

The logo for KOGARAH RSL CLUB features a large, stylized red letter 'K' on the left. To its right, the word 'KOGARAH' is written in a white, serif font, with 'RSL CLUB' in a smaller, white, sans-serif font directly below it.

KOGARAH
RSL CLUB

Annual Report
2015 - 2016



Kogarah RSL Directors



John Samuel
Chairman



Brian Brown
Senior Vice
Chairman



Russell Osmond
Junior Vice
Chairman



Kenny Rawson
Director



Kayleen Samuel
Director



Neil Pugsley
Director



Barry Clewett
Director

CHAIRMAN'S REPORT

As Chairman it is my duty to present to you my report for the year ending 2015-2016.

The operational result for the year was a large loss of \$3,501,931. This loss is after taking into account the disposal/write off of assets of \$2,964,735 because of the redevelopment. There were also substantial redundancies taken into account because of the club's closure on 31 May 2016. The Board is very much anticipating a profitable result with the new club premises in 2018.

The Board is happy with the decision to partner with Ben Fairfax and the Capital Bluestone Team. Members can be confident that the new development will be profitable for the club and the new club premises will be delivered on time and provide the most up to date amenities.

After a minor delay with the relocation of the Wesley Mission training facility, the development is now in full swing with demolition of the existing Club premises starting shortly.

I personally attended the Bexley RSL Club AGM and thanked them for their warm welcome to our members during the reconstruction period of our club.

Thanks to all staff who were very understanding during the close down program of the existing club. Many of our staff have got employment in clubs in the St. George area and the Board look forward to having you back in the new Club when we reopen.

It was very pleasing to see all our members and guests attending our farewell party in May and we look forward to seeing you all at the Grand opening of the new club in 2018.

I would like to acknowledge my many thanks to Grant Amer for all his work carried out after hours and weekends arranging sales for all of the furnishings & fixtures going far beyond his duties.

Special thanks to Bill Stinson for his guidance through the development process and for representing the Clubs best interests.

To the Directors, many thanks for their attendance at all the extra meetings endured throughout the year.

To our welfare officer Marcella Brown thanks for all your attention to those in need(a job well done).

The Youth Club has transitioned to new premises at "The Shop Front Theatre ", 88 Carlton Pde, and Carlton.

Hope to see you all soon.

Regards
John Samuel

General Managers Report – 2016

Dear Members,

The club's financial statements for the year ending 30th June 2016 have been submitted and distributed for your information and consideration. The operating result for this year was a \$3,501,931 loss. This is after taking into account \$2,964,735 loss on disposal of assets (resulting from the redevelopment). The trading loss (before the capital asset write off) was still a disappointing trading loss of loss of \$537,196 excluding capital losses from the closure of the club as compared to the trading loss for the previous year of \$504,507 before capital profits. The 2016 trading loss includes staff termination payments \$85,656, and development consultancy and legal costs of \$39,585 leaving a cash loss after deducting depreciation expenses of \$192,000 of \$259,540.

The losses were mainly attributable from February to June 16 where patronage deteriorated significantly with the announcement of the club closure resulting in declining revenue particularly after the relocation of the Yum Cha restaurant to Hurstville.

Furthermore, there was no revenue recorded for June 2016 as it was decided that it would be in the club's interest to close in June to minimize continuing operating losses, also there was insufficient revenue being realized to maintain operations for June 16. The Board therefore decided that the club would close on 31st May 2016 to prevent further losses and to commence planning for its redevelopment.

While the club remained operational it continued to increase revenue up to the time of the closure announcement and in the 2015/2016 financial year, gaming revenue increased by 3.5% compared to 2014/15.

Throughout the financial year the club closely monitored its expenditure and was able to reduce it 3.72% compared with 2014/2015. This was attributed to more efficient operations and a reduction in plant and equipment repairs and maintenance costs.

The strategic decision by the Board to partner with Capital Bluestone to develop the clubs land holdings and provide a new club premises, has proven to be an excellent decision. Members have shown a lot of support and unit sales have been better than expected, in the current environment, with only 8 units left for sale at this point of time. The projected financial outcome of the development will mean the club will be debt free and the new club premises will be designed to enable staff to carry out functions as efficiently as possible.

During the redevelopment process, the re-location of Wesley Mission has taken a little longer than expected and demolition of the existing club is due to start in December.

As the closing of the club approached, assistance was provided to all staff to help in them gaining future employment. Information meetings were conducted, presentations

from Centerlink financial planners were made, assistance was given preparing resumes and other clubs were contacted for possible relocations.

The staff provided positive feedback in regard to this assistance. I would like to thank the staff for their loyal support over the last 12 months and wish them well with their future endeavors. To our management team Noel, Leanne (who between them have completed over 30 years dedicated service to the club), Paul, Alishar, Bob & all our staff who have shown loyalty and enthusiasm towards the clubs redevelopment, I wish them a big thank you for the extra effort throughout the year.

A big thank you to Bill Stinson, our Project Manager who has been working diligently on behalf of the club to achieve the best possible outcome from the development & John Faros the clubs accountant who has worked tirelessly with the clubs best interests in mind.

I would like to add that:

- The Board of Directors have been working diligently in regard to the design of the new club premises, visiting venues & discussing options with consultants and we look forward to the opening of the new club premises in 2018.
- Members will be kept informed about the development and new club premises by way of members newsletters, emails, surveys and information provided on the clubs website at www.kogarahrsl.com.au
- Administration facilities are available at info@kogarahrsl.com.au or by phone at 9587 8533. The office of Kogarah RSL Club is currently located at Beverley Park Golf Club, 87 Jubilee Ave, Beverley Park.

