




# 2008 club one

A N N U A L

R E P O R T



Club One obtains its GME by either a sale, whereby it pays outright for the GME and owns it freehold or by Vesting. In these arrangements Club One enters a contract to pay the Club for the GMEs forever. A fee is set for the year and the amount is adjusted each year to reflect the fortunes of the Club One GMEs. Presently Club One's 162 GMEs. Of these 69 have been purchased outright, 66 have been vested and 27 were received by the Trade.

Club One pays out \$27,500 per month to Vested Clubs (\$324,000 pa).

Club One has invested \$2,859,000 into Clubs by way of outright payments to Clubs.

Club One paid clubs \$85,000 pa for services this year.

There were 87 Clubs with Gaming facilities prior to 2005 when Club One commenced. Of these, 30% have become part of Club One. If the clubs with more than 30 GMEs are excluded, of the remaining 39, the rate is almost 50%.

# board members



Club One (SA) Ltd is managed by a board made up of three Independents with expertise in Gaming Law, Accounting and welfare issues (appointed in accordance with provisions of the Gaming Machine Act 1992), two nominees of the Licensed Clubs Association of South Australia (Clubs SA), a nominee of The South Australian Sports Federation Incorporated (Sport SA) and a nominee the South Australian National Football League (SANFL). Each independent member has a three-year term and retires in a yearly sequence. The independents nominate the Chair.

**David McLeod**

(re-appointed March 2008)  
Nominee - A lawyer with at least three years standing with experience in the club and gaming industry. Three years of the term remaining.

**Dwayne Jones**

(re-appointed March 2006)  
Nominee - a qualified accountant of at least three years standing with experience in the club and gaming industry. One year of the term remaining.

**Andrew Clarke**

(re-appointed March 2007)  
Nominee - a person with experience in dealing with issues of problem gambling and gambling addiction. Two years of the term remaining.

**Stanley 'Jim' Owens**

Nominee of South Australian National Football league. Appointed at the pleasure of the nominee.

**John Dicker**

Nominee of Sports SA. Appointed at the pleasure of the nominee.

**Cameron Taylor**

Nominee of Licensed Clubs Association of SA. Appointed at the pleasure of the nominee.

**Robert 'Bob' Raphael**

Nominee of Licensed Clubs Association of SA. Appointed at the pleasure of the nominee.





David McLeod

Club One has now 162 Gaming Machine Entitlements (GMEs) and until late March, the organisation was growing quickly as clubs recognized the innovation and benefits it offered. Until this stage, Club One grew consistently at a rate of 10 GMEs a month. That means Club One injected some \$400,000 per month into the club industry, and enhanced State Treasury coffers through stamp duty and new gaming income.

To ensure transparency and accountability, and to facilitate co-operation between existing clubs and venues, Club One has taken on the role of a broker in which it looks to help all clubs instead of particular venues. In this role, Club One buys and relocates GMEs to better sites and uses the increased revenues to provide grants to clubs.

As part of Club One's commitment to be as open and transparent as possible, it uses a public Expression of Interest (EOI) to identify venues that want to participate in what we offer. In keeping with business principles and the need to maximize income so that clubs can benefit from the increased pool of available funds through grants, Club One treats with due care those that can offer the best returns.

All of these processes are overseen by the Office of Liquor and Gambling and, ultimately, the South Australian Parliament.

A new complication has arisen for Club One in its very short 16-month trading history; the goal posts may be moved. The basics of the legislation that set up Club One were supposedly set for ten years. However recent recommendations may well see these principles change.

Of the mooted changes, there are two core possibilities; the removal or alteration of the cap on the price of GMEs, (presently set at \$50,000) and the introduction of a free market for the sale and trade of GMEs.

The impact of these proposals has seen Club One enter a period of enforced stability.

Clubs have come to believe that a free trade will net them up to \$200,000 per GME and so are holding GMEs in a form of speculation. This has seen the initial growth of Club One come to a halt as everything enters a hiatus pending a decision by the State Government.

