
Penrith RSL Club Limited

ACN 000 995 568

Summary Financial Statement 31 December 2017

The financial statements and other specific disclosures have been derived from Penrith 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 do 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 2017 Annual Financial Report, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Penrith RSL Club Limited

Directors' Report

Directors

The directors present their report together with the financial statements of Penrith RSL Club Limited (the company) for the year ended 31 December 2017.

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

Director	Position	Date of Appointment/Resignation
Frank Portelli	Chairman	24 September 2012
Steve Hauer	Deputy Chair	24 March 2002
Bernard Atkinson	Director	24 July 2017 (resigned)
Jennifer May	Director	18 April 2010
Steve Jose	Director	24 March 2014
Del Gaudry	Director	25 May 2014
Maralyn Kastel	Director	25 May 2014
Michael McConnell	Director	23 May 2016

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2017, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held **
Frank Portelli	12	12
Steve Hauer	11	12
Bernard Atkinson (resigned 24 July 2017)	3	6
Jennifer May	8	12
Steve Jose	12	12
Del Gaudry	9	12
Maralyn Kastel	10	12
Michael McConnell	12	12

** Number of meetings held where each Director was entitled to attend during the time they held office throughout the year.

Committee meetings

The number of committee meetings the company's Board of Directors (the Board) held during the year ended 31 December 2017 and the number of committee meetings attended by each director were:

	<u>COMMITTEE MEETINGS</u>					
	Audit & Risk Committee	Youth, Community & member Committee	Security & Discipline Committee	Governance, Compensation & Nomination Committee	Club Grant Committee	Other Committees
Number of Meetings Held	3	2	4	2	1	
Director						
Frank Portelli	2	1	2	2	1	7
Steve Hauer	-	1	4	-	-	5
Bernard Atkinson	-	-	-	-	-	1
Jennifer May	2	2	-	-	-	1
Steve Jose	3	2	-	-	1	1
Del Gaudry	2	1	1	1	-	5
Maralyn Kastel	2	-	4	2	-	1
Michael McConnell	-	2	3	-	1	5

Penrith 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 2017 was 34,937 (2016: 35,607).

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$4 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 members' limited liability is \$139,748 (2016: \$142,428).

Operating Result

The table below shows a reconciliation of Penrith RSL Limited earnings before interest, income tax, depreciation, amortisation and impairment losses. This is referred to as EBITDA.

	2017 \$	2016 \$
Net profit after income tax expense attributable to members	1,976,220	1,294,009
Add back:		
Depreciation and amortisation expense	2,324,426	2,129,187
Finance cost	509,537	537,604
Income tax expense	335,779	344,472
	<hr/>	<hr/>
EBITDA	5,145,962	4,305,272
	<hr/>	<hr/>

Short term and long term objectives

The Club aims to provide a safe community friendly social Club for the wider Penrith community whilst upholding the RSL traditions.

Long term objectives

The Club's long term objectives are to be a continually growing community focused RSL Club that offers a diverse range of excellent services and activities in a safe and friendly environment.

Strategy for achieving the objectives

The Club conducts regular strategic review of its operation and undertakes a number of strategic actions to achieve these objectives, such as:

- Attracting increased number of families and young people as members by providing diversified activities.
- Continually supporting the local community.
- Increasing member satisfaction by communication and actioning feedback.
- Continually developing quality facilities for the benefit of members. Continued investment in our employees by providing continual support and training.

Principal activities

The principal activities of the company during the year have continued to be that of licensed RSL Club, entailing the provision of food, beverages and entertainment facilities.

Penrith RSL Club Limited

Directors' Report (continued)

Performance measurement and key performance indicators

The Club's performance is measured in both financial and non-financial terms.

The financial performance of the Club is measured against the annual budget, previous year's results and benchmark data from the Club Industry.

Key financial performance indicators include:

- Earnings before Interest, Taxation, Depreciation, Amortisation, Rent and Donations (EBITDARD)
- Gross Profit percentages
- Wage percentages to income
- Cash Flow

In addition, non-financial performance measures include:

- Members' feedback
- Market research via surveys
- Patronage numbers
- Member renewals
- New member numbers

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 Penrith this 26 day of March 2018.



Frank Portelli

Chairman

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF PENRITH RSL CLUB LIMITED

As lead auditor of Penrith RSL Club Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.



