

**KOGARAH R.S.L. CLUB LIMITED**

**A.B.N. 75 001 032 355**

**IMPORTANT INFORMATION FOR CLUB MEMBERS**

This document is the approved form of the Director of Liquor and Gaming and must be sent to members of the club.

The reporting period for the Kogarah RSL Club Limited is 1st July 2008 to 30th June 2009.

**IMPORTANT NOTES**

The Registered Clubs Act 1976 defines a Top Executive as one of the five highest paid employees of the Club at each separate premises of the Club.

**DISCLOSURE OF INTERESTS OF DIRECTORS IN CONTRACTS WITH THE CLUB - SECTION 41C**

Club members may inspect the original of these disclosures and declarations by making a written application to the Secretary.

The Registered Club Act 1976 requires Directors who have a material personal interest in matters that relate to the affairs of the Club to declare the interest at a Board meeting and the Club to display the declaration on the Club's notice board. A contract is any commercial arrangement whether written or not.

In the reporting period there were no occasions when Directors reported a material personal interest in a matter relating to the Club's affairs.

**FINANCIAL INTERESTS IN HOTELS - SECTION 41D**

Club members may inspect the original of these disclosures and declarations by making a written application to the Secretary.

In the reporting period there were no occasions when Directors reported financial interest in a hotel in NSW. In the reporting period there were no occasions when Top Executives reported a financial interest in a hotel in NSW.

**GIFTS TO DIRECTORS AND STAFF - SECTION 41E AND SECTION 41F**

Club members may inspect the original of these disclosures and declarations by making a written application to the Secretary.

An affiliated body of the Club includes subsidiary clubs, and any body which the club made a grant to within the previous 12 months. A gift includes money, hospitality, or discounts. A gift values at more than \$500 must be disclosed: gifts from contractors must be disclosed if they total more than \$500 from an individual contractor in the reporting period.

**Directors**

In the reporting period there were no occasions when Directors of the Club reported receiving gifts from Affiliated bodies. In the reporting period there were no occasions when Directors of the Club reported receiving gifts from contractors.

**Top Executives and Employees**

In the reporting period there were no occasions when Top Executives of the Club reported receiving gifts from Affiliated bodies. In the reporting period there no occasions when employees of the Club reported receiving gifts from contractors.

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**Value of Gifts**

The total value of the gifts that Directors and Top Executives received from Affiliated bodies in the reporting period is \$Nil. The total value of gifts that Directors and employees received from contractors in the reporting is \$Nil.

**TOP EXECUTIVES - SECTION 41H (1) (b)**

One top executive of the Club received a total remuneration package which was in excess of \$100,000.

**OVERSEAS TRAVEL - SECTION 41H7 (1) (c)**

In the reporting period the Club incurred no costs for overseas travel of Directors and employees.

**LOANS TO STAFF - SECTION 41H (1) (d)**

The Registered Club Act 1976 requires the Club to report loans to employees of \$1,000 or more. In the reporting period the Club made no loans to employees.

**CONTRACTS APPROVED BY BOARD - SECTION 41H (1) (e)**

During the reporting period the Board approved one contract relating to the remuneration of the Club's Top Executive.

The Registered Clubs Act 1976 defines a Controlled Contract as being a club contract in which a Director or Top Executive has a pecuniary interest, or for provision of professional advice relating to the following,

- (a) significant change to management structures or governance of the Club;
- (b) significant change to financial management of the Club;
- (c) disposal of land, and
- (d) the amalgamation of the Club.

During the reporting period no controlled contracts were approved by the Board and forwarded to the Director of Liquor and Gaming of which:

- such contracts related to contracts in which a Director or Top Executive has pecuniary interest.
- such contracts related to the provision of professional advice. These contracts fall into the following advice categories:
  - significant change to the management structure or governance of the Club;
  - disposal of Club land;
  - amalgamation of the Club.

**EMPLOYEES RELATED TO DIRECTORS AND TOP EXECUTIVES - SECTION 41H (1) (f)**

A close relative is defined in section 41B of the Registered Clubs Act 1976 and includes the immediate family.

In the reporting period, the Club employed the following persons who were a close relative of a Director or Top Executive of the Club:

<b>Name of Close Relative</b>	<b>Related to</b>	<b>Total remuneration paid to close relative</b>
Andrew Neil Smith	David Smith	\$21,093

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**IMPORTANT INFORMATION FOR CLUB MEMBERS**

**PAYMENTS TO CONSULTANTS - SECTION 41H (1) (g) and (h)**

During the reporting period the Club engaged a consultant. The total costs paid by the Club in the reporting period was \$Nil

<b>Consultant</b>	<b>Nature of Consultancy</b>	<b>Amount</b>
Nil		

**DETAILS OF SETTLEMENTS PAID BY THE CLUB - SECTION 41H (1) (i)**

In the reporting period the Club made no legal settlements with either a Director or employee. Being Nil with a Director of the Club and Nil with a Club employee. The total value of all legal settlements was \$Nil. The total legal costs paid by the Club for such settlements were \$Nil.

**LEGAL FEES PAID BY THE CLUB - SECTION 41H (1) (i)**

In the reporting period, there were no instances when the Club paid legal fees for Directors and employees. This included Nil instances for Directors and Nil instances for employees. In the reporting period the Club paid a total of \$Nil being for legal fees paid for Directors and employees.

