	179,449
Other revenue from non-ordinary activities		
- Federal Government Cashflow Boost	50,000	-
- Federal Government Job Keeper income	332,786	-
Total other revenue from ordinary activities	382,786	-
Total Revenue	5,680,134	5,937,730

Club Macquarie Limited

ABN 29 315 070 855

Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2020

Information on Club Macquarie Limited Summary Financial Statements

The financial statements, disclosures and discussion and analysis in the summary financial statements have been derived from the 2020 financial statements of Club Macquarie 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

The Club has reported an operating loss after tax of \$733,550 for the year ended 30 June 2020 compared to an operating loss after tax of \$504,608 in 2019.

This year's results have been impacted by COVID-19 with the Club's forced closure on 23 March 2020. The Club reopened on 1 June 2020, subject to social distancing restrictions. This closure has impacted on both the revenue and expenses of the Club.

Included in this year's revenue are the following Federal Government stimulus packages:

- JobKeeper income of \$332,786 for JobKeeper to cover wages up to 30 June 2020; and
- Boosting Cashflow for Business income of \$50,000.

The EBITDA result this year is 4.36% compared to 7.26% last year.

Summary Statement of Financial Position

The main changes in assets and liabilities include:

- Cash and cash equivalents decreased by \$345k due to the purchase of plant and equipment this year, and a decrease in cashflows from operating activities.
- Trade and other receivables increased by \$77k, mostly relating to accrued Job Keeper income for June 2020.
- Property, plant and equipment decreased by \$562k, which is the net difference between additions, disposals and depreciation for the year. Capital additions totaled \$415k for the year and depreciation expenditure was \$977k.
- Trade and other payables decreased by \$136k, mostly as a result of a reduction in trade whilst social distancing restrictions are in effect.
- Total borrowings increased \$60k, which is the net difference between proceeds from borrowings of \$101k relating to the funding of insurance premiums, and repayment of borrowings of \$41k.
- Total provisions increased \$60k, mostly due to a reduction in leave taken during the year.
- Other liabilities decreased \$40k relating to a reduction in weddings, functions and Motel bookings received in advance.

Club Macquarie Limited

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Discussion and Analysis of the Summary Financial Statements For the Year Ended 30 June 2020

Summary Statement of Changes in Equity

The equity of the Club has decreased entirely due to the reported loss result of \$733,550.

Summary Statement of Cashflows

The Club's cash position has decreased by \$345k from 2019.

Operating Activities

Net cash inflows from operating activities were \$10,033 compared to \$394,651 in the previous year and has decreased as a result of a decrease in trading revenue this year, due to the Club's forced closure due to COVID-19.

Investing Activities

Net cash invested in the Club premises and equipment during the year totalled \$415,082.

Financing Activities

Net cash inflows from financing activities were \$59,855 and relate to the proceeds from borrowing insurance premiums, less repayments made on the existing investment property loan and the insurance finance.