HEALESVILLE RSL SUB-BRANCH INC.

ABN: 33 196 026 879

AUDITED FINANCIAL STATEMENTS - SPECIAL PURPOSE MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

HEALESVILLE RSL SUB-BRANCH INC.

Contents

Statement of Surplus or Deficit and Other Comprehensive Income for the year ended 31 December 2018	2
Statement of Financial Position as at 31 December 2018	3
Statement of Changes in Equity for the Year Ended 31 December 2018	4
Statement of Cash Flows for the Year Ended 31 December	5
Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018	6
Declaration By Committee	13
Independent Auditors Report	14

HEALESVILLE RSL SUB-BRANCH INC.

Statement of Surplus or (Deficit) and Other Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 $	2017 $
Revenue	2	3,479,682	3,482,982
Cost of good sold	2	(1,890,362)	(1,832,546)
Gross profit		1,589,320	1,650,436
Interest income		328	499
Administration expenses		(42,481)	(37,604)
Employee benefits expense		(811,320)	(818,981)
Finance costs		(11,932)	(24,093)
Gaming machine amortisation		(116,087)	(116,446)
Members rewards		(26,690)	(31,510)
Occupancy costs		(394,534)	(327,759)
Other expenses		(113,528)	(158,878)
Total expenses		(1,516,572)	(1,515,271)
Surplus Before Income Tax Expense		73,076	135,664
Income tax expense		-	-
Surplus After Income Tax Expense		73,076	135,664
Other comprehensive income for the year (net of tax)		-	-
Total Comprehensive Income for the year attributable to the members		73,076	135,664

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH INC.

Statement of Financial Position
as at 31 December 2018

	Note	2018 $	2017 $
Current Assets			
Cash & cash equivalents	9	290,529	234,093
Trade & other receivables	3	4,772	4,957
Inventories	4	20,582	15,764
Total Current Assets		315,883	254,814
Non Current Assets			
Trade & other receivables	3	89,822	86,147
Gaming licence entitlements	5	446,951	536,736
Total Non Current Assets		536,773	622,883
Total Assets		852,656	877,697
Current Liabilities			
Trade payables & other liabilities	6	148,310	107,760
Gaming entitlements loan	7	113,045	150,599
Provisions	8	93,182	91,127
Total Current Liabilities		354,537	349,486
Non Current Liabilities			
Gaming entitlements loan	7	-	101,113
Provisions	8	-	2,055
Total Non Current Liabilities		-	103,168
Total Liabilities		354,537	452,654
Net Assets		498,119	425,043
Equity			
Retained surplus		498,119	425,043
Total Equity		498,119	425,043

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH INC.

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Retained surplus	Total
	$	$
Balance at 1 January 2017	289,379	289,379
Surplus attributable to members	135,664	135,664
Balance at 31 December 2018	425,043	425,043
Surplus attributable to members	73,076	73,076
Balance at 31 December 2018	498,119	498,119

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH INC.

Statement of Cash Flows
for the Year Ended 31 December 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Cash receipts from customers		3,478,557	3,497,710
Cash payments to suppliers and employees		(3,253,976)	(3,319,929)
Interest received		499	499
Interest paid		-	-
Net cash (outflow) from operating activities	9	225,080	178,280
Cash Flows from Financing Activities			
Repayment - Gaming Licence Entitlements Loan		(138,667)	(150,600)
Net movement in other loans		(3,675)	(35,764)
Net cash (outflow) from financing activities		(142,342)	(186,364)
Cash Flows from Investing Activities			
Deposit paid for gaming entitlements		(26,302)	-
Net cash (outflow) from investing activities		(26,302)	-
Net increase /(decrease) in cash held		56,436	(8,084)
Cash at beginning of financial year		234,093	242,177
Cash at end of financial year	9	290,529	234,093

The accompanying notes form part of these financial statements.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This special purpose financial report has been prepared for distribution to the members of the Sub- Branch to fulfil the Association's financial reporting requirements under the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012 (the Acts). The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements of the Acts, and are, in the opinion of the committee, appropriate to meet the needs of members.

The requirements of Australian Accounting Standards, Accounting Interpretations, and other professional reporting requirements, do not have mandatory applicability to the Sub-Branch, except to the extent required by the Act, because it is not a "reporting entity".