During the year the club has been able to continue to support a number of organizations within our community through the Club Grants program. This year the club has chosen to support The Kookaburra Kid's Foundation and the Moving Forward case management organization. The Board of Kogarah RSL is proud to be a supporter of, and be associated with these organizations within our community.

To our Board of Directors, another year with many important meetings to attend (16 in total), thank you for your commitment and support.

In closing, I would like to wish each and every member a very Merry Christmas and a Happy New Year and hope to see you at the club.

Grant Amer
General Manager

KOGARAH R.S.L. CLUB LIMITED

The Directors of Kogarah R.S.L. Club Limited submit herewith the accounts of the Club for the year ended 30 June 2016 and reports as follows:-

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

Director	Occupation	Board Experience
John William Samuel	Administration	33 years
Brian Brown	Maintenance contractor	10 years
Ken Rawson	Retired	2 year 3 months
Barry Clewett	Retired	16 years
Russell Osmond	Retired	2 year 3 months
Neil Pugsley (appointed 25/10/2015)	Poker Machine Rep	0 year
Kayleen Samuel (appointed 25/10/2015)	Retired	0 year

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

SPECIAL RESPONSIBILITIES

Mr Samuel is the President and Mr Brown the Senior Vice Person. Mr Osmond is part of the Finance Committee and Mr Brown is part of the Building Maintenance Committee.

COMPANY SECRETARY

The management team comprises of Grant Amer who is also the Club Manager, licensee and company secretary.

DIVIDENDS

The Club is limited by guarantee and is prevented by its constitution from paying dividends.

CORPORATE INFORMATION

Kogarah RSL Club Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

The registered office is c/- Frank Clune & Son, Level 7, 60 Carrington Street, Sydney and the principal place of business is 254 Railway Parade, Kogarah.

MEMBERSHIP

The Club is a company limited by guarantee and without share capital. The number of members as at 30 June 2016 and the comparison with last year is as follows:

	<u>2016</u>	<u>2015</u>
Ordinary Members	6,663	6,629
Honorary Life Members	5	8
Veteran Members	77	77
	<u>6,745</u>	<u>6,714</u>

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 the company during the time that they are member or within one year thereafter.

SHORT TERM OBJECTIVES

The short term objectives of the Club are to position the services offer by the Club to be effective in meeting the needs of its members and the community within the context of a competitive marketplace.

LONG TERM OBJECTIVES

The long term objectives of the Club are to provide the right infrastructure necessary to effectively meet the short term objectives and to provide a commercial result that ensures the longevity of its operations.

STRATEGY

In order to meet the short and long term objectives stated above the Club will continue to manage the potential risk to the organisation from legislative changes and continuously assess the performance of its assets to maximise the ability of the Club to meet its objectives.

PRINCIPAL ACTIVITIES

The principal activities of the Club during the course of the financial year consisted of the conduct and promotion of a licensed social club for its members. There have been no significant changes in the nature of these activities during the year.

PERFORMANCE MEASUREMENT

The Club uses Club Data Online system to measure its performance within industry participants to ensure services offered are contemporary and appropriate. The Club will continue to evaluate and assess the effectiveness of its commercial operations and assess its financial performance consistently. A finance committee has been elected by the board and meets monthly to review the financial operating results for the month.

REVIEW AND RESULTS OF OPERATIONS

The operating loss for the year ended 30 June 2016 was \$3,501,931 compared to a \$394,539 loss for the 2015. The increase in loss is mainly attributable to the loss that resulted from the disposal/or write off of assets resulting from the redevelopment of the Club. The trading figures represent results for 11 months as the club ceased trading on 31 May 2016.

A summary of the operating results are as follows:-

	<u>2016</u>	<u>2015</u>
Net Bar Trading	(58,340)	71,277
Net Gaming	1,048,080	1,040,592
Other Income	174,933	364,019
Administration Expenses	<u>(1,701,869)</u>	<u>(1,870,426)</u>
Operating loss	(537,196)	(394,539)
Loss on Disposal of Assets	<u>(2,964,735)</u>	-
	<u><u>\$(3,501,931)</u></u>	<u><u>\$(394,539)</u></u>

Total expenditure on Club Grants for the year ending 31 August 2016 inclusive of In- Kind donations is \$73,700 (2015:\$57,700) to community development and support as required under Part 4 of the Gaming Machine Tax Act 2001.

GOING CONCERN

It is noted that current liabilities exceed current assets. Whilst the extent of current liabilities is impacted by payment timing issues, the Board is confident the Club can meet its liabilities as and when they fall due.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Club ceased trading as a registered Club on 31 May 2016, to allow for the redevelopment of the Club.

As required by the Development Agreement with Bluestone Capital Ventures No. 2 Pty. Limited (BCV), the club has vacated the premises and has made available the Club land to BCV for construction and redevelopment of a new club premises, as well as commercial space and residential lots.

The Development Application has been approved with demolition of the old premises expected to commence in December 2016.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The redevelopment of the Club premises is expected to take two years. Any operating expenses during this period will be paid by BCV as per the Development Agreement. The existing fix rate and overdraft facility will be repaid by the end of November 2016.

