

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND
FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
INCOME			
Rent Received		162,755	169,152
Bad Debt Recovered		-	23,111
Grants Received		27,500	-
Other Income		2,846	12,187
TOTAL INCOME		<u>193,101</u>	<u>204,450</u>
EXPENDITURE			
Bank Charges		939	751
Depreciation		145,370	139,612
Interest		8,581	14,017
Repairs & Maintenance		33,330	45,246
Rent Paid		12,126	11,860
Other		7,021	20,662
TOTAL EXPENDITURE		<u>207,367</u>	<u>232,148</u>
PROFIT / (LOSS) FOR THE YEAR		(14,266)	(27,698)
Retained earnings at the beginning of the financial year		1,318,530	1,346,228
RETAINED EARNINGS AT THE END OF THE FINANCIAL YEAR		<u>1,304,264</u>	<u>1,318,530</u>

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents		96,706	138,617
Tabcorp Security Deposit Bond		2,500	2,500
Other Debtors		-	71,273
TOTAL CURRENT ASSETS		<u>99,206</u>	<u>212,390</u>
NON-CURRENT ASSETS			
Buildings		4,900,000	4,900,000
Less: Accumulated Depreciation		(122,500)	-
Buildings Improvements		124,547	-
Less: Accumulated Depreciation		(3,052)	-
		<u>4,898,995</u>	<u>4,900,000</u>
Plant & Equipment		513,921	480,865
Less: Accumulated Depreciation		(346,249)	(326,428)
		<u>167,672</u>	<u>154,437</u>
TOTAL NON-CURRENT ASSETS		<u>5,066,667</u>	<u>5,054,437</u>
TOTAL ASSETS		<u>5,165,873</u>	<u>5,266,827</u>
CURRENT LIABILITIES			
GST Payable		-	3
Fully Drawn Advance – ANZ - secured		87,770	87,770
Loan – Sub Branch		1,085	-
Building Retention		9,514	9,514
TOTAL CURRENT LIABILITIES		<u>98,369</u>	<u>97,287</u>
NON-CURRENT LIABILITIES			
Fully Drawn Advance – ANZ - secured	5	7,314	95,084
Loan – Sub Branch - Capital		1,042,742	1,042,742
TOTAL NON-CURRENT LIABILITIES		<u>1,050,056</u>	<u>1,137,826</u>
TOTAL LIABILITIES		<u>1,148,425</u>	<u>1,235,113</u>
NET ASSETS		<u>4,017,448</u>	<u>4,031,714</u>
MEMBERS' FUNDS			
Asset Revaluation Reserve		2,713,184	2,713,184
Retained Earnings		1,304,264	1,318,530
TOTAL MEMBERS' FUNDS		<u>4,017,448</u>	<u>4,031,714</u>

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
AS AT 31 DECEMBER 2019**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 31 December 2017	1,346,228	640,767	1,986,995
Net profit attributable to the Sub Branch Patriotic Fund	(27,698)	-	(27,698)
Revaluation of Buildings	-	2,072,417	2,072,417
Balance at 31 December 2018	1,318,530	2,713,184	4,031,714
Net profit / (loss) attributable to the Sub Branch Patriotic Fund	(14,266)	-	(14,266)
Balance at 31 December 2019	1,304,264	2,713,184	4,017,448

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income		261,527	250,136
Other Income		2,846	12,187
Interest paid		(8,581)	(14,017)
Payments to suppliers and employees		(53,419)	(55,537)
Net cash provided by operating activities	3(b)	202,373	192,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed asset purchases		(157,599)	(25,251)
Net cash (used in) investing activities		(157,599)	(25,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from related party loan			
Repayment of borrowings		(87,770)	(80,456)
(Repayment)/advances of related party loan		1,085	-
Net cash provided by/(used in) financing activities		(86,685)	(80,456)
Net increase/(decrease) in cash held		(41,911)	87,062
Cash at the beginning of the financial year		138,617	51,555
Cash at the end of the financial year	3(a)	96,706	138,617

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012*. The Committee have determined that the Sub-Branch Patriotic Fund is not a reporting entity.

