
Seven Hills-Toongabbie RSL Club Limited

ABN 65 000 862 680

Summary Financial Statement 31 December 2020

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 2020 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 2020.

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

Director	Occupation	Special Responsibilities	Date of Appointment
Barry Wilson	Retired	President	1 March 1993
Graham Black	Retired	Vice President	2 March 1992
John Burgess	Retired		23 March 1998
Graeme Quinn	Retired		5 March 1984
Robert Mackay	Retired		9 April 2006
Anne Moore	Retired		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 2020, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held *
Barry Wilson	12	12
Graham Black	11	12
John Burgess	12	12
Graeme Quinn	12	12
Robert Mackay	12	12
Anne Moore	12	12
Warren Evans	12	12
William North	12	12
Peter Harrington	12	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 2020 and the comparison with last year is as follows:

	2020	2019
Associate	37,732	47,161
Sub-Branch	411	401
Life	11	11
	<u>38,154</u>	<u>47,573</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 \$190,770 (2019: \$237,865)

Operating Result

The net profit before tax for the year amounted to \$6,909,835 compared with \$7,690,168 for the prior year. This resulted after charging \$4,463,476 (2019: \$4,768,523) for depreciation and before charging \$547,305 (2019: \$484,018) for income tax.

COVID-19 related affairs

Due to the impact of COVID-19, and the government's mandatory shutdown of the clubs between 23 March and end of May 2020, the clubs did not trade during this period. This has had a significant impact on the club's results for the year. Whilst the club has been receiving JobKeeper to subsidise staff wages, the loss of revenue has also impacted the Company's cashflow. In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

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.

Seven Hills-Toongabbie RSL Club Limited

Directors' Report (continued)

Performance measurement and key performance indicator

Maintaining a strong EBITDA and making all trading centres profitable.

Bar (Main Club)	2020	2019
Gross profit percentage	51.16%	55.16%
Wages to sales percentage	61.98%	47.56%
EBITDA percentage (Company)	35.14%	31.22%

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 26th day of March 2021.



Barry Wilson
Director

DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL 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 2020 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.



Elysia Rothwell
Director

BDO Audit Pty Ltd
Sydney

26 March 2021

Seven Hills-Toongabbie RSL Club Limited

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

	2020 \$	2019 \$
Revenue		
Sale of goods	3,648,032	5,654,283
Rendering of services	22,756,073	28,154,491
Profit on disposal of non-current assets	79,462	188,081
Other revenue	1,102,660	2,252,397
Total revenue	<u>27,586,227</u>	<u>36,249,252</u>
Other income	<u>2,042,815</u>	<u>-</u>
Expenses		
Raw materials/consumables used	(1,771,059)	(2,535,442)
Donations	(251,060)	(250,763)
Employee benefits expense	(6,336,592)	(6,951,502)
Entertainment, marketing and promotional costs	(1,003,537)	(1,825,061)
Poker machine licences and taxes	(4,645,866)	(6,096,986)
Depreciation expense	(4,463,476)	(4,768,523)
Occupancy expenses	(3,351,360)	(4,657,787)
Other expenses	(896,257)	(1,473,020)
Total expenses	<u>(22,719,207)</u>	<u>(28,559,084)</u>
Profit before income tax	6,909,835	7,690,168
Income tax expense	(547,305)	(484,018)
Profit after income tax for the year attributable to members	<u>6,362,530</u>	<u>7,206,150</u>
Other comprehensive income		
Loss on Amalgamation of Penrith Golf Club	-	(34,319)
Total comprehensive income for the year, net of tax	<u>6,362,530</u>	<u>7,171,831</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 and 11.