**GAMING MACHINE PROFIT - SECTION 41H (1) (k)**

Gaming machine profit and the gaming machine tax period are defined in the Gaming Machine Act 2001. In the most recent gaming machine tax period, the total profit from gaming machines was \$2,079,500.

Taxes paid to the State Government in the Gaming Machine tax period \$297,560 (\$390,543 less gaming rebate of \$17,180).

**AMOUNT PAID TO COMMUNITY DEVELOPMENT - SECTION 41H (I)**

Clubs earning in excess of \$1,000,000 p.a in gaming machine profit must apply part of such profit to community development and support. Total payments made during the period was \$24,003.

**KOGARAH R.S.L. CLUB LIMITED**  
A.B.N. 75 001 032 355  
**DIRECTORS REPORT**

The Directors of Kogarah R.S.L. Club Limited submits herewith the accounts of the Company for the year ended 30 June 2009 and reports as follows:-

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

<b>Director</b>	<b>Occupation</b>	<b>Experience</b>
John William Samuel	Administration	26 years
Warwick Selwyn Hall	Qantas Hospitality	32 years
Edith Ellen Whelan	Director	16 years
Barry Jeffrey Clewett	Manager	22 years
Bret William Shanahan	Landscaper	9 years
Jack David Walker	Deputy superintendent	7 years
Brian Brown	Maintenance contractor	11 years
Craig John Elson	Air conditioner Sale Exec	6 years
Kenneth Rawson	Clerical	21 years

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

The principal activity of the Club during the year ended 30 June 2009 was a Licensed Club.

There was no change in the principal activity during the year.

The Operating loss after income tax benefit for the year ended 30 June 2009 was \$291,376, compared to a \$344,288 loss after tax for the 2008 year.

During the 2009 year, the Club operated while a major refurbishment to the Club's premises was being undertaken. The refurbishment affected patronage to the Club, and although overall revenue has increased from the 2008 year, revenue is still significantly down from levels achieved before the introduction of the government smoking regulations.

The gross margin in bar sales fell from 49.24% to 48.87%. Bar turnover increased by 5.6% from \$660,994 to \$697,775.

Gaming revenue (including TAB and KENO etc) has increased from \$1,994,920 to \$2,142,930, an increase of \$148,010 or 7.4%. The overall expenditure this year for poker machine trading has decreased from \$1,028,793 to \$ 927,775, a decrease of \$101,018 or 9.8%.

No significant changes in the state of affairs of the Club occurred during the financial year 30 June 2009 that have significantly affected or may significantly affect:-

- (i) The operations of the Club;
- (ii) The results of those operations; or
- (iii) The state of affairs of the Club.

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

<b>Director</b>	<b>Attendance</b>	<b>Meetings Held</b>
John William Samuel	12	12
Warwick Selwyn Hall	12	12
Edith Ellen Whelan	12	12
Barry Jeffrey Clewett	12	12
Bret William Shanahan	11	12
Jack David Walker	11	12
Brian Brown	12	12
Craig John Elson	10	12
Kenneth Rawson	12	12

In addition to the above, the Directors attended a considerable number of sub-committee and special board meetings.

The Club's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

No person has applied for leave of court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings. The company was not a party to any such proceeding during the year.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the company or a related corporation), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest. This statement excludes a benefit included in the aggregate amounts of emoluments received or due and receivable by Directors shown in Note 7 to the Club's financial statements prepared in accordance with the Corporations Law.

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- (i) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters:-

During or since the financial year the company has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

The auditor's independence declaration is included in this annual report.

The following non-audit services were provided by the Company's auditor, Frank Clune & Son. The directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Frank Clune & Son received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	\$16,744
Assistance in the preparation of Financial Statements	\$ 5,000

Signed in accordance with the resolution of the Board of Directors.

**JOHN W. SAMUEL**  
Chairman

**EDITH E. WHELAN**  
Senior Vice Chairman

Dated at Kogarah this 28 September 2009

**KOGARAH R.S.L. CLUB LIMITED**  
A.B.N. 75 001 032 355

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

I declare that, to the best of my knowledge and belief, during the year 30 June 2009 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.

**FRANK CLUNE & SON**

**Frank Catanzariti**  
**Partner**

**Date 28 September 2009**

**Level 7**  
**60 Carrington Street**  
**SYDNEY NSW 2000**

**KOGARAH R.S.L. CLUB LIMITED**  
**A.B.N. 75 001 032 355**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	30 June 2009	30 June 2008
<b>Revenues from ordinary activities</b>	2	3,059,348	2,997,154
Cost of sales	3 (a)	356,784	335,522
Trading expenses	3 (b)	1,275,634	1,230,985
Administration and general expenses	3 (c)	1,844,483	1,749,405
Finance costs	4	54,535	9,527
<b>Expenses from ordinary activities</b>		3,531,435	3,325,438
<b>Profit/(Loss) from ordinary activities before income tax expense</b>		(472,088)	(328,285)
(Income tax expense)/benefit relating to ordinary activities	5 (c)	180,712	(16,004)
<b>Profits (loss) from ordinary activities after (income tax expense)/benefit</b>		\$ (291,376)	\$ (344,288)



