

Montmorency Eltham RSL Sub-Branch Inc

ABN: 23 521 968 577

Financial Statements

For the year ended 31 December 2023

Montmorency Eltham RSL Sub-Branch Inc

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Montmorency Eltham RSL Sub-Branch Inc

Committee's report

31 December 2023

The committee members present their report on Montmorency Eltham RSL Sub-Branch Inc (the "Association") for the financial year ended 31 December 2023.

Information on committee members

The names of each person who has been a committee member during the year and to date of the report are:

Glen Ferrarotto – President (re-appointed 18 Mar 2023)

Andrew Hall – Senior Vice President and Secretary (re-appointed 18 Mar 2023)

Graeme Munro – Vice President (re-appointed 18 Mar 2023)

Mark Hookey – Treasurer (appointed 18 Mar 2023)

Jim Gronbach – Member (re-appointed 18 Mar 2023)

Matthew Loughman (appointed 18 Mar 2023)

Shane Murphy – Member (re-appointed 18 Mar 2023)

Ricki Rank – Member (re-appointed 18 Mar 2023)

Michael Ricks – Member (re-appointed 18 Mar 2023)

Timothy Riley – Member (re-appointed 18 Mar 2023)

Kevin Myers – Member (resigned on 18 Mar 2023)

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

Principal activities

The principal activity of Montmorency Eltham RSL Sub-Branch Inc during the financial year was to provide social facilities and the provision of welfare to members of the Association.

No significant changes in the nature of the Association's activity occurred during the financial year.

Operating results

The surplus of the Association amounted to \$130,240 (2022: \$66,896 deficit).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Association during the year.

Events after the reporting date

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

Future developments and results

Montmorency Eltham RSL Sub-Branch Inc

Committee's report

31 December 2023

Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Environmental issues

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Proceedings on behalf of the Association

No person has applied for leave of court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2023 has been received and can be found on the following page.

Signed in accordance with a resolution of the Committee.



Glen Ferrarotto
President

Dated: 13 MAR 24



Andrew Hall
Senior Vice President and Secretary

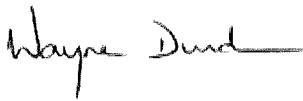
LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Committee of Montmorency Eltham RSL Sub-Branch Inc.

As lead audit partner for the audit of the financial statements of Montmorency Eltham RSL Sub-Branch Inc. for the financial year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i) the auditor independence requirements as set out in Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii) any applicable code of professional conduct in relation to the audit.

E. F. McPHAIL & PARTNERS



WAYNE C. DURDIN
Partner

6 March 2024
Melbourne

Montmorency Eltham RSL Sub-Branch Inc

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Income	5	4,703,728	3,989,554
Cost of sales			
Food and beverage expenses		(1,222,607)	(966,372)
Gaming expenses		(402,295)	(724,982)
Other expenses		(3,309)	(5,609)
Total Cost of sales		(1,628,211)	(1,696,963)
Employee benefit expenses		(1,670,872)	(1,412,025)
Welfare and charitable expenses (community)	6	(167,458)	(199,879)
Welfare and charitable expenses (veterans)	6	(146,998)	(19,389)
Other operating expenses	7	(959,949)	(728,194)
Total expenses		(4,573,488)	(4,056,450)
Surplus / (deficit) before tax		130,240	(66,896)
Income tax	3.i	-	-
Surplus / (deficit) for the year		130,240	(66,896)
Total comprehensive income for the year		130,240	(66,896)

The accompanying notes form part of these financial statements.

Montmorency Eltham RSL Sub-Branch Inc

Statement of financial position

As at 31 December 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	644,264	528,484
Inventories	11	49,396	34,566
Other assets	12	110,726	67,769
Total current assets		804,386	630,819
Non-current assets			
Trade and other receivables	10	1,042,742	1,042,742
Property, plant and equipment	13	526,147	567,579
Gaming machine entitlements	14	760,108	847,813
Total non-current assets		2,328,997	2,458,134
Total assets		3,133,383	3,088,953
Liabilities			
Current liabilities			
Trade and other payables	15	433,425	369,993
Borrowings	16	88,775	82,216
Employee benefits	17	129,760	104,686
Total current liabilities		651,960	556,895
Non-current liabilities			
Trade and other payables	15	555,452	674,485
Borrowings	16	274,415	361,747
Employee benefits	17	52,904	27,414
Total non-current liabilities		882,771	1,063,646
Total liabilities		1,534,731	1,620,541
Net assets		1,598,652	1,468,412
Equity			
Retained surplus		1,598,652	1,468,412