Whilst this enforced pause is occurring, Club One has been organising a system of grants and has resolved there will be two grant systems:

- > Small Grants (up to \$1,000)
- > Large grants (up to \$60,000).

The Small Grants are covered more fully later in this report, but they are awarded monthly and respond to small budget demands on organisations. They are designed to meet small projects across the spectrum from sporting to community clubs and for a mixture of small capital and expense grants. In each case, and in future grants, small grants go to grass roots projects - the ones often missed in the desire of funding bodies to make a statement. As result, a grant is a one-off - and clubs and organizations having direct ongoing and significant income (be it from poker machines/ large government grants/ large sponsorships/ professional funding support) are excluded.

The Large Grants (\$60,000) are to be made twice a year and will be based on criteria set by Clubs SA and Sport SA - two principal members of Club One. These grants will be awarded as the funds accumulate in the coming year.

In its short history - barely three years - Club One has overcome many obstacles. These have included major difficulties in obtaining finances, intensive scrutiny and the attendant delays in getting to trade, and the immense challenge of winning the trust of clubs. Club One has overcome each of these challenges.

The latest challenge - that of moving of the goal posts - will also see Club One meet the issue and work to get solutions that benefits clubs and the communities they serve.

In summary, Club One is a 'good news story' for the not-for-profit sector. It has, and will, create income for clubs by providing critical infrastructure for sport and the community.

Most importantly Club One ensures that clubs can retain their autonomy and self management - thereby strengthening both urban and rural South Australian communities.

The year 2007 -2008 has been one of two parts.

The initial period saw Club One grow quickly and move from a little more than 30 Gaming Machine Entitlements (GMEs) to holding 162 GMEs. However, by March 2008, the announcement of proposed changes to the Gaming Act saw this momentum abruptly stop. Clubs withdrew from negotiations and awaited the legislative process to see if they could get higher returns for their GMEs.

Club One has used the post March period to consolidate its structures and processes and to commence its grant program to clubs.

The expansion process was debt funded. Club One has loans of \$3.8 million. These have purchased, either by vesting or lump sum payment, a total of 135 GMEs. Club One has a further 27 GMEs obtained by the State Government's trade arrangements, making up the 162 GMEs. The deemed value of these GMEs is \$ 6.7m.

Of the 162 GMEs, 66 were obtained by vesting. In this arrangement Club One purchases the GMEs in exchange for a regular monthly payment amounting to \$5,000 per annum per GME. This payment is indexed to the performance of Club One. Under this system \$330,000 per annum is now flowing into clubs.

Club One also purchases GMEs outright with a lump sum. Club One holds 69 such GMEs with the total value transferred to clubs by such purchases now in excess of \$2.76 million.

To obtain the income to pay these amounts, Club One either places the GMEs into short term three-month arrangements called parking, or it enters into a host club arrangement whereby a club pays to have Club One GMEs placed in its venues for a significant period of time.

At present, Club One has parked 24 GMEs in the Jones group of hotels, parked eight with the King group and parked three with the Australian Liquor and Hospitality group.

These parking venues were selected after an open and public Expression of Interest program, reviewed by the Office of Liquor and Gambling (OLGC). This identified the highest return to Club One so it could seek to maximise its income and thus the potential size and scope of grants to clubs.

The intention of these arrangements is that where a viable club is identified, Club One will terminate the parking and enter into a long term Host Club Agreement.

There are a further 87 GMEs parked in Club Management Services (CMS). This consortium provided the loans to Club One when the banks refused to provide finance. In bankers' terms it has an unrealisable asset, and banks generally do not lend without a secured asset.

CMS pays an agreed sum for access to the GMEs and is contracted to build and manage club venues within an agreed time-frame in a contract that has been ratified by the OLGC.

It must be recognised that Club One was fortunate in that the Salisbury North Football Club stood guarantor at its inception and this enabled Club One to have an overdraft with Bank SA. This overdraft initially provided Club One with immediate and flexible cash to maintain operations. The overdraft has now been fully paid as Club One has traded itself into a highly sustainable position.