At the completion of the development, the Club is expected to have a 2,000 square metres stratum for the Club premises with 60 car spaces, a 600 square metre commercial stratum with 11 car spaces, as well cash.

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Club during the financial year are:

Director	Attendance	Eligible to attend
John William Samuel	15	15
Warwick Selwyn Hall (Resigned 26.8.15)	2	2
Bret William Shanahan (Resigned 4.8.15)	1	1
Brian Brown	14	15
Russell Osmond	13	15
Ken Rawson	13	15
Barry Clewett (appointed 14.9.15)	12	12
Neil Pugsley (appointed 25.10.15)	10	10
Kayleen Samuel (appointed 25.10.15)	10	10

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

RELATED PARTY DISCLOSURES

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 Club or a related corporation), by reason of a contract made by the Club or a related corporation with the Director or with a firm of which he is a member, or with a Club 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 8 to the Club's financial statements prepared in accordance with the Corporations Law.

AUDITOR INDEPENDENCE

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

NON AUDIT SERVICES

The following non-audit services were provided by the Club'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 advice, compliance services and preparation of financial statements \$34,011.

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

JOHN W. SAMUEL
Chairman

BRIAN BROWN
Senior Vice Chairman

Dated at Kogarah this 27 September 2016

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 2016 there have been no contraventions of:

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

FRANK CLUNE & SON

Frank Catanzariti
Partner

Date 27 September 2016

Level 7
60 Carrington Street
SYDNEY NSW 2000

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Kogarah RSL Club Limited, the directors declare that:-

1. The financial statements and notes forming part of the financial statements are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club 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

BRIAN BROWN
Senior Vice Chairman

Dated at Kogarah this 27 September 2016

**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 statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Club are responsible for the preparation and fair presentation 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 if free from material misstatement, whether due to fraud or error

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. Those 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 the entity's preparation of the financial report that gives a true and fair view 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*, which has been given to the directors of Kogarah RSL Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion, the financial report of Kogarah RSL Club Limited entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Club's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

FRANK CLUNE & SON

Chartered Accountants
Level 7, 60 Carrington Street
Sydney NSW 2000

Frank Catanzariti
Partner

Date this

2016

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 June 2016 \$	30 June 2015 \$
Revenues from ordinary activities	3 (a)	2,977,058	3,069,611
Other Revenue	3 (b)	176,915	391,311
		<u>3,153,973</u>	<u>3,460,922</u>
Cost of sales	4 (a)	222,026	272,391
Depreciation and Amortisation		201,953	245,512
Finance costs	5	102,497	87,827
Impairment		-	-
Promotions & Entertainment		247,884	295,969
Occupancy		260,601	286,229
Administration and general expenses		5,620,944	2,667,534
Expenses from ordinary activities		<u>6,655,904</u>	<u>3,855,461</u>
Profit/(Loss) from ordinary activities before income tax expense		(3,501,931)	(394,539)
(Income tax expense)/benefit relating to ordinary activities	6 (c)	-	-
Profits (loss) from ordinary activities after (income tax expense)/benefit		<u>(3,501,931)</u>	<u>(394,539)</u>
Other Comprehensive Income			
Gain on revaluation of Land	20 (a)	850,000	-
Gain on valuation of Poker Machines Entitlements	20 (a)	-	-
Total Other Comprehensive Income for the year		<u>850,000</u>	<u>-</u>
Total Comprehensive Income for the year		<u>(2,651,931)</u>	<u>(394,539)</u>
Total Profit/(Loss) attributable to members		<u>(3,501,931)</u>	<u>(394,539)</u>
Total Comprehensive Income attributable to members		<u>(2,651,931)</u>	<u>(394,539)</u>

The accompanying notes form part of these financial statements

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30 June 2016 \$	30 June 2015 \$
Assets			
Current assets			
Cash and cash equivalents	9	2,000	111,565
Trade or other receivables	10	21,113	8,494
Inventories	11	-	29,283
Other	12	13,055	11,809
Total current assets		36,168	161,151
Non-current assets			
Property, plant and equipment	13	9,137,307	11,491,753
Intangibles	14	715,000	715,000
Total non-current assets		9,852,307	12,206,753
Total assets		9,888,475	12,367,904
Liabilities			
Current liabilities			
Trade and other payables	15	123,732	507,172
Borrowings	16	2,021,928	1,314,205
Provisions	17	106,035	170,848
Current tax liabilities	18	-	16,943
Other current liabilities	19	53,500	56,666
Total current liabilities		2,305,195	2,065,834
Non-current liabilities			
Provisions	17	18,959	32,318
Other non current liabilities	19	819,989	873,489
Total non-current liabilities		838,948	905,807
Total liabilities		3,144,143	2,971,642
Net assets		6,744,332	9,396,263
Equity			
Reserves	20	7,234,665	6,384,665
Retained profits		(490,333)	3,011,598
Total equity		6,744,332	9,396,263

The accompanying notes form part of these financial statements

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	General Reserves \$	Revaluation Surplus \$	Retained Earnings \$	Total \$
Balance 1 July 2014	72,777	6,311,888	3,406,137	9,790,802
Attributable to members				
- Profit (loss)	-	-	(394,539)	(394,539)
- Other comprehensive income	-	-	-	-
Balance 30 June 2015	72,777	6,311,888	3,011,598	9,396,263
Attributable to members				
- Profit (loss)	-	-	(3,501,931)	(3,501,931)
- Other comprehensive income	-	850,000	-	850,000
Balance 30 June 2016	72,777	7,161,888	(490,333)	6,744,332

