

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.

Financial Report for the Year Ended 31 December 2022

The committee members submit the financial report of Montmorency Eltham RSL Sub-Branch Inc. for the financial year ended 31 December 2022. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), the financial report is as follows:

Committee Members

The names of committee members throughout the year and at the date of this report are:

Glen Ferrarotto – President

Graeme Munro– Vice President (appointed on 20 Mar 2022)

Andrew Hall – Secretary

Kevin Myers – Member

Michael Ricks – Member

Jim Gronbach – Member

Shane Murphy – Member

Ricki Rank – Member (appointed on 20 Mar 2022)

Timothy Riley – Member (appointed on 20 Mar 2022)

John MacLeod – Secretary (resigned on 20 Mar 2022)

Principal Activities

The principal activities of the association during the financial year were to provide social facilities and the provision of welfare to members of the association.

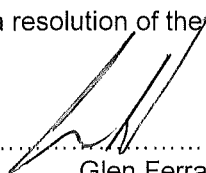
Significant Changes

No significant change in the nature of these activities occurred during the year.

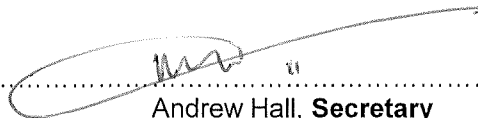
Operating Result

The deficit for the financial year amounted to \$66,896 (2021: surplus of \$480).

Signed in accordance with a resolution of the members of the committee.



.....
Glen Ferrarotto, **President**



.....
Andrew Hall, **Secretary**

Dated this 18th day of March 2023

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2022

	Note	2022 \$	2021 \$
INCOME			
Bar Sales		1,111,684	687,186
Gaming Income		1,672,771	1,143,239
Food and Beverage Sales		1,097,179	617,057
Other Income		107,920	248,752
TOTAL INCOME		<u>3,989,554</u>	<u>2,696,234</u>
COST OF GOODS SOLD			
Gaming Expenses		(724,982)	(604,507)
Food and Beverage Expenses		(974,473)	(546,958)
Other Expenses		(5,609)	(2,634)
TOTAL COST OF GOODS SOLD		<u>(1,705,064)</u>	<u>(1,154,099)</u>
GROSS PROFIT		<u>2,284,490</u>	<u>1,542,135</u>
EXPENDITURE			
Wages and Salaries		(1,441,268)	(1,053,424)
Depreciation and amortisation		(49,538)	(1,692)
Office Expenses		(384,677)	(240,692)
Advertising and Marketing		(8,159)	(3,942)
Cleaning Expenses		(77,763)	(52,799)
Administration Expenses		(109,086)	(43,402)
Interest and Finance Charges		(41,437)	(16,734)
Other Expenses		(64,562)	(16,882)
Welfare Expenses		(174,896)	(112,088)
TOTAL EXPENSES		<u>(2,351,386)</u>	<u>(1,541,655)</u>
(DEFICIT) / SURPLUS FOR THE YEAR		<u>(66,896)</u>	<u>480</u>

The accompanying notes form part of these financial statements.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.

ASSETS AND LIABILITIES STATEMENT

AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash on hand	2	528,484	667,759
Inventory		34,566	34,420
Other current assets	3	67,769	31,537
TOTAL CURRENT ASSETS		<u>630,819</u>	<u>733,716</u>
NON-CURRENT ASSETS			
Gaming Machine Entitlements	4	847,813	129,072
Property, Plant & Equipment		567,579	23,913
Loans receivable	8	1,042,742	1,042,742
TOTAL NON-CURRENT ASSETS		<u>2,458,134</u>	<u>1,195,727</u>
TOTAL ASSETS		<u>3,088,953</u>	<u>1,929,443</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	369,993	229,089
Borrowings	7	82,216	-
Employee Provisions	6	104,686	165,046
TOTAL CURRENT LIABILITIES		<u>556,895</u>	<u>394,135</u>
NON-CURRENT LIABILITIES			
Gaming entitlement payable	5	674,485	-
Borrowings	7	361,747	-
Employee Provisions	6	27,414	-
TOTAL NON-CURRENT LIABILITIES		<u>1,063,646</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,620,541</u>	<u>394,135</u>
NET ASSETS		<u>1,468,412</u>	<u>1,535,308</u>
MEMBERS' FUNDS			
Retained Earnings at Beginning of Year		1,535,308	1,534,828
Surplus / (deficit) for the year		(66,896)	480
TOTAL MEMBERS' FUNDS		<u>1,468,412</u>	<u>1,535,308</u>

The accompanying notes form part of these financial statements.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2021	1,534,828	1,534,828
Surplus for the year	480	480
Balance at 31 December 2021	<u>1,535,308</u>	<u>1,535,308</u>
Balance at 1 January 2022	1,535,308	1,535,308
Deficit in for the year	(66,896)	(66,896)
Balance at 31 December 2022	<u>1,468,412</u>	<u>1,468,412</u>

The accompanying notes form part of these financial statements.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
Note	\$	\$
Cash from operating activities		
Receipts from customers	3,950,734	2,755,246
Payments to suppliers and employees	(3,943,357)	(2,571,113)
Interest received	2,588	60
Net cash provided by operating activities	9,965	184,193
Cash flows from investing activities		
Net purchases from plant and equipment	(593,203)	(25,605)
Net cash used in investing activities	(593,203)	(25,605)
Cash flows from financing activities		
Net proceeds from borrowings	443,963	66
Net cash used in financing activities	443,963	661
Net increase/(decrease) in cash held	(139,275)	159,249
Cash at beginning of financial year	667,759	508,510
Cash at end of financial year	2 528,484	667,759

The accompanying notes form part of these financial statements

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Statement of Significant Accounting Policies

The committee members have prepared the financial statements on the basis that the association is a non-reporting entity as there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*.