There are 40 GMEs with the Adelaide Juventus Soccer Club (ASC) at its club venue, Oaken Central. These GMEs are in a long term Host Club Arrangement and are providing solid and above expectation returns to Club One. The ASC model is the preferred arrangement for the future operations of Club One GMEs.

The success of Club One goes to the professionalism and far-sightedness to its seven member Board. Two of the board members are nominees of Clubs SA, One of Sport SA and the other a nominee of the South Australian National Football League (SANFL). The remaining three members meet the requirements of the Gaming Machine Act that stipulates that three members of the Board must be independent and appointed for their expertise in the fields of law, accounting and the welfare sector.

The delegate members of Club One (Clubs SA, Sport SA and the SANFL) resolved to re-appoint David McLeod to the position and he retained his role as Chair of Club One.

The future is one of promise for Club One.

As a world first, Club One is a unique answer to the challenge of effectively managing gaming machines for the benefit of the community. After some 16 months of operations, Club One has become a viable and dynamic member of the State's club and gaming community. Importantly, it has now commenced its aspired role of providing grants to clubs and the community.

Thanks to the past 16 months of hard work, Club One is in a solid position to participate in any anticipated changes that will result from the Government finally resolving what it will do with the Gaming Machine Act.

A clear aim of participation by Club One is to secure additional GMEs and thereby preserve - or even enhance - the numbers of GMEs within clubs. This, in turn, will see more returns to clubs and sport in South Australia and thereby result in a stronger community.



# RSL gaming clubs and club one

Six RSL Clubs in South Australia have sold their GMEs to Club One and are, as a consequence, reaping the very significant benefits.

Unlike their NSW comrades, the South Australian RSL Clubs did not embrace gaming machines when they became available. For most of these clubs, the machines were too expensive and they were made available late in the existence of the clubs' management. In NSW, for example, the gaming machines were made available by the in 1956 when many of the upcoming RSL members were in their late 30's early 40's. But in South Australia, the advent of gaming was in the 1990's, when the management teams were in their early 70's.

As a result, apart from the Mount Gambier RSL and Community Club which brought 40 GMEs, most of the RSL clubs didn't participate. In 2005 there remained nine RSL clubs that had gaming, with the average - apart from Mount Gambier - being nine machines per club.

There were a total of 113 gaming machines in the sector - representing about 7% of all club gaming machines and less than 0.7% of all gaming machines in the state.

Since then, six of the clubs have opted to join with Club One. They have found managing gaming to be too distracting from their RSL commitments, while the returns from the minimal number of gaming machines has been too little. This has been particularly so when the clubs started to attribute the real costs of the machines to their budgets instead of subsidizing them with bar staff wages or contributions from other activities of the Club.

Some RSL clubs found that, with even such a small number of machines, that the cost of managing the machines was greater than the return. This was compounded by their potential for club disruption because of their small member population base.

Club One now has 39 ex-RSL Gaming Machine Entitlements, (GMEs) - enough to provide for a new club that is able to feed back income to those RSL clubs that have 'vested' with Club One. The money earned can provide general grants to the community, sport and for 'not for profit' endeavors. Some of the grant money has been allocated to RSL endeavors. One club in particular - The Sequoia Trail managed by the Blackwood RSL, has been a great success.

Club One has been able to make a difference to RSL gaming clubs and anticipates being able to do so for all small to medium gaming clubs. When a club participates in Club One by vesting or selling its GMEs, the club will either receive from Club One a higher regular income with no costs, or an above price for their GMEs. These clubs are better off, as are the communities they service - a fact most enthusiastically announced by the Port Adelaide and Semaphore Club President on Radio 891 in a recent interview.

This rationalization of the management of GMEs into Club One and Club One's ability to keep the GMEs in the sector, and to pay out benefits to all clubs, is why Club One was founded.

The RSL, in keeping with their years of community service, have maximized their contribution to the community yet again by joining with Club One to produce a new set of arrangements for club gaming and thereby assisting the community.