Basis of Accounting

The report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards and Accounting Interpretations:

AASB 107: Statement of Cash Flows
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 110: Events after the Balance Sheet Date;
AASB 1048: Interpretation of Standards; and
AASB 1054: Australian Additional Disclosures

No other Accounting Standards, Accounting Interpretations or other authoritive pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

Inventory

Inventory is valued at the lower of cost or net realisable value basis. Costs are assigned on a first-in first-out basis.

Gaming Licence Entitlements

The Sub-branch has elected to account for its gaming entitlements on a cost basis. That is, entitlements are recorded at cost and amortised on a straight line basis over their useful lives, whilst the VCG loan is reduced by each quarterly instalment until the liability is reduced to $nil.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Surplus or (Deficit) and Other Comprehensive Income.

Impairment of Assets

At each reporting date, the Sub-Branch reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Sub-Branch estimates the recoverable amount of the cash generating unit to which the asset belongs.

Employee benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Sub-Branch does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Sub-Branch does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Sub-Branch and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Gaming and TAB Revenue
The gaming revenue directly attributable to the Sub-Branch is recognised as the residual value after deducting the return to customers from the wagering and gaming turnover net of the amounts of revenue collected by the venue on behalf of Intralot and the Government. The Sub-Branch recognises only the Sub-Branch's portion of revenue.

Bar and Kitchen Revenue
Revenue is recognised when the significant risks and rewards of ownership of the goods passes to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of the delivery of the goods to the customer.

Membership Revenue
Revenue from membership fees are recognised progressively over the period to which the membership relates. Membership fees are levied on a financial year basis.

Interest Revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Income Tax

The Sub-Branch is not liable for income tax. The ongoing Income 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.

Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

Comparative Figures

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

Significant accounting judgments

In the process of applying the Sub-Branch's accounting policies, management have not made any judgments, apart from those involving 'normal' estimations, which have had a significant effect on amounts recognised in the financial statements.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Agency Account

In 2014, Anzac House passed a bill for all RSL sub-branch's to act as an agent for the appeals account. As this is reported on directly to Anzac House, it has not been included in the accounts of this Sub-branch.

		2018	2017
		$	$
2	**SURPLUS / (DEFICIT) FOR THE YEAR**		
	Surplus / (Deficit) has been determine after:		
	Revenue		
	- bar	497,981	510,080
	- gaming	2,260,810	2,147,845
	- kitchen	631,752	607,495
	- other	89,139	217,562
		3,479,682	3,482,982
	Costs of goods sold		
	- bar	194,854	197,085
	- gaming	1,020,137	944,147
	- kitchen	612,846	662,591
	- other	62,525	28,723
		1,890,362	1,832,546
3	**TRADE & OTHER RECEIVABLES**		
	Current		
	Receivables	4,772	4,957
	Provision for impairment of receivables	-	-
		4,772	4,957
	Non Current		
	Loan – Healesville RSL Patriotic Fund	87,779	82,104
	Loan – Healesville RSL Agency Fund	2,043	4,043
		89,822	86,147
	(loans are interest free and unsecured)		
4	**INVENTORIES**		
	Stock on hand - food & bar (at cost)	20,582	15,764

Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018 (cont'd)

		2018	2017
		$	$
5	**GAMING LICENCE ENTITLEMENTS**		
	Cost	1,187,902	1,161,600
	Less: Accumulated Amortisation	(740,951)	(624,864)
		446,951	536,736

In 2010, the Sub-Branch purchased Gaming Machine Entitlements for 50 machines, via the Victorian State Government 'pre auction club offer'. These entitlements took effect on 16 August 2012, and the entitlements are in place for a period of 10 years. In the current year, a deposit of $262,032 was paid in respect of Gaming Machine Entitlements for 50 machines, which have a 10 year life from August 2022.

6	**TRADE PAYABLES & OTHER LIABILTIIES**		
	Current		
	Trade creditors	94,706	83,549
	Accruals and other payables	42,946	12,414
	Accrued income - Prepaid membership fees	10,658	11,797
		148,310	107,760

7 GAMING ENTITLEMENTS LOAN

The Sub-branch has a commitment to the Victorian Commission for Gambling Regulation in relation to its 'pre-auction', held in 2010, in respect of gaming machine entitlements with an original cost of $1,161,600. The balance is payable in quarterly installments by 31 August 2019 and amounts to $113,045.