The accompanying notes form part of these financial statements

KOGARAH R.S.L. CLUB LIMITED**A.B.N. 75 001 032 355****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	30 June 2016 \$	30 June 2015 \$
	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
Receipts from members and guests	3,042,050	3,211,054
Payments to suppliers and employees	(3,493,521)	(3,604,451)
Interest received	46	1,497
Rent received	85,263	96,184
Reimbursement from Bluestone re CDSE Donations	14,000	-
Reimbursement from insurance claim	-	46,854
Renovation and Financial Assistance Contribution	-	73,605
Income taxes (paid) refund	(16,943)	(5,000)
Finance costs	(102,497)	(87,827)
Net cash provided by operating activities	22(a) <u>(471,604)</u>	<u>(268,085)</u>
Cash flows from investing activities		
Payments for plant, equipment & refurbishment	(40,953)	(241,049)
Proceeds from release of right of way	-	36,364
Proceeds from sale of plant & equipment	78,711	-
Net cash flows from investing activities	<u>37,758</u>	<u>(204,685)</u>
Cash flows from financing activities		
Proceeds from Borrowings	407,115	-
Net cash provided by (used in) financial activities	<u>407,115</u>	<u>-</u>
Net increase/(decrease) in cash held	(26,732)	(501,492)
Cash at start of the financial year	(202,641)	298,851
Cash at close of the financial year	22(b) <u><u>(229,373)</u></u>	<u><u>(202,641)</u></u>

The accompanying notes form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Corporate Information

The financial report of Kogarah RSL Club Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of directors, dated 27 September 2016. 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 2016 there were 6,745 members.

The registered office of the company is located at:
C/- Frank Clune & Son, Level 7, 60 Carrington Street, Sydney NSW 2000.

2. Summary of Significant Accounting Policies

a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and the Gaming Machine Tax Act 2001. The financial report has also been prepared on a historical cost basis and except where stated, does not take into account changing money values or fair values of non-current assets.

The financial report is represented in Australian Dollars(\$).

b) Going concern

It is noted that current liabilities exceed current assets. Whilst the extent of current liabilities is impacted by payment timing issues, the Board is confident the Club can meet its liabilities as and when they fall due, with the continued assistance from its financiers and Capital Bluestone Ventures (Kogarah) Pty. Limited

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the entity not be able to continue as a going concern.

c) 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.

Rent Revenue: Rent revenue is recognised on a straight line basis over a period of the lease term. All revenue is stated net of the amount of goods and services tax (GST).

d) Inventories

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

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Summary of Significant Accounting Policies (continued)

e) 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, plus related on costs.

f) Income Tax

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

Deferred tax assets arising from deductible temporary differences and unused tax losses have not been recognised to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

g) Property, Plant and Equipment

Land is valued at market value whilst buildings, 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 buildings, 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 surplus 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.

h) 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 (Account payables) in the Statement of Financial Position.

i) 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.

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Summary of Significant Accounting Policies (continued)

j) Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, deposits held at call with banks, other short-term 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.

k) Depreciation

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

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings	40 years
Plant and equipment	3-13 years

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 at 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.

KOGARAH R.S.L. CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

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.

m) Intangible Assets

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annual or more frequently if events or changes in circumstances indicate that it might be impaired.

n) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Club prior to the end of the financial year that are unpaid and arise when the Club becomes obliged to make future payments in respect to of the purchase of these goods and services.

	30 June 2016 \$	30 June 2015 \$
3. Revenue		
(a) Revenue from ordinary activities		
Bar sales	530,803	673,454
Poker machine trading	2,395,424	2,333,402
Keno commission	22,450	29,976
Tab commission	28,381	32,779
	2,977,058	3,069,611
(b) Other revenue:		
Interest	46	1,497
Rent received	85,263	96,184
Members subscriptions	8,954	12,607
Sundry revenue	53,227	82,391
Other commission	13,445	14,516
Prepaid volume rebate	1,980	27,293
Reimbursement of CDSE Donations from Bluestone	14,000	-
Reimbursement from insurance claim	-	46,854
Renovation and financial assistance contribution	-	73,605
Release of right of way	-	36,364
	176,915	391,311
Total revenue	3,153,973	3,460,922

KOGARAH R.S.L. CLUB LIMITED**A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 \$	30 June 2015 \$
	<u> </u>	<u> </u>
4. Expenses from ordinary activities		
(a) <u>Cost of goods sold</u>		
Bar trading	222,026	272,391
	<u> </u>	<u> </u>
(b) <u>Trading Expenses</u>		
Bar trading	369,099	357,081
Poker machine, Tab and Keno trading	1,398,177	1,355,565
	<u>1,767,275</u>	<u>1,712,646</u>
5. Finance costs		
Commercial Loan Interest	56,019	60,314
Interest on Hire Purchase of Poker Machines	36	220
Interest on Hire Purchase Other	3,066	3,186
Interest - Other	2,520	2,669
Bank Facility Fees	5,404	3,800
Bank Interest on Overdraft	35,452	17,638
	<u>102,497</u>	<u>87,827</u>
6. 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	(76,786)	
Income Taxable in full	(2,776,181)	(162,760)
Income Taxable as to 25.08%	(648,965)	(76,786)
Prior year losses recouped this year	-	-
	<u>(3,501,932)</u>	<u>(239,546)</u>
Income tax at 30%		<u>-</u>
(c) Income Tax charged in the profit and loss account comprises:-		
Income tax expense for the year	-	-
	<u>-</u>	<u>-</u>
(d) Income Tax payable (refund) comprises:-		
Current year taxes	-	-
	<u>-</u>	<u>-</u>