Summary of present ownership:  
Club One - 39 ex-RSL GMEs  
Mount Gambier RSL - 40 GMEs  
Four Clubs - 34 GMEs (average 8 GMEs per Club)



# small grants program

“Small is beautiful”  
Joseph Schumpeter, Philosopher  
1973 - current.

In May 2008 Club One commenced a small grants fund. The purpose of the fund was to provide small ad hoc grants of less than \$500 to clubs/ community events that involve juniors, non elite or non professionals and that meet the objectives of Club One. The amount committed per month is \$1,000. Clubs and organizations having direct significant income (be it from pokies/ large government grants/ large sponsorships/ professional funding support) would be excluded.

Projects funded have ranged across the spectrum from sporting to community Clubs and for a mixture of small capital and expense grants. Examples are contributions to Athletics meet, assistance with repairs to a vandalized Club, support to provide a children's area with a Club, providing a small refrigerator for a junior tennis Club and contributions to the staging of centenary celebrations for club.

As can be seen the funds whilst small they are highly flexible and responsive to the applicants needs.

Further, in all the projects, Club One's contribution has enabled the applicants to turn the money to greater account as they permit the Club members to apply their resourcefulness and know how as a form of value adding that has made many of the grants amount to big outcomes.

In each case, and in future grants, small grants goes to grass roots projects - the ones often missed in the desire of funding bodies to make a statement.

It is an important objective of the fund that it is simple and accessible to applicants. To participate, all that is required is a letter requesting funding for a specific small project. The letter will need to identify and describe the project, state the costs and give the time frames. Club One will also like details of the Club and its activities.

**Grants to date total \$3,545:**

**26 January 2008: \$500**  
Australia Day athletics meet at the Marion Community Club. Club One sponsored the winner of the 800m.

**10 April 2008: \$200**  
Assist Elizabeth Rugby Club with 50 year celebration of Rugby 7's (oldest in southern hemisphere).

**19 May 2008: \$200**  
Assist Beaumont Tennis Club in purchase of cool drinks storage for junior tennis players.

**1 July 2008: \$500**  
Assist Salisbury Little Athletics with recovery from vandal attack, grant presented through Sport SA on joint letter head. Special resolution of Board.

**11 July 2008: \$300**  
Assist North Mount Gambier Football and Netball Club in refurbishing former gaming room into a crèche area.

**23 September 2008: \$400**  
Assist D-Volleyball SA Inc in set-up of disabled volley Ball competition (first in Australia).

**30 September 2008: \$350**  
Grants to RSL SA and Blackwood RSL to finish off restoration and maintenance of Sequoia Trail in honor of WW2 service men and women.

**7 October 2008: \$595**  
Purchase of junior teams first aid boxes and drink containers for Glenelg Rebels Softball Club.

**29 October 2008: \$500**  
Assist Sturt Marion Thunder Soccer Club in establishing an under 17 junior soccer side.



**Directors report**

Your directors present their report on the company for the financial year ended 30 June 2008.

**Directors**

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

- Robert Raphael
- Cameron Taylor
- David McLeod
- Dwayne Jones
- Andrew Clarke
- Stanley Owens
- John Dicker

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

**Operating results**

The profit of the company for the financial year after providing for income tax amounted to \$170,411 (2007: \$73,626 loss).

**Review of operations**

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

No significant changes in the state of affairs of the company occurred during the financial year.

**Principal activity**

The principal activity of the company during the financial year was the management of gaming machine entitlements on behalf of licensed clubs in South Australia. No significant change in the nature of these activities occurred during the year.

**After balance date events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely developments**

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

**Environmental issues**

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

**Dividends paid or recommended**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**Information on Directors**

The information on directors is as follows:

Robert Raphael: Director.  
Qualifications: work educated.  
Experience: over 30 years experience in the hospitality industry. Manager Trades Hall Club for three years.

Cameron Taylor: Director.  
Qualifications: work educated.  
Experience: Manager Para Hills Community Club for 12 years, Acting Manager of Renmark Hotel Inc. from November 1992 to May 1996.

