

**INGLEBURN RSL SUB-BRANCH
CLUB LIMITED
ABN: 38 163 551 086**

**SUMMARY OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2016**

**HARLEY, RUSSELL & DAY
Chartered Accountants**

**2/172 Liverpool Road
ENFIELD NSW 2136**

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INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

SUMMARY OF FINANCIAL STATEMENTS 31ST DECEMBER, 2016

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INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

FOR THE YEAR ENDED 31ST DECEMBER 2016

SUMMARY OF FINANCIAL STATEMENTS

The financial statements and other specific disclosures have been derived from Ingleburn RSL Sub-Branch Club Limited full financial report for the financial year ended 31st December, 2016. Other information in the Summary of Financial Statements is consistent with the Company's full financial report.

The Summary of Financial Statements does not, and cannot be expected to, provide full an understanding of financial performance, financial position and financing and investing activities of the Company 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 application to the Company's Secretary Manager.

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

DIRECTORS' REPORT

Your directors present their report on the Club for the financial year ended 31st December, 2016.

DIRECTORS

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

Terry Goldsworthy	Ray O'Neill
Ray Williams	Geoffrey Grimes
Warren Verity	Craig Hughes
Vince Vincent	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The person who held the position of the Company secretary at the end of the financial year was Mr Glenn Cushion. Mr Cushion has extensive experience in The Club industry and is also the Chief Executive Officer of the Company.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company consisted of: Maintaining a Licensed Club for Members.

MEMBERS

The number of Members of the Club registered in the Register of Members at the date of this report is:

	<u>2016</u>	<u>2015</u>
Honorary Life Members	9	8
Service Members	243	261
Social Members	16,626	15,693
Affiliated Members	<u>1</u>	<u>4</u>
	<u>16,879</u>	<u>15,966</u>

SIGNIFICANT CHANGES

During the year, there was no significant change in the nature of the principal activities of the Company.

OPERATING RESULTS

The Net Profit from Trading for the year (after no Provision for Income Tax) amounted to \$2,617,069 (2015: Profit \$3,015,938 after Income Tax of \$56,452), and after charging Depreciation and Amortization \$2,172,244 (2015: \$1,696,475).

DIVIDENDS

The Company is a non-profit reporting entity not permitted by its constitution to pay a dividend.

REVIEW OF OPERATIONS

Movements in significant items of Revenue are as follows:-

	<u>2016</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Poker Machine Net Profit	7,650,214	7,234,437	415,777	5.75
Bar Net Profit	745,297	548,525	196,772	35.88
Overhead Operating Expenses	6,398,997	5,714,965	684,032	11.97

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, no significant changes occurred in the state of the financial affairs of the Company.

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

The Club's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years. With the exception of January 2017 when the Club purchased a parcel of land at 11 Ingleburn Road Leppington. This parcel of land is a development site currently zoned R3 (medium density) and was purchased as an investment.

INFORMATION ON DIRECTORS

<u>Name</u>	<u>Position</u>	<u>Meetings Called</u>	<u>Meetings Attended</u>	<u>Special Responsibilities</u>	<u>Experience</u>
Terry Goldsworthy	Chairman	14	13	Chairman of the Board Chairman of Sub-Committees	Director 14 years
Ray Williams	Vice President	14	11	Building & Future Planning Committee Audit Risk & Compliance Remuneration Committee	Director 21 years
Warren Verity	Vice President	14	14	Building & Future Planning Committee Disciplinary Committee Remuneration Committee Publicity Officer and Presentations	Director 10 years Previous exp. 9 years
Vince Vincent	Treasurer	14	14	Disciplinary Committee Audit Risk & Compliance Welfare Officer Clubs NSW Delegate (Alternate Delegate)	Director 10 years
Geoffrey Grimes	Director	14	14	Building & Future Planning Committee Audit Risk & Compliance Membership Committee Clubs NSW Delegate	Director 3 years
Ray O'Neill	Director	14	13	Membership Committee Disciplinary Committee Sports Council Delegate Youth Club Committee RSL Association Delegate	Director 11 years
Craig Hughes	Director	14	12	Building & Future Planning Committee Audit Risk & Compliance RSL Association (Alternate Delegate)	Director 2 years

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The Club will make changes to level 1 in the first half of 2017. The area will be renovated and upgraded to accommodate and operate a Tabatinga – Children's Pay for Play Centre. The required building works and fit out are scheduled to be completed late May or early June 2017.

