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# **Seven Hills-Toongabbie RSL Club Limited**

ABN 65 000 862 680

## **Summary Financial Statement 31 December 2016**

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The financial statements and other specific disclosures have been derived from Seven Hills-Toongabbie RSL Club Limited's (the Company) full financial report for the financial year. Other information included in the summary financial report is consistent with the Company's full financial report.

The summary financial statement does not, and 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 report.

A copy of the Company's 2016 Annual Financial Report, including the independent audit report, is available to all members and will be sent to members without charge upon request.

# Seven Hills-Toongabbie RSL Club Limited

## Directors' Report

### Directors

The directors present their report together with the financial statements of Seven Hills-Toongabbie RSL Club Limited (the company) for the year ended 31 December 2016.

The directors of the company in office at any time during or since the end of the financial year are:

<b>Director</b>	<b>Occupation</b>	<b>Special Responsibilities</b>	<b>Date of Appointment</b>
Barry Wilson	Retired	President and Member of Golf Committee	1 March 1993
Graham Black	Retired	Vice President	2 March 1992
John Burgess	Retired	Member of Golf Committee	23 March 1998
Graeme Quinn	Retired		5 March 1984
Robert Mackay	Retired		9 April 2006
Anne Moore	Administration Officer		27 April 2008
Warren Evans	Retired		27 April 2008
William North	Retired		28 April 2008
Peter Harrington	Retired		1 May 2011

### Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2016, and the number of meetings attended by each director were:

<b>Director</b>	<b>Number of meetings attended</b>	<b>Number of meetings held *</b>
Barry Wilson	12	12
Graham Black	10	12
John Burgess	12	12
Graeme Quinn	10	12
Robert Mackay	12	12
Anne Moore	12	12
Warren Evans	12	12
William North	11	12
Peter Harrington	11	12

\* Number of meetings held during the time the director held office during the year

# Seven Hills-Toongabbie RSL Club Limited

## Directors' Report (continued)

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2016 and the comparison with last year is as follows:

	2016	2015
Associate	37,610	36,606
Sub-Branch	378	383
Life	14	16
	<u>38,002</u>	<u>37,005</u>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to one year's membership subscription per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter. The total liability in the event of winding up is \$190,010 (2015: \$185,025)

### Operating Result

The net profit before tax for the year amounted to \$6,349,274 compared with \$8,545,409 for the prior year. This resulted after charging \$4,085,805 (2015: \$3,134,618) for depreciation and before charging \$620,366 (2015: \$541,499) for income tax.

### Short term and long term objectives

Continue to improve facilities for members and guests.

### Strategy for achieving the objectives

Continue to strengthen the company's financial position.

### Principal activities

The principal activities of the company during the year have continued to be those of licensed social clubs.

### How these activities assist in achieving the objectives

Operating the licensed clubs to generate the revenue to achieve our objectives.

### Performance measurement and key performance indicator

Maintaining a strong EBITDA and making all trading centres profitable.

Bar (Main Club)	2016	2015
Gross profit percentage	55.45%	54.05%
Wages to sales percentage	42.99%	38.67%
<b>EBITDA percentage (Company)</b>	<b>31.22%</b>	<b>34.94%</b>

# **Seven Hills-Toongabbie RSL Club Limited**

## **Directors' Report (continued)**

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Seven Hills this 28th day of February 2017.

A handwritten signature in black ink that reads "Black". The signature is written in a cursive style with a large initial 'B'.

**Graham Black**  
Director

**DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF SEVEN HILLS-  
TOONGABBIE RSL CLUB LIMITED**

As lead auditor of Seven Hills-Toongabbie RSL Club Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cheeseman  
Partner

**BDO East Coast Partnership**

Sydney, 28 February 2017

## Seven Hills-Toongabbie RSL Club Limited

### Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

	2016 \$	2015 \$
<b>Revenue</b>		
Sale of goods	4,593,715	4,717,939
Rendering of services	24,641,531	24,848,598
Other revenue	1,701,062	1,424,263
<b>Total revenue</b>	<u>30,936,308</u>	<u>30,990,800</u>
<b>Expenses</b>		
Raw materials/consumables used	(2,102,550)	(2,179,599)
Donations	(331,092)	(221,164)
Loss on disposal of non-current assets	(441,706)	(8,973)
Employee benefits expense	(5,861,424)	(5,174,636)
Entertainment, marketing and promotional costs	(1,238,487)	(1,190,619)
Poker machine licences and taxes	(5,388,151)	(5,360,008)
Depreciation expense	(4,085,805)	(3,134,618)
Occupancy expenses	(3,683,581)	(3,488,265)
Other expenses	(1,454,238)	(1,687,509)
<b>Total expenses</b>	<u>(24,587,034)</u>	<u>(22,445,391)</u>
<b>Profit before income tax</b>	<b>6,349,274</b>	<b>8,545,409</b>
Income tax expense	(620,366)	(541,499)
<b>Profit after income tax for the year attributable to members</b>	<u><b>5,728,908</b></u>	<u><b>8,003,910</b></u>
<b>Other comprehensive income</b>		
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year, net of tax</b>	<u><b>5,728,908</b></u>	<u><b>8,003,910</b></u>

The Summary Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the discussion and analysis on page 10.