David McLeod: Chairman.  
Qualifications: Bch Law, Master of Public and International Law.  
Experience: 31 years experience in legal practice ranging from commercial, institutional, administrative and local government law to licensing, projects and issues management.

Dwayne Jones: Director.  
Qualifications: work educated.  
Experience: experience as a financial controller and bookkeeper.

Andrew Clarke: Director.  
Qualifications: Bch Arts (Social Work)  
Experience: 18 years experience with Child and Youth Services, 7 years as a Director of Community Services at Uniting Care Wesley Bowden.

Stanley Owens: Director.  
Qualifications: Associate Member of CPA Australia.  
Experience: 42 years experience in accounting and management.

John Dicker: Director.  
Qualifications: Bch Business, Police Studies Certificate.  
Experience: 44 years experience in law enforcement.

**Meetings of Directors**

Director	No. eligible to attend	No. attended
Robert Raphael	12	10
Cameron Taylor	12	11
David McLeod	12	11
Dwayne Jones	12	9
Andrew Clarke	12	11
Stanley Owens	12	11
John Dicker	12	12

**Indemnification of Officer or Auditor**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

**Proceedings on behalf of the company**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

financial statements

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



David McLeod  
Director

Cameron Taylor  
Director

Dated this ?? day of  
September 2008



**Balance sheet**

	Note	2008	2007
As at 30 June 2008		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		13,696	-
Trade and other receivables	3	174,122	278,300
<b>Total current assets</b>		<b>187,818</b>	<b>278,300</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	535	1,039
Intangible assets	5	6,702,574	3,701,345
<b>Total non-current assets</b>		<b>6,703,108</b>	<b>3,702,384</b>
<b>Total assets</b>		<b>6,890,926</b>	<b>3,980,684</b>
<b>Current liabilities</b>			
Cash deficit		-	104,833
Trade and other payables	6	127,245	269,915
<b>Total current liabilities</b>		<b>127,245</b>	<b>374,748</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	7	3,852,243	2,711,109
<b>Total non-current liabilities</b>		<b>3,852,243</b>	<b>2,711,109</b>
<b>Total liabilities</b>		<b>3,979,488</b>	<b>3,085,857</b>
<b>Net assets/net liabilities</b>		<b>2,911,438</b>	<b>894,826</b>
<b>Equity</b>			
Reserves	9	3,040,499	1,194,299
Accumulated losses	10	(129,061)	(299,472)
<b>Total equity</b>	<b>8</b>	<b>2,911,438</b>	<b>894,826</b>

**Income statement**

	Note	2008	2007
For the year ended 30 June 2008		\$	\$
Other revenues from ordinary activities		1,115,323	318,670
Administrative expenses		(297,257)	(52,332)
Professional fees		(76,909)	(27,541)
Marketing expenses		(17,104)	(628)
Occupancy expenses		(12,000)	(9,900)
Other expenses from ordinary activities		(244,946)	(196,600)
		(648,216)	(287,001)
Borrowing costs expense	2	(296,696)	(105,295)
<b>Profit (loss) from ordinary activities before income tax expense (income tax revenue)</b>		<b>170,411</b>	<b>(73,626)</b>
Income tax revenue (income tax expense) relating to ordinary activities		-	-
<b>Profit from ordinary activities after related income tax expense (income tax revenue)</b>	<b>2</b>	<b>170,411</b>	<b>(73,626)</b>
Profit (loss) from extraordinary items after related income tax expense (income tax revenue)		-	-
<b>Net profit</b>		<b>170,411</b>	<b>(73,626)</b>
Increase (decrease) in asset revaluation reserve	9	1,846,200	181,799
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>8</b>	<b>2,016,611</b>	<b>08,172</b>