DIRECTORS BENEFITS

Since the end of the previous financial year no Director has received or become entitled to receive any benefit by reason of a contract between the Club and himself or with a firm of which he has a substantial financial interest.

OBJECTIVES

Short term

Providing for members and guests a social sporting club with all the usual facilities of a club and to assist generally in the promotion and propagation sports and a meeting place for community groups. Other short term objectives are as follows:

1. To continue to provide a high level of members facilities.
2. To remain proactive in dealing with continual changing industry legislation.
3. To increase Club membership.
4. To increase the Club's awareness in the local community.
5. To remain profitable and reduce financial debt.

Long Term

To sustain our position as the leading provider of a social entertainment in Ingleburn to ensure our long term support of sports and the wider community in that region and beyond. Other long term objectives are as follows:

1. To maximize and further endorse the Club's Anzac traditions.
2. To further upgrade members facilities in line with market trends and member expectations.
3. To remain profitable with the vision to diversify the Club's assets into other streams of income where viable.
4. To continue to provide the members and the community with a social hub for their entertainment.

The entity strategies for achieving the short and long term objectives were:

Principal strategies include:

1. Maximizing advantage from our property holdings,
2. Maximizing advantage from marketing opportunities,
3. Offering a broad range of entertainment offerings,
4. Maintaining high customer service standards,
5. Continuing to market the Club to the broader community,
6. Ensuring the Club's human resources remain trained and committed to the Club's objectives,
7. Increasing membership to ensure the Club's income levels continue to grow, and
8. Reviewing the continual performance of the Club to ensure objectives are being met and that the existing objectives remain valid.

How these activities assist in achieving the objectives

The activities carried out by the Club during the year assisted in achieving the Club's objectives by ensuring that the Club's income streams remained consistent. The completion of upgrading facilities also added to the Club's ability to achieve its ongoing objectives.

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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DIRECTORS' REPORT

Performance measurement and key performance indicator

Performance is assessed regularly against relevant internal and industry benchmarks enabling assessment as to whether strategic initiatives have been effective in achieving company short and long term objectives. To further ensure the Club's objectives are being met the following performance measures are in place:

Key Performance Indicators are monitored in areas such as beverage, gaming and human resource costs.

Industry comparisons are also reviewed on a regular basis.

Overall business EBITDA is reviewed on a regular basis.

Club objectives are also reviewed to measure as to whether they are being met within reasonable timeframes.

Events Subsequent to Balance Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Members Limited Liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2.00 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.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Club has not, during or since the financial year, in respect to any person who has been an Officer or Auditor of the Company:-

- Indemnified or made any relevant agreement for indemnifying against a liability as an Officer or Auditor, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract ensuring against a liability incurred as an Officer or Auditor for the costs or expenses to defend proceedings;

Directors' indemnity premiums have been provided for and paid for by the Company during the year at a cost of \$3,717.22 for Directors' and Officers' Liability Insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$1,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them whilst acting as Directors or Officers of the Company.

AUDITOR'S INDEPENDENT DECLARATION

The Auditor's Independent Declaration for the year ended 31st December, 2016 has been received and can be found on page 5 of this report.

Dated at Ingleburn this 20th day of February 2017

In accordance with a resolution of the Directors


.....
TERRY GOLDSWORTHY
President


.....
WARREN VERITY
Vice President

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

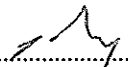
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AUDITOR'S INDEPENDENT DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INGLEBURN RSL SUB-BRANCH CLUB LIMITED

I declare to the best of my knowledge and belief, during the year ended 31st December, 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporation Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DATED AT INGLEBURN
THIS 12TH DAY OF
FEBRUARY 2017


.....
HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered Company Auditor

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

DISCUSSION & ANALYSIS AS AT 31 ST DECEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME

The entity's total revenue has increased by \$880,099 (5.24%) since the prior year. Whilst total expenses have increased by \$874,502 (7.28%) resulting in a net profit after tax of \$2,617,069 (income tax: \$NIL) compared to \$3,015,938 (income tax: \$56,452) for the previous year.

Individual items that have impacted the 2016 result include:

- Net clearances from poker machines increased by \$1,306,205.
- Gaming duty increased by \$368,687.
- Interest received decreased to \$3,129.
- Bar sales have decreased by \$57,853.
- Cost of sales has decreased by \$47,389 as a result of decrease in sales after discounts and advantage points.
- Bar Gross Profit percentage increased from 61.51% to 62.46%.
- Entertainment, marketing and promotional costs decreased by \$37,168.
- Employee benefit expenses increased by \$371,603.
- Depreciation and amortisation expenses increased by \$475,769.
- Donation expenses increased by \$58,494.

