Treasurer's Report Katherine Country Club Incorporated

Annual General Meeting — Financial Year Ended 31 March 2026

I am pleased to present the Treasurer's Report for the financial year ended 31 March 2026.

The Club finished the year in a sound financial position, recording a current year surplus of $361,600, compared with the restated 2025 surplus of $585,298. While the reported surplus for 2026 was $361,600 compared with the restated 2025 surplus of $585,298, the 2026 financial statements include a loss on disposal of plant and equipment of $222,007. The result remains positive and reflects a year of continued trading activity, investment in Club assets and changes in the operating structure of parts of the business.

Total income for the year was $9.27 million, compared with $9.69 million in the previous year, noting the Club had minimal operations during the March flood period. The main reduction was in gaming income, with poker machine revenue reducing from $4.90 million to $4.50 million. Gaming remains a major contributor to the Club's overall financial performance, producing a gross profit of $2.70 million for the year.

Bar and bistro sales remained significant at $4.39 million. The reported gross profit from bar and bistro operations reduced to $1.55 million, with the gross profit percentage reducing from 58% to 35%. This result needs to be understood in the context of the changed bistro operating model, where substantial contractor costs are now recorded through the trading statement. This has changed the presentation of the bistro result and is not simply a like-for-like decline in trading performance.

The Club's balance sheet remains strong. At 31 March 2026, total assets were $10.85 million, total liabilities were $2.61 million, and members' funds increased to $8.23 million. Cash and cash equivalents increased to $4.12 million, including $2.1 million held in term deposits. It is important to note that part of the Club's cash balance includes grant funding committed to specific capital projects and should not be viewed as unrestricted operating cash.

During the year, the Club continued to invest in its facilities. Property, plant and equipment increased to $6.38 million, including $684,332 in capital works in progress. The financial statements also record the $1 million deferred grant for the Lawn Bowls Shade Structure, reflecting the Club's commitment to major facility improvement.

Operating cash flow was strong, with net cash from operating activities of $1.74 million. The Club also invested $1.42 million in property, plant, equipment and capital works. This demonstrates that the Club is using its financial strength to support long-term facility development while maintaining a strong cash position.

The audit report includes a common type of qualified opinion, for clubs with significant cash, bar, gaming and other point-of-sale revenue. The qualification relates to the auditor's obvious inability to fully verify the completeness of sales and other revenue before entry into the Club's financial records.

The auditor otherwise stated that the financial report presents fairly, in all material respects, the financial position and performance of the Club.

The main financial matters for continued Board attention are:

1. monitoring the reduction in gaming revenue;
2. clearly reporting the impact of the changed bistro contractor model;
3. maintaining strong cash, gaming and revenue reconciliation controls;
4. ensuring grant funds are managed in accordance with funding requirements; and
5. continuing to balance capital development with prudent cash reserves.

In summary, the Club remains financially strong, with solid cash reserves, substantial asset backing and a positive annual result. The 2026 year reflects both normal trading pressures and the transition toward larger capital improvements that will support the future development of the Club and its facilities for members and the wider Katherine community.

Mal Trattles

Treasurer KCC