Seven Hills-Toongabbie RSL Club Limited

Summary Statement of Financial Position As at 31 December 2020

ASSETS	2020	2019
	\$	\$
Current Assets		
Cash and cash equivalents	5,243,439	3,876,136
Term deposit investments	49,000,000	47,500,000
Trade and other receivables	1,188,280	2,181,512
Current tax asset	-	21,354
Inventories	246,530	309,742
Prepayments	218,812	321,140
Total Current Assets	55,897,061	54,209,884
Non-Current Assets		
Property, plant and equipment	81,127,269	76,021,227
Right of use asset	42,076	55,036
Intangible assets	1,630,000	1,630,000
Deferred tax assets	131,579	103,134
Total Non-Current Assets	82,930,924	77,809,397
Total Assets	138,827,985	132,019,281
LIABILITIES		
Current Liabilities		
Trade and other payables	2,494,867	2,760,093
Lease liabilities	12,745	12,068
Employee benefits	1,667,725	1,528,998
Deferred revenue	403,346	356,906
Current tax liability	571,832	-
Total Current Liabilities	5,150,515	4,658,065
Non-Current Liabilities		
Employee benefits	59,259	82,657
Lease liabilities	38,804	44,060
Deferred revenue	127,541	145,163
Total Non-Current Liabilities	225,604	271,880
Total Liabilities	5,376,119	4,929,945
Net Assets	133,451,866	127,089,336
Members' Funds		
Reserves	27,598,171	27,598,171
Retained surpluses	105,853,695	99,491,165
Total Members' Funds	133,451,866	127,089,336

The Summary Statement of Financial Position is to be read in conjunction with the discussion and analysis on page 10 and 11.

Seven Hills-Toongabbie RSL Club Limited

Summary Statement of Changes in Members' Funds For the Year Ended 31 December 2020

	Reserves	Retained	Total
	\$	Surpluses	Equity
		\$	\$
Balance at 1 January 2019	<u>27,632,490</u>	<u>92,285,015</u>	<u>119,917,505</u>
Net profit after income tax expense for the year	-	7,206,150	7,206,150
Other comprehensive income for the year, net of tax	<u>(34,319)</u>	<u>-</u>	<u>(34,319)</u>
Total comprehensive income for the year	<u>(34,319)</u>	<u>7,206,150</u>	<u>7,171,831</u>
Balance at 31 December 2019	<u>27,598,171</u>	<u>99,491,165</u>	<u>127,089,336</u>
Net profit after income tax expense for the year	-	6,362,530	6,362,530
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>6,362,530</u>	<u>6,362,530</u>
Balance at 31 December 2020	<u>27,598,171</u>	<u>105,853,695</u>	<u>133,451,866</u>

The Summary Statement of Changes in Members' Funds is to be read in conjunction with the discussion and analysis on page 10 and 11.

Seven Hills-Toongabbie RSL Club Limited

Summary Statement of Cash Flows For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers (inclusive of GST)	29,288,413	36,347,080
Grant received	2,042,815	-
Payments to suppliers and employees (inclusive of GST)	(21,060,541)	(26,035,732)
Rent received	350,559	1,141,905
Interest received	1,003,879	1,110,492
Net Income taxes paid	17,437	(492,322)
	<hr/>	<hr/>
Net cash from operating activities	11,642,562	12,071,423
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Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	120,439	280,846
Payments for property, plant and equipment	(9,597,535)	(8,291,153)
Proceeds from loans provided	827,640	
Payments for loans provided	(125,803)	
	<hr/>	<hr/>
Net cash used in investing activities	(8,775,259)	(8,010,307)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2,867,303	4,061,116
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the financial year	51,376,136	47,315,020
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	54,243,439	51,376,136
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The Summary Statement of Cash Flows is to be read in conjunction with the discussion and analysis on page 10 and 11.

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 \$8,663,025 (23.9%) from the prior year whilst expenses including depreciation have decreased by \$5,839,877 (20.4%) resulting in a net profit before tax of \$6,909,835 compared to \$7,690,168 net profit before tax for the previous year, a decrease of \$780,333 (10.1%).