STATEMENT OF FINANCIAL POSITION

The entity's net asset have increased by \$2,617,069 or 19.15% since the previous year consisting of a increase in total assets of \$3,115,839 and a \$498,770 increase in total liabilities.

This increase/decrease in net assets for the year is mainly attributed to:

- Increase in property, plant and equipment including leasehold improvements was \$3,616,736, the Net amount after adding back the difference for depreciation and amortisation of \$2,172,244 resulting in total increase.
- Increase in receivables of \$151,482.
- Increase in cash and cash equivalents by \$1,518,132.
- Increase in inventories by \$1,733.
- Increase in employee benefits provision of and Income Tax Provision of \$40,102.
- Increase in membership subscriptions in advance of \$11,010.

CASH FLOW STATEMENT

Operating activities provided net cash flow of \$5,134,868, an increase of \$309,781 or 6.42% when compared to the previous year.

Net cash used in investing activities of \$3,616,736 related to payments for property, plant and equipment including capital works, renovations and leasehold improvements.

As a result of these cash flows, the net cash held during the year increased by \$1,518,132 compared to the previous year's increase of \$1,739,966.

Cash at year end was \$6,919,133 compared to \$5,401,001 in the prior year.

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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**PROFIT & LOSS ACCOUNT AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	2016	2015
	\$	\$
Revenue from Continuing Operations		
Sale of Goods	2,668,163	2,726,016
Rendering of services	14,422,914	13,134,054
Other Revenue	606,029	956,937
Total Revenue from continuing operations	<u>17,697,106</u>	<u>16,817,007</u>
Cost of Sales	(1,001,720)	(1,049,118)
Donations	(280,136)	(221,642)
Directors' expenses	(74,133)	(87,972)
Employment Benefits expenses	(3,674,206)	(3,302,603)
Entertainment, marketing and promotional costs	(1,173,157)	(1,210,325)
Poker machine licences and taxes	(3,207,127)	(2,837,440)
Occupancy expenses	(994,608)	(706,153)
Other expenses from ordinary activities	(2,495,229)	(2,610,561)
Total Expenses	<u>(12,900,316)</u>	<u>(12,025,814)</u>
Earnings before borrowing costs, tax, depreciation and amortisation	4,796,790	4,791,193
Depreciation and amortisation	(2,172,244)	(1,696,475)
Borrowing Costs	(7,477)	(22,328)
Profit before Income Tax	<u>2,617,069</u>	<u>3,072,390</u>
Income tax expense relating to ordinary activities	-	(56,452)
Profit from continuing operations after Income Tax	<u>2,617,069</u>	<u>3,015,938</u>
Other Comprehensive Income	-	-
Total Comprehensive Income for the year	<u><u>2,617,069</u></u>	<u><u>3,015,938</u></u>

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016**

	2016	2015
	\$	\$
CURRENT ASSETS		
Cash assets	6,919,133	5,401,001
Receivables	365,063	213,581
Inventories	66,203	64,470
TOTAL CURRENT ASSETS	<u>7,350,399</u>	<u>5,679,052</u>
NON-CURRENT ASSETS		
Property, Plant & Equipment	9,741,237	8,296,745
Intangibles	987,663	987,663
TOTAL NON-CURRENT ASSETS	<u>10,728,900</u>	<u>9,284,408</u>
TOTAL ASSETS	<u>18,079,299</u>	<u>14,963,460</u>
CURRENT LIABILITIES		
Payables	1,340,982	882,315
Provisions	453,860	413,757
TOTAL CURRENT LIABILITIES	<u>1,794,842</u>	<u>1,296,072</u>
TOTAL LIABILITIES	<u>1,794,842</u>	<u>1,296,072</u>
NET ASSETS	<u>16,284,457</u>	<u>13,667,388</u>
EQUITY		
Asset Revaluation Reserve	406,060	406,060
Retained Profits	15,878,397	13,261,328
TOTAL EQUITY	<u>16,284,457</u>	<u>13,667,388</u>

