

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

**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**  
**ABN 32 000 463 196**

**DIRECTORS' REPORT**

The directors present their report on the company for the financial year ended 31 December 2018.

**Information of 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 (Appointed 27<sup>th</sup> March 2018)  
Mr Bruce Geerin  
Mr Joseph Grima (Appointed 27<sup>th</sup> March 2018)  
Ms Louise Pettit (Resigned 27<sup>th</sup> March 2018)

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

	<b>Monthly Meetings (12 Total)</b>	<b>Special Meetings (2 Total)</b>
Mr Alan Barnes	12	2
Mr John Graham	12	2
Ms Heather Shepherd	12	2
Mr Tas Aronis	11	2
Mr Ryan Asplet	11	2
Mr Michael Bougoukas	9	1
Mr Bruce Geerin	12	2
Mr Joseph Grima	8	1
Ms Louise Pettit	3	1

**Alan Barnes J.P President**

Retired Administration/Finance Manager, President of Kingsgrove RSL Sub Branch, Member of Kingsgrove RSL for 37 years. Board Member for 21 years, Life Member of Kingsgrove RSL Club and Life Member of RSL NSW.

**John Graham J.P Director Senior Vice President**

Retired Security Manager, Secretary of Kingsgrove RSL Sub Branch, Member of Kingsgrove RSL for 19 years, Board Member for 10 years and Life Member of RSL NSW.

**Heather Shepherd Vice President**

Multidisciplinary Team Coordinator Cancer Services NSW Health, Kingsgrove RSL Club Sports Administrator, Member of Kingsgrove RSL for 19 years, Board Member for 10 years.

**Tas Aronis J.P Director**

Location Manager for Guardian Funerals Bankstown, Member of Kingsgrove RSL for 9 years, Board Member for 5 years.

**Ryan Asplet Director**

Development Compliance Officer/ A3 accredited Building Surveyor and a Cert IV Training and Assessment Officer, Member of Kingsgrove RSL for 6 years and Board member for 2 years.

**KINGSGROVE RSL CLUB LIMITED**  
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**DIRECTORS' REPORT**

**Michael Bougoukas Director (Appoint 27<sup>th</sup> March 2018)**

Motor Mechanic, Business Proprietor, Member of Kingsgrove RSL for 20 years, Board Member for 1 year.

**Bruce Geerin Director**

Retired Postal Worker, Chairman of Kingsgrove RSL Club Community Group for 12 years, Member of Kingsgrove RSL for 48 years, Life Member of Kingsgrove RSL Club, Board Member for 16 years.

**Joseph Grima Director (Appoint 27<sup>th</sup> March 2018)**

Senior Technical Specialist with Qantas, Club Member for 17 years, Board Member for 1 year.

**Mission Statement**

Kingsgrove RSL Club Ltd provides hospitality and entertainment in a safe and friendly environment. Our goal is to provide quality products and services to a high standard with a commitment of continual improvement. We are dedicated to serving our patrons whilst upholding the ideals of the RSL movement. Wherever possible, the Club will sponsor sporting groups and provide funding to schools, hospitals and the community in general.

<b>Membership</b>	<b>2018</b>	<b>2017</b>
Full club members	8,169	7,567
Life members	3	3
Total	8,172	7,570

**Operating Results**

The profit of the company after providing for income tax amounted to \$611,304.

**Review of Operations**

A review of the operations of the Club during the calendar year and the results of those operations found that changes in market demand have seen an increase in total revenue of 2.3% to \$10,523,043. 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 26.6% of total revenue. These results have contributed to the overall profit of the Club after tax to be \$611,304.

**Significant Changes in the State of Affairs**

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

**KINGSGROVE RSL CLUB LIMITED**  
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**DIRECTORS' REPORT**

**Future Developments and Results**

In January 2018 Kingsgrove RSL Club Ltd entered into exclusive discussions with Bexley RSL Club Ltd on the merger of our two clubs to ensure the long-term future, viability and sustainability of each club.