**Balance sheet**

	Note	2008	2007
<i>For the year ended 30 June 2008</i>			
		\$	\$
<b>Cash flow from operating activities</b>			
Receipts from customers		1,043,438	255,218
Payments to suppliers and directors		(1,921,751)	(2,475,717)
Interest received		1,980	4,675
Borrowing costs		-	-
<b>Net cash provided by/(used in) operating activities</b>	11(b)	(876,332)	(2,215,824)
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		-	-
<b>Net cash used in investing activities</b>		-	-
<b>Cash flow from financing activities</b>			
Net Proceeds from borrowings		994,861	2,046,146
<b>Net cash provided by financing activities</b>		994,861	2,046,146
<b>Net increase in cash held</b>		118,530	(169,678)
<b>Cash at beginning of financial year</b>		(104,834)	64,844
<b>Cash at end of financial year</b>	11(a)	13,696	(104,834)

**Notes to the financial statements for the year ended 30 June 2007****Note 1: statement of significant accounting policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

The financial report is for the entity Club One (SA) Ltd as an individual entity. Club One (SA) Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards:

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

**a) Property, Plant and Equipment**

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

*Property*

Freehold land and buildings are measured on the fair value basis being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

*Plant and equipment*

Plant and equipment is measured on the cost basis.

*Depreciation*

All assets, excluding freehold land and buildings, are depreciated on a straight line basis over their useful lives to the company.

**b) Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**c) Going Concern**

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the directors have received a guarantee of continued financial support and the directors believe that such financial support will continue to be made available.

**d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

For the year ended 30 June 2008

	2008	2007
	\$	\$

**Note 2: profit from ordinary activities**

Profit (losses) from ordinary activities before income tax expenses (income tax revenue) has been determined after:

a) Expenses

Borrowing Costs	296,696	105,295
Depreciation of property, plant and equipment	504	504
Remuneration of the auditors for - audit or review services	2,050	1,625

**Note 3: trade and other receivables**

Current:

Trade receivables	147,955	233,556
Other debtors and accrued income	24,167	33,721
Prepayments	-	11,024
	172,122	278,301

**Note 4: property, plant and equipment**

Plant and equipment:

a) Computer equipment

At cost	2,005	2,005
Less accumulated depreciation	(1,470)	(966)
	535	1,039
Total plant and equipment	535	1,039
Total property, plant and equipment	535	1,039

a) *Movements in carrying amounts:*

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

**Note 5: intangible assets**

Gaming machine entitlements	6,702,574	3,699,345
Borrowing and business development costs	2,000	2,000
	6,704,574	3,701,345

**Note 6: trade and other payables**

Current:

Unsecured Liabilities		
Trade Creditors	48,112	213,236
Amounts payable to:		
- directors	35,551	20,000
Sundry creditors and accruals	43,583	36,679
	127,245	269,915

For the year ended 30 June 2008

	2008	2007
	\$	\$

**Note 7: interest bearing liabilities**

Non-current

Unsecured Liabilities

Unsecured Loan - CMS	2,826,136	1,671,438
Unsecured Loan - Other	1,026,108	1,039,671
	3,852,243	2,711,109

**Note 8: equity**

Total equity at the beginning of the financial year	894,826	786,654
Total changes in equity recognised in the income statement	2,016,611	108,172
Total equity at the reporting date	2,911,437	894,826

**Note 9: reserves**

Asset revaluation reserve	3,040,499	1,194,299
a) Asset Revaluation Reserve		
Movements during the financial year:		
Opening Balance	1,194,299	1,012,500
	1,846,200	181,799
Closing Balance	3,040,499	1,194,299

**Note 10: retained earnings**

Retained earnings/(accumulated losses) at the beginning of the financial year	(299,472)	(225,846)
Net Profit/(loss) attributable to members of the entity	170,411	(73,626)
Accumulated losses at the end of the financial year	(129,061)	(299,472)

	2008	2007
<i>For the year ended 30 June 2008</i>	\$	\$

**Note 11: cash flow information**

a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	13,696	(104,833)
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b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Loss from ordinary activities after income tax	170,411	(73,626)
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Non-cash flows in profit from ordinary activities

Depreciation	504	504
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Interest expense	27,817	103,808
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Changes in assets and liabilities

(Increase)/decrease in receivables	85,601	(70,194)
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(Increase)/decrease in other assets	734,668	(2,267,004)
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Increase/(decrease) in payables	(147,218)	86,824
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Increase/(decrease) in provisions	4,549	3,864
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Cash flows from operations	876,332	(2,215,824)
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**Note 12: members guarantee**

The company is limited by guarantee.