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 2023

	Retained surplus \$	Total equity \$
2022		
Opening balance	1,535,308	1,535,308
Deficit for the year	(66,896)	(66,896)
Closing balance	1,468,412	1,468,412
	Retained surplus \$	Total equity \$
2023		
Opening balance	1,468,412	1,468,412
Surplus for the year	130,240	130,240
Closing balance	1,598,652	1,598,652

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 2023

	2023	2022
	\$	\$
Cash flows from operating activities:		
Receipts from customers	4,691,977	3,950,734
Payments to suppliers and employees	(4,334,851)	(3,943,357)
Interest received	11,751	2,588
Net cash flows from/(used in) operating activities	368,877	9,965
Cash flows from investing activities:		
Purchase of property, plant and equipment	(139,562)	(593,203)
Cash flows from financing activities:		
Repayment of borrowings	(113,535)	-
Net proceeds from borrowings	-	443,963
Net cash provided by/(used in) financing activities	(113,535)	443,963
Net increase/(decrease) in cash and cash equivalents	115,780	(139,275)
Cash and cash equivalents at beginning of year	528,484	667,759
Cash and cash equivalents at end of financial year	644,264	528,484

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 2023

1. Introduction

The financial statements cover Montmorency Eltham RSL Sub-Branch Inc as an individual entity. Montmorency Eltham RSL Sub-Branch Inc is a not-for-profit Association incorporated in Victoria under the *Associations Incorporations Reform Act 2012* ('the Act') and also registered with the *Australian Charities and Not-for-profits Commission*.

The functional and presentation currency of Montmorency Eltham RSL Sub-Branch Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

2. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the Act.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policy information adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

3. Material accounting policy information

a. Cash and cash equivalent

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

b. 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.

c. Property, plant and equipment

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

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

c. Property, plant and equipment (continued)

Buildings

Buildings are held at historical cost less accumulated depreciation.

Plant and equipment, including gaming machines

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on either a straight-line or diminishing value basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Gaming equipment	20%
Plant and equipment	5% - 37.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains or losses on disposal are determined by comparing proceeds with the carrying amount and recognised in profit or loss when the item is derecognised.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

d. Intangible assets

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e. Leases

The Association as lessee

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease.

The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the Association's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exemptions to lease accounting

The Association has elected to apply the exemptions to lease accounting for both short-term leases (i.e., leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

f. Employee entitlements

Short-term employee benefits

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

f. Employee entitlements (continued)

Long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

g. Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions resulting from the passage of time is recognised in finance costs.

h. Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

h. Revenue recognition (continued)

Generally the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Contract liabilities represent the Association's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the services to the customer.

Gaming services

Revenue from rendering gaming services is recognised in the income statement when the Association obtains control of the gaming machine revenue and it is probable that the economic benefits gained from gaming will flow to the Association and the amount of the gaming machine revenue can be measured reliably.

Hospitality services

Revenue from rendering food and beverage services is recognised in the income statement when the Association obtains control of the income and it is probable that the economic benefits gained from hospitality will flow to the Association and the amount of the sales for hospitality services can be measured reliably.

Grant income

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount. If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

h. Revenue recognition (continued)

Donations

Donations and bequests are recognised as revenue when received.

Government Subsidies

Revenue from subsidies is recognised when the Association has complied with the conditions attached to them and when there is reasonable assurance that the subsidy will be received.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Association reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

i. Income tax

The Association is an income tax exempt charitable organisation. The ongoing Income Tax Exempt Charity status is subject to the Association meeting the terms of the Deed of Settlement with the Commissioner of Taxation of the Commonwealth of Australia dated 24th September 2002.

j. Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

k. 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 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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

l. Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

l. Impairment of non-financial assets (continued)

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

m. Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

i. Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

The Association does not have financial assets measured at fair value through profit or loss and fair value through other comprehensive income.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

3. Material accounting policy information (continued)

m. Financial instruments (continued)

i. Financial assets (continued)

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses.

