

ROYAL PRINCE EDWARD YACHT CLUB

UNAUDITED BALANCE SHEET

AS AT 31 DECEMBER 2020

AND

INCOME & EXPENSE STATEMENT

FOR THE 6 MONTHS ENDING 31 DECEMBER 2020

ROYAL PRINCE EDWARD YACHT CLUB
Unaudited Income & Expense account for the 6 months to 31 December 2020

	3 mths Sept 2020 \$	3 mths Dec 2020 \$	Total 6 Mths Dec 2020 \$	Total 6 Mths Dec 2019 \$	Variance \$
Net Operating Surplus (after depreciation and before R&R building repairs)	85,927	141,458	227,385	213,819	13,566
R&R building repairs	0	(876,160)	(876,160)	0	
Current Year Earnings	<u>85,927</u>	<u>(734,702)</u>	<u>(648,775)</u>	<u>213,819</u>	
Net Surplus prior period	59,966	153,853	213,819		

General Commentary

The Club has again made an operating surplus in the quarter ended 31 December 2020, following the operating surplus in the September quarter. Members have increased patronage, since reopening on 31 October 2020, to enjoy the refurbished Clubhouse. This patronage has offset the Covid-19 Government restrictions on the number of Members using the Club at any one time. Additionally Members' subscriptions generally used to support the various revenue streams of the Club were not required during the Club's closure.

The R&R project, approved by members some time ago, included certain building repairs to preserve the integral structure of the Club, these repairs included replacing the Club's roof, reattaching the inner and outer brick walls to each other, plumbing and electrical repairs. In addition to these repairs the upstairs lounge area and bathrooms were refurbished. Also it was considered that a proportion of Consultancy fees, incurred during investigative R&R works should not be capitalized as they related to the building repair work. The total costs of these building repair works amounted to \$876,160 and was written off against the income of the Club (following Accounting legislation) in the December 2020 quarter, at completion of the R&R Project.

Members donations received, for the R&R Project were not allocated to the above building repairs, as these costs were met from accumulated operating funds.

It should be noted that the 6 months operating surplus includes the Development Levy of \$83,370 (2019 \$81,430), which will be transferred to the Reserve account at the beginning of the FY2022 year.

The Club would normally expect a seasonally quieter second half of the financial year, however with the impact of Covid-19 and restricted travel outside Australia the Club may see continued monthly surpluses for the second half of the financial year.

ROYAL PRINCE EDWARD YACHT CLUB

Unaudited Balance sheet as at 31 December 2020

	Notes	Dec 2020 \$	Sept 2020 \$	Sept to Dec mvt \$	Dec 2019
ASSETS					
Cash (incl cheque account)	1	520,673	1,499,643	(978,970)	41,873
Term Deposits		0	0	0	2,213,168
Trade Debtors	2	32,421	136,923	(104,502)	67,920
Stock on Hand	3	35,120	10,137	24,983	31,622
Other		105,368	40,753	64,615	37,271
Total Current Assets		693,582	1,687,456	(993,874)	2,391,854
Land & Buildings - at Directors valuation		20,081,112	20,081,112	0	19,649,990
Building Additions (net of depreciation)	4	1,072,311	1,068,638	3,673	21,869
		21,153,423	21,149,750	3,673	19,671,859
Furniture & Fittings (net of depreciation)	4	230,920	190,749	40,171	55,405
Plant & Equipment (net of depreciation)	4	205,988	166,481	39,507	103,086
		436,908	357,230	79,678	158,491
Total Fixed Assets		21,590,331	21,506,980	83,351	19,830,350
Total Assets		22,283,913	23,194,436	(910,523)	22,222,204
LIABILITIES					
Trade Creditors & Accruals		236,906	205,807	31,099	60,502
Members Subscriptions not taken to income	5	252,166	383,966	(131,800)	239,378
Development Fund not taken to income	6	0	83,685	(83,685)	0
Employee Entitlements		24,719	22,946	1,773	18,464
Total Current Liabilities		513,791	696,404	(182,613)	318,344
Total Net Assets		21,770,122	22,498,032	(727,910)	21,903,860
EQUITY					
Retained Earnings		1,833,522	1,833,522	0	1,584,406
Current Year Earnings	7	(648,775)	85,927	(734,702)	213,819
Future Development Fund Donations & interest	8	1,394,861	1,388,069	6,792	915,121
Asset Revaluation Reserve		18,928,214	18,928,214	0	18,928,214
Development Fund		262,300	262,300	0	262,300
Total Equity		21,770,122	22,498,032	(727,910)	21,903,860

Notes

For members information the balance sheet as at December 2019 has been inserted, this 'like for like' comparison removes the 'seasonality' of numbers.