Paul Cheeseman

Partner

BDO East Coast Partnership

Sydney, 26 March 2018

Penrith RSL Club Limited

Summary Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	2017 \$	2016 \$
Revenue		
Sale of goods	3,612,621	3,680,552
Rendering of services	16,645,150	15,196,625
Other revenue	1,137,922	962,005
Total revenue	<hr/> 21,395,693	<hr/> 19,839,182
Expenses		
Raw materials and consumables	(1,215,218)	(1,264,702)
Employee benefits expense	(4,657,100)	(4,635,026)
Entertainment, marketing and promotional expenses	(3,304,552)	(2,999,714)
Poker machine licences and taxes	(3,636,069)	(3,273,878)
Repairs and maintenance expenses	(580,323)	(585,947)
Depreciation and amortisation expense	(2,324,426)	(2,129,187)
Finance costs	(509,537)	(537,604)
Donations	(326,712)	(379,064)
Loss on disposal of fixed assets	(128,108)	(30,190)
Insurance expenses	(120,701)	(116,287)
Occupancy expenses	(1,051,781)	(1,009,491)
Security expenses	(214,802)	(249,844)
Other expenses	(1,014,365)	(989,767)
	<hr/> (19,083,694)	<hr/> (18,200,701)
Profit before income tax	2,311,999	1,638,481
Income tax expense	(335,779)	(344,472)
Net profit after income tax expense attributable to members	<hr/> 1,976,220	<hr/> 1,294,009
Other comprehensive income		
Other comprehensive income for the year, net of tax	<hr/> -	<hr/> -
Total comprehensive income for the year attributable to members	<hr/> <hr/> 1,976,220	<hr/> <hr/> 1,294,009

The Summary Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the discussion and analysis on page 10 and the notes to the summary financial statements set out on page 11.

Penrith RSL Club Limited
Summary Statement of Financial Position
As at 31 December 2017

	2017 \$	2016 \$
ASSETS		
Current Assets		
Cash and cash equivalents	1,760,062	1,160,947
Trade and other receivables	305,147	200,810
Inventories	266,270	298,429
Prepayments	55,779	78,811
Other financial assets	120,000	110,000
Total Current Assets	2,507,258	1,848,997
Non-Current Asset		
Other financial assets	370,000	490,000
Property, plant and equipment	45,412,188	45,717,561
Investment property	8,113,886	8,223,423
Intangible assets	300,000	-
Deferred tax assets	51,232	51,165
Total Non-Current Assets	54,247,306	54,482,149
Total Assets	56,754,564	56,331,146
LIABILITIES		
Current Liabilities		
Trade and other payables	1,670,075	1,849,391
Financial liabilities	568,789	1,538,825
Current tax liabilities	244,062	164,062
Employee benefits	746,747	739,938
Income received in advance	149,006	207,784
Total Current Liabilities	3,378,679	4,500,000
Non-Current Liabilities		
Financial liabilities	8,703,156	9,200,000
Employee benefits	77,045	46,364
Deferred tax liabilities	224,199	234,581
Income received in advance	117,529	72,465
Total Non-Current Liabilities	9,121,929	9,553,410
Total Liabilities	12,500,608	14,053,410
Net Assets	44,253,956	42,277,736
Members' Funds		
Reserves	3,605,060	3,605,060
Retained profits	40,648,896	38,672,676
Total Members' Funds	44,253,956	42,277,736

The Summary Statement of Financial Position is to be read in conjunction with the discussion and analysis on page 10 and the notes to the summary financial statements set out on page 11.

Penrith RSL Club Limited

Summary Statement of Changes in Member's Funds
For the Year Ended 31 December 2017

	Retained Earnings \$	Reserves \$	Total Equity \$
Balance at 1 January 2016	37,378,667	3,605,060	40,983,727
Net profit for the year after income tax	1,294,009	-	1,294,009
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	1,294,009	-	1,294,009
Balance at 31 December 2016	38,672,676	3,605,060	42,277,736
Net profit for the year after income tax	1,976,220	-	1,976,220
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	1,976,220	-	1,976,220
Balance at 31 December 2017	40,648,896	3,605,060	44,253,956

The Summary Statement of Changes in Member's Funds is to be read in conjunction with the discussion and analysis on page 10 and the notes to the summary financial statements set out on page 11.

