

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019

**Liability limited by a scheme approved under
Professional Standards Legislation**

KINGSGROVE RSL CLUB LIMITED

ABN 32 000 463 196

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KINGSGROVE RSL CLUB LIMITED
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DIRECTORS' REPORT

The directors present their report on the company for the financial year ended 31 December 2019.

Information on Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Alan Barnes
Mr John Graham
Ms Heather Shepherd
Mr Tas Aronis
Mr Ryan Asplet
Mr Michael Bougoukas
Mr Bruce Geerin
Mr Joseph Grima

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

Directors' meetings

The number of meetings of the Company's Board of Directors (the Board) and of each board committee meetings held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Monthly Meeting Attended (12 Total)	Special Meetings Attended (3 Total)
Mr Alan Barnes	12	3
Mr John Graham	10	2
Ms Heather Shepherd	12	3
Mr Tas Aronis	11	3
Mr Ryan Asplet	11	3
Mr Michael Bougoukas	12	3
Mr Bruce Geerin	12	3
Mr Joseph Grima	11	3

Alan Barnes J.P President

Retired Administration/ Finance Manager, President of Kingsgrove RSL Sub Branch, and Member of Kingsgrove RSL Club for 38 years. Board Member for 22 years, Life Member of Kingsgrove RSL Club and Life Member of Kingsgrove RSL Sub Branch.

John Graham J.P Senior Vice President

Retired Security Manager, Member of Kingsgrove RSL for 20 years, Board Member for 11 years, Life Member of Kingsgrove RSL Club and Life Member of Kingsgrove RSL Sub Branch.

Heather Shepherd Vice President

Multidisciplinary Team Coordinator Cancer Services NSW Health, Member of Kingsgrove RSL for 20 years, Board Member for 11 years.

Tas Aronis J.P Director

Location Manager for Boland Funerals Maroubra, Member of Kingsgrove RSL for 10 years, Board Member for 6 years.

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DIRECTORS' REPORT

Ryan Asplet Director

Development Compliance Officer/ A3 accredited Building Surveyor and Cert IV Training and Assessment Officer, Member of Kingsgrove RSL for 7 years, Board Member for 3 years.

Michael Bougoukas Director

Motor mechanic, Business Proprietor, Member of Kingsgrove RSL for 21 years, Board Member for 2 years.

Bruce Geerin Director

Retired Postal Worker, Chairman of Kingsgrove RSL Club Community Group for 13 years, Member of Kingsgrove RSL for 49 years, Life Member of Kingsgrove RSL Club, Board Member for 17 years.

Joseph Grima Director

Senior Technical Specialist with Qantas, Member of Kingsgrove RSL Club for 18 years, Board Member for 2 years.

Membership	2019	2018
Full Club Members	8,708	8,119
Life members	4	3
Associate Members	54	50
Total	<u>8,766</u>	<u>8,172</u>

Members' Guarantee

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute \$2 each towards meeting any outstanding obligations of the company. This total amount contributed would be \$17,532.

Objectives

Short Term

- Provide hospitality and entertainment in a safe and friendly environment;
- Provide quality products and services to a high standard.

Long Term

- Serve our patrons whilst upholding the ideals of the RSL movement;
- Sponsor sporting groups and provide funding to schools, hospitals and the community in general;
- Improve profitability and efficiency of operations whilst maintaining financial stability of the Club.

Strategy for Achieving the Objectives

- Continually review the Club's financial management policies to align with Key Performance Indicators (KPI's). The KPI's are then checked to budgets and most importantly, the Strategic Management Plan. This ensures the Plan is reviewed constantly for completeness and accuracy.
- Continually review and when appropriate, upgrade the facilities of the Club whilst ensuring ongoing financial viability.

KINGSGROVE RSL CLUB LTD
ABN 32 000 463 196

DIRECTORS' REPORT

Operating Results

The profit of the company after providing for income tax amounted to \$402,635.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations are as follows:

that changes in market demand have seen an increase in total revenue of 4.7% to \$11,267,622. The increase is attributed to increase revenue from gaming, bar sales and catering sales. With the Club undertaking our own catering and with the renovated Club increasing the demand for additional labour, the wages have increased to 28.4% of total revenue. These results have contributed to the overall profit of the Club after tax to be \$402,635.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

Principal Activities

The principal activities of the company during the financial year were that of a licenced club conducted for members and their guests.