Both clubs will retain their own identity and services, along with their RSL heritage and individual Sub Branches, who play such an important role within the club and the community.

The Board of Directors of both Clubs have expressed their united view that any such merger will ensure the preservation and growth of both Clubs, their facilities and the amenities together with the retention of all current employees.

Currently, the Board of Directors of each Club are undertaking due diligence to draft a Business Plan and formulate a Memorandum of Understanding (MOU) outlining the terms of the merger to be presented to the members of each Club once agreed to by both Boards.

**Environmental Issues**

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

**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.

<b>Key Performance Indicators</b>	<b>2018</b>	<b>2017</b>
Bar Gross Profit percentage	60.41%	58.32%
EBITDA percentage of total revenue	19.41%	19.39%
Total Revenue	\$10,760,542	\$10,523,046
Wage Cost as a percentage of total revenue	26.56%	26.19%
Net Profit before Income Tax	\$678,711	\$727,313

**Auditors' Independence Declaration**

The lead auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the Year ended 31 December 2018 has been received and is set out on page 4.

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

Director:   
Mr Alan Barnes

**Dated this 21<sup>st</sup> day of February 2019**



**AUDITORS' INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
KINGSGROVE RSL CLUB LIMITED**

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2018 there have been:

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

**Name of Firm:** Vidal O'Brien & Co  
Chartered Accountants

**Name of Partner:**

  
Geoffrey Smith

**Address:** Suite 703, 37 Pitt St Sydney NSW 2000

**Dated this 21<sup>st</sup> day of February 2019**

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
<b>Income from continuing operations</b>			
Sale of goods	3	10,760,541	10,523,046
Changes in inventories		4,879	11,683
Raw materials and consumables used		(809,686)	(733,379)
<b>Expenses</b>			
Advertising expenses		(54,557)	(50,919)
Poker machine licence and taxes		(1,634,031)	(1,641,081)
Employee benefits expenses		(2,858,251)	(2,755,708)
Other expenses		(3,319,722)	(3,313,576)
Earnings before depreciation and finance costs		2,089,173	2,040,066
Depreciation and amortisation expenses		(1,191,766)	(1,094,260)
Finance costs		(218,696)	(218,493)
<b>Profit before income tax</b>		678,711	727,313
Income tax expense	5	(67,407)	19,543
<b>Profit for the year</b>		611,304	746,856
<b>Total comprehensive income for the year</b>		611,304	746,856

The accompanying notes form part of these financial statements.

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,182,951	1,033,402
Trade and other receivables	7	117,468	94,954
Inventories	8	69,860	64,981
Other current assets	9	147,997	48,180
<b>TOTAL CURRENT ASSETS</b>		<u>1,518,276</u>	<u>1,241,517</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	25,023,338	25,351,306
Tax assets	11	118,100	121,702
<b>TOTAL NON-CURRENT ASSETS</b>		<u>25,141,438</u>	<u>25,473,008</u>
<b>TOTAL ASSETS</b>		<u>26,659,714</u>	<u>26,714,525</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	834,745	764,392
Borrowings	13	565,183	523,964
Provisions	14	236,162	251,414
Tax liabilities	11	(79,365)	(29,791)
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,556,725</u>	<u>1,509,979</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	3,311,203	4,022,274
Provisions	14	233,732	235,522
Tax liabilities	11	189,095	189,095
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>3,734,030</u>	<u>4,446,891</u>
<b>TOTAL LIABILITIES</b>		<u>5,290,755</u>	<u>5,956,870</u>
<b>NET ASSETS</b>		<u>21,368,959</u>	<u>20,757,655</u>
<b>EQUITY</b>			
Reserves	15	6,928,948	6,928,948
Retained earnings	16	14,440,011	13,828,707
<b>TOTAL EQUITY</b>		<u>21,368,959</u>	<u>20,757,655</u>

The accompanying notes form part of these financial statements.