# Seven Hills-Toongabbie RSL Club Limited

## Summary Statement of Financial Position As at 31 December 2016

	2016	2015
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,939,423	2,637,747
Term deposit investments	30,000,000	25,000,000
Trade and other receivables	4,409,343	4,296,232
Inventories	216,897	205,998
Prepayments	296,290	329,947
<b>Total Current Assets</b>	<b>36,861,953</b>	<b>32,469,924</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	54,956,716	52,663,472
Intangible assets	1,030,000	1,030,000
Deferred tax assets	97,547	61,702
<b>Total Non-Current Assets</b>	<b>56,084,263</b>	<b>53,755,174</b>
<b>Total Assets</b>	<b>92,946,216</b>	<b>86,225,098</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	1,548,641	1,100,839
Current tax liabilities	223,275	140,414
Employee benefits	1,245,698	823,466
Deferred revenue	181,322	160,271
<b>Total Current Liabilities</b>	<b>3,198,936</b>	<b>2,224,990</b>
<b>Non-Current Liabilities</b>		
Employee benefits	82,717	77,030
Deferred revenue	92,161	79,584
<b>Total Non-Current Liabilities</b>	<b>174,878</b>	<b>156,614</b>
<b>Total Liabilities</b>	<b>3,373,814</b>	<b>2,381,604</b>
<b>Net Assets</b>	<b>89,572,402</b>	<b>83,843,494</b>
<b>Members' Funds</b>		
Reserves	11,544,108	11,544,108
Retained surpluses	78,028,294	72,299,386
<b>Total Members' Funds</b>	<b>89,572,402</b>	<b>83,843,494</b>

The Summary Statement of Financial Position is to be read in conjunction with the discussion and analysis on page 10.

## Seven Hills-Toongabbie RSL Club Limited

### Summary Statement of Changes in Equity For the Year Ended 31 December 2016

	Reserves \$	Retained Surpluses \$	Total Equity \$
<b>Balance at 1 January 2015</b>	<u>11,544,108</u>	<u>64,295,476</u>	<u>75,839,584</u>
Net profit after income tax expense for the year	-	8,003,910	8,003,910
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>8,003,910</u>	<u>8,003,910</u>
<b>Balance at 31 December 2015</b>	<u>11,544,108</u>	<u>72,299,386</u>	<u>83,843,494</u>
Net profit after income tax expense for the year	-	5,728,908	5,728,908
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>5,728,908</u>	<u>5,728,908</u>
<b>Balance at 31 December 2016</b>	<u>11,544,108</u>	<u>78,028,294</u>	<u>89,572,402</u>

The Summary Statement of Changes in Equity is to be read in conjunction with the discussion and analysis on page 10.



# Seven Hills-Toongabbie RSL Club Limited

## Summary Statement of Cash Flows For the Year Ended 31 December 2016

	2016 \$	2015 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers (inclusive of GST)	32,194,406	32,437,660
Payments to suppliers and employees (inclusive of GST)	(22,084,598)	(23,032,206)
Rent received	923,444	571,869
Interest received	719,728	852,394
Net Income taxes paid	(573,350)	(701,531)
<b>Net cash from operating activities</b>	<b>11,179,630</b>	<b>10,128,186</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property, plant and equipment	243,370	154,020
Payment for property, plant and equipment	(7,064,124)	(2,060,444)
Loan to Penrith Golf Club	(57,200)	(4,000,000)
<b>Net cash used in investing activities</b>	<b>(6,877,954)</b>	<b>(5,906,424)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,301,676</b>	<b>4,221,762</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>27,637,747</b>	<b>23,415,985</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>31,939,423</b>	<b>27,637,747</b>

The Summary Statement of Cash Flows is to be read in conjunction with the discussion and analysis on page 10.

# Seven Hills-Toongabbie RSL Club Limited

## Discussion and Analysis

### Summary Statement of Profit or Loss and Other Comprehensive Income

The total revenue has decreased by \$54,492 (0.2%) from the prior year whilst expenses including depreciation have increased by \$2,141,643 (9.5%) resulting in a net profit before tax of \$6,349,274 compared to \$8,545,409 net profit before tax for the previous year, a decrease of \$2,196,135 (25.7%).