No significant change in the nature of the company's activity occurred during the financial year.

Events After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which 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.

Environmental Issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

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DIRECTORS' REPORT

Indemnification and Insurance of Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Auditors' Independence Declaration

The lead auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 31 December 2019 has been received and can be found on page 5.

Signed in accordance with a resolution of the Board of Directors:

Director:



Mr Alan Barnes

Dated this 25th day of February 2020



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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT
2001 TO THE DIRECTORS OF KINGSGROVE RSL CLUB LTD**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kingsgrove RSL Club Ltd. As the lead audit partner for the audit of the financial report of Kingsgrove RSL Club Ltd for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.²

Name of Firm: Vidal O'Brien & Co.

Name of Partner: Geoffrey Smith

Date: 25th February 2020.

Address: Suite 703, 37 Pitt Street, Sydney. NSW. 2000.

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Income			
Revenue	3	11,189,299	10,760,542
Other income	3	78,323	-
		11,267,622	10,760,542
Changes in inventories of finished goods and work in progress		(1,192)	4,878
Raw materials and consumables used		(867,079)	(809,686)
Expenditure			
Advertising expenses		(64,977)	(54,557)
Poker machine licence and taxes		(1,693,276)	(1,634,031)
Employee benefits expenses		(3,202,129)	(2,858,251)
Other expenses		(3,524,919)	(3,319,722)
Earnings before depreciation and finance cost		1,914,050	2,089,173
Depreciation and amortisation expenses		(1,220,987)	(1,191,766)
Finance expenses	4	(173,480)	(218,696)
Profit before income tax		519,583	678,711
Income tax expense	5	(116,948)	(67,407)
Profit for the year		402,635	611,304
Total comprehensive income for the year		402,635	611,304

The accompanying notes form part of these financial statements.

KINGSGROVE RSL CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	972,564	1,182,951
Trade and other receivables	7	166,036	117,468
Inventories	8	68,667	69,860
Other current assets	9	152,490	147,997
TOTAL CURRENT ASSETS		<u>1,359,757</u>	<u>1,518,276</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	24,278,689	24,275,581
Intangible assets	11	887,757	747,757
Tax assets	12	138,552	118,100
TOTAL NON-CURRENT ASSETS		<u>25,304,998</u>	<u>25,141,438</u>
TOTAL ASSETS		<u>26,664,755</u>	<u>26,659,714</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	947,497	834,745
Borrowings	14	614,821	565,183
Provisions	15	267,875	236,162
Tax liabilities	12	(21,242)	(79,365)
TOTAL CURRENT LIABILITIES		<u>1,808,951</u>	<u>1,556,725</u>
NON-CURRENT LIABILITIES			
Borrowings	14	2,619,942	3,311,203
Provisions	15	275,173	233,732
Tax liabilities	12	189,095	189,095
TOTAL NON-CURRENT LIABILITIES		<u>3,084,210</u>	<u>3,734,030</u>
TOTAL LIABILITIES		<u>4,893,161</u>	<u>5,290,755</u>
NET ASSETS (LIABILITIES)		<u>21,771,594</u>	<u>21,368,959</u>
EQUITY			
Reserves		6,928,948	6,928,948
Retained earnings	17	14,842,646	14,440,011
TOTAL EQUITY		<u>21,771,594</u>	<u>21,368,959</u>

The accompanying notes form part of these financial statements.

KINGSGROVE RSL CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Retained earnings \$	Total \$
Balance at 1 January 2018		13,828,707	13,828,707
Profit attributable to members of the company		611,304	611,304
Balance at 31 December 2018		<u>14,440,011</u>	<u>14,440,011</u>
Profit attributable to members of the company		402,635	381,857
Balance at 31 December 2019		<u>14,842,646</u>	<u>14,821,868</u>

The accompanying notes form part of these financial statements.