The Association has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

ii. Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, bank and other loans and lease liabilities.

n. Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 31 December 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

4. Critical accounting estimates and judgements

The committee members make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

4. Critical accounting estimates and judgements (continued)

a. Impairment of assets

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

b. Estimation of useful lives of assets

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

c. Employee benefits

The liability for long service leave has been estimated using the assumptions as at balance date. The estimate of the present value of the liability for long service leave takes into account attrition rates and pay increases through promotion and inflation. The estimate of future costs requires management's assessment of assumed salary growth rates, future on-cost rates and the experience of employee departures. The future costs are then discounted to present value in accordance with AASB 119.

5. Revenue

Revenue by timing	2023	2022
	\$	\$
Transferred at a point in time	4,691,977	3,986,966
Transferred over time	11,751	2,588
Total	4,703,728	3,989,554

Revenue by category	2023	2022
	\$	\$
Bar sales	1,374,320	1,111,684
Food and beverage sales	1,428,021	1,097,179
Gaming income	1,733,640	1,672,771
Other income	167,747	107,920
Total	4,703,728	3,989,554

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

6. Welfare and charitable expenses

Description	2023 \$	2022 \$
Welfare and charitable expenses (community)		
Commemorative day expenses	-	3,017
Donations	11,059	9,185
Funeral and death notices	77	48
Isolated persons programme	22,750	24,767
Repairs and maintenance	1,549	626
Sponsorships	3,491	2,000
Subsidised - meals	75,757	99,750
Subsidised - room hire	39,000	29,600
Wages and oncosts	11,761	28,073
Others	2,014	2,813
Total welfare and charitable expenses (community)	167,458	199,879
Welfare and charitable expenses (veterans)		
Commemorative day expenses	11,529	-
Donations	9	86
Funeral and death notices	-	1,548
League support fee	101,488	-
Repairs and maintenance	80	-
Subsidised - meals	10,249	8,100
Wages and oncosts	19,364	9,169
Others	4,279	486
Total welfare and charitable expenses (veterans)	146,998	19,389
Total welfare and charitable expenses	314,456	219,268

7. Other operating expenses

The result for the year includes the following other operating expenses:

Other operating expenses	2023 \$	2022 \$
Advertising and marketing	13,515	8,159
Administration expenses	101,363	109,086
Cleaning expenses	102,101	77,763
Depreciation and amortisation	131,902	49,538
Interest and finance charges	138,917	41,437
Loss on disposal of assets	30,093	-

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements
For the year ended 31 December 2023

7. Other operating expenses (continued)

Other operating expenses	2023	2022
	\$	\$
Office expenses	372,143	376,679
Other expenses	69,915	65,532
Total	959,949	728,194

8. Auditor's remuneration

Description	2023	2022
	\$	\$
Audit of financial statements	4,200	4,000

9. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	551,781	444,228
Cash on hand	92,483	84,256
	644,264	528,484

10. Trade and other receivables

Trade receivables are non-interest bearing and generally on 30-day terms. Due to the short-term return, their carrying values approximate their fair values. Debtors with default payments or financial difficulties are considered doubtful and provision for expected credit loss is provided for. No collateral is held over trade and other receivables.

Non-current	2023	2022
	\$	\$
Loan to Montmorency Eltham RSL Sub-Branch Patriotic Fund	1,042,742	1,042,742

11. Inventories

Current	2023	2022
	\$	\$
At cost		
Bar stocks	38,210	28,237
Kitchen stocks	11,186	6,329
	49,396	34,566

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements
For the year ended 31 December 2023

12. Other assets

Current	2023 \$	2022 \$
Other assets		
Prepayments	39,257	30,632
Bonds	2,500	-
Accrued income	65,709	37,137
Other assets	3,260	-
	110,726	67,769

13. Property, plant and equipment

2023	Plant and equipment \$	Gaming equipment \$	Total \$
Cost			
Opening balance	583,285	35,525	618,810
Additions	114,700	24,862	139,562
Disposals	(58,328)	-	(58,328)
Ending balance	639,657	60,387	700,044
Accumulated depreciation			
Opening balance	(43,746)	(7,483)	(51,229)
Charge for the year	(123,234)	(8,668)	(131,902)
Disposals	9,236	-	9,236
Ending balance	(157,744)	(16,151)	(173,895)
NBV at 31 December 2022	539,539	28,040	567,579
NBV at 31 December 2023	481,912	44,235	526,147

14. Gaming machine entitlements

2023	Gaming machine entitlements \$	Total \$
Cost		
Opening balance	877,047	-
Additions	-	-
Ending balance	877,047	-

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements
For the year ended 31 December 2023

14. Gaming machine entitlements (continued)

2023	Gaming machine entitlements \$	Total \$
Accumulated depreciation		
Opening balance	(29,234)	-
Charge for the year	(87,705)	-
Ending balance	(116,939)	-
NBV at 31 December 2022	847,813	-
NBV at 31 December 2023	760,108	-

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.