KOGARAH R.S.L. CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 \$	30 June 2015 \$
e) Deferred tax assets not taken to account		
As stated in Note 1, income tax is brought to account on a 'tax payable' basis. Accordingly, deferred tax assets arising from timing differences have not been brought to account. The estimated deferred tax assets has been calculated at 30%.		
Timing Differences as to 25.08%	(18,119)	(3,163)
	<u>(18,119)</u>	<u>(3,163)</u>
7. Remuneration of Auditors		
Total amounts received and receivable by the auditors of the company for:		
a) Audit of the company's accounts	18,086	16,000
b) Other services	34,011	22,150
	<u>52,097</u>	<u>38,150</u>
8. Directors' Emoluments		
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.	6,000	6,000
	<u>6,000</u>	<u>6,000</u>
The number of directors whose income was within the following bands:	No.	No.
\$ 100 - 1,000	-	-
\$1,001 - 2,000	-	-
\$2,001 - 3,000	-	-
\$3,001 - 4,000	1	1
9. Cash and Cash Equivalents		
Current		
Cash on Hand	2,000	65,000
Cash at Bank	-	46,565
	<u>2,000</u>	<u>111,565</u>
10. Receivables		
Current		
Sundry Receivable	21,113	8,494
	<u>21,113</u>	<u>8,494</u>

No provision for impairment of receivables has been made in either of the years 2016 or 2015 due to the short term nature of these.

KOGARAH R.S.L. CLUB LIMITED**A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	30 June 2016 \$	30 June 2015 \$
11. Inventories		
Current		
Stock on hand		
Bar	-	24,444
Glassware	-	4,839
	<u>-</u>	<u>29,283</u>
12. Other		
Current		
Prepayments	<u>13,055</u>	<u>11,809</u>
13. Property, Plant and Equipment		
(a) Land		
(i) Land as per Directors Valuation		
Railway Parade Kogarah	6,785,000	6,175,000
Blake Street Kogarah	1,965,000	1,725,000
English Street car park	250,000	-
	<u>9,000,000</u>	<u>7,900,000</u>
(ii) Land at cost		
English Street car park	-	280,381
Less: Impairment	-	(30,381)
	<u>-</u>	<u>250,000</u>
Total Land	<u>9,000,000</u>	<u>8,150,000</u>
(b) Buildings		
(i) Buildings - at cost		
Buildings	-	3,969,363
Less: Impairment	-	(1,132,398)
	<u>-</u>	<u>2,836,965</u>
Capital Works in Progress	94,929	94,929
Total Buildings	<u>94,929</u>	<u>2,931,894</u>
(c) Leasehold Improvements		
Improvements for Wesley Mission	<u>22,737</u>	<u>-</u>
(d) Plant, Furniture and Equipment		
Plant, Furniture and Equipment at cost	64,679	1,345,603
Less: Accumulated depreciation	(45,038)	(935,744)
Total Plant, Furniture and Equipment	<u>19,641</u>	<u>409,859</u>
Total Property, Plant and Equipment	<u>9,137,307</u>	<u>11,491,753</u>

KOGARAH R.S.L. CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

13. Property, Plant and Equipment (cont'd)

	Freehold Land \$	Buildings \$	Plant & Equipment \$	Total \$
f) Movements in Carrying Amounts				
Movement in the carrying amounts for each class or property, plant and equipment				
Balance at 1 July 2014	8,150,000	2,941,187	405,029	11,496,216
Additions		117,690	123,359	241,049
Revaluation	-	-	-	-
Disposals	-	-	-	-
Residual	-	-	-	-
Impairment		-	-	-
Depreciation		(126,983)	(118,529)	(245,512)
Carrying amount at 30 June 2015	<u>8,150,000</u>	<u>2,931,894</u>	<u>409,859</u>	<u>11,491,753</u>
Additions	-	22,737	18,215	40,952
Revaluation	850,000	-	-	850,000
Disposals	-	(2,724,199)	(319,247)	(3,043,446)
Residual	-	-	-	-
Depreciation	-	(112,767)	(89,186)	(201,953)
Carrying amount at 30 June 2016	<u>9,000,000</u>	<u>117,666</u>	<u>19,641</u>	<u>9,137,307</u>

g) Historical cost

	30 June 2016 \$	30 June 2015 \$
--	-----------------------	-----------------------

If land were stated at historical cost, amounts would be as follows:

Cost

250-254 Railway Parade, Kogarah	1,636,742	1,636,742
1-5 Blake Street, Kogarah	640,333	640,333
English Street Driveway (net of impairment)	<u>250,000</u>	<u>250,000</u>
Net book value	<u>2,527,075</u>	<u>2,550,598</u>

h) Asset revaluations

Freehold Land

On the 18 July 2014, the freehold land held by the Club was valued by independent valuers, Robinson and Robinson Consulting Valuers. The fair value of the freehold land based on its fair value in an active market was determined to be \$9,000,000. The directors have adopted this value.