Penrith RSL Club Limited
Summary Statement of Cash Flows
For the Year Ended 31 December 2017

	2017	2016
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	22,275,497	20,779,203
Payments to suppliers and employees	(18,347,816)	(17,442,138)
Rent received	1,251,590	1,056,510
Interest received	113	1,541
Finance costs paid	(509,537)	(537,604)
Income tax paid	(266,228)	(438,735)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,403,619	3,419,137
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(2,031,860)	(3,508,404)
Proceeds from sale of property, plant and equipment	28,226	107,609
Payment for investment properties	(33,990)	(38,336)
Payment for intangible assets	(300,000)	-
	<hr/>	<hr/>
Net cash (outflow) from investing activities	(2,337,624)	(3,439,131)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from borrowings	-	1,780,000
Repayments of borrowings	(1,500,000)	(1,500,000)
Proceeds from finance lease	92,363	-
Payments of finance lease	(59,243)	(130,606)
	<hr/>	<hr/>
Net cash (outflow) / inflow from financing activities	(1,466,880)	149,394
	<hr/>	<hr/>
Net increase in cash and cash equivalents	599,115	129,400
Cash and cash equivalents at the beginning of the financial year	1,160,947	1,031,547
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	1,760,062	1,160,947
	<hr/>	<hr/>

The Summary Statement of Cash Flows is to be read in conjunction with the discussion and analysis on page 10 and the notes to the summary financial statements set out on page 11.

Penrith RSL Club Limited

Discussion and Analysis

Summary Statement of Profit or Loss and Other Comprehensive Income

The total revenue has increased by \$1,556,511 (8%) since the prior year whilst expenses including depreciation have increased by \$882,993 (5%) resulting in a net profit before tax of \$2,311,999 compared to \$1,638,481 net profit for the previous year, an increase of \$673,518 (41%).

Individual items that impacted the 2017 result were:

- Revenue from sale of goods (bar and catering sales) decreased by \$67,931 (2%)
- Revenue from rendering of services increased by \$1,448,525 (10%) mainly due to increased poker machine - net clearances revenue of \$1,377,477 (10%)
- Interest received income decreased by \$1,428 (93%)
- Rental income increased by \$177,345 (18%)
- Cost of sales decreased by \$49,484 (4%)
- Poker machine licenses and taxes increased by \$362,191 (11%)
- Employee benefits expenses increased by \$22,074 (1%)
- Occupancy expenses increased by \$42,290 (4%)
- Depreciation and amortisation expenses increased by \$195,239 (9%)
- Other expenses increased by \$24,598 (2%)

Summary Statement of Financial Position

The entity's net assets have increased by \$1,976,220 or 5% since the previous year consisting of an increase in total assets of \$423,418 and decrease of \$1,552,802 in total liabilities.

The increase in total assets is primarily due to increased cash and trade receivables of \$703,452 and only small decreases property plant and equipment and investment property of \$414,910 as a result of depreciation expense of \$2,324,426 offset by net additions of \$2,037,624.

The decrease in total liabilities is primarily due to a decrease in trade and other payables of \$179,316, and a decrease to financial liabilities of \$1,466,880.

Summary Statement of Cash Flows

Operating activities received net cash of \$4,403,619 an increase of \$984,482 when compared to the previous year.

Cash used in investing activities of \$2,337,624 related to payments for property, plant and equipment, proceeds from sale of property, plant and equipment, and payment for investing properties.

Cash outflows for financing activities was \$1,466,880, an increase of \$1,616,274 from the previous year due to the repayment of debt by the Company.

The above factors resulted in an overall increase of \$599,115 in cash held compared with last year's decrease of \$3,032.

Cash and cash equivalents at year end was \$1,760,062 compared to \$1,160,947 for the prior year.

Notes to the Summary Financial Statements For the Year Ended 31 December 2017

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 Penrith RSL Club Limited for the year ended 31 December 2017. The audited report for the year ended 31 December 2017 is available at request from Penrith 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 Penrith 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 Penrith RSL Limited as the full financial report.

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

Directors' Declaration

The directors of Penrith RSL Club Limited (the company) declare that the summary financial statements of the entity for the financial year ended 31 December 2017, 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 2017 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 Penrith this 26 day of March 2018.



Frank Portelli
Chairman

INDEPENDENT AUDIT REPORT ON THE SUMMARY FINANCIAL REPORT TO THE MEMBERS OF PENRITH RSL CLUB LIMITED

The accompanying summary financial statements, which comprises the summary statement of financial position as at 31 December 2017, 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 Penrith RSL Club Limited for the year ended 31 December 2017. We expressed an unmodified audit opinion on that financial report in our report dated 27 March 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 Penrith 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 Penrith RSL Club Limited for the year ended 31 December 2017 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

Date 26 March 2018