

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

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KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2017.

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 Wes Hema	(Resigned 20th June 2017)
Mr Bruce Geerin	
Ms Louise Pettit	
Mr Ryan Asplet	(Appointed 27th March 2017)

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

	Monthly Meetings (12 Total)	Special Meetings (5 Total)
Mr Alan Barnes	12	5
Mr John Graham	12	4
Ms Heather Shepherd	12	5
Mr Tas Aronis	11	4
Mr Ryan Asplet	9(9)	3(3)
Mr Bruce Geerin	12	5
Ms Louise Pettit	12	5
Mr Wes Hema	1(5)	1(3)

Alan Barnes J.P President

Retired Administration/Finance Manager, President of Kingsgrove RSL Sub Branch, Member of Kingsgrove RSL for 36 years. Board Member for 20 years, Life Member of Kingsgrove RSL Club and Life Member of Kingsgrove RSL Sub Branch.

John Graham J.P Director Senior Vice President

Retired Security Manager, Secretary of Kingsgrove RSL Sub Branch, Member of Kingsgrove RSL for 18 years, Board Member for 9 years.

Heather Shepherd Vice President

Multidisciplinary Team Coordinator Cancer Services NSW Health, Kingsgrove RSL Club Sports Administrator, Member of Kingsgrove RSL for 18 years, Board Member for 9 years.

Tas Aronis J.P Director

Location Manager for Guardian Funerals Bankstown, Member of Kingsgrove RSL for 8 years, Board Member for 4 years.

Ryan Asplet Director (Appointed 27th March 2017)

Development Compliance Officer/ A3 accredited Building Surveyor and a Cert IV Training and Assessment Officer, Member of Kingsgrove RSL for 5 years and Board member for 1 year.

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DIRECTORS' REPORT

Bruce Geerin Director

Retired Postal Worker, Chairman of Kingsgrove RSL Club Community Group for 11 years, Member of Kingsgrove RSL for 47 years, Board Member for 15 years.

Louise Pettit Director

NSW Health Administration, Member of Kingsgrove RSL Club for 21 years. Board Member for 2 years.

Wes Hema Director (Resigned 20th June 2017)

Site Foreman, Member of Kingsgrove RSL Club for 11 years. Member for Kingsgrove RSL Sub Branch, Board Member for 4 years.

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.

Membership	2017	2016
Full club members	7,567	7,143
Life members	3	3
Total	7,570	7,146

Operating Results

The profit of the company after providing for income tax amounted to \$746,856.

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 9.5% 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% of total revenue. These results have contributed to the overall profit of the Club after tax to be \$746,856.

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.

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DIRECTORS' REPORT

Future Developments and Results

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

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.

Key Performance Indicators	2017	2016
Bar Gross Profit percentage	58.02%	60.08%
EBITDA percentage of total revenue	19.39%	22.42%
Total Revenue	\$10,523,046	\$9,610,480
Wage Cost as a percentage of total revenue	26.19%	23.64%
Net Profit before Income Tax	\$727,313	\$1,218,533

Auditors' Independence Declaration

The lead auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the Year ended 31 December 2017 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 27th day of February 2018



ABN: 20 481 619 958

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



Chartered
Accountants

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2017 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 27th day of February 2018

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Income from continuing operations			
Sale of goods	3	10,523,046	9,610,480
Changes in inventories		11,683	(438)
Raw materials and consumables used		(733,379)	(494,755)
Expenses			
Advertising expenses		(50,919)	(32,336)
Poker machine licence and taxes		(1,641,081)	(1,550,138)
Employee benefits expenses		(2,755,708)	(2,271,907)
Other expenses		(3,313,576)	(3,106,646)
Earnings before depreciation and finance costs		2,040,066	2,154,260
Depreciation and amortisation expenses		(1,094,260)	(799,187)
Finance costs		(218,493)	(136,540)
Profit before income tax		727,313	1,218,533
Income tax expense	6	19,543	(125,779)
Profit for the year		746,856	1,092,754
Total comprehensive income for the year		746,856	1,092,754

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 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,033,402	1,079,292
Trade and other receivables	8	94,954	74,708
Inventories	9	64,981	53,298
Other current assets	10	48,180	101,271
TOTAL CURRENT ASSETS		<u>1,241,517</u>	<u>1,308,569</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	25,351,306	20,603,865
Tax assets	12	121,702	83,509
TOTAL NON-CURRENT ASSETS		<u>25,473,008</u>	<u>20,687,374</u>
TOTAL ASSETS		<u>26,714,525</u>	<u>21,995,943</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	764,392	776,864
Borrowings	14	523,964	461,701
Provisions	15	251,414	202,358
Tax liabilities	12	(29,791)	91,151
TOTAL CURRENT LIABILITIES		<u>1,509,979</u>	<u>1,532,074</u>
NON-CURRENT LIABILITIES			
Borrowings	14	4,022,274	4,065,296
Provisions	15	235,522	199,549
Tax liabilities	12	189,095	189,095
TOTAL NON-CURRENT LIABILITIES		<u>4,446,891</u>	<u>4,453,940</u>
TOTAL LIABILITIES		<u>5,956,870</u>	<u>5,986,014</u>
NET ASSETS		<u>20,757,655</u>	<u>16,009,929</u>
EQUITY			
Reserves	16	6,928,948	2,928,078
Retained earnings	17	13,828,707	13,081,851
TOTAL EQUITY		<u>20,757,655</u>	<u>16,009,929</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 2017