Individual items that impacted the 2016 result were:

- Revenue from sale of goods in bar decreased by \$124,224 (2.6%)
- Revenue from rendering of services decreased by \$207,067 (0.8%) mainly due to decreased net poker machine revenue of \$173,821 (0.8%)
- Interest received income decreased by \$74,776 (8.8%)
- Rental income increased by \$351,575 (61.5%)
- Cost of bar sales decreased by \$77,049 (3.5%)
- Loss on disposal of non-current assets increased by \$432,733 (4822.6%)
- Employee benefits expenses increased by \$686,788 (13.3%)
- Poker machine licenses and taxes increased by \$28,143 (0.5%)
- Depreciation increased by \$951,187 (30.3%)
- Occupancy expenses increased by \$195,316 (5.6%)
- Other expenses decreased by \$233,271 (13.8%)

### Summary Statement of Financial Position

The entity's net assets have increased by \$5,728,908 or 6.8% since the previous year consisting of an increase in total assets of \$6,721,118 and an increase of \$992,210 in total liabilities.

The increase in total assets is primarily due to an increase in term deposit investments of \$5,000,000 and an increase in property, plant and equipment of \$2,293,244.

The increase in total liabilities is primarily due to an increase in trade and other payables of \$447,802 and employee benefits of \$427,919.

### Summary Statement of Cash Flows

Operating activities received net cash of \$11,179,630, an increase of \$1,051,444 when compared to the previous year.

Cash used in investing activities of \$6,877,954 related to payments for property, plant and equipment, net of proceeds from sale, as well as an additional \$57,200 loan to Penrith Golf Club.

The above factors resulted in an overall increase of \$4,301,676 in cash held compared with last year's increase of \$4,221,762.

Cash and cash equivalents (including term deposit investments) at year end was \$31,939,423 compared to \$27,637,747 for the prior year.

# **Seven Hills-Toongabbie RSL Club Limited**

## **Notes to the Summary Financial Statements For the Year Ended 31 December 2016**

### **1 Summary of Significant Accounting Policies**

#### **Basis of Preparation of the Summary Financial Statements**

The Summary Financial Statements have been prepared from the audited financial report of Seven Hills-Toongabbie RSL Club Limited for the year ended 31 December 2016. The audited report for the year ended 31 December 2016 is available at request from Seven Hill-Toongabbie RSL Club.

The financial statements are presented in Australian dollars which is the entity's functional and presentational currency.

The financial statements, specific disclosures and other information included in the summary financial statements have been derived from and are consistent with the full financial statements of Seven Hills-Toongabbie RSL Club Limited as the full financial report.

The summary financial statements do not, and cannot be expected to, provide a detailed understanding of the financial performance, financial position and financing and investing activities of Seven Hills-Toongabbie RSL Limited as the full financial report.

The accounting policies have been consistently applied to Seven Hills-Toongabbie RSL Club Limited and are consistent with those of the financial year in their entirety.

# Seven Hills-Toongabbie RSL Club Limited

## Directors' Declaration

The directors of Seven Hills-Toongabbie RSL Club Limited (the company) declare that the summary financial statements of the entity for the financial year ended 31 December 2016, as set out on pages 6 to 11:

- (a) complies with the accounting policies disclosed in Note 1; and
- (b) is an extract from the full financial report for the year ended 31 December 2016 and has been derived from and is consistent with the full financial report of the entity.

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

Dated at Seven Hills this 28th day of February 2017



**Graham Black**  
Director

## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL REPORT

To the members of Seven Hills-Toongabbie RSL Club Limited,

The accompanying summary financial statements, which comprises the summary statement of financial position as at 31 December 2016, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, are derived from the audited financial report of Seven Hills-Toongabbie RSL Club Limited for the year ended 31 December 2016. We expressed an unmodified audit opinion on that financial report in our report dated 28 February 2017.

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of Seven Hills-Toongabbie RSL Club Limited.

### *Directors' Responsibility for the Summary Financial Statements*

The directors are responsible for the preparation of a summary of the audited financial report on the basis described in Note 1.

### *Auditor's Responsibility*

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

### *Opinion*

In our opinion, the summary financial statements derived from the audited financial report of Seven Hills-Toongabbie RSL Club Limited for the year ended 31 December 2016 are consistent, in all material respects, with that audited financial report, on the basis described in Note 1.



**BDO East Coast Partnership**



Paul Cheeseman

Partner

28 February 2017