TREASURER'S REPORT TO AGM MARCH 2021

The Club's audited accounts for the financial year ended 31 October 2020 are available on the Club's website for the information of members. The publication of the accounts has been largely delayed due to issues beyond the control of the Committee. 2020 was an extraordinary year due to the effect of the Covid-19 pandemic upon the Club's operations and in particular, accommodation revenue.

The Club has availed itself of the available Covid-19 relief including Cash flow boost, Job Keeper and rent relief.

Overall, the decrease in revenue was approximately 41%. The operating result was an accounting loss of $172,641, as against an accounting surplus of $26,192 in 2019. The operating result is affected not only by the decrease in income but also by effect of non-cash items such as depreciation and amortisation on land and buildings. In 2020 the Club had to implement a mandatory new international accounting standard known as AASB16, which requires the recognition of leased properties as both assets and liabilities, at a discounted net present value. These new items are included in the balance sheet. The accounting effect is that the Club has to record depreciation on the value of the leased assets and notional interest on the leases, which increases the charges to the profit and loss account by $88,361. However, the Club paid the actual lease payments of $52,774 which resulted in a notional cost increase of $35,877.

The summarised income statement and other comments are as follows:

1. Income statement

	2020		2019
	$		$
Income	415,040		707,682
Operating expenses before interest, depn, amtn	-311,209		-482,870
Operating result before interest, depn, amtn	103,831		224,812
Less: interest on loan	-22,761		-39,003
Operating result before depn & amtn	81,070		185,809
Less: Depn, amtn on land and buildings	-165,350		-159,617
Less: AASB16 Depn and interest on leases	- 88,361		0
Operating result	-$ 172,641		$ 26,192

2. Capital expenditure

Capital expenditure in 2020 totalled $48,932, which included the balance of the payment for the Kyilla driveway, the replacement of the Tiobunga beds and the all-important purchase of a bulldozer blade for the OSV, plus a few minor items.

3. Asset Revaluation Reserve

The longstanding and mysterious item of the Asset Revaluation Reserve of $294,571 has been re-allocated to Retained Earnings, with no effect on the Profit & Loss or the net Balance Sheet.

4. Cash Position

As at 31 October 2020 the Club had cash at bank of $72,514 and a loan account balance of $499,460. The loan was redrawn by $100,000 during the 2020 financial year to meet cashflow requirements. The loan account was reduced by $280,000 from membership renewals in November/December as there was no advantage in holding the funds on deposit. As at 28 February 2021 the loan balance was $249,751 at an interest rate of 5.2%. The interest rate is at a discounted but unsecured rate as the under the terms of the NPWS lease, the CBA cannot exercise its mortgage over Tiobunga.

The Club currently has a redraw facility of $530,781, the facility expires on 4 December 2023. A cashflow forecast indicates that the Club can meet its ongoing financial commitments by re-drawing its own funds as required. Accommodation revenue is expected to be far higher in 2021, which should minimise drawdowns.

The Club has substantial fixed expenses as against variable expenses, which are mainly utilities. For example, insurance premiums have increased by approx. $67,000 since 2018, yet accommodation rates increased by 5% in 2018 and 2019, with no increase in 2020.

I expect that the Committee will consider an appropriate increase in accommodation rates for bookings opening in 2021.

5. Conclusion

The Club remains in a good financial position notwithstanding the impact of Covid-19.

Bryan Collis
Treasurer