**KOGARAH R.S.L. CLUB LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b><u>Reserves</u></b>	<b><u>Retained Earnings</u></b>	<b><u>Total</u></b>
Balance 1 July 2007	72,777	5,186,796	5,259,573
Profit (loss) attributable to members	-	(344,289)	(344,289)
Balance 30 June 2008	<u>72,777</u>	<u>4,842,507</u>	<u>4,915,284</u>
Profit (loss) attributable to members	-	(291,376)	(291,376)
Balance 30 June 2009	<u><u>72,777</u></u>	<u><u>4,551,131</u></u>	<u><u>4,623,908</u></u>

**KOGARAH R.S.L. CLUB LIMITED****A.B.N. 75 001 032 355****BALANCE SHEET AS AT 30 JUNE 2009**

	Note	30 June 2009	30 June 2008
<b>Current assets</b>			
Cash and cash equivalents	8	110,092	1,622,090
Trade or other receivables	9	10,228	-
Inventories	10	42,333	53,032
Other	11	7,764	-
<b>Total current assets</b>		<b>170,417</b>	<b>1,675,122</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	6,271,971	3,809,571
<b>Total non-current assets</b>		<b>6,271,971</b>	<b>3,809,571</b>
<b>Total assets</b>		<b>6,442,388</b>	<b>5,484,693</b>
<b>Current liabilities</b>			
Trade and other payables	13	265,015	215,488
Borrowings	14	1,295,715	55,051
Short-term provisions	15	156,261	147,425
Current tax liabilities	16	-	14,505
Other current liabilities	17	34,828	31,718
<b>Total current liabilities</b>		<b>1,751,818</b>	<b>464,187</b>
<b>Non-current liabilities</b>			
Financial liabilities	14	-	16,714
Long-term provisions	15	66,662	88,506
<b>Total non-current liabilities</b>		<b>66,662</b>	<b>105,220</b>
<b>Total liabilities</b>		<b>1,818,480</b>	<b>569,407</b>
<b>Net assets</b>		<b>\$ 4,623,908</b>	<b>\$ 4,915,285</b>
<b>Equity</b>			
Reserves	18	72,777	72,777
Retained profits	19	4,551,131	4,842,508
<b>Total equity</b>		<b>\$ 4,623,908</b>	<b>\$ 4,915,285</b>

**KOGARAH R.S.L. CLUB LIMITED****A.B.N. 75 001 032 355****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>		
Receipts from members and guests	3,006,416	2,853,211
Payments to suppliers and employees	(3,186,900)	(3,584,095)
Interest received	47,630	159,137
Finance costs	(54,535)	(9,527)
Income taxes (paid) refund	157,446	(876,535)
<b>Net cash provided by operating activities</b>	<b>22(a)</b>	<b>(1,457,809)</b>
	(29,942)	(1,457,809)
<b>Cash flows from investing activities</b>		
Purchase of plant, equipment & refurbishment	(2,715,456)	(442,610)
Proceeds from sale of plant & equipment	4,000	-
Selling cost re sale of property	-	(372,010)
<b>Net cash flows from investing activities</b>	<b>(2,711,456)</b>	<b>(814,620)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(49,600)	(90,284)
Borrowings	1,279,001	-
<b>Net cash provided by ( used in) financial activities</b>	<b>1,229,401</b>	<b>(90,284)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,511,998)</b>	<b>(2,362,713)</b>
<b>Cash at start of the financial year</b>	<b>1,622,089</b>	<b>3,984,802</b>
<b>Cash at close of the financial year</b>	<b>22(b)</b>	<b>\$ 1,622,089</b>
	\$ 110,092	\$ 1,622,089

**KOGARAH R.S.L. CLUB LIMITED**  
**A.B.N. 75 001 032 355**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. Summary of Significant Accounting Policies**

The financial report is a general purpose report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Gaming Machines Tax Act 2001 and the Corporations Act 2001. Accounting Standards include Australian equivalents to International Financial Standards ('A-IFRS'). Compliance with A-IFRS ensures that the company financial statements and notes to the financial statements comply with the International Financial Reporting Standards ('IFRS'). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

a) **Basis of Preparation**

The financial report is prepared on an accrual basis and is based on historical cost convention modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured.

Following are additional recognition criteria:

*Sales Revenue*: Sales revenue comprises revenue earned from the Club's trading activities, including poker machine takings and bar sales. It is recognised when goods and services are provided.

*Subscriptions*: Subscription fees are taken into account on a cash basis, and the portion relating to the ensuing year is transferred to subscriptions in advance.

*Interest Income*: Interest income is recognised as it accrues.

*Commission Revenue*: Commission revenue is recognised when control of a right to receive consideration for the provision of services has been attained.

*Poker Machine Revenue*: Poker Machine revenue is recognised net of payouts.

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

c) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

d) **Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. Summary of Significant Accounting Policies (cont.)**

e) Income Tax

Income Tax has been brought to account using the 'tax payable' basis.