	Note	Retained earnings \$	Total \$
Balance at 1 January 2016		11,989,097	11,989,097
Profit attributable to members		1,092,754	1,092,754
Balance at 31 December 2016		13,081,851	13,081,851
Profit attributable to members		746,856	746,856
Balance at 31 December 2017		13,828,707	13,828,707

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 2017

		2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,505,658	9,587,900
Payments to suppliers and employees		(8,517,746)	(7,591,968)
Interest received		17,388	22,580
Borrowing costs paid		(218,493)	(136,540)
Net cash provided by operating activities	18	<u>1,786,807</u>	<u>1,881,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		51,281	75,878
Payments for property, plant and equipment		(1,903,219)	(6,250,780)
Net cash provided by (used in) investing activities		<u>1,851,938</u>	<u>(6,174,902)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		591,922	4,364,072
Repayment of borrowings		(572,681)	(434,189)
Net cash provided by (used in) financing activities		<u>19,241</u>	<u>3,929,883</u>
Net increase in cash held		(45,890)	(363,047)
Cash at beginning of financial year		1,079,292	1,442,339
Cash at end of financial year	7	<u>1,033,402</u>	<u>1,079,292</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 2017

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 27th February 2018.

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 no-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 2017

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
FOR THE YEAR ENDED 31 DECEMBER 2017

Depreciation

Property, plant and equipment, is depreciated on a straight line basis over the assets 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
FOR THE YEAR ENDED 31 DECEMBER 2017

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 comprises 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
FOR THE YEAR ENDED 31 DECEMBER 2017

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
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
3 Revenue and Other Income		
Revenue		
Poker Machines-Net Clearances	8,222,876	7,825,942
Bar Sales	1,125,070	1,038,457
Cafe Sales	582,067	187,361
	<u>9,930,013</u>	<u>9,051,760</u>
Other revenue:		
Interest received	17,388	22,580
Other revenue	575,645	536,140
	<u>593,033</u>	<u>558,720</u>
Total revenue	<u>10,523,046</u>	<u>9,610,480</u>
Other income		
Loss on Sale of Fixed Assets	(11,107)	(5,940)
Total other income	<u>(11,107)</u>	<u>(5,940)</u>
Interest revenue from:		
Interest Received	17,388	22,580
Total interest revenue on financial assets not at fair value through profit or loss	<u>17,388</u>	<u>22,580</u>
Other revenue from:		
Membership Subscriptions	20,824	19,785
Commissions - Keno & TAB	130,539	113,832
Entertainment & Promotions	128,195	143,530
Rents Received	99,448	101,830
Functions Income	92,946	55,554
Other Income	103,693	101,609
Total other revenue	<u>575,645</u>	<u>536,140</u>
4 Auditors' Remuneration		
Auditors Remuneration - Fees	<u>21,850</u>	<u>20,208</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
5 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	721,696	495,193
Finance Costs		
Financial liabilities measured at amortised cost:		
Borrowing Expenses	800	2,090
Total finance costs	800	2,090
Employee benefits expense:		
contributions to defined contribution superannuation funds	220,687	180,632
Depreciation of property, plant and equipment	1,094,260	799,187
Revenue and Other Income		
Loss on Sale of Fixed Assets	(11,107)	(5,940)
6 Income Tax Expense		
The components of tax expense comprise:		
Income Tax Expense	81,945	125,779
Future Income Tax Benefit	(38,193)	-
Overprovision of Income Tax Expense	(63,295)	-
	(19,543)	125,779
7 Cash and Cash Equivalents		
Cash in Hand	315,000	295,000
Cash at Bank	159,932	228,392
Interest Bearing Deposits	550,000	550,000
Deposits Paid	8,470	5,900
	1,033,402	1,079,292

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
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	1,033,402	1,079,292
	<u>1,033,402</u>	<u>1,079,292</u>
8 Trade and Other Receivables		
Current		
Other Debtors	94,954	73,645
GST on supplies	-	1,063
	<u>94,954</u>	<u>74,708</u>
	<u>94,954</u>	<u>74,708</u>
The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.		
9 Inventories		
Current		
At cost:		
Stock on Hand – at Cost	64,981	53,298
	<u>64,981</u>	<u>53,298</u>
10 Other Assets		
Current		
Prepayments	48,180	101,271
	<u>48,180</u>	<u>101,271</u>