KOGARAH R.S.L. CLUB LIMITED**A.B.N. 75 001 032 355****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	30 June 2016 \$	30 June 2015 \$
14. Intangible Assets		
Poker machines entitlements at directors valuation	<u>715,000</u>	<u>715,000</u>
<p>At 30 June 2016, the directors performed a directors valuation of the gaming entitlements. The directors believe the carrying amount of the gaming entitlements is not in excess of its recoverable amount.</p>		
15. Trade and Other Payables		
Current		
Trade and other payables	100,620	465,722
GST payable	<u>23,112</u>	<u>41,450</u>
	<u>123,732</u>	<u>507,172</u>
<p>Trade and other payables are non interest bearing and normally settled on 30-60 day terms. Due to the short term nature of these payables, their carrying amount is assumed to approximate their fair value.</p>		
16. Borrowings		
Current		
Bank Overdraft Secured	(7.4) 231,373	314,205
Flexible rate loan facility	(7.4) 1,000,000	1,000,000
Loan - Bluestone Capital Ventures (Kogarah) Pty Limited	790,555	-
	<u>2,021,928</u>	<u>1,314,205</u>
<p>The bank overdraft and the loan facilities are secured by a registered first mortgage over the properties 254 - 260 Railway Parade as well as a floating and a fixed charge over the assets of Kogarah RSL Club Limited. The flexible rate loan facility is a 31 day facility and is expected to be rolled until it is repaid as per the development agreement between the Club and Bluestone Capital Ventures (Kogarah) Pty. Ltd.</p>		
17. Provisions		
Current		
Provision for personal leave	39,091	59,717
Provision for annual leave	<u>66,944</u>	<u>111,131</u>
	<u>106,035</u>	<u>170,848</u>
Non Current		
Provision for long service leave	<u>18,959</u>	<u>32,318</u>
18. Tax		
Provision for income tax	<u>-</u>	<u>16,943</u>
19. Other		
Current		
Bonus point system	-	3,166
Rent received in advance	<u>53,500</u>	<u>53,500</u>
	<u>53,500</u>	<u>56,666</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 2016**

	30 June 2016 \$	30 June 2015 \$
Non Current		
Rent received in advance	<u>819,989</u>	<u>873,489</u>
20. Equity		
Reserves		
(a) Revaluation Surplus		
The revaluation surplus records revaluation of non-current assets.		
Revaluation Surplus		
Revaluation of land		
250-254 Railway Parade Kogarah	5,122,221	4,512,221
1-5 Blake Street Kogarah	1,324,667	1,084,667
Poker machine entitlements valuation	<u>715,000</u>	<u>715,000</u>
	<u>7,161,888</u>	<u>6,311,888</u>
(b) Asset Realisation Reserve		
The asset surplus reserve records realised gains on sale of non-current assets.		
Asset Realisation Reserve	<u>72,777</u>	<u>72,777</u>
Total Reserves	<u>7,234,665</u>	<u>6,384,665</u>
21. Capital, Leasing and Gaming Service Commitment		
(a) Operating Lease		
Future minimum rentals payable under non-cancellable leases as at 30 June 2016 are as follows:		
Within < 1 year	237,191	14,316
Within 1 - 2 years	286,776	14,316
Within 2 - 5 years	<u>318,325</u>	<u>18,716</u>
	<u>842,292</u>	<u>47,348</u>
(b) Gaming Machine Service Commitment Payable		
Within < 1 year	-	664,300
Within 1 - 2 years	-	-
Within 2 - 5 years	<u>1,994,720</u>	<u>1,823,640</u>
	<u>1,994,720</u>	<u>2,487,940</u>

The current arrangement with Tabcorp Gaming Solutions (TGS) has been suspended to June 2019. From that date the agreement will continue to June 2022.

KOGARAH R.S.L. CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 \$	30 June 2015 \$
22. (a) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax		
Operating Profit (loss) after income tax	(3,501,931)	(394,539)
Non-cash flows in operating profit from ordinary activities		
Depreciation & amortisation	201,953	245,512
Impairment of building	-	-
Net Loss (gain) on disposal of assets	2,964,735	-
Net gain from release of driveway	-	(36,364)
 Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	(12,618)	4,636
(Increase)/decrease in inventory	29,283	2,181
(Increase)/decrease in prepayments	(1,246)	(10,088)
Increase/(decrease) in trade payables	-	-
Increase/(decrease) in income taxes payable	(16,943)	(5,000)
Increase/(decrease) in other liabilities	(3,166)	(23,283)
Increase/(decrease) in non current liabilities	(53,500)	(53,500)
Increase/(decrease) in employee provisions	(78,171)	2,360
	<u>(471,604)</u>	<u>(268,085)</u>
 (b) Reconciliation of Cash 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:-		
 Cash on hand	2,000	65,000
Cash at bank	-	46,565
Bank overdrafts - secured	(231,373)	(314,206)
	<u>(229,373)</u>	<u>(202,641)</u>

(c) Credit Stand-by Arrangement and Loan Facilities

The company has a bank overdraft, bank guarantees, loan and business cards facilities amounting to \$1,637,105 (2015 - \$1,587,105).
At the 30 June, \$1,268,478 of these facilities were used.

(d) Cash flows presented on a net basis

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 2016

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. Contingent Liabilities

Bank Guarantees

The club has given total bank guarantees of \$37,105.

25. Subsequent events

The Club ceased trading as a registered club on 31 May 2016, to allow for the redevelopment of the club.

