

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

**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 2022.

**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 OAM	
Mr Tas Aronis	
Mr Michael Bougoukas	(Appointed Vice President 29 <sup>th</sup> March 2022)
Mr Bruce Geerin	
Mr George Harris	(Appointed 29 <sup>th</sup> March 2022)
Mr Peter Merlino	(Appointed 29 <sup>th</sup> March 2022)
Mr Phillip Pollard	(Appointed 29 <sup>th</sup> March 2022)
Ms Heather Shepherd	
Mr Ryan Asplet	(Resigned 29 <sup>th</sup> March 2022)
Mr Joseph Grima	(Resigned 29 <sup>th</sup> March 2022)
Mr Matt Ruru	(Resigned 29 <sup>th</sup> March 2022)

Directors have been in office since the start of the financial year.

**Directors' meetings**

The number of meetings of the Company's Board of Directors (the Board) and of each board committee meeting held during the year ended 31 December 2022, and the number of meetings attended by each director were:

	Monthly Meeting (12 Total)	Special Meetings (2 Total)
Mr Alan Barnes OAM	12	2
Mr Tas Aronis	12	2
Mr Michael Bougoukas (Appointed Vice President 29 <sup>th</sup> March 2022)	12	2
Mr Bruce Geerin	12	1
Mr George Harris (Appointed 29 <sup>th</sup> March 2022)	8	1
Mr Peter Merlino (Appointed 29 <sup>th</sup> March 2022)	9	1
Mr Phillip Pollard (Appointed 29 <sup>th</sup> March 2022)	8	1
Ms Heather Shepherd	10	2
Mr Ryan Asplet (Resigned 29 <sup>th</sup> March 2022)	2	0
Mr Joseph Grima (Resigned 29 <sup>th</sup> March 2022)	3	1
Mr Matt Ruru (Resigned 29 <sup>th</sup> March 2022)	3	1

**Alan Barnes OAM J.P. President**

Retired Administration/ Finance Manager, President of Kingsgrove RSL Sub Branch, and Member of Kingsgrove RSL Club for 40 years. Board Member for 25 years, Life Member of Kingsgrove RSL Club and Life Member of Kingsgrove RSL Sub Branch.

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

**Tas Aronis J.P. Senior Vice President**

Location Manager for Guardian Funerals Hurstville, Member of Kingsgrove RSL for 13 years, Board Member for 9 years, Member Compliance Committee.

**Michael Bougoukas Director**

Motor mechanic, Business Proprietor, Member of Kingsgrove RSL for 24 years, Board Member for 5 years. Chairperson of Compliance Committee.

**Bruce Geerin Director**

Retired Postal Worker, Chairman of Kingsgrove RSL Club Community Group for 16 years, Member of Kingsgrove RSL for 52 years, Life Member of Kingsgrove RSL Club, Board Member for 20 years.

**Anthony George Harris Director**

Club Manager, Member of Kingsgrove RSL for 30 years, Board Member for 1 year. Member Compliance Committee.

**Peter Merlino Director**

Electrical Fitter, Member of Kingsgrove RSL for 24 years, Board Member for 1 year. Kingsgrove RSL Sub Branch Secretary.

**Phillip Pollard Director**

Retired Printer, Member of Kingsgrove RSL for 24 years, Board Member for 1 year. Kingsgrove RSL Sub Branch Vice President.

**Heather Shepherd Vice President**

Multidisciplinary Team Coordinator Cancer Services NSW Health, Member of Kingsgrove RSL for 23 years, Board Member for 14 years.

## KINGSGROVE RSL CLUB LIMITED

ABN 32 000 463 196

### DIRECTORS' REPORT

#### Company Secretary

The following person held the position of company secretary at the end of the financial year:  
Ian Todd appointed company secretary on 18 June 1999.

<b>Membership</b>	<b>2022</b>	<b>2021</b>
Full Club Members	8,574	9,267
Life members	3	4
Associate Members	55	53
Total	8,632	9,324

#### 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 \$17,264.

#### Our Vision

- To be a supportive and friendly community club.