Future income tax benefits in relation to tax losses are not brought to account.

f) Property, Plant and Equipment

Property, Plant and equipment are included at cost. All assets excluding freehold land, are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalue carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

g) Goods and services tax

Revenues, 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 Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset (Receivables) or current liability (Accounts payables) in the Statement of Financial Position.

h) Provisions

Provisions are recognised when the group 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.

i) Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

j) **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b><u>Class of Fixed Asset</u></b>	<b><u>Depreciation Rate</u></b>
Buildings	2.50%
Plant and equipment	5-37.87%
Leased plant and equipment	5-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalue assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment of each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less cost to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

k) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

k) Leases (cont.)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**KOGARAH R.S.L. CLUB LIMITED****A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>2. Revenue from ordinary activities</b>		
Revenues from operating activities:		
(a) Sales revenue:		
Bar sales	697,775	660,994
Poker machine trading	2,079,500	1,923,819
Keno commission	49,716	49,003
Tab commission	13,714	22,098
Other commission	14,081	13,863
(b) Other revenue:		
Members subscriptions	14,451	14,053
Sundry revenue	138,645	154,187
Total revenues from operating activities	<u>3,007,883</u>	<u>2,838,017</u>
Revenues from outside the operating activities:		
(a) Interest	35,932	159,137
Interest - ATO	11,698	-
Gain on disposal of land	-	-
Profit on sale of poker machines	3,834	-
Total revenues from outside the operating activities	<u>51,464</u>	<u>159,137</u>
Total revenues from ordinary activities	<u>\$ 3,059,348</u>	<u>\$ 2,997,154</u>
<b>3. Expenses from ordinary activities</b>		
(a) <u>Cost of goods sold</u>		
Bar trading	<u>\$ 356,784</u>	<u>\$ 335,522</u>
(b) <u>Trading Expenses</u>		
Bar trading	351,332	211,344
Poker machine, Tab and Keno trading	924,301	1,019,641
	<u>\$ 1,275,634</u>	<u>\$ 1,230,985</u>



**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
(c) <u>Administration and general expenses</u>		
Accounting services	21,744	31,251
Auditing fees	13,750	12,000
Artists' fees & club entertainment	423,452	446,339
Bank charges	5,419	5,721
Catering expenses	72,354	58,915
Cleaning and laundry	62,478	64,275
Courtesy bus	9,152	-
Depreciation	169,963	70,854
Donations - general	11,003	12,013
Fines	1,320	924
General expenses	1,859	2,418
Hire of equipment	9,902	5,580
Honoraria	4,000	5,000
Insurance (workers comp and general)	89,894	85,350
Leasing & maintenance of automatic teller machine	45,289	35,346
Legal expenses	-	715
Light and power	94,821	87,090
License fees - other	3,369	895
Loss on disposal of assets	-	7,284
Payroll tax	14,961	13,946
Postage, printing and stationery	33,171	34,815
Provision for AL LSL & SL	(13,008)	(5,723)
Publicity	20,785	791
Rates and taxes	34,729	30,901
Repairs and maintenance	103,713	76,093
Salaries and wages	478,634	522,463
Security expenses	36,040	35,179
Staff amenities	1,105	-
Staff training	1,164	-
Software Maintenance	8,220	4,172
Subscriptions	6,904	7,523
Superannuation	43,228	43,590
Telephone	14,515	18,811
Uniforms	3,308	4,180
Waste removal and grease trap service	16,247	14,173
	<u>\$ 1,844,483</u>	<u>\$ 1,749,405</u>

**KOGARAH R.S.L. CLUB LIMITED**

**A.B.N. 75 001 032 355**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>4. Finance costs</b>		
Commercial Bill Interest	26,368	-
Interest on Leased Poker Machines	-	2,238
Interest on Hire Purchase of Poker Machines	3,139	6,914
Interest - Other	-	375
Bank Facility Fees	19,575	-
Bank Overdraft fees	5,453	-
	<u>\$ 54,535</u>	<u>\$ 9,527</u>

**5. Income Tax**

- (a) Under the income tax convention known as 'mutuality' Registered Clubs are not taxed on subscriptions or trading profits derived from members. However, profits from operations derived from visitors to the Club including guests of members are subject to income tax. Further, income of the Club from outside sources (for example interest on investments) are taxed at normal company rates.

25.08% of trading results are treated as applicable to visitors to the club. Certain items of income (e.g. subscriptions are treated as wholly derived from members).

	Accounting Income (loss)	Taxable Income (loss)
(b) Net income (loss) not taxable	(22,616)	-
Income Taxable in full	(79,269)	(79,269)
Income Taxable as to 25.08%	(370,202)	(92,847)
	<u>\$ (472,088)</u>	<u>\$ (172,116)</u>

Income tax at 30% \$ -

- (c) Income Tax charged in the profit and loss account comprises:-

Prior years overprovision of tax	(180,712)	-
Income tax expense for the year	-	16,004
	<u>\$ (180,712)</u>	<u>\$ 16,004</u>

- (d) Income Tax payable (refund) comprises:-

Current year taxes	\$ -	<u>\$ 14,505</u>
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**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>e) Future income tax benefit not taken to account</b>		
As stated in Note 1, income tax is brought to account on a 'tax payable' basis. Accordingly, future income tax benefit arising from timing differences or tax losses have not been brought to account. The estimated future income tax benefit has been calculated at 30%.		
Timing Differences as to 25.08%	4,013	17,751
	\$ 4,013	\$ 17,751
<b>6. Remuneration of Auditors</b>		
Total amounts received and receivable by the auditors of the company for:		
a) Audit of the company's accounts	13,750	12,000
b) Other services	21,744	31,251
	\$ 35,494	\$ 43,251
<b>7. Directors' Emoluments</b>		
Amounts received, or due and receivable by directors of Kogarah R.S.L. Club. The directors did not receive any other remuneration from the company.		
	\$ 4,000	\$ 5,000
The number of directors whose income was within the following bands:		
	<b>No.</b>	<b>No.</b>
\$ 100 - 1,000	1	-
\$1,001 - 2,000	1	1
\$2,001 - 3,000	-	-
\$3,001 - 4,000	-	1
<b>8. Cash and Cash Equivalents</b>		
<b>Current</b>		
Cash on Hand	100,000	100,000
Cash at Bank	10,092	1,522,090
	\$ 110,092	\$ 1,622,090
<b>9. Receivables</b>		
<b>Current</b>		
Sundry Receivable	10,228	-
	\$ 10,228	\$ -

No Provision for impairment of receivables has been made in either of the years 2009 or 2008.