Individual items that impacted the 2020 result were:

- Revenue from sale of goods in bar decreased by \$2,006,251 (35.5%)
- Revenue from rendering of services decreased by \$5,398,418 (19.2%) mainly due to decreased net poker machine revenue of \$5,184,597 (21.0%)
- Profit on disposal of non-current assets decreased by \$108,619 (57.8%)
- Interest income decreased by \$389,805 (34.1%)
- Rental income decreased by \$759,932 (68.4%)
- Received government grant of \$2,042,815 (2019: \$nil)
- Cost of bar sales decreased by \$764,383 (30.1%)
- Employee benefits expenses decreased by \$614,910 (8.8%)
- Entertainment, marketing and promotional costs decreased \$821,524 (45.0%)
- Poker machine licenses and taxes decreased by \$1,451,120 (23.8%)
- Depreciation decreased by \$305,047 (6.4%)
- Occupancy expenses decreased by \$1,306,428 (28.0%)
- Other expenses decreased by \$576,763 (39.2%)

Summary Statement of Financial Position

The entity's net assets have increased by \$6,362,530 or 5.0% since the previous year consisting of an increase in total assets of \$6,808,704 and an increase of \$446,174 in total liabilities.

The increase in total assets is primarily due to an increase in property, plant & equipment of \$5,106,042 and an increase in term deposit investments of \$1,500,000.

The increase in total liabilities is primarily due to an increase in current tax liability of \$571,832.

Seven Hills-Toongabbie RSL Club Limited

Summary Statement of Cash Flows

Operating activities received net cash of \$11,642,562, a decrease of \$428,861 when compared to the previous year.

Cash used in investing activities of \$8,775,259 related to payments for property, plant and equipment (\$9,477,096), net of proceeds from sale, and to receipts from loans provided (\$701,837), net of payment for loans provided.

The above factors resulted in an overall increase of \$2,867,303 in cash held compared with last year's increase of \$4,061,116.

Cash and cash equivalents (including term deposit investments) at year end was \$54,243,439 compared to \$51,376,136 for the prior year.

Impact of COVID-19

On 22 March 2020, the Government announced the forced closure of the registered and licensed clubs, licensed premises in hotels and pubs, entertainment venues and cinemas, casinos and nightclubs effective from midday 23 March 2020 until further notice. During June 2020, the entity reopened on legislated social distancing requirements. This closure, and the transition to reopening, has had a significant impact on the Club's operating cash flows for the reporting period ended 31 December 2020 and up to the date of this report. As a result, there is a high degree of uncertainty associated with forecasting cash flows over the following twelve month period.

However, despite the unpredictability of the COVID-19 situation and the potential impact on the operation, there are reasonable grounds to conclude the entity will continue as a going concern on the basis of the following:

- As at 31 December 2020, the entity has incurred a net profit of \$6,362,530 (2019: net profit of \$7,206,150) and was in net current asset position of \$50,746,546 for the reporting period ended 31 December 2020 (2019: net current assets of \$49,551,819);
- The entity has substantial cash and cash equivalent balance at year-end of \$54,243,439 to support the entity's future operations; and
- The cash flow budgets indicate sufficient cash flow for the period of twelve months from the date of this report.

Seven Hills-Toongabbie RSL Club Limited

Notes to the Summary Financial Statements For the Year Ended 31 December 2020

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 2020. The audited report for the year ended 31 December 2020 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

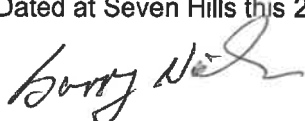
Directors' Declaration

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 2020, 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 2020 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 26th day of March 2021.



Barry Wilson
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of Seven Hills-Toongabbie RSL Club Limited

Opinion

The summary financial statements of Seven Hills-Toongabbie RSL Club Limited (the Company), which comprise the summary statement of financial position as at 31 December 2020, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial report of the Company for the year ended 31 December 2020. We expressed an unmodified audit opinion on that financial report in our report dated 26 March 2021.

In our opinion, the summary financial statements for the Company derived from the audited financial report of Seven Hills-Toongabbie RSL Club Limited for the year ended 31 December 2020 are consistent, in all material respects, with the audited financial report, 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 and Interpretations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon.

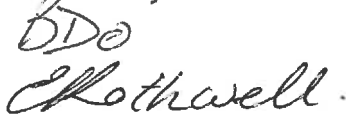
Directors' Responsibility for the Summary Financial Statements

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

Auditor's responsibilities for the audit of the Financial Report

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.

BDO Audit Pty Ltd



Elysia Rothwell

Director

26 March 2021