Comments on December 2020 balances

- Monies placed on deposit from receipts of annual Members subscriptions & Members donations to the Future Development Fund. All monies withdrawn from the term deposits to fund the R&R Project.
- Includes outstanding monies owing on subscriptions, entrance fees and boatshed/mooring storage fees.
- Includes results of food, beverage & merchandise stocktake conducted at 31 December 2020. At 30 September 2020 the Club was closed for the R&R Project.
- Balances include depreciation for December quarter 2020 (calc on a monthly basis), together with Renovation & Remediation investigative and Project costs that have been capitalized. The Club re-opened to members on 31 October 2020.
- Balance reflects Members annual subscriptions that have not been taken to income at 31/12/2020. Subscription income is taken to the income account on an equal monthly basis.
- Includes Development Fund levies received from Members not taken to income at 30 December 2020. Levies were transferred to income in November 2020.
- December balance equates to the year to date income & expense account including costs of the R&R project that have not been capitalized, these costs include building repair costs and amount to \$876,160 (written off in the December quarter). The Club would have achieved a surplus of \$227,385 for the 6 months if these costs were excluded.
- Represents Future Development Fund donations received from Members, all donations received have been applied to the downstairs portion of the R&R project.

ROYAL PRINCE EDWARD YACHT CLUB
Unaudited Income & Expense account for the 6 months to 31 December 2020

Comment	Note	3 mths		Total 6 Mths		Variance
		Sept 2020	Dec 2020	Dec 2019	Dec 2020	
Bar Trading						
Bar sales		0	125,172	210,903	(86,731)	-40.6%
Net bar purchases (after allowing for stock mvts)		(1,663)	(58,801)	(91,013)	32,549	
Gross Profit		(1,663)	66,371	119,890	(53,182)	
Gross margin			53%	58%		
Employee costs						
#DIV/0!						
(1,660)		(13,184)	(14,874)	(24,453)	9,579	-39.2%
#DIV/0!		-10.5%	-11.9%	-12.9%		
(4,178)		(4,178)	(4,178)	(15,709)	11,531	
(3,353)		51,009	47,656	79,126	(32,072)	
Other bar associated costs						
0		114,045	114,045	200,717	(86,672)	-43.2%
(30,640)		(184,183)	(184,183)	(299,457)	105,274	-35.2%
(30,640)		(49,498)	(30,139)	(98,740)	18,602	
Catering						
Income from Catering						
Catering costs						
1		(33,953)	1,511	(32,482)	(13,470)	
Total Bar & Catering Profit (Loss)						
Subscriptions						
Annual subscriptions - Membership	a	128,139	128,075	257,214	238,339	18,875
Annual subscriptions - Sailing Australia affiliation fees	b,3	0	0	0	16,668	(16,668)
Entrance fees	c	23,780	20,270	50,050	44,378	5,672
Annual Development Fund Levy	d	0	83,370	83,370	81,430	1,940
		157,919	232,715	390,634	380,805	9,829
Boat Racing						
Income	4	6,318	10,350	16,668	28,639	(11,971)
Expenses (includes prior period costs in FY2020)		(589)	(5,224)	(5,812)	(15,257)	9,445
		5,729	5,126	10,856	13,382	(2,526)
Boat Maintenance, Boatshed, Moorings & Jetty						
Income		12,303	12,170	24,473	26,398	(1,925)
Maritime jetty rent		(1,009)	(1,009)	(2,018)	(1,665)	(353)
Club moorings & boats	h	(14,399)	(5,528)	(19,927)	(24,736)	4,809
		(3,103)	5,633	2,528	(3)	2,531
Sundry Income						
Club Functions	k,7	0	3,455	3,455	16,008	(12,554)
Interest	l,5	929	0	929	10,022	(9,093)
Other	m,6	20,032	1,574	21,606	10,559	11,247
		20,961	5,029	25,990	36,390	(10,400)
Expenses						
Club functions & Committee costs	n,7	0	(14,880)	(14,880)	(19,180)	4,300
Other repairs & maintenance	10	(1,682)	(4,595)	(6,377)	(17,093)	10,516
Employee costs	o,11	(20,341)	(30,511)	(50,852)	(30,607)	(20,245)
Sailing NSW affiliation fee	p,8	(11,105)	8,016	(3,089)	(16,668)	13,569
Other	q,9	(22,187)	(53,035)	(75,222)	(101,409)	26,187
		(35,615)	(85,005)	(120,620)	(184,347)	34,327
Operating Surplus		91,897	155,095	246,906	226,615	20,291
Depreciation	12	(5,970)	(13,551)	(19,521)	(12,796)	(6,725)
Net operating Surplus 2020 (excl building repairs)		85,927	141,459	227,385	213,819	13,566
Building Repairs (as part of R&R Project)	13		(676,160)	(676,160)		(676,160)
Net operating Deficit 2020 (incl Building Repairs)		85,927	(734,702)	(648,775)	213,819	(862,594)
Net operating Income 2019		59,966	153,863	213,819		
Future Development Fund Donations 2020/2021	r	243,240	6,782	250,032		