#### Our Mission

- Be a community hub that fosters social connection between members and guest alike.
- Provide modern safe facilities and exceptional hospitality experiences.
- Support and serve our local community.
- Respect and uphold RSL traditions and commemorations.

#### Our Objectives both Short and Long Term

- Implement ongoing improvements to the Cub facilities.
- Continue to identify and action opportunities to drive growth and operational efficiencies.
- Carry out customer and market analysis.
- Develop a master plan concept relevant to the broad membership and community
- Review and identify critical support opportunities in our community.
- Develop partnerships and KPIs to assess our community support
- Raise awareness and be a collective voice for and in our community.
- Continue to develop initiatives to enhance our culture, communication and recognition.

**KINGSGROVE RSL CLUB LTD**  
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**DIRECTORS' REPORT**

**Operating Results**

The profit of the company after providing for income tax amounted to \$627,114.

**Review of Operations**

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

The Club was able to trade for the full year without disruption and trade in all areas significantly increased. We did however experience ongoing problems with staff shortages, supply issues and cost increases largely due to inflation that impacted on the operations.

Our total revenue was back to normal at \$11,455,203 an increase of 42%, attributed by a 45% increase in Poker Machine Revenue, a 41% increase in Bar Sales and a 56% increase in Fireside Brasserie Café Sales.

With the increase in trade, we experienced increases in cost of Raw Materials by 62%, Poker Machine Taxes by 57%, Employment Benefits by 40% and Other Expenses by 35%.

The Club was able to build on our investments increasing the term deposits to \$1.75M an increase of 84% (\$800k) and reduce our borrowings to \$915k a decrease of 14%. Members total equity increased to \$26.2M.

**Key Performance Measures**

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved. Measures used by the company for its performance: - Standard Club industry Key Performance Indicators including Gross Profit percentages, Wages percentages, EBIT and EBITDA etc.

**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.

**Dividends**

Under the Company's Constitution no dividend can be paid.

**KINGSGROVE RSL CLUB LTD**  
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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 2022 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 OAM

**Dated this 28<sup>th</sup> day of February 2023**



**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 2022, 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.

Vidal O'Brien & Co – Chartered Accountants

  
.....  
Geoffrey Smith

28<sup>th</sup> day of February 2023

Suite 702, 189 Kent 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 2022**

	Note	2022 \$	2021 \$
<b>Income</b>			
Revenue	3	11,364,701	7,987,877
Other income	3	90,502	69,561
		11,455,203	8,057,438
Changes in inventories of finished goods and work in progress		(3,537)	(13,041)
Raw materials and consumables used		(965,275)	(597,373)
Advertising expenses		(56,306)	(42,527)
Poker machine licence and taxes		(1,772,455)	(1,130,142)
Employee benefits expenses		(3,293,349)	(2,352,681)
Other expenses		(3,259,551)	(2,413,540)
Earnings before depreciation and finance cost		2,104,730	1,508,134
Depreciation and amortisation expenses		(1,170,709)	(1,228,223)
Finance expenses	4	(46,587)	(55,040)
<b>Profit before income tax</b>		887,434	224,871
Income tax expense	5	(260,320)	(172,125)
<b>Profit for the year</b>		627,114	52,746
<b>Total comprehensive income for the year</b>		627,114	52,746

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 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,209,271	1,424,518
Trade and other receivables	7	159,397	123,658
Inventories	8	63,236	66,733
Other current assets	9	138,587	144,483
<b>TOTAL CURRENT ASSETS</b>		<u>2,570,491</u>	<u>1,759,432</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	26,044,662	26,213,645
Intangible assets	11	887,757	887,757
Tax assets	12	368,617	353,260
<b>TOTAL NON-CURRENT ASSETS</b>		<u>27,301,036</u>	<u>27,454,661</u>
<b>TOTAL ASSETS</b>		<u>29,871,527</u>	<u>29,214,093</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	601,459	774,607
Borrowings	14	460,140	491,761
Provisions	15	399,825	367,278
Tax liabilities	12	43,782	(40,000)
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,505,206</u>	<u>1,593,646</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	455,371	570,758
Provisions	15	332,807	319,584
Tax liabilities	12	1,340,841	1,119,917
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,129,019</u>	<u>2,010,259</u>
<b>TOTAL LIABILITIES</b>		<u>3,634,225</u>	<u>3,603,905</u>
<b>NET ASSETS (LIABILITIES)</b>		<u>26,237,302</u>	<u>25,610,188</u>
<b>EQUITY</b>			
Reserves		9,167,537	9,167,537
Retained earnings	17	17,069,765	16,442,651
<b>TOTAL EQUITY</b>		<u>26,237,302</u>	<u>25,610,188</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 2022**