If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$200 each toward meeting any outside obligations of the company. At Friday 30 June 2008 the number of members was 2 (2007:2)

**Directors declaration**

The directors have determined that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1) The financial statements and notes, as set out on pages 11

are in accordance with the

Corporations Act 2001:

a) comply with Accounting

Standards as described in Note 1

to the financial statements and the

Corporations Regulations 2001; and

b) give a true and fair view of the

financial position as at 30 June 2008

and of the performance for the

financial year ended on that date

of the company in accordance with

the accounting policies described in

Note 1 to the financial statements.

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 with the

continuing support of creditors.

This declaration is made in

accordance with a resolution of

the directors.



David McLeod

Director

Director

Cameron Taylor

Dated this ?? day of

September 2008



## **Origins**

Club One holds the Special Club License created by the parliament in the 2004 changes to the Gaming Machine Act 1992.

Club One derived from a concept put before the Independent Gambling Authority (IGA) in May 2003 by Clubs SA in submissions to the "Inquiry into the Management of Gaming Machine Numbers"

From the submissions the following core principles were determined:

- > An independent body (Club One) set up to work with all clubs.
- > Club One to fund raise for all clubs using Gaming Machine Entitlements (GMEs).
- > Club One able to move GMEs and hold more than 40 under a general license.
- > The building of new club gaming venues.
- > A maximisation of income to all clubs.
- > The prevention of any loss of GMEs and their revenue from clubs.
- > The distribution of revenue to grass roots recreation and sport on a merit basis.
- > Openness, transparency and accountability.

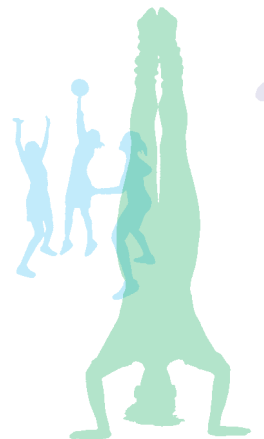
## **Objectives**

Club One has the objectives of:

- > Maximising the number and spread of gaming machine entitlements, gaming machines and gaming revenues for Licensed Clubs.
- > Generating income and determining policies to foster and support grass roots sport, recreation and community benefit.
- > Generating income and determining policies to foster and support the peak bodies and Associations involved with Clubs.
- > To support the development and management of a skill centre that will service the skills needs of gaming in Clubs in South Australia. In particular by developing the practice of safe gaming principles by its adherence to best practice harm minimisation as contained in the Clubs SAfe® program and its successors.

# mission statement

The mission of Club One (SA) Limited is to provide the ethical management of gaming machine entitlements in order to raise funds to be distributed on the basis of merit and need for the benefit of grass roots community sport and recreation, clubs, and the South Australian community.



## **Corporate directory**

### *Directors*

AE Clarke  
JB Dicker  
DG Jones  
DHB McLeod  
SJ Owens  
RG Raphael  
CM Taylor

### *Company Secretary*

M Keenan

### *Legal advisors*

Walmans Lawyers  
173 Wakefield Street  
Adelaide SA 5000  
Telephone (08) 8235 3000

### *Corporate Accountant*

Kennedy & Co Chartered Accountants  
140 Greenhill Road  
Unley SA 5061  
Telephone (08) 8373 5588

### *Auditor*

PK Whitehead  
MGI Assurance (SA) Pty Ltd

## **Club One (SA) Ltd**

ACN 113 107 994

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Camden Park SA 5038

PO Box 14  
Unley BC SA 5061

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Web [www.clubone.net.au](http://www.clubone.net.au)



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