(not included in above figures)

General comments on income and expense account :

Explanations

FY2021 Subscriptions are taken to income on an equal monthly basis, currently approx. \$43,025 pm. FY2021 income forecast to be approx. \$521k.

- a FY2021 Subscriptions are taken to income on an equal monthly basis, currently approx. \$43,025 pm. FY2021 income forecast to be approx. \$521k.
- b Subscriptions now include Sailing Australia affiliation fees.
- c Entrance fees are taken to income when the new Member is charged.
- d Represents monies collected specifically for capital projects, FY2021 monies of \$83K allocated to income in November 2020.
- e Targeted gross profit margin on bar sales targeted at greater than 55% for 2020/2021 up from 53% in 2019/2020.
- f Represents an allocation of total salaries to run the bar.
- g Includes stocktaking fee; gas bottles; bar sundries; and an allocation from administration expenses of power, gas & waste, telephone & internet costs.
- h Includes Club boat maintenance, jetty maintenance and mooring repairs.
- i Represents income generated from Club catering and functions managed by the Trippas White Group (TWG), excludes Sunday Series, WOW & Younger Member functions.
- j Costs includes the costs of running the catering and function services, provided by Trippas White, provided to Members.
- k Income received from Members and their invited guests attending special Club functions, not included in the catering function. Includes Younger Member functions, Bridge, WOW and Sunday series.
- l Represents income received from funds on deposit, at differing interest rates and differing term periods depending on Club forecast requirements, excludes interest on Future Development Fund monies
- m Includes merchant fees recovered, merchandise sales and other income plus Covid-19 Gov't assistance.
- n Costs of running club functions (incl Sunday series costs) and other Club Committee costs, not included in the catering function.
- o Represents Club staff costs after the allocation to bar trading.
- p Annual affiliation fee payable to Sailing Australia.
- q Other costs include rates & taxes, internal cleaning costs, insurance, accounting & audit costs and other operating costs required to run the Club, details attached.
- r Members donations made towards the Future Development Fund, which is considered outside normal operating activities.