The financial report has been 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 significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

b) 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 Tax 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 the expense. Receivables and payables in the balances sheet are shown inclusive of GST.

c) Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the Fund commencing from the time the asset is held ready for use.

d) Buildings

Buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

NOTE 2: INCOME TAX

The ongoing Income Tax Exempt Charity status is subject to the Sub-Branch meeting the terms of the Deed of Settlement with the Commissioner of Taxation of the Commonwealth of Australia dated 24th September 2002

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
NOTE 3: CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at Bank	96,706	138,617
(b) Reconciliation of net cash provided by operating activities to profit / (loss):		
Profit / (loss) for the year	(14,266)	(27,698)
Non cash flows in profit :		
Depreciation	145,370	139,612
Bad debts	-	-
(Increase) / decrease in other debtors	71,272	80,984
Increase / (decrease) in GST payable	(3)	(129)
Net cash provided by operating activities	202,373	192,769

(c) The Sub-Branch has a variable fully drawn advance facility of \$263,310 with the ANZ Banking Group Limited. The fully drawn advance is subject to annual review. Principal and interest repayments are required. At 31 December 2019, \$95,084 (2018: \$182,854) of this facility was used.

NOTE 4: BUILDING REVALUATION

A revaluation of the building at 16 Mountain View Road, Montmorency was undertaken by registered valuers Herron Todd Wight. The basis for the valuation was replacement cost estimate undertaken for insurance purposes. As the replacement cost estimate was considerably higher than the carrying value, the Committee have determined to value the buildings at this figure 31 December 2018.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

NOTE 5: FULLY DRAWN ADVANCE

The business loan with the ANZ Banking Group Limited is secured by:

- a) Corporate Guarantee and Indemnity from Montmorency-Eltham RSL Sub Branch Inc. in favour of ANZ in respect of the obligations of Returned and Services League of Australia (Victorian Branch) Inc. in its capacity as trustee for the Montmorency-Eltham RSL Sub Branch Patriotic Fund unlimited as to amount.

Supported by:

- Registered Company Charge (Mortgage Debenture) over all the assets and undertaking of Montmorency Eltham RSL Sub Branch Inc. (This is to be a fixed and floating charge over all present and future assets, undertaking (including goodwill) and unpaid / uncalled capital of the company).
 - General Security Agreement given by Montmorency Eltham Sub Branch Inc. over all present and after acquired property.
- b) Registered Company Charge (Mortgage Debenture) over all the assets and undertaking of Montmorency-Eltham RSL Sub Branch Inc. (This is to be a fixed and floating charge over all present and future assets, undertaking (including good will) and unpaid/uncalled capital of the company).
 - c) General Security Agreement given by Montmorency Eltham RSL Sub Branch Inc. over all present and after acquired property.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
PATRIOTIC FUND**

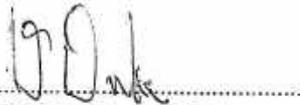
STATEMENT BY MEMBERS OF THE COMMITTEE

The Committee has determined that the Sub-Branch Patriotic Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee the financial report as set out on pages 1 to 7:

- Presents a true and fair view of the financial position of the Montmorency-Eltham RSL Sub-Branch Inc. Patriotic Fund as at 31 December 2019 and its performance for the year ended on that date.
- At the date of this statement, there are reasonable grounds to believe that the Montmorency-Eltham RSL Sub-Branch Inc. Patriotic Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with resolution of the Committee and is signed for and on behalf of the Committee by:



President – Duncan Duke

Melbourne: 26th March, 2020

Montmorency-Eltham RSL Sub-Branch Inc. Patriotic Fund

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Montmorency-Eltham RSL Sub-Branch Inc. Patriotic Fund, which comprises the balance sheet as at 31 December 2019, the income and expenditure statement, statement of recognized income and expenditure and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information, and statement by members of the committee.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Association as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Associations Incorporations Reform Act 2012.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Montmorency-Eltham RSL Sub-Branch Inc. Patriotic Fund to meet the requirements of the Associations Incorporations Reform Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS
Level 20, 191 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Responsibilities of the Committee for the Financial Report

The Committee of Montmorency-Eltham RSL Patriotic Fund is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the Associations Incorporations Reform Act 2012 and for such internal control as the Committee determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Committee are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

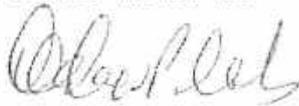
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
<http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>

This description forms part of our independent auditor's report.

A handwritten signature in cursive script, appearing to read 'William Buck'.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

A handwritten signature in cursive script, appearing to read 'A. P. Marks'.

A. P. MARKS
Director

Dated this 26th day of March, 2020, Melbourne