Statement of compliance

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB), except where disclosed below. The entity does not have any subsidiaries, associates or joint ventures.

Basis of Preparation

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements are in Australian dollars (\$) and have been rounded to the nearest dollar.

The following significant accounting policies have been adopted in the preparation of these financials.

a. Cash on Hand

Cash on hand 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. Revenue and Other Income

The Association provides social facilities to members of the association. The main forms of income are from bar and food sales and gaming income. In 2021 sundry income in the form of job-keeper and other state and government grants were also received in relation to COVID. Revenue is recognised when the Association is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenue is recognised under AASB 1058 unless it is determined that AASB 15 applies.

Government Funding

During the 2021 year, the association was partially supported by grants received from the federal, state and local governments in relation to COVID. Revenue from grants is recognised when received.

Gaming Revenue and Bar Income

Gaming and Food and Bar Income is recognised at the point in time when the services are performed and is recorded on an accruals basis.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of significant accounting policies continued

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Donation income is recognised as revenue when received. All revenue is stated net of the amount of goods and services tax.

c. 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 assets and liabilities statement.

d. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

e. Income Tax

The association is a not-for-profit organisation and is exempt from income tax under section 50-45 of the *Income Tax Assessment Act 1997*. 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.

f. Inventories

Inventories consist of bulk and packaged beer, wines and spirits etc. and are valued 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. Inventories are measured at the lower of cost and current replacement cost.

g. Employee Provisions

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 provisions have been measured at the amounts expected to be paid when the liability is settled. Long service leave has not been discounted to its present value and on-costs are not included in the calculation of the provision which is not in accordance with AASB 119. The current portion of Long Service leave represents the entitlement for employees with at least seven years of service.

h. Impairment of Assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of significant accounting policies continued

i. Leases

Leases relate mainly to the rental of EGMs. This has not been recognised or measured as per AASB 16 but are presented as non-current assets per previous years.

j. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

k. Key Judgements

(i) Employee provisions

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service.

As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

	2022	2021
	\$	\$
2. CASH ON HAND		
Cash on Hand	84,255	86,551
Cash at Bank	444,229	581,208
	528,484	667,759
3. OTHER CURRENT ASSETS		
Prepayments	30,632	24,309
Accrued Revenue	36,438	7,228
Others	699	-
	67,769	31,537
4. GAMING ENTITLEMENTS		
EGM Entitlements 2022	-	43,852
Gaming Machine Entitlements	847,813	85,220
	847,813	129,072

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The Sub Branch has accepted an offer from the Victorian State Government to purchase 50 Electronic Gaming Machine (EGM) Entitlements at a cost of \$877,048. The Sub-Branch became entitled to operate these machines for a period of ten years from 16 August 2022. This was to be paid for in 2.5% instalments of \$29,757, the first payment was made in February 2019 with the second instalment paid in February 2020. The remaining quarterly instalments being due from August 2022 until May 2029.

	2022	2021
	\$	\$
5. TRADE AND OTHER PAYABLES		
<i>CURRENT</i>		
Trade Creditors / Accruals	137,996	152,233
Gaming entitlement payable	119,033	-
Payroll Liabilities	42,904	41,375
GST	70,060	35,481
	369,993	229,089
<i>NON-CURRENT</i>		
Gaming entitlement payable	674,485	-
Total Trade and Other Payables	1,044,478	229,089
6. EMPLOYEE PROVISIONS		
<i>CURRENT</i>		
Provision for Annual Leave	72,522	72,654
Provision for Long Service Leave	32,164	92,392
	104,686	165,046
<i>NON-CURRENT</i>		
Provision for Long Service Leave	27,414	-
	27,414	-
7. BORROWINGS		
<i>ANZ bank (CURRENT)</i>	82,216	-
<i>ANZ bank (NON-CURRENT)</i>	361,747	-
	443,963	-

The bank loan from ANZ Bank is secured against all the assets and undertaking of the Sub Branch (Mortgage Debenture). The facility is for a 5-year term expiring on 4 August 2027 and attracts a variable interest rate. The repayment type is monthly instalments, which includes principal and interest.

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8: EVENTS AFTER THE REPORTING DATE

The Committee is not aware of any significant events since the end of the reporting period.

9. RELATED PARTY TRANSACTIONS

The Sub-Branch has a historical internal transaction with the Sub-Branch Patriotic Fund which dates back to 2007, relating to the transfer of assets from the trading account to the Patriotic Fund.

Balance of transaction with the Building Patriotic Fund	1,042,742	1,042,742
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MONTMORENCY ELTHAM RSL SUB-BRANCH INC.

**Associations Incorporation Reform Act 2012
Ss 94(2)(b), 97(2)(b) and 100(2)(b)**

**ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND
PERFORMANCE OF INCORPORATED ASSOCIATION**

We, Glen Ferrarotto, and Andrew Hall, being members of the Committee of Montmorency Eltham RSL Sub-Branch Inc. certify that –

The statements attached to this certificate give a true and fair view of the financial position and performance of Montmorency Eltham RSL Sub-Branch Inc. during and at the end of the financial year of the association ending on 31 December 2022.

Signed:



Dated:

18 MAR 23

Signed:



Dated:

18 MAR 23

MONTMORENCY ELTHAM RSL SUB-BRANCH INC.

RESPONSIBLE PERSONS DECLARATION -per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

The responsible persons declare that in the responsible persons' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



President

Responsible persons' declaration

Dated this 18th day of March 2023