KINGSGROVE RSL CLUB LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,250,487	10,744,215
Payments to suppliers and employees	(9,377,135)	(8,882,369)
Interest received	17,135	16,327
Borrowing costs paid	(173,479)	(218,696)
Net cash provided by operating activities	18	1,659,477
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	321,789	114,140
Payments for property, plant and equipment	(1,607,561)	(954,216)
Net cash used in investing activities	(1,285,772)	(840,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	755,741	544,082
Repayment of borrowings	(1,397,364)	(1,213,934)
Net cash used in financing activities	(641,623)	(669,852)
Net increase (decrease) in cash held	(210,387)	149,549
Cash at beginning of financial year	1,182,951	1,033,402
Cash at end of financial year	6	1,182,951

The accompanying notes form part of these financial statements.

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The financial reports cover Kingsgrove RSL Club Limited as an individual entity. Kingsgrove RSL Club Limited is a for profit proprietary company incorporated and domiciled in Australia.

The functional and presentation currency of Kingsgrove RSL Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 25th February 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

Income Tax

Under present legislation, income derived by the company from members is not assessable to income tax. Income tax liabilities arise in respect of income derived from non-members and investments less certain allowable deductions. Commission income is now assessable in full and not subject to the member/non-member principle.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) a legally enforceable right of set-off exists; and
- (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transactions), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Plant and equipment

Plant and equipment are measured using the cost model.

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NOTES TO THE FINANCIAL STATEMENTS
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Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed Asset Class	Depreciation Rate
Buildings	2.00%
Plant and Equipment	3.75 - 40.00%
Leased Plant and Equipment	10.00 - 30.00%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Leases

New Accounting Standard AASB 16: Leases (effective application is 1 January 2019)

AASB 16 Leases introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless underlying asset is of low value. The Company has applied the standard from 1 January 2019. The application of this standard has no material impact on any of the amounts recognized in the Financial Statements.

Impairment of Non-Financial Assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting year. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of other comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Rental income

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

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NOTES TO THE FINANCIAL STATEMENTS
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Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

The directors make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Intangible Assets

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS
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	2019	2018
	\$	\$
3 Revenue and Other Income		
Revenue		
Poker Machines-Net Clearances	8,412,550	8,162,159
Bar Sales	1,234,824	1,207,105
Cafe Sales	935,625	771,090
	<u>10,582,999</u>	<u>10,140,354</u>
Other revenue:		
Interest received	17,135	16,327
Other revenue	589,165	603,861
	<u>606,300</u>	<u>620,188</u>
Total revenue	<u>11,189,299</u>	<u>10,760,542</u>
Other income		
Gain/(Loss) on Sale of Fixed Assets	78,323	23,721
Total other income	<u>78,323</u>	<u>23,721</u>
Interest revenue from:		
Interest Received	<u>17,135</u>	<u>16,327</u>
Total interest revenue on financial assets not at fair value through profit or loss	<u>17,135</u>	<u>16,327</u>
Other revenue from:		
Membership Subscriptions	25,894	20,205
Commissions - Keno & TAB	125,781	119,896
Entertainment & Promotions	124,867	134,652
Rents Received	97,427	102,892
Functions Income	95,696	125,599
Other Income	119,500	100,617
Total other revenue	<u>589,165</u>	<u>603,861</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2019	2018
	\$	\$
4 Profit for the year		
The result for the year was derived after charging / (crediting) the following items:		
Profit before income tax from continuing operations includes the following specific expenses:		
Expenses		
Cost of sales	890,026	804,808
Finance Costs		
Financial liabilities measured at amortised cost:		
Interest Expenses & Hire Purchase Charges	171,986	218,193
Borrowing Expenses	1,494	503
Total finance costs	173,480	218,696
Employee benefits expense:		
contributions to defined contribution superannuation funds	257,172	227,762
Depreciation of property, plant and equipment	1,220,987	1,191,766
Revenue and Other Income		
Gain/(Loss) on Sale of Fixed Assets	78,323	23,721
5 Income Tax Expense		
The components of tax expense comprise:		
Income Tax Expense	109,465	63,806
Future Income Tax Benefit	(20,452)	3,601
Overprovision of Income Tax Expense	27,935	-
	116,948	67,407
6 Cash and Cash Equivalents		
Cash in Hand	335,000	335,000
Cash at Bank	178,998	239,481
Interest Bearing Deposits	450,000	600,000
Deposits Paid	8,566	8,470
	972,564	1,182,951