15. Trade and other payables

Current	2023 \$	2022 \$
Trade payables	130,317	98,644
GST payable	78,964	70,060
Jackpot contribution liability	14,225	2,237
Accrued expenses	78,514	67,981
Gaming entitlement payable	128,952	119,033
Other trade and other payables	2,453	12,038
	433,425	369,993

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Non-current	2023 \$	2022 \$
Gaming entitlement payable	555,452	674,485

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

16. Borrowings

Current	2023	2022
	\$	\$
ANZ loan	88,775	82,216
Non-current	2023	2022
	\$	\$
ANZ loan	274,415	361,747

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.

17. Employee benefits

Current	2023	2022
	\$	\$
Annual leave	99,967	72,522
Long service leave	29,793	32,164
	129,760	104,686
Non-current	2023	2022
	\$	\$
Long service leave	52,904	27,414

18. Financial risk management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, leases, and loans with related parties.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	2023	2022
	\$	\$
Held at amortised cost		
Cash and cash equivalents	644,264	528,484
Trade and other receivables	1,042,742	1,042,742
	1,687,006	1,571,226

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

18. Financial risk management (continued)

Financial liabilities	2023	2022
	\$	\$
Held at amortised cost		
Trade and other payables	(988,877)	(1,044,478)
Borrowings	(274,415)	(361,747)
	(1,263,292)	(1,406,225)

19. Contingencies

In the opinion of the Committee, the Association did not have any contingencies at 31 December 2023 (2022: None).

20. Related parties

a. The Association's main related parties are as follows:

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any committee member (whether executive or otherwise) of that entity, is considered key management personnel.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close family members.

b. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Description	2023	2022
	\$	\$
Rental expense to Montmorency Eltham RSL Sub-Branch Patriotic Fund	148,173	164,725

c. Loans to related parties

Description	2023	2022
	\$	\$
Loan provided to Montmorency Eltham RSL Sub-Branch Patriotic Fund	1,042,742	1,042,742

Montmorency Eltham RSL Sub-Branch Inc

Notes to the financial statements

For the year ended 31 December 2023

21. Events occurring after the reporting date

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

22. Statutory information

The registered office and principal place of business of the Association is:

Montmorency Eltham RSL Sub-Branch Inc
16 Mountain View Rd
Montmorency VIC Australia
3094

Montmorency Eltham RSL Sub-Branch Inc

Statement by members of committee

Annual statements give true and fair view of financial performance and position of incorporated association

In accordance with a resolution by the members of the Committee of Montmorency Eltham RSL Sub-Branch Inc. (the "Association"), the members of the Committee of the Association declare that:

1. The attached financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Association Incorporation Reform Act 2012* and:
 - Comply with Australian Accounting Standards – Simplified Disclosures; and
 - Give a true and fair view of the financial position of the Association as at 31 December 2023 and of its performance for the financial year ended on that date; and
2. There are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

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



Glen Ferrarotto
President

Dated: 13 MAR 24



Andrew Hall
Senior Vice President and Secretary

Independent Auditor's Report To the Members of Montmorency Eltham RSL Sub-Branch Inc.

Opinion

We have audited the financial report of Montmorency Eltham RSL Sub-Branch Inc. (the "Association"), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information and other explanatory information, and the statement by the Committee.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*, including:

- (a) giving a true and fair view of the Association's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures, Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Associations Incorporation Reform Act 2012 (Vic)*.

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 (including Independence Standards)* (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.

Other Information

The Committee is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee for the Financial Report

The Committee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*, and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Committee is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report


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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

E. F. McPHAIL & PARTNERS

A handwritten signature in black ink, appearing to read "Wayne Durdin". The signature is fluid and cursive, with a long horizontal stroke at the end.

WAYNE C. DURDIN
Partner

6 March 2024
Melbourne