<b>Note</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2021</b>	16,389,905	16,389,905
Profit attributable to equity shareholders	52,746	52,746
<b>Balance at 31 December 2021</b>	<u>16,442,651</u>	<u>16,442,651</u>
Profit attributable to equity shareholders	627,114	627,114
<b>Balance at 31 December 2022</b>	<u>17,069,765</u>	<u>17,069,765</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 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	11,292,003	8,053,565
Payments to suppliers and employees	(9,439,456)	(7,241,530)
Interest received	36,959	3,873
Borrowing costs paid	(46,587)	(55,040)
<b>Net cash provided by operating activities</b>	<b>1,842,919</b>	<b>760,868</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	108,362	-
Payments for property, plant and equipment	(1,019,519)	(655,905)
<b>Net cash provided by (used in) investing activities</b>	<b>(911,157)</b>	<b>(655,905)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	676,112	464,688
Repayment of borrowings	(823,121)	(674,561)
<b>Net cash provided by (used in) financing activities</b>	<b>(147,009)</b>	<b>(209,873)</b>
Net increase/(decrease) in cash held	784,753	(104,910)
Cash at beginning of financial year	1,424,518	1,529,428
Cash at end of financial year	<b>2,209,271</b>	<b>1,424,518</b>

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 2022**

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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 28<sup>th</sup> February 2023.

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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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.

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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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 intends to apply the standard from 1 January 2019. 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.

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 recognized 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.

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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**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 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>New and amended Accounting Standards</i>		
New and amended Accounting Standards and Interpretations Adopted The company has adopted all new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. There were no Accounting Standards and or Interpretations which will have or have had a material impact on the Club for the year.		
<b>3 Revenue and Other Income</b>		
<b>Revenue</b>		
Poker Machines-Net Clearances	8,707,807	6,013,281
Bar Sales	1,015,697	722,225
Cafe Sales	1,027,012	659,824
	10,750,516	7,395,330
Other revenue:		
Interest received	36,959	3,873
Other revenue	577,227	588,674
	614,186	592,547
Total revenue	11,364,701	7,987,877
<b>Other income</b>		
Gain/(Loss) on Sale of Fixed Assets	90,502	69,561
Total other income	90,502	69,561
<b>Interest revenue from:</b>		
Interest Received	36,875	3,873
Total interest revenue on financial assets not at fair value through profit or loss	36,875	3,873
<b>Other revenue from:</b>		
Membership Subscriptions	20,064	15,600
Commissions - Keno & TAB	99,714	79,143
Entertainment & Promotions	147,110	80,415
Rents Received	80,325	65,975
Functions Income	98,741	55,592
Other Income	130,489	66,559
Variances	784	-
Government Subsidies	-	225,390
Total other revenue	577,227	588,674

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<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	959,178	597,373
<b>Finance Costs</b>		
Financial liabilities measured at amortised cost:		
Interest Expenses & Hire Purchase Charges	45,049	53,486
Borrowing Expenses	1,538	1,554
Total finance costs	46,587	55,040
Employee benefits expense: contributions to defined contribution superannuation fund	291,942	201,521
Depreciation of property, plant and equipment	1,170,709	1,228,223
<b>Revenue and Other Income</b>		
Gain/(Loss) on Sale of Fixed Assets	90,502	69,561
<b>5 Income Tax Expense</b>		
The components of tax expense comprise:		
Current Tax Expense	54,752	184,625
Deferred Tax	205,568	(12,500)
	260,320	172,125
<b>6 Cash and Cash Equivalents</b>		
Cash in Hand	380,000	390,065
Cash at Bank	70,705	75,887
Interest Bearing Deposits	1,750,000	950,000
Deposits Paid	8,566	8,566
	2,209,271	1,424,518