**KINGSGROVE RSL CLUB LIMITED**  
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Retained earnings \$	Total \$
<b>Balance at 1 January 2017</b>		13,081,851	13,081,851
Profit attributable to members		746,856	746,856
<b>Balance at 31 December 2017</b>		<u>13,828,707</u>	<u>13,828,707</u>
Profit attributable to members		611,304	611,304
<b>Balance at 31 December 2018</b>		<u>14,440,011</u>	<u>14,440,011</u>

The accompanying notes form part of these financial statements.

**KINGSGROVE RSL CLUB LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

		2018	2017
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		10,744,215	10,505,658
Payments to suppliers and employees		(8,882,369)	(8,517,746)
Interest received		16,327	17,388
Borrowing costs paid		(218,696)	(218,493)
<b>Net cash provided by operating activities</b>	<b>17</b>	<u>1,659,477</u>	<u>1,786,807</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		114,140	51,281
Payments for property, plant and equipment		(954,216)	(1,903,219)
<b>Net cash provided by (used in) investing activities</b>		<u>(840,076)</u>	<u>1,851,938</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		544,082	591,922
Repayment of borrowings		(1,213,934)	(572,681)
<b>Net cash provided by (used in) financing activities</b>		<u>(669,852)</u>	<u>19,241</u>
Net increase in cash held		149,549	(45,890)
Cash at beginning of financial year		<u>1,033,402</u>	<u>1,079,292</u>
<b>Cash at end of financial year</b>	<b>6</b>	<u>1,182,951</u>	<u>1,033,402</u>

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 2018**

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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 21<sup>st</sup> 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**  
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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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**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**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised over the life of the lease term.

**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.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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**  
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**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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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**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.

The significant estimates and judgements made have been described below.

*Key estimates - Impairment - general*

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.



**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
<b>3 Revenue and Other Income</b>		
<b>Revenue</b>		
Poker Machines-Net Clearances	8,162,159	8,222,876
Bar Sales	1,207,105	1,125,070
Cafe Sales	771,090	582,067
	<u>10,140,354</u>	<u>9,930,013</u>
Other revenue:		
Interest received	16,327	17,388
Other revenue	603,861	575,645
	<u>620,188</u>	<u>593,033</u>
Total revenue	<u>10,760,542</u>	<u>10,523,046</u>
<b>Other income</b>		
Gain/(Loss) on Sale of Fixed Assets	23,721	(11,107)
Total other income	<u>23,721</u>	<u>(11,107)</u>
<b>Interest revenue from:</b>		
Interest Received	16,327	17,388
Total interest revenue on financial assets not at fair value through profit or loss	<u>16,327</u>	<u>17,388</u>
<b>Other revenue from:</b>		
Membership Subscriptions	20,205	20,824
Commissions - Keno & TAB	119,896	130,539
Entertainment & Promotions	134,652	128,195
Rents Received	102,892	99,448
Functions Income	125,599	92,946
Other Income	100,617	103,693
Total other revenue	<u>603,861</u>	<u>575,645</u>

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
<b>4 Profit for the year</b>		
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:		
<b>Expenses</b>		
Cost of sales	804,808	721,696
<b>Finance Costs</b>		
Financial liabilities measured at amortised cost:		
Interest Expenses	218,193	217,693
Borrowing Expenses	503	800
Total finance costs	<u>218,696</u>	<u>218,497</u>
Employee benefits expense:		
contributions to defined contribution superannuation funds	227,762	220,687
Depreciation of property, plant and equipment	1,191,766	1,094,260
<b>Revenue and Other Income</b>		
Gain/(Loss) on Sale of Fixed Assets	23,721	(11,107)
<b>5 Income Tax Expense</b>		
The components of tax expense comprise:		
Income Tax Expense	63,806	81,945
Future Income Tax Benefit	3,601	(38,193)
Overprovision of Income Tax Expense	-	(63,295)
	<u>67,407</u>	<u>(19,543)</u>
<b>6 Cash and Cash Equivalents</b>		
Cash in Hand	335,000	315,000
Cash at Bank	239,481	159,932
Interest Bearing Deposits	600,000	550,000
Deposits Paid	8,470	8,470
	<u>1,182,951</u>	<u>1,033,402</u>