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	2016	2015
	\$	\$
NOTE 1.		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	19,466,065	18,485,241
Payments to suppliers and employees	(14,440,728)	(13,772,814)
Interest received	109,531	112,660
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>5,134,868</u>	<u>4,825,087</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,616,736)	(3,863,350)
Sale from Investment Properties	-	835727
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(3,616,736)</u>	<u>(3,027,623)</u>
 CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing - Bank loan repayments	-	(57,498)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>-</u>	<u>(57,498)</u>
 Net increase/(decrease) in cash held	1,518,132	1,739,966
Cash at the beginning of the financial year	<u>5,401,001</u>	<u>3,661,035</u>
Cash at the end of the financial year	<u><u>6,919,133</u></u>	<u><u>5,401,001</u></u>

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

2 Summary of Significant Accounting Policies

The Summary Financial Statements have been prepared from the audited financial report of Ingleburn RSL Sub-Branch Club Limited for the year ended 31st December 2016. The audited report for the year ended 31st December 2016 is available at request from Ingleburn RSL Sub-branch Club Limited.

The financial statements, specific disclosures and other information included in the summary of financial statements are derived from and are consistent with the full financial report of Ingleburn RSL Sub-Branch Club Limited. The summary of financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Ingleburn RSL Sub-Branch Club as a full financial report.

The financial report of Ingleburn RSL Sub-Branch Club Limited complies with all Australian equivalents and the new-Reduced Disclosure Requirements. The presentation currency used in this summary of financial statements is Australian dollars.

It has been prepared on the basis of historic costs and except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies have been consistently applied by the Company and are consistent with those in the previous year.

Where necessary, comparative information has been reclassified to achieve consistency with current year amounts and other disclosures.

A full description of the accounting policies adopted by the Company may be found in the Company's full financial report.

3 Statement of Changes in Equity

	<u>2016</u>	<u>2015</u>
Equity at beginning of year	13,667,388	10,651,450
Net Profit	<u>2,617,069</u>	<u>3,015,938</u>
Total Equity at end of year	<u>16,284,457</u>	<u>13,667,388</u>

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

NOTES TO THE FINANCIAL STATEMENTS SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

4 Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of those operations, or state of affairs of the co-operation, in future financial years.

5 Contingent liabilities

The Directors are not aware of any circumstances or information which would lead them to believe that any contingent liabilities will crystallise and consequently no provisions are included in the accounts.

6 Security Deposit

The co-operation has a security deposit totalling \$5,000 with the Totalizator Agency Board.

7 Mutuality Principle

Ingleburn RSL Sub-Branch Club Limited calculates its income in accordance with the mutuality principle which excludes from income any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations such as Ingleburn RSL Sub-Branch Club Limited.

Following the recent Full Federal Court decision in *Coleambally Irrigation Mutual Co-operative Limited v FCT* [2004] FCAFC 250, Tax Laws Amendment (2005 Measures No. 6) Bill 2005 was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long-standing benefits of the mutuality principle to those non-profit organisations affected by the *Coleambally* decision.

These amendments will ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

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DIRECTORS' DECLARATION

The Directors of Ingleburn RSL Sub-Branch Club Limited declare that the summary of financial statements of the entity for the financial year ended 31st December 2016 as set out on pages 1 to 11:

- (a) Complies with Accounting policies disclosed in Note 2.
- (b) Is an extract from the full financial report for the year ended 31st December 2016 and has been derived from and is consistent with the full financial report.

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

Dated at Ingleburn this 20th day of February 2017.


.....
TERRY GOLDSWORTHY
President


.....
WARREN VERITY
Vice President

INGLEBURN RSL SUB-BRANCH CLUB LIMITED

ABN: 38 163 551 086

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGLEBURN RSL SUB-BRANCH CLUB LIMITED

Report on the Summary Financial Statements

The accompanying summary financial statements of Ingleburn RSL Sub-Branch Club Limited, which comprise of financial position as at 31st December 2016, the summary statements of 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. We expressed an unmodified audit opinion on that financial report in our report dated 22nd February 2017.

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, therefore, is not substitute for reading the audited financial report of Ingleburn RSL Sub-Branch Club Limited.

Directors' Responsibility for the Financial Report

The Directors' are responsible for the preparation of a summary of the audited financial report on the basis described in Note 2.

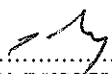
Auditor's Responsibility

Our responsibility 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 for Ingleburn RSL Sub-Branch Club Limited derived from the audited financial report of Ingleburn RSL Sub-Branch Club Limited for the year ended 31st December 2016 are consistent, in all material respects, with that audited financial report, on the basis described in Note 1.

DATED AT SYDNEY
THIS 22ND DAY OF
FEBRUARY 2017


.....
HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered Company Auditor