As required by the Development Agreement with Bluestone Capital Ventures (Kogarah) Pty Ltd (BCV), the club has vacated the premises and has made available the Club land to BCV for construction and development of a new club premises, as well as commercial space and residential lots.

KOGARAH R.S.L. CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

26. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experiences and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial position reported in future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Poker Machine Licences

The entity holds poker machines licences granted for no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transition business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre April 2002 to be zero. Licences granted to the entity post April 2002 are initially recognised at fair value.

Impairment of non-financial assets

The Club assesses impairment of all assets at each reporting date by evaluating conditions specific to the Club and to particular asset that may lead to impairment. These include product and manufacturing performances, technology, economic and political environments and future product expectations. If an impairment trigger exist the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested from impairment in this financial period.

Taxation

The Club's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

KOGARAH R.S.L. CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(ii) Significant accounting estimates and assumptions

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future business expectations, operating costs, capital expenditure and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation charges are included in note 13.

Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increase through promotion and inflation have been taken into account.

27. Related Party Disclosures

a. Directors

The Club's directors in office during the financial year and until the date of this report are as follows:

John William Samuel	Barry Clewett (appointed 14.9.15)
Brian Brown	Neil Pugsley (appointed 25.10.15)
Ken Rawson	Kayleen Samuel (appointed 25.10.15)
Russell Osmond	Warwick Hall(resigned 26.8.2015)
Brett Shanahan (resigned 4.8.2015)	

Apart from the details disclosed in this note, no director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

b. Directors' transactions with the Club

From time to time directors of the Club may purchase goods from the Club or participate in other Club activities. These purchases and participation are on the same terms and conditions as those entered into by any other member of the Club.

Details relating to key management personnel, including remuneration paid, are included in Note 30.

KOGARAH R.S.L. CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

c. Key Management Personnel

The total of remunerations paid to key personnel of Kogarah RSL Club during the year are as follows:

	30 June 2016 \$	30 June 2015 \$
Compensation of key management personnel		
Short-term employee benefits	106,668	106,668
Post-employment benefits	10,133	10,002
Termination benefits	15,527	39,185
	<u>132,328</u>	<u>155,855</u>

28. Events after Balance Date

There have been no significant events occurring after balance date which may affect either the Club's operations or results of those operations or the Club's state of affairs.

**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 Limited
Sydney**

Date:

KOGARAH R.S.L. CLUB LIMITED**A.B.N. 75 001 032 355****SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS**

	30 June 2016 \$	30 June 2015 \$
<u>DONATIONS</u>		
Woniara Road Special School	-	-
Autism Spectrum Australia	-	-
Australia Kookaburra Kids Fund	10,000	-
Moving Forward DFV Case Management	4,000	-
Waratahs JRLFC Inc.	-	2,000
St George Rugby Union Club	-	-
Brighton Seagulls JRLFC Inc.	-	-
Accrual	-	1,300
	<u>14,000</u>	<u>3,300</u>
<u>Grants</u>		
Golf Club	1,000	1,000
Table Tennis Club	-	1,000
	<u>1,000</u>	<u>2,000</u>
<u>ANALYSIS OF PROMOTIONS AND ENTERTAINMENT</u>		
Annual meeting	808	5,456
Australia Day and Anzac Day	1,099	2,074
Bingo	318	70
Bistro vouchers	4,410	4,616
Board members drinks, food & election	4,982	5,206
Cab charges	612	335
Chairman's Christmas dinner and New Year's Eve	493	-
Christmas in July	23	1,445
Decorations	13	311
Floral arrangement	655	1,110
Fox sports	27,454	35,991
Free finger food	1,331	914
Full House/Betting	-	-
Gifts - Directors, Mothers Day, xmas	269	123
Inn Touch Swipe Prizes	-	-
Management & Directors conferences	1,176	2,327
Managers Meals	13,532	9,872
Meat Raffles - Sunday	-	868
Meat Raffles - Thursday	14,738	20,943
Meat Raffles - Tuesday	18,467	27,057
Melbourne cup day	690	222
Members badge draw	35,210	57,691
Members free drinks	1,930	1,167
Members promotional prizes	40,977	40,756
Mothers Day Luncheon	991	350
Other raffles	7,249	7,249
Poker tournament	47,581	50,115
Promotional snacks	847	705
Rugby league & other promotions	-	2,094
Saturday night dance	-	-
Staff christmas party	2,271	1,023
Touch screen	90	650
Trivia expenses	10,207	15,231
	<u>247,884</u>	<u>295,969</u>

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

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 \$	30 June 2015 \$
Bar Sales	530,803	673,454
	<u>530,803</u>	<u>673,454</u>
<u>Less: Cost of Sales</u>		
Opening stock	29,283	26,625
Purchases	192,743	275,049
	<u>222,026</u>	<u>301,674</u>
Less: Closing stock	-	29,283
	<u>222,026</u>	<u>272,391</u>
Gross Profit	<u>308,777</u>	<u>401,063</u>
Gross Percentage	58.17%	59.55%
<u>Add: Other Bar Income</u>		
Prepaid volume rebate	1,980	27,293
	<u>310,757</u>	<u>428,356</u>
Poker machine, TAB and Keno		
Tab commission	28,381	32,779
Keno commission	22,450	29,976
Poker machine revenue	2,395,424	2,333,402
Profit on sale of disposal of poker machines	-	-
	<u>2,446,255</u>	<u>2,396,157</u>
Other Income		
Rent received	85,263	96,184
Members subscriptions	8,954	12,607
Interest received	46	1,497
Commission received	13,445	14,516
Hire of rooms	-	8,623
Sundry revenue	53,228	73,768
Parental leave received	-	-
Reimbursement of CDSE Donation from Bluestone	14,000	-
Reimbursement from insurance claim	-	46,854
Renovation and financial assistance contribution	-	73,605
Release of right of way	-	36,364
	<u>174,936</u>	<u>391,312</u>
<u>Less: Bar Expenses</u>		
Bar stocktake	-	-
Bar expenses & requisites	21,874	25,213
Depreciation bar	2,217	2,610
Glassware replacements	4,991	-
Payroll tax	5,560	5,289
Repairs and Maintenance	-	-
Superannuation	24,332	26,714
Wages	310,125	297,255
	<u>369,099</u>	<u>357,081</u>