**KOGARAH R.S.L. CLUB LIMITED****A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>10. Inventories</b>		
<b>Current</b>		
Stock on hand		
Bar	37,494	48,193
Glassware	4,839	4,839
	<u>\$ 42,333</u>	<u>\$ 53,032</u>
<b>11. Other</b>		
<b>Current</b>		
Prepayments	<u>\$ 7,764</u>	<u>\$ -</u>
<b>12. Property, Plant and Equipment</b>		
<b>Current</b>		
<b>(a) Land and Buildings</b>		
Blake and English Street - at cost	640,333	640,333
English Street car park (i)	31,068	32,325
Building improvements (ii)	3,290,084	1,119,643
258-260 Railway Parade Kogarah 12(b)	474,334	474,334
254-256 Railway Parade Kogarah	1,162,407	1,162,407
Plant, Furniture and Equipment 12(c)	673,745	369,519
Leased Assets 12(d)	-	11,010
<b>Total Current Property, Plant and Equipment</b>	<u>\$ 6,271,971</u>	<u>\$ 3,809,571</u>
(i) English Street car park - at cost	53,797	53,797
Less: accumulated depreciation	(22,729)	(21,472)
	<u>\$ 31,068</u>	<u>\$ 32,325</u>
(ii) Buildings - at cost		
Buildings	3,821,588	1,581,818
Accumulated depreciation	(531,505)	(462,175)
	<u>\$ 3,290,084</u>	<u>\$ 1,119,643</u>

**KOGARAH R.S.L. CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
(b) 258-260 Railway Parade, Kogarah - at cost	456,875	456,875
Add: additions and demolition costs	17,459	17,459
	<u>\$ 474,334</u>	<u>\$ 474,334</u>
(c) Plant, Furniture and Equipment, etc. - at cost	2,224,576	1,811,398
Less; Accumulated depreciation	(1,550,831)	(1,441,880)
	<u>\$ 673,745</u>	<u>\$ 369,519</u>
(d) Leased Assets		
Leased Poker Machines	210,191	210,191
Less: Amortisation	(210,191)	(199,181)
	<u>\$ -</u>	<u>\$ 11,010</u>

	Freehold Land \$	Buildings \$	Plant & Equipment \$	Leased Plant and Equipment \$	Total \$
<b>Movements in Carrying Amounts</b>					
Movement in the carrying amounts for each class or property, plant and equipment					
Balance at 1 July 2007	2,277,074	966,139	309,374	59,478	3,612,065
Additions	-	219,779	164,830	-	384,609
Disposals	-	-	9,514	-	9,514
Depreciation	-	33,950	95,174	48,467	177,591
Carrying amount at 30 June 2008	<u>2,277,074</u>	<u>1,151,968</u>	<u>369,516</u>	<u>11,011</u>	<u>3,809,569</u>
Additions	-	2,239,770	475,686	-	2,715,456
Disposals	-	-	166	-	166
Residual	-	-	-	5,451	5,451
Depreciation	-	70,587	171,293	5,560	247,440
Carrying amount at 30 June 2009	<u>2,277,074</u>	<u>3,321,151</u>	<u>673,744</u>	<u>-</u>	<u>6,277,420</u>

**KOGARAH R.S.L. CLUB LIMITED****A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>13. Trade and other Payables</b>		
<b>Current</b>		
Trade Payables	238,229	185,091
GST Payable	26,786	30,398
	<u>\$ 265,015</u>	<u>\$ 215,488</u>
<b>14. Borrowings</b>		
Bank Overdraft Secured	29,001	-
Bill Facility Secured	1,250,000	-
Lease Liability	-	17,458
Hire Purchase Liability	17,111	41,127
Less: Unexpired hire purchase liability	(397)	(3,534)
	<u>1,295,715</u>	<u>55,051</u>
<b>Non Current</b>		
Lease Liability	-	-
Hire Purchase Liability	-	17,111
Less: Unexpired hire purchase liability	-	(397)
	<u>\$ -</u>	<u>\$ 126,816</u>
<p>The bank overdraft, asset financing and bill facility are secured by a Registered first mortgage over the properties 254 - 260 Railway Parade as well as a floating and fixed charge over the assets of Kogarah RSL Club Limited. Lease liabilities are secured by the underlying leased assets.</p>		
<b>15. Provisions</b>		
<b>Current</b>		
Provision for Sick Leave	55,167	45,584
Provision for Annual Leave	101,094	101,841
	<u>\$ 156,261</u>	<u>\$ 147,425</u>
<b>Non Current</b>		
Provision for Long Service Leave	\$ 66,662	\$ 88,506
<b>16. Tax</b>		
Provision for Income Tax	-	14,505
<b>17. Other</b>		
<b>Current</b>		
Bonus Point System	34,828	31,718
	<u>\$ 34,828</u>	<u>\$ 31,718</u>
<b>18. Equity</b>		
<b>Reserves</b>		
Capital Profits Reserve	\$ 72,777	\$ 72,777