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<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	2,209,271	1,424,518
<b>7 Trade and Other Receivables</b>		
<b>Current</b>		
Other Debtors	159,397	123,658
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	63,236	66,773
<b>9 Other Assets</b>		
<b>Current</b>		
Prepayment	138,587	144,483

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>10 Property, Plant and Equipment</b>		
<b>Land and Buildings</b>		
Land-at Valuation	12,045,000	12,045,000
Buildings at Valuation	10,939,487	10,916,998
Less accumulated depreciation	(1,361,386)	(1,122,150)
	<u>9,578,101</u>	<u>9,794,848</u>
<b>Total Land and Buildings</b>	<u>21,623,101</u>	<u>21,839,848</u>
Plant & Equipment - at Cost	1,562,654	1,220,532
Less accumulated depreciation	(949,686)	(631,330)
	<u>612,968</u>	<u>589,202</u>
Motor Vehicles - at Cost	88,136	88,136
Less accumulated depreciation	(25,748)	(14,731)
	<u>62,388</u>	<u>73,405</u>
Furniture & Fittings - at Cost	4,004,727	3,996,777
Less accumulated depreciation	(2,610,563)	(2,602,022)
	<u>1,394,164</u>	<u>1,394,755</u>
Poker Machine - at Cost	6,301,419	6,157,172
Less accumulated depreciation	(3,949,378)	(3,840,737)
	<u>2,352,041</u>	<u>2,316,435</u>
<b>Total Plant and Equipment</b>	<u>4,421,561</u>	<u>4,373,797</u>
<b>Total Property, Plant and Equipment</b>	<u>26,044,662</u>	<u>26,213,645</u>

**Asset Revaluation**

An independent valuation of the Company's land and buildings at Kingsgrove was carried out as at 9<sup>th</sup> June, 2021 on the basis of open market value for existing use resulting in a valuation of land and buildings of \$22,950,000.

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 & Equipment \$	Leased Plant & Equipment \$	Total \$
Balance at 31 Dec 2020	10,740,000	8,333,699	2,106,319	2,551,598	23,731,616
Additions	-	11,995	305,187	338,723	655,905
Profit(loss) on sale of assets	-	-	13,746	55,815	69,561
Revaluation	2,368,651	616,135	-	-	2,984,786
Depreciation expense	-	(230,636)	(367,890)	(629,697)	(1,228,223)
Balance at 31 Dec 2021	13,108,651	8,731,193	2,057,362	2,316,438	26,213,645
Transfer	(1,063,651)	1,063,651	-	-	-
Additions	-	13,882	350,071	547,203	911,156
Adjustment	-	-	68	-	68
Profit(loss) on sale of assets	-	-	-	90,502	90,502
Depreciation expense	-	(230,625)	(337,982)	(602,102)	(1,170,709)
Balance at 31 Dec 2022	12,045,000	9,578,101	2,069,519	2,352,041	26,044,662

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2022 \$	2021 \$
<b>11 Intangible Assets</b>		
Poker machine entitlements-at cost (gross carrying value)	887,757	887,757
<b>12 Tax</b>		
<b>Liabilities</b>		
<b>Current</b>		
Provision for Income Tax	43,782	(40,000)
<b>Non-current</b>		
Provision for Deferred Income Tax	1,340,841	1,119,917
<b>Assets</b>		
Future Income Tax Benefits	368,617	353,260
<b>13 Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors	180,043	349,192
Other Creditors	86,074	76,571
Accrued Expenses	177,532	192,124
Deposits Refundable	9,510	6,790
GST on supplies	88,660	89,930
Provision for Management Bonuses	60,000	60,000
	<u>601,459</u>	<u>774,607</u>