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
<b>Reconciliation of cash</b>		
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	1,182,951	1,033,402
	<u>1,182,951</u>	<u>1,033,402</u>
<b>7 Trade and Other Receivables</b>		
<b>Current</b>		
Other Debtors	117,468	94,954
	<u>117,467</u>	<u>94,954</u>
The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.		
<b>8 Inventories</b>		
<b>Current</b>		
At cost:		
Stock on Hand – at Cost	69,860	64,981
	<u>69,860</u>	<u>64,981</u>
<b>9 Other Assets</b>		
<b>Current</b>		
Prepayments	147,997	48,180
	<u>147,997</u>	<u>48,180</u>

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
<b>10 Property, Plant and Equipment</b>		
<b>Land and Buildings</b>		
Land-at Valuation	10,740,000	10,740,000
Buildings at Valuation	9,180,689	9,098,778
Less accumulated depreciation	(431,412)	(207,520)
	8,749,275	8,891,258
<b>Total Land and Buildings</b>	19,489,275	19,631,258
 Plant & Equipment - at Cost	1,148,304	1,028,423
Less accumulated depreciation	(604,376)	(474,572)
	543,928	553,851
 Motor Vehicles - at Cost	35,768	35,768
Less accumulated depreciation	(17,210)	(12,739)
	18,558	23,029
 Furniture & Fittings - at Cost	3,413,351	3,354,842
Less accumulated depreciation	(1,564,032)	(1,302,779)
	1,849,319	2,052,063
 Poker Machine - at Cost	5,859,555	5,543,031
Less accumulated depreciation	(2,737,297)	(2,451,926)
	3,122,258	3,091,105
<b>Total Plant and Equipment</b>	5,534,062	5,720,048
<b>Total Property, Plant and Equipment</b>	25,023,338	25,351,306

**Asset Revaluation**

An independent valuation of the Company's land and buildings at Kingsgrove was carried out as at 16<sup>th</sup> 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 2018**

**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 2017	5,790,000	9,972,412	1,945,655	2,895,798	20,603,865
Additions	-	463,778	678,368	880,055	2,022,201
Disposals	-	-	(14,641)	(36,640)	(51,281)
Revaluation	4,950,000	(1,068,112)	-	-	3,881,888
Increments/(decrements)					
Impairment losses	-	(1,436)	(16,223)	6,552	(11,107)
Depreciation expense	-	(207,521)	(336,832)	(549,907)	(1,094,260)
Capitalised finance costs and depreciation	-	(267,863)	372,616	(104,753)	-
Balance at 31 December 2017	10,740,000	8,891,258	2,628,943	3,091,105	25,351,306
Additions	-	81,910	178,384	693,922	954,216
Profit(loss) on sale of assets	-	-	-	23,721	23,721
Disposals	-	-	-	(114,140)	(114,140)
Revaluation	-	-	-	-	-
Increments/(decrements)	-	-	-	-	-
Impairment losses	-	-	-	-	-
Depreciation expense	-	(223,891)	(388,145)	(579,730)	(1,191,766)
Capitalised finance costs and depreciation	-	(2)	(7,378)	7,380	-
Carrying amount at 31 December 2018	10,740,000	8,749,275	2,411,804	3,122,258	25,023,338

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
<b>11 Tax</b>		
<b>Liabilities</b>		
<b>Current</b>		
Provision for Income Tax	(79,365)	(29,791)
<b>Non-current</b>		
Provision for Deferred Income Tax	189,095	189,095
<b>Assets</b>		
Future Income Tax Benefits	118,100	121,702
<b>12 Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors	413,149	506,476
Other Creditors	79,452	104,213
Unclaimed Money	-	5,001
Accrued Expenses	218,962	61,251
Deposits Refundable	4,750	5,960
GST on supplies	68,432	33,491
Provision for Management Bonuses	50,000	48,000
	834,745	764,392