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>19. Retained profits</b>		
Retained Profits	\$ 4,551,131	\$ 4,842,508
Movement:		
Balance at beginning of the year	4,842,508	5,186,796
Net profits (losses) for the year	(291,376)	(344,288)
	\$ 4,551,132	\$ 4,842,508
<b>20. Capital and Leasing Commitment</b>		
<b>(a) Finance Lease Commitments</b>		
Payable		
- not later than 1 year	17,111	17,111
- later than 1 year but not later than 5 years	-	-
Minimum lease payments	17,111	17,111
Less future finance charges	397	397
Less GST Deferred	-	-
Total Lease Liability	\$ 16,714	\$ 16,714
<b>(b) Capital Expenditure Commitments</b>		
Capital Expenditure Commitments contracted for:		
Design, Documentation, Coordination and authority submissions of a development application	-	-
Refurbishment of Club Premises	-	2,408,301
	\$ -	\$ 2,408,301

**21. Contingent Receivable**

The Club sought approval from council to receive exit as well as entry access to the car park by way of Railway Parade but was unsuccessful. The Club is still attempting to obtain approval from council and if approved, the Club will have an option to transfer its right of way providing access to English Street from the car park, to Energy Australia. The consideration for the transfer of the right of way will be \$400,000 (\$307,425 net of tax).

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>22. (a) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax</b>		
Operating Profit (loss) after income tax	(291,376)	(344,288)
Non-cash flows in operating profit from ordinary activities		
Depreciation & Amortisation	247,440	177,591
Net gain on disposal of assets	(3,834)	9,512
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in Trade Receivables	(10,228)	15,194
(Increase)/decrease in Inventory	10,699	6,716
(Increase)/decrease in Prepayments	(7,764)	62,523
Increase/(decrease) in Trade Payable	49,527	(523,618)
Increase/(decrease) in Income Taxes Payable	(14,505)	(860,531)
Increase/(decrease) in Other Liabilities	3,109	4,815
Increase/(decrease) in Employee Provisions	(13,008)	(5,723)
	<u>\$ (29,942)</u>	<u>\$ (1,457,809)</u>
<b>(b) Reconciliation of Cash</b>		
<b>Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:-</b>		
Cash on hand	100,000	100,000
Cash at Bank	10,092	1,522,090
	<u>\$ 110,092</u>	<u>\$ 1,622,090</u>
<b>(c) Credit Stand-by Arrangement and Loan Facilities</b>		
The company has a bank overdraft, bank guarantees, bank bill and business cards facilities amounting to \$1,697,105 (2008 - \$660,000). At the 30 June, \$1,319,902 of these facilities were used.		
<b>(d) Cash flows presented on a net basis</b>		
Cash flows arising from poker machines, Keno and Tab trading are presented on a net basis in the statement of cash flows.		



**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**23. Financial reporting by segment**

The entity operates predominately in one industry only, with the principal activity being that of a licensed Club.

The Club operates in one geographic area only, being Kogarah of New South Wales.

The Club derived income mainly from the following activities:

- Providing poker machines for members and guests:
- Acting as an agent for providing Keno and Tab to members and guests; and
- Providing beverages through its bars.

**24. Related party transactions**

Transactions with directors involving the purchase of trading stock occurred within the normal club-member relationship on terms and conditions no more favourable than those available on similar transactions to other club members.

**25. Contingent Liabilities**

None

**26. Subsequent events**

None

**27. Corporate Information**

The financial report of Kogarah RSL Club Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors.

Kogarah RSL Club Limited is a company limited by guarantee ('the Company') that is incorporated and domiciled in Australia. In accordance with the Company's constitution, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of winding up of the company during the time that they are a member or within one year thereafter. As at 30 June 2009 there were 3,871 members.

The company's functions and presentation currency is AUD (\$).

The registered office of the Company is located at:

C/- Frank Clune & Son, Level 7 60 Carrington Street Sydney NSW 2000

**28. Financial Risk Management**

The Club's financial instruments consist mainly of deposits with banks, cash held with Armguard, accounts receivable and payable, bank overdrafts, bills and leases.

The totals for each category of financial instruments are as follows:

	<b>Note</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
<b>Financial assets</b>			
Cash and cash equivalents	8	110,092	1,622,090
Loans and receivables	9	10,228	-
		<b>\$ 120,320</b>	<b>\$ 1,622,090</b>

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	30 June 2009	30 June 2008
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
- trade and other payables	13	265,015	215,488
- borrowings	14	1,295,715	55,051
- lease liabilities	14	-	16,714
		<u>\$ 1,560,729</u>	<u>\$ 287,253</u>

**Financial Risk Management Policies**

The directors' overall risk management strategy seeks to assist the Club in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies include the review of credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the club is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**a. Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Club is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt.