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 2022**

		2022	2021
		\$	\$
<b>14</b>	<b>Borrowings</b>		
	<b>Current</b>		
	Hire Purchase Instalments Within 12 months	460,140	491,761
	<b>Non-Current</b>		
	Hire Purchase Creditors	405,371	270,758
	Bank Loan Secured	50,000	300,000
	Total non-current borrowings	455,371	570,758
	Total borrowings	915,511	1,062,519
<b>15</b>	<b>Provisions</b>		
	Provision for Long Service Leave	332,807	319,584
	Provision for Donations	34,797	50,455
	Provision for Poker Machine GST Rebate	11,453	11,453
	Provision for Annual Leave & Sick Leave	353,575	305,370
	Total provisions	732,632	686,862
	<b>Analysis of Total Provisions</b>		
	Current	399,825	367,278
	Non-current	332,807	319,584
		732,632	686,862
<b>16</b>	<b>Reserves</b>		
	<b>Asset Revaluation Reserve</b>		
	The asset revaluation reserve records revaluations of non-current assets.		
	<b>Capital Profit Reserve</b>		
	The capital profit reserve records capital gains on disposal of non-current assets.		

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>17 Retained Earnings</b>		
Retained earnings at the beginning of the financial year	16,442,651	16,389,905
Net profit attributable to members of the company	627,114	52,746
Retained earnings at the end of the financial year	17,069,765	16,442,651
<b>18 Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	627,114	52,746
<b>Non-cash flows in profit</b>		
Net profit of disposal of property, plant and equipment	(90,502)	(69,561)
Depreciation and amortisation of property, plant and equipment	1,170,709	1,228,223
Increase/(Decrease) in Income Tax Payable	304,706	-
<b>Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries</b>		
(Increase)/decrease in Trade and other receivables	(35,739)	24,490
(Increase)/decrease in Other current assets	5,896	19,592
(Increase)/decrease in Inventories	3,497	13,042
(Increase)/decrease in Other non-current assets	(15,357)	-
(Decrease)/Increase in Trade and other payables	(173,175)	(584,623)
(Decrease)/Increase in Provisions	45,770	76,959
	1,842,919	760,868
<b>19 Related Parties</b>		
MSK Service Centre provided motor vehicle services for the year, of which Mr Michael Bougoukas is the Proprietor.	2,030	1,660
George Harris provided relief Bingo Compere service throughout the year.	3,160	-
<b>20 Capital Commitments</b>		
There were no capital commitments entered into by the company as at 31 December, 2022, and up to date of this report.		

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
<b>21 Statutory Information</b>		
The registered office of the company is:		
Kingsgrove RSL Club Limited		
8 Brocklehurst Lane Kingsgrove NSW 2208		
The principal place of business is:		
8 Brocklehurst Lane Kingsgrove NSW 2208		
<b>22 Registered Clubs Act 1976</b>		
Section 41J(2): The Property of the Club consists of:		
<b>Core Property</b> 4-10 Brocklehurst Lane, Kingsgrove NSW: Club Premises and multi-level car park. 3-5 Aspinall Street, Shoalhaven Heads NSW: Holiday Units.		
<b>Non-Core Property</b> 7 Aspinall Street, Shoalhaven Heads NSW: Rental Property		

**KINGSGROVE RSL CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	\$	\$

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**22 Key Management Personnel Details**

**(a) Directors**

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

Mr Alan Barnes OAM  
Mr Tas Aronis  
Mr Michael Bougoukas  
Mr Bruce Geerin  
Mr George Harris  
Mr Peter Merlino  
Mr Phillip Pollard  
Ms Heather Shepherd

**(b) Other Key Management Personnel**

The following persons also 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	Chief Executive Officer
Debbie Harris	Chief Operating Officer

**(c) Key Management Personnel Compensation**

Benefits and payments made to the directors and other Key management personnel	\$399,496	\$328,255
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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.

**KINGSGROVE RSL CLUB LTD**  
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**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Kingsgrove RSL Club Ltd, the directors declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - b. give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date 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.

Director .....



Mr Alan Barnes OAM

Dated this 28<sup>th</sup> day of February 2023



## 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 2022, 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 2022 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 2022, 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.

Vidal O'Brien & Co – Chartered Accountants

  
.....  
Geoffrey Smith

Suite 702, 189 Kent Street, Sydney, NSW. 2000

Dated this 28<sup>th</sup> day of February 2023