Comments

- 1 Club closed for the entire September 2020 quarter, reopened on 31 October 2020. Club has been trading at near full capacity since reopening, subject to Covid-19 attendance restrictions. Additional temporary staff have been employed to service Members during the restrictions. The Beverage and catering functions should be viewed as the one income stream as both functions compliment each other. The loss is reflective of fixed Club costs during the Covid-19 and R&R closure.
- 2 Includes additional TWG salary costs during Club closure, as Club continued to pay TWG permanent staff during R&R closure. Gov't assistance was received during Covid restrictions for both Club and TWG employees.
- 3 Sailing Australia Affiliation fees are now included in annual subscriptions, previously they were separated.
- 4 Income reduced as sailing events (and race management activities) were cancelled due to Covid-19.
- 5 All funds on deposit have been recalled to the operating account (which receives no interest), to fund the R&R Project, additionally deposit rates have decreased compared to prior year.
- 6 Other income largely represented by Gov't assistance during Covid of \$18k.
- 7 Income reduced as scheduled Club functions were cancelled due to Covid-19 restrictions and closure of Club for the R&R Project.
- 8 Expenses include Member donation functions, R&R completion BBQ, Making Waves sponsorship lunch and Younger Members function..
- 9 Timing difference as expense expected later in the year.
- 10 Reduced costs due to Club closure, refer separate analysis schedule for Other Expenses.
- 11 R&M costs less than prior years as repair costs, this year, included in the R&R Project.
- 12 Employee costs include remote office costs whilst Club closed, as administration function continued remotely during Club closure.
- 13 Depreciation expense has increased as costs include depreciation on new capital depreciable components included in the R&R Project
- 14 Expense includes repairs, maintenance and refurbishment costs, included in the R&R Project, that are required under Australian Accounting Standards to be written off against income in the current year. The amount of the write off is \$876,160.

Other Expenses	Qtr	Qtr	Qtr	Total	Variance	
	3 mths Sept 2020	3 mths Dec 2020	3 mths Dec 2020	6 Mths Dec 2020		
	\$	\$	\$	\$	\$	
6-6000 Club clothing & Sundry expenses	0	(1,495)	(1,495)	(1,075)	(420)	Timing
6-1000 Accounting costs & temporary administration staff	(3,045)	(6,185)	(9,230)	(11,746)	2,516	
6-1005 Auditors remuneration	(2,500)	(2,500)	(5,000)	(5,650)	650	
6-1200 Bank charges	(205)	(60)	(265)	(272)	7	
6-1202 Merchant fees	(1,122)	(817)	(1,939)	(2,411)	472	No cleaning undertaken during Club R&R closure
6-1300 Cleaning services & supplies	0	(6,644)	(6,644)	(16,044)	9,400	2019 costs included noise monitoring
6-1309 Computer expenses	(1,181)	(1,613)	(2,794)	(1,740)	(1,054)	
6-1311 Consulting Fees	0	0	0	(7,800)	7,800	
6-1600 Filing fees	0	(164)	(164)	0	(164)	
6-1605 Garbage	(213)	(266)	(479)	(1,941)	1,462	Less garbage accumulated during Club R&R closure
6-1630 General expenses	0	(5,428)	(5,428)	(1,301)	(4,127)	2020 costs include preparation costs for R&R Project
6-1700 Insurance	(5,152)	(17,969)	(23,121)	(21,148)	(1,973)	
6-1800 Interest expense	0	0	0	0	0	
6-2000 Legal fees	(178)	0	(178)	(1,288)	1,288	Savings as lower power consumption during Club R&R closure, additionally new solar panels have reduced electricity charges since reopening
6-2100 Licensing Fees	2,302	(3,902)	(1,600)	(10,976)	9,376	Savings as 2020 AGM documents emailed to Members, previously documents posted to Members
6-2110 Utilities - Power, water & gas						
6-2300 Printing, postage & stationary (including circulars to members)	(838)	(595)	(1,433)	(5,691)	4,258	
6-2380 Rates & taxes	(7,456)	(7,454)	(14,910)	(15,081)	171	
6-2450 Security & Fire protection	(1,696)	(382)	(2,078)	(2,781)	703	
6-2468 Subscriptions	0	(887)	(887)	(1,079)	192	
6-2470 Telephone, internet & Foxtel (including additional Foxtel charges this year)	(903)	(2,674)	(3,577)	(5,312)	1,735	Foxtel charges suspended during Club R&R closure
6-2475 Training	0	0	0	0	0	
Allocation to hair/catering (Utilities, telephones etc)	0	6,000	6,000	12,000	(6,000)	Reduced allocation of costs as Beverage / Food streams not operating during R&R Project closure
	<u>(22,187)</u>	<u>(53,035)</u>	<u>(75,222)</u>	<u>(101,409)</u>	<u>26,187</u>	