The net effective variable interest rate borrowings exposes the Club to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Note	30 June 2009	30 June 2008
<b>Floating rate instruments</b>			
Bank overdrafts	14	\$ 29,001	\$ -

**b. Foreign exchange risk**

The Club is not exposed to fluctuations in foreign currencies.

**c. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Club.

The majority of the Club revenue is on a cash basis. For credit issued, credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Customers that do not meet the Club's strict credit policies may only purchase in cash or using recognised credit cards.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

**KOGARAH R.S.L. CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

*Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

Trade and other receivable that are neither past due or impaired are considered to be a high credit quality. Aggregates of such amounts are as detailed at Note 9.

Credit risk related to balance with banks and other financial institutions is managed by management in accordance with approved Board policy.

**d. Liquidity risk**

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdraft and bank bills have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts and bank bills outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Club has no control

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will roll forward.

28. Financial Risk Management (Cont'd)

Financial Instruments	Within 1 Year		1 to 5 Years		Over 5 Years		Total contractual cash flow	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>								
<b>due for payment</b>								
Bank Overdrafts and bills	1,279,001	-	-	-	-	-	1,279,001	-
Leases	16,714	55,051	-	16,714	-	-	16,714	71,765
Trade and other payables								
(excluding Annual Leave est)	265,015	215,488	-	-	-	-	265,015	215,488
Financial guarantees	37,105	37,105	-	-	-	-	37,105	37,105
Total contractual outflows	1,597,835	307,644	-	16,714	-	-	1,597,835	324,358
Less bank overdrafts								
and bills	(1,279,001)	-	-	-	-	-	(1,279,001)	-
Total expected outflows	318,835	307,644	-	16,714	-	-	318,835	324,358
<b>Financial assets</b>								
<b>- cash flows realisable</b>								
Cash and cash equivalents	110,092	1,622,090	-	-	-	-	110,092	1,622,090
Trade and other receivables	10,228	-	-	-	-	-	10,228	-
Total anticipated inflows	120,320	1,622,090	-	-	-	-	120,320	1,622,090
Net (outflow)/inflow on financial instruments	(198,514)	1,314,446	-	(16,714)	-	-	(198,514)	1,297,732

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

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KOGARAH R.S.L. CLUB LIMITED

**KOGARAH R.S.L. CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**Net Fair Values**

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Club. Most of these instruments which are carried at amortised cost (i.e. term receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Club.

		2009		2008	
	Note	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
<b>Financial assets</b>					
Cash and cash equivalents	(i)	110,092	110,092	1,622,090	1,622,090
Trade and other receivables	(i)	10,228	10,228	-	-
<b>Total financial assets</b>		<u>120,320</u>	<u>120,320</u>	<u>1,622,090</u>	<u>1,622,090</u>
<b>Financial liabilities</b>					
Trade and other payables	(i)	265,015	265,015	215,488	215,488
Bank Bills	(ii)	1,250,000	1,246,109	-	-
Lease liability	(iii)	16,714	16,714	71,765	71,765
Bank overdraft		29,001	29,001	-	-
<b>Total financial liabilities</b>		<u>1,560,729</u>	<u>1,556,838</u>	<u>287,253</u>	<u>287,253</u>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.
- (iii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt may differ to carrying values.

**KOGARAH R.S.L. CLUB LIMITED**  
A.B.N. 75 001 032 355

**DIRECTORS DECLARATION**

The Directors of the Kogarah RSL Club Limited declare that:-

1. The Income Statement, Balance Sheet, Statement of Cash Flows, Statement of changes in Equity and Notes to and forming part of the Financial Statements are in accordance with the Corporations Act 2001.
  - (a) comply with Accounting Standards and the Corporations Regulations of 2001 and
  - (b) give a true and fair view of the financial position as at 30 June 2009 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.

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

**JOHN W. SAMUEL**  
Chairman

**EDITH E. WHELAN**  
Senior Vice Chairman

Dated at Kogarah this 28 September 2009

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF THE KOGARAH R.S.L CLUB LIMITED  
A.B.N. 75 001 032 355**

**Report on the financial report**

We have audited the accompanying financial report of the Kogarah RSL Club Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the year's end.

***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

***Independence***

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Kogarah RSL Club Limited, is in the same terms if provided to the directors as at the date of the auditor's report.

***Audit Opinion***

In our opinion:

- a. the financial report of Kogarah RSL Club Limited entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**FRANK CLUNE & SON**  
Chartered Accountants

**Frank Catanzariti**  
**Partner**

Date this 29<sup>th</sup> day of September 2009



**DISCLAIMER ON  
ADDITIONAL FINANCIAL  
INFORMATION**

The additional financial information, being the attached Supplementary Information to the Financial Statements, has been compiled by the management of Kogarah RSL Club Limited.