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Reconciliation of cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	972,564	1,182,951
7 Trade and Other Receivables		
Current		
Other Debtors	166,036	117,468
The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short -term nature of the balances.		
8 Inventories		
Current		
At cost:		
Stock on Hand – at Cost	68,667	69,860
9 Other Assets		
Current		
Prepayment	152,490	147,997

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
10 Property, Plant and Equipment		
Land and Buildings		
Land-at Valuation	10,740,000	10,740,000
Buildings at Valuation	9,205,037	9,180,689
Less accumulated depreciation	(661,187)	(431,412)
	8,543,850	8,749,275
Total Land and Buildings	19,283,850	19,489,275
Plant & Equipment - at Cost	1,215,263	1,148,304
Less accumulated depreciation	(506,815)	(604,376)
	708,448	543,928
Motor Vehicles - at Cost	67,541	35,768
Less accumulated depreciation	(23,836)	(17,210)
	43,705	18,558
Furniture & Fittings - at Cost	3,558,822	3,413,351
Less accumulated depreciation	(2,048,233)	(1,564,032)
	1,510,589	1,849,319
Poker Machine - at Cost	5,747,750	5,859,555
Less accumulated depreciation	(3,015,654)	(2,737,297)
	2,732,096	3,122,258
Total Plant and Equipment	4,994,838	5,534,062
Total Property, Plant and Equipment	24,278,689	25,023,338

Asset Revaluation

An independent valuation of the Company's land and buildings at Kingsgrove was carried out as at 16th January, 2017 on the basis of open market value for existing use resulting in a valuation of land and buildings of \$18,350,000.

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Movements in Carrying Amounts of Property, Plant and Equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Buildings	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	10,740,000	8,891,258	2,628,943	3,091,105	25,351,306
Additions	-	81,910	178,385	693,922	954,217
Profit (loss) on sale of assets	-	-	-	23,721	23,721
Disposals	-	-	-	(114,140)	(114,140)
Depreciation expense	-	(223,891)	(388,145)	(579,730)	(1,191,766)
Capitalised finance costs	-	(2)	(7,378)	7,380	-
Balance at 31 December 2018	<u>10,740,000</u>	<u>8,749,275</u>	<u>2,411,805</u>	<u>3,122,258</u>	<u>25,023,338</u>
Additions	-	24,351	244,203	1,339,007	1,607,561
Disposals	-	-	-	(321,789)	(321,789)
Profit (loss) on sale of assets	-	-	-	78,323	78,323
Transfer to Intangible Assets	-	-	-	(887,757)	(887,757)
Depreciation expense	-	(229,777)	(393,264)	(597,946)	(1,220,987)
Capitalised finance costs	-	-	-	-	-
Balance at 31 December 2019	<u>10,740,000</u>	<u>8,543,849</u>	<u>2,262,744</u>	<u>2,732,096</u>	<u>24,278,689</u>

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
11 Intangible Assets		
Poker machine entitlements-at cost (gross carrying value)	887,757	747,757
12 Tax		
Liabilities		
Current		
Provision for Income Tax	(21,242)	(79,365)
Non-current		
Provision for Deferred Income Tax	189,095	189,095
Assets		
Future Income Tax Benefits	138,552	118,100
13 Trade and Other Payables		
Current		
Trade Creditors	484,195	413,149
Other Creditors	63,751	79,452
Unclaimed Money	-	-
Accrued Expenses	224,728	218,962
Deposits Refundable	4,140	4,750
GST on supplies	115,683	68,432
Provision for Management Bonuses	55,000	50,000
	947,497	834,745

The carrying amounts are considered to be a reasonable approximation of fair value.