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

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	<u>\$</u>	<u>\$</u>
<u>Less: Poker Machine, Keno and Tab Expenses</u>		
Cash shortfalls	281	2,115
Bonus prizes	-	-
Data monitoring fee	34,720	33,901
Depreciation	15,645	25,315
Donations - CDSE	69,802	5,956
Monitoring statewide link	-	5,377
Lease of coffee machine	-	4,224
Poker machine game licencing fee	624,798	659,943
Poker machine promotions	36,293	37,893
Keno expenses	4,722	5,962
Payroll tax	3,408	3,242
Redemptions	9,875	2,516
Repairs and maintenance	-	-
Superannuation	14,913	16,373
Poker machine duty	371,633	344,314
Tab expenses	22,010	26,245
Wages	190,076	182,189
	<u>1,398,177</u>	<u>1,355,565</u>
<u>Less: Administration Expenses</u>		
Accounting services	34,011	22,150
Auditing fees	18,086	16,000
Artists' fees & club entertainment	247,884	295,969
Bank charges	4,279	7,420
Catering expenses	1,197	3,323
Cleaning and laundry	79,459	78,960
Consultancy fees	20,000	1,350
Courtesy Bus	9,440	9,721
Depreciation	183,204	216,700
Donations - general	95	775
Fringe Benefit Tax	3,100	2,413
Fines	-	-
Fuel	2,164	2,101
General expenses	684	821
Hire of equipment	10,437	11,983
Honoraria	6,000	6,000
Finance costs	102,497	87,827
Insurance (workers comp and general)	69,360	70,204
Leasing & maintenance of ATM and photocopier	31,140	21,484
Legal expenses	19,586	23,182
Light and power	135,055	163,695
License fees - other	20,900	14,280
Loss on disposal of assets	2,964,735	-
Payroll tax	8,968	8,531
Postage, printing and stationery	10,916	18,807
Provision for AL LSL & SL	(78,171)	2,362
Publicity	18,631	11,023
	<u>3,923,658</u>	<u>1,097,081</u>

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	\$	\$
Balance brought forward	3,923,6	1,097,0
Rates and taxes	46,087	43,575
Repairs and maintenance	66,578	128,371
Rental of Office space	600	-
Salaries and wages	500,201	479,444
Staff amenities	90	156
Security expenses	38,909	19,557
Staff training	655	1,000
Software maintenance	2,406	3,327
Subscriptions	10,282	7,596
Superannuation	39,245	43,088
Telephone	17,063	23,568
Uniforms	3,555	2,956
Waste removal and grease trap service	17,275	20,707
	<u>4,666,604</u>	<u>1,870,426</u>
NET OPERATING PROFIT /(LOSS)	(3,501,931)	(394,539)
	.	.
Less: (Income tax expense)/benefit	-	-
Net profit/(Loss) for the year after income tax	<u>(3,501,931)</u>	<u>(394,539)</u>

RENTAL INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	\$	\$
Gross Rent	85,263	101,929
Proceeds on Sale	-	1,712
	<u>85,263</u>	<u>103,641</u>
<u>Less Expenses</u>		
Bad Debts - Sammy's Bistro	-	5,922
Repairs & maintenance	-	1,535
	-	<u>7,457</u>
Net Profit	<u>85,263</u>	<u>96,184</u>

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

IMPORTANT INFORMATION FOR CLUB MEMBERS

This document is in 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 1 July 2015 to 30 June 2016.

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 were no occasions when employees of the Club reported receiving gifts from contractors.

KOGARAH R.S.L. CLUB LIMITED

A.B.N. 75 001 032 355

IMPORTANT INFORMATION FOR CLUB MEMBERS

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)

The total remuneration paid to key management personnel of the Club inclusive of superannuation is \$116,670 (2015\$116,670).

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 did not approve a 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:

Name of Close Relative	Related to	Total remuneration paid to close relative
None		

KOGARAH R.S.L. CLUB LIMITED
A.B.N. 75 001 032 355
IMPORTANT INFORMATION FOR CLUB MEMBERS

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

During the reporting period the Club engaged the following consultants:

Essential Facilities Management - Bill Stinson	\$ 20,000
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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 \$2,395,424 (GST exclusive).

Taxes paid to the State Government in the Gaming Machine tax period \$371,633 (\$388,813 less gaming rebate of \$17,180).

AMOUNT PAID TO COMMUNITY DEVELOPMENT - SECTION 41H (l)

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 expenditure on Club Grants to year ending 31 August 2016 is \$73,700 inclusive of in-kind donations of \$57,500 as required under Part 4 in the Gaming Machine Tax Act 2001.