

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

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019	2018
Revenue from bar sales		1,012,775	959,699
Cost of bar sales		<u>(367,116)</u>	<u>(347,962)</u>
Gross profit from bar sales		645,659	611,737
Other revenues	6	<u>2,328,793</u>	<u>2,668,967</u>
Employee benefits expense		(1,119,511)	(1,067,950)
Administration expenses		<u>(1,937,767)</u>	<u>(1,838,768)</u>
PROFIT/(LOSS) FOR THE YEAR		(82,826)	373,986
Retained earnings at the beginning of the financial year		1,688,067	1,314,081
RETAINED EARNINGS AT THE END OF THE FINANCIAL YEAR		<u>1,605,241</u>	<u>1,688,067</u>

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash on Hand - Floats		56,893	56,207
Club Trading Account		56,012	79,395
General Account		7,223	48,772
Gaming Account		134,217	93,975
Staff Entitlement Account		45,123	74,936
Allocation Account		162,521	-
TGS Account		1,571	68,801
Cash at Bank – Sub Committees		18,140	19,447
Stock on Hand		23,920	22,286
Prepayments		1,695	7,713
Loan – Patriotic Building fund		1,085	-
TOTAL CURRENT ASSETS		508,400	471,532
NON-CURRENT ASSETS			
Gaming Machine Entitlements	5	383,997	527,995
Deposit on new gaming machine licence		43,852	21,926
Plant and Equipment		13,595	13,595
Loan – Patriotic Building Fund - Capital		1,042,742	1,042,742
TOTAL NON-CURRENT ASSETS		1,484,186	1,606,258
TOTAL ASSETS		1,992,586	2,077,790
CURRENT LIABILITIES			
Trade Creditors and Accruals		262,157	276,607
Provision for Annual Leave		46,077	37,808
Provision for Long Service Leave		57,835	56,467
TOTAL CURRENT LIABILITIES		366,069	370,882
NON CURRENT LIABILITIES			
Provision for Long Service Leave		21,276	18,841
TOTAL NON CURRENT LIABILITIES		21,276	18,841
TOTAL LIABILITIES		387,345	389,723
NET ASSETS		1,605,241	1,688,067
MEMBERS' FUNDS			
Retained Earnings		1,605,241	1,688,067
TOTAL MEMBERS' FUNDS		1,605,241	1,688,067

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
AS AT 31 DECEMBER 2019**

	Retained Earnings \$	Total \$
Balance at 31 December 2017	<u>1,314,081</u>	<u>1,314,081</u>
Net profit/(loss) attributable to the Sub Branch	373,986	373,986
Balance at 31 December 2018	<u>1,688,067</u>	<u>1,688,067</u>
Net profit/(loss) attributable to the Sub branch	(82,826)	(82,826)
Balance at 31 December 2019	<u>1,605,241</u>	<u>1,605,241</u>

The accompanying Notes form part of this financial report.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Bar sales		1,012,775	959,699
Gross gaming revenue		1,576,762	1,684,284
Gross meals revenue		539,271	497,485
Receipts from members		5,788	18,445
Other income		203,820	472,508
Payments to suppliers and employees		(3,275,238)	(3,473,185)
Net cash provided by/(used in) operating activities	3(b)	63,178	159,236
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposit on new gaming machine licence		(21,926)	(21,925)
Net cash (used in) financing activities		(21,926)	(21,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments/(Advance) of related party loan		(1,085)	-
Net cash provided by/(used in) financing activities		(1,085)	-
Net increase/ (decrease) in cash held		40,167	137,311
Cash at the beginning of the financial year		441,533	304,222
Cash at the end of the financial year	3(a)	481,700	441,533

The accompanying Notes form part of this financial report.

MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
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 has determined that the Sub-Branch 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) Inventories

Inventories consist of bar products and are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

b) Employee Entitlements

Provision is made for the Sub-Branch's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

c) 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.

d) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. All revenue is stated net of the amount of goods and services tax (GST).

MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

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.

	2019	2018
	\$	\$
NOTE 3: CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash on Hand	56,893	56,207
Cash at Bank	424,807	385,326
	481,700	441,533
(b) Reconciliation of net cash provided by operating activities to profit / (loss):		
Profit / (loss) for the year	(82,826)	373,986
Non cash flows in profit / (loss):		
Amortisation of entitlements	143,998	143,998
Changes in assets and liabilities		
(Increase) / decrease in receivables/prepayments	6,018	(6,018)
(Increase) / decrease in stock	(1,634)	804
Increase / (decrease) in payables and accruals	(14,450)	(371,323)
Increase / (decrease) in provisions	12,072	17,789
Net cash provided by operating activities	63,178	159,236

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

NOTE 4: CONTINGENT LIABILITIES

The business loan with the ANZ Banking Group Limited recorded in the accounts of the Montmorency Eltham RSL Sub-Branch Inc Patriotic Fund 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.

NOTE 5: GAMING MACHINE ENTITLEMENTS

	2019	2018
	\$	\$
Written Down value at 31 December 2019	383,997	<u>527,995</u>

In November 2009 Montmorency-Eltham RSL Sub-Branch Inc participated in a Pre-Auction Club Offer for Gaming Machine Entitlements organised by the Victorian Commission for Gambling and Liquor Regulation (VCGLR). Montmorency-Eltham RSL Sub-Branch Inc were successful in securing 35 poker machines at a value of \$1,248,370. The Sub-Branch became entitled to operate these machines for a period of ten years from 16 August 2013. In May 2016, Montmorency-Eltham RSL Sub-Branch Inc purchased a further 15 poker machines for \$121,357. The quarterly series of instalments due to the VCGLR increased from this date, however have now been fully paid. The value of the gaming machine entitlement is treated as an intangible asset and is to be amortised over their term.

**MONTMORENCY-ELTHAM RSL SUB-BRANCH INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
NOTE 6: OTHER REVENUE		
Gaming Revenue	1,576,762	1,684,284
Meal Income	539,271	497,485
Other Income	200,872	182,022
Membership Fees	8,940	14,690
Donations / Fundraising	2,948	20,486
Write back of RSL Head Office accrual	-	270,000
	2,328,793	2,668,967

Montmorency-Eltham RSL Sub-Branch Inc.

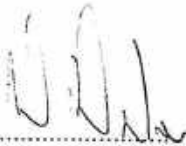
Statement By Members Of The Committee

The Committee has determined that the Sub-Branch 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 8:

- Presents a true and fair view of the financial position of the Montmorency-Eltham RSL Sub-Branch Inc. 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. 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:



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President – Duncan Duke

Melbourne: 26th March 2020

Montmorency-Eltham RSL Sub-Branch Inc.

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., 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 the statement by members of the committee.

In our opinion, the accompanying financial report of Montmorency-Eltham RSL Sub-Branch Inc. 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 Montmorency-Eltham RSL Sub-Branch Inc. 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. 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.

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Responsibilities of the Committee for the Financial Report

The Committee of Montmorency-Eltham RSL Sub-Branch Inc. 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 determines 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 Montmorency-Eltham RSL Sub-Branch Inc. 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 'Willie 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