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
14 Borrowings		
Current		
Hire Purchase Instalments Within 12 months	614,821	565,183
Non-Current		
Hire Purchase Creditors	419,942	411,203
Bank Loan Secured	2,200,000	2,900,000
Total non-current borrowings	2,619,942	3,311,203
Total borrowings	3,234,763	3,876,386
15 Provisions		
Provision for Long Service Leave	275,173	233,731
Provision for Donations	27,767	28,983
Provision for Poker Machine GST Rebate	11,453	11,453
Provision for Annual Leave	228,654	195,726
Total provisions	543,048	469,893
Analysis of Total Provisions		
Current	267,875	236,162
Non-current	275,173	233,731
	543,048	469,893
16 Reserves		

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

Capital Profit Reserve

The capital profit reserve records capital gains on disposal of non-current assets.

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
17 Retained Earnings		
Retained earnings at the beginning of the financial year	14,440,011	13,828,707
Net profit attributable to members of the company	402,635	611,304
Retained earnings at the end of the financial year	14,842,646	14,440,011
18 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	381,857	611,304
Non-cash flows in profit		
Net profit of disposal of property, plant and equipment	(78,323)	(23,721)
Depreciation and amortisation of property, plant and equipment	1,220,987	1,191,766
Overprovision for income tax	36,693	(45,972)
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase)/decrease in Trade and other receivables	(10,617)	(22,514)
(Increase)/decrease in Other current assets	(4,493)	(99,817)
(Increase)/decrease in Inventories	1,193	(4,879)
(Increase)/decrease in Other non-current assets	-	-
(Decrease)/Increase in Trade and other payables	96,556	70,353
(Decrease)/Increase in Provisions	73,155	(17,043)
	1,717,008	1,659,477
19 Related Parties		
Mr Michael Bougoukas, Proprietor of MSK Service Centre provided motor vehicle services for the year as approved by the Board of Directors .	505	-

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$

20 Statutory Information

The registered office of the company is:

Kingsgrove RSL Club Limited

4 Brocklehurst Lane
Kingsgrove NSW 2208

The principal place of business is:

4 Brocklehurst Lane
Kingsgrove NSW 2208

21 Registered Clubs Act 1976

Section 41J(2):

The Property of the Club consists of:

Core Property

4-10 Brocklehurst Lane, Kingsgrove NSW: Club Premises and multi-level car park.
3-5 Aspinall Street, Shoalhaven Heads NSW: Holiday Units.

Non-Core Property

7 Aspinall Street, Shoalhaven Heads NSW: Rental Property

22 Key Management Personnel Details

(a) **Directors**

The following persons were non-executive directors of the company during the financial year:

Mr Alan Barnes
Mr John Graham
Ms Heather Shepherd
Mr Tas Aronis
Mr Ryan Asplet
Mr Michael Bougoukas
Mr Bruce Geerin
Mr Joseph Grima

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$

(b) **Other Key Management Personnel**

The following persons also had had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Ian Todd	CEO

(c) **Key Management Personnel Compensation**

Benefits and payments made to the directors and other Key management personnel	\$222,224	\$308,135
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(d) **Transaction with related parties**

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or members.

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end, other than that disclosed in Note 18 - Related Parties.

KINGSGROVE RSL CLUB LTD
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 25, for the year ended 31 December 2019 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position and performance of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director:



Mr Alan Barnes

Dated this 25th day of February 2020



VIDAL O'BRIEN & CO.

ABN: 20 481 619 958

Suite 703 37 Pitt Street Sydney NSW 2000

✉ PO Box R1046 Royal Exchange NSW 1225 Australia

T 61 2 9241 2111

F 61 2 9241 2777

secretary@vidalobrien.com.au



Chartered
Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSGROVE RSL CLUB LTD

Opinion

We have audited the financial report of Kingsgrove RSL Club Ltd (the Company), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditor's name and signature: Geoffrey Smith

Name of firm: Vidal O'Brien & Co.

Address: Suite 703, 37 Pitt Street, Sydney, NSW. 2000.

Dated this 25th day of February 2020