KINGSGROVE RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
11 Property, Plant and Equipment		
Land and Buildings		
Land-at Valuation	10,740,000	5,790,000
Buildings at Valuation	9,098,778	10,337,703
Less accumulated depreciation	<u>(207,520)</u>	<u>(365,291)</u>
	8,891,258	9,972,412
Total Land and Buildings	<u>19,631,258</u>	<u>15,762,412</u>
 Plant & Equipment - at Cost	 1,028,423	 1,008,001
Less accumulated depreciation	<u>(474,572)</u>	<u>(141,374)</u>
	553,851	866,627
 Motor Vehicles - at Cost	 35,768	 35,768
Less accumulated depreciation	<u>(12,739)</u>	<u>(8,268)</u>
	23,029	27,500
 Furniture & Fittings - at Cost	 3,354,842	 2,373,285
Less accumulated depreciation	<u>(1,302,779)</u>	<u>(1,321,757)</u>
	2,052,063	1,051,528
 Poker Machine - at Cost	 5,543,031	 5,135,836
Less accumulated depreciation	<u>(2,451,926)</u>	<u>(2,240,038)</u>
	3,091,105	2,895,798
Total Plant and Equipment	<u>5,720,048</u>	<u>4,841,453</u>
Total Property, Plant and Equipment	<u>25,351,306</u>	<u>20,603,865</u>

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 2017

	2017		2016		
	\$		\$		
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 2016	5,790,000	6,195,381	826,809	2,421,900	15,234,090
Additions	-	3,925,399	1,373,090	952,291	6,250,780
Disposals	-	-	(1,483)	(74,395)	(75,878)
Impairment losses	-	(14,889)	(41,475)	50,424	(5,940)
Depreciation expense	-	(133,479)	(211,286)	(454,422)	(799,187)
Balance at 31 December 2016	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 increments/(decrements)	4,950,000	(1,068,112)	-	-	3,881,888
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)	-
Carrying amount at 31 December 2017	10,740,000	8,891,258	2,628,943	3,091,105	25,351,306

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
12 Tax		
Liabilities		
Current		
Provision for Income Tax	(29,791)	91,151
Non-current		
Provision for Deferred Income Tax	189,095	189,095
Assets		
Future Income Tax Benefits	121,702	83,509
13 Trade and Other Payables		
Current		
Trade Creditors	506,476	464,395
Other Creditors	104,213	30,040
Unclaimed Money	5,001	5,002
Accrued Expenses	61,251	226,827
Deposits Refundable	5,960	2,600
GST on supplies	33,491	-
Provision for Management Bonuses	48,000	48,000
	764,392	776,864

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

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
14 Borrowings		
Current		
Hire Purchase Instalments Within 12 months	523,964	461,701
Non-Current		
Hire Purchase Creditors	535,756	648,778
Bank Loan Secured	3,486,518	3,416,518
Total non-current borrowings	4,022,274	4,065,296
Total borrowings	4,546,238	4,526,997
15 Provisions		
Provision for Long Service Leave	235,522	199,549
Provision for Donations	32,931	17,654
Provision for Poker Machine GST Rebate	11,453	11,453
Provision for Annual Leave	207,030	173,251
	251,414	202,358
Total provisions	486,936	401,907
Analysis of Total Provisions		
Current	251,414	202,358
Non-current	235,522	199,549
	486,936	401,907
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 2017

	2017 \$	2016 \$
17 Retained Earnings		
Retained earnings at the beginning of the financial year	13,081,851	11,989,097
Net profit attributable to members of the company	746,856	1,092,754
Retained earnings at the end of the financial year	<u>13,828,707</u>	<u>13,081,851</u>
18 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	746,856	1,092,754
Non-cash flows in profit		
Net profit of disposal of property, plant and equipment	11,107	5,940
Depreciation and amortisation of property, plant and equipment	1,094,260	799,207
Overprovision for income tax	(159,135)	(133,013)
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase)/decrease in Trade and other receivables	(20,246)	(32,506)
(Increase)/decrease in Other current assets	53,091	(7,219)
(Increase)/decrease in Inventories	(11,683)	438
(Increase)/decrease in Other non-current assets	-	-
(Decrease)/Increase in Trade and other payables	(12,472)	126,154
(Decrease)/Increase in Provisions	85,029	30,217
	<u>1,786,807</u>	<u>1,881,972</u>

19 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 2017

2017
\$

2016
\$

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 Wes Hema
Mr Bruce Geerin
Ms Louise Pettit
Mr Ryan Asplet

KINGSGROVE RSL CLUB LIMITED
ABN 32 000 463 196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<hr/>		
(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	General Manager	
Debbie Harris	Operational Manager	
(c) Key Management Personnel Compensation		
Benefits and payments made to the directors and other Key management personnel	\$295,283	\$323,569
(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.

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 2017 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 27th day of February 2018



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 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 2017 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 2017 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.

Partners

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Liability limited by a scheme approved under Professional Standards Legislation

**Graeme Dowsett FCA
Geoffrey Smith FCA**

**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 27th day of February 2018