No audit or review has been performed by us and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Kogarah RSL Club Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

**Frank Clune & Son Pty. Ltd.  
Sydney**

Date:

**KOGARAH R.S.L. CLUB LIMITED**  
**A.B.N. 75 001 032 355**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b>Bar Sales</b>	697,775	660,994
	697,775	660,994
<b><u>Less: Cost of Sales</u></b>		
Opening stock	48,193	54,909
Purchases	346,085	328,806
	394,278	383,715
Less: Closing stock	37,494	48,193
	356,784	335,522
<b>Gross Profit</b>	340,991	325,472
<b>Gross Percentage</b>	48.87%	49.24%
 <b>Poker machine, TAB and Keno</b>		
Tab commission	13,714	22,098
Keno commission	49,716	49,003
Poker machine revenue	2,079,500	1,923,819
Profit on Sale of Poker Machines	3,834	-
	2,146,765	1,994,920
 <b>Other Income</b>		
Members subscriptions	14,451	14,053
Interest received	47,630	159,137
Commission Received	14,081	13,863
Hire of Rooms	23,365	34,461
Sundry revenue	115,281	119,726
	214,807	341,240
 <b><u>Less: Bar Expenses</u></b>		
Bar stocktake	5,950	4,650
Bar expenses & requisites	27,812	17,603
Depreciation bar	4,010	10,000
Payroll Tax	14,670	4,358
Repairs and Maintenance	190	190
Superannuation	42,246	13,622
Wages	256,455	160,921
	351,332	211,344

**KOGARAH R.S.L. CLUB LIMITED**  
**A.B.N. 75 001 032 355**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b><u>Less: Poker Machine Expenses</u></b>		
Amortisation	5,560	48,467
Bad Debts	529	54
Bonus prizes & Redemption	18,977	26,307
Depreciation	67,907	48,271
Donations - CDSE	13,000	13,350
Interest Expense on Leased Poker Machines	3,139	9,152
Monitoring statewide link	69,781	105,328
Loss on sale of poker machines	-	2,228
Keno expenses	-	1,574
Payroll tax	4,435	10,750
Repairs and maintenance	79,791	35,970
Superannuation	12,772	33,600
Poker Machine Duty	297,560	286,572
Tab expenses	939	298
Wages	352,716	406,873
	<u>927,440</u>	<u>1,028,793</u>
<b><u>Less: Administration Expenses</u></b>		
Accounting services	21,744	31,251
Auditing fees	13,750	12,000
Artists' fees & club entertainment	423,452	446,339
Bank & Borrowing charges	24,994	57,214
Catering expenses	72,354	58,915
Cleaning and laundry	62,478	64,275
Courtesy Bus	9,152	16,521
Data processing	1,000	-
Depreciation	169,963	70,854
Donations - general	11,003	12,013
Fines	1,320	924
General expenses	1,859	2,418
Hire of equipment	9,902	5,580
Honoraria	4,000	5,000
Interest paid	31,821	375
Insurance (workers comp and general)	89,894	85,350
Leasing & maintenance of ATM and photocopier	45,289	35,346
Legal expenses	-	715
Light and power	94,821	87,090
License fees - other	3,369	895
Loss on Disposal of Assets	-	7,284
Payroll tax	14,961	13,946
Postage, printing and stationery	33,171	34,815
Provision for AL LSL & SL	(13,008)	(5,723)
Publicity	20,785	791
Rates and taxes	34,729	30,901
Repairs and maintenance	103,713	76,093
Salaries and wages	478,634	522,463
Security expenses	36,040	35,179
Staff amenities	1,105	-
Balance carried forward	<u>1,802,293</u>	<u>1,657,331</u>

**KOGARAH R.S.L. CLUB LIMITED**  
**A.B.N. 75 001 032 355**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<u>30 June</u> <u>2009</u>	<u>30 June</u> <u>2008</u>
Balance brought forward	1,802,293	1,657,331
Staff training	1,164	-
Software Maintenance	8,220	4,172
Subscriptions	6,904	7,253
Superannuation	43,228	43,590
Telephone	14,515	18,811
Uniforms	3,308	4,180
Waste removal and grease trap service	16,247	14,173
	<u>1,895,879</u>	<u>1,749,780</u>
<b>NET OPERATING PROFIT /(LOSS)</b>	<b>(472,088)</b>	<b>(328,285)</b>
Less: (Income tax expense)/Benefit	180,712	(16,004)
<b>Net profit/(Loss) for the year after income tax</b>	<b>\$ (291,376)</b>	<b>\$ (344,289)</b>

**ACCUMULATED FUNDS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

Accumulated funds -		
Beginning of year	4,842,507	5,186,796
Net profit/(loss) for the year	(291,376)	(344,289)
Total accumulated funds	<u>\$ 4,551,131</u>	<u>\$ 4,842,507</u>

**KOGARAH R.S.L. CLUB LIMITED**

**A.B.N. 75 001 032 355**

**DONATIONS AND GRANTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	30 June 2009	30 June 2008
<b><u>DONATIONS</u></b>		
Multiple Sclerosis	4,500	-
Various Charity Golf Days & Raffles	391	417
CDSE Donations Accrued 31.8.09	3,000	(8,500)
Northcote Disability Services	-	-
Kogarah Community Service	-	-
Rainbow Foundation Sutherland	-	-
St George Hospital Diabetic Clinic	-	-
St. George School for Handicapped Kids	1,000	530
St. George Cancer Support	5,500	20,000
Scholarship	-	182
Carlton Public School	-	-
Brighton Seagulls JRLFC Inc	7,500	7,500
	<u>\$ 21,891</u>	<u>\$ 20,129</u>
<b><u>GRANTS</u></b>		
Golf Club	1,000	1,500
Indoor Bowls Club	-	600
Sports Council	112	1,533
Subsidy for Sub branch Membership	-	-
Table Tennis Club	1,000	1,000
Youth Club	-	600
	<u>\$ 2,112</u>	<u>\$ 5,233</u>