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 2018**

	2018 \$	2017 \$
<b>13 Borrowings</b>		
<b>Current</b>		
Hire Purchase Instalments Within 12 months	565,183	523,964
<b>Non-Current</b>		
Hire Purchase Creditors	411,203	535,756
Bank Loan Secured	2,900,000	3,486,518
Total non-current borrowings	3,311,203	4,022,274
Total borrowings	3,876,386	4,546,238
<b>14 Provisions</b>		
Provision for Long Service Leave	233,731	235,522
Provision for Donations	28,983	32,931
Provision for Poker Machine GST Rebate	11,453	11,453
Provision for Annual Leave	195,726	207,030
	236,162	251,414
<b>Total provisions</b>	469,893	486,936
<b>Analysis of Total Provisions</b>		
Current	236,162	251,414
Non-current	233,731	235,522
	469,893	486,936

**15 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 2018**

	2018 \$	2017 \$
<b>16 Retained Earnings</b>		
Retained earnings at the beginning of the financial year	13,828,707	13,081,851
Net profit attributable to members of the company	611,304	746,856
Retained earnings at the end of the financial year	<u>14,440,011</u>	<u>13,828,707</u>
<b>17 Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	611,304	746,856
<b>Non-cash flows in profit</b>		
Net profit of disposal of property, plant and equipment	(23,721)	11,107
Depreciation and amortisation of property, plant and equipment	1,191,766	1,094,260
Overprovision for income tax	(45,972)	(159,135)
<b>Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries</b>		
(Increase)/decrease in Trade and other receivables	(22,514)	(20,246)
(Increase)/decrease in Other current assets	(99,817)	53,091
(Increase)/decrease in Inventories	(4,879)	(11,683)
(Increase)/decrease in Other non-current assets	-	-
(Decrease)/Increase in Trade and other payables	70,353	(12,472)
(Decrease)/Increase in Provisions	<u>(17,043)</u>	<u>85,029</u>
	<u>1,659,477</u>	<u>1,786,807</u>

**18 Related Parties**

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.



**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

2018  
\$

2017  
\$

**19 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

**20 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

**21 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 2018**

	2018	2017
	\$	\$
<hr/>		
(b) <b>Other Key Management Personnel</b>		
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:		
<b>Name</b>	<b>Position</b>	
Ian Todd	General Manager	
Debbie Harris	Operational Manager	
(c) <b>Key Management Personnel Compensation</b>		
Benefits and payments made to the directors and other Key management personnel	\$308,135	\$295,283
(d) <b>Transaction with related parties</b>		
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.		

**22 New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt any of new and amended pronouncements and that it would not have any material effect on the company's financial statements.

**KINGSGROVE RSL CLUB LIMITED**  
**ABN 32 000 463 196**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 24, for the year ended 31 December 2018 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 21<sup>st</sup> day of February 2019**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF KINGSGROVE RSL CLUB LIMITED  
ABN 32 000 463 196**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Kingsgrove RSL Club Limited, (the company) which comprises the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and cash flow statement for the year then ended, and 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 company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 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 Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company 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 auditors' report.

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

**Responsibilities of 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 company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF KINGSGROVE RSL CLUB LIMITED  
ABN 32 000 463 196**

**Auditors' Responsibility 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 auditors' 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the company 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.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF KINGSGROVE RSL CLUB LIMITED  
ABN 32 000 463 196**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Name of Firm:** Vidal O'Brien & Co  
Chartered Accountants

**Name of Partner:**

  
Geoffrey Smith

**Address:** Suite 703, 37 Pitt St Sydney NSW 2000

**Dated this 21<sup>st</sup> day of February 2019**