8	**PROVISIONS**		
	Current		
	Provision for annual leave	38,503	38,503
	Provision for long service leave	54,679	52,624
		93,182	91,127
	Non Current		
	Provision for long service leave	-	2,055

		2018	2017
		$	$

8 PROVISIONS (cont'd)

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Sub Branch does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Sub Branch does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

9 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

Cash at bank and on hand	290,529	234,093

(b) Reconciliation of Net Cash used in Operating Activities to Operating Surplus

Operating surplus after income tax	73,076	135,664
Non Cash Flows in Operating surplus:		
Gaming machine amortisation	116,087	116,446
Change in Operating Assets & Liabilities:		
(Increase)/decrease in trade and other debtors	185	24,225
(Increase)/decrease in inventories	(4,818)	5,846
(Decrease)/increase in trade creditors and customer deposits	40,550	(88,611)
(Decrease)/increase in provisions	-	(15,290)
Net cash from / (used in) operating activities	225,080	178,280

10 CONTINGENT LIABILITY

The Sub-Branch executed an 'Offer Deed Poll', wherein it would acquire (at a minimum), 50 gaming entitlements at a cost of $21,042 each for the period 16 August 2022 to 15 August 2032. A deposit of 2.5% (i.e. $26,302) was paid prior to 28 February 2018, a further deposit of $26,302 is due in February 2019 and the balance in 2022.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 December 2018 (cont'd)

	2018	2017
	$	$

11 CAPITAL AND LEASING COMMITMENTS

Finance lease commitments

No finance lease commitments were contracted for at year-end

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

- not later than 12 months	259,700	187,295
- 12 months to 5 years	-	-
- greater than five years	-	-
	259,700	187,295

The property lease is renegotiated annually with the Patriotic Fund in conjunction with ANZAC House

12 EVENTS AFTER REPORTING DATE

There have been no events subsequent to the balance date that have had an impact requiring disclosure in the financial statements or notes thereto.

13 DETAILS

The registered office and principal place of business is:

Healesville RSL Sub-Branch Inc.
275-279 Maroondah Highway
HEALESVILLE VIC 3777

HEALESVILLE RSL SUB-BRANCH INC.

Declaration by Members of the Committee

The Members of the Committee ('the Committee') of Healesville Sub-Branch Inc. declare that:

(a) in the Committees' opinion the financial statements and notes are in accordance with the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012 (the Acts), including:

(i) giving a true and fair view of its financial position as at 31 December 2018 and of its performance and cash flows for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Acts; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the committee members

Committee Member

Date: 20.2.19

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ACCOUNTANTS and ADVISORS

Independent Audit Report
To The Members of Healesville RSL Sub-Branch Inc

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Healesville RSL Sub-Branch Inc ("the Sub Branch"), which comprises the statement of financial position as at 31 December 2018, the statement of surplus or (deficit) 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 a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Sub Branch is properly drawn up, including:

a. giving a true and fair view of the Sub Branch's financial position as at 31 December 2018 and of its financial performance for the year ended; and
b. complying with Australian Accounting Standards to the extent described in Note 1 and with the Associations Incorporation Reform Act 2012 and Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility 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 Sub Branch 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 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 audit opinion.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee's financial reporting responsibilities under the Associations Incorporation Reform Act 2012 and the ACNC Act. As a result, the financial report may not be suitable for another purpose.

Committee's Responsibility for the Financial Report

The Committee of the Sub Branch is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Associations Incorporation Reform Act 2012 and the ACNC Act. The Committee's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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 Sub Branch'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 the Committee either intends to liquidate the Sub Branch or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sub Branch's financial reporting process.

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Independent Audit Report
To The Members of Healesville RSL Sub-Branch Inc (cont'd)

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 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 the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Stannards Accountants and Advisors

Michael Shulman
Partner
Date: 20 February 2019

HEALESVILLE RSL SUB-BRANCH INC.

Detailed Surplus or Deficit Statement
for the Year Ended 31 December 2018

	2018	2017
Bar sales	497,981	510,080
Gaming sales	2,260,810	2,147,845
Kitchen sales	631,752	607,495
Interest income	328	499
Other income	89,139	217,562
	3,480,010	3,483,481
Bar COGS	(194,854)	(197,085)
Gaming COGS	(1,020,137)	(944,147)
Kitchen COGS	(612,846)	(662,591)
Other COGS	(62,525)	(28,723)
	(1,890,362)	(1,832,546)
Gross Profit	1,589,648	1,650,935
Admininstration expenses	(42,481)	(37,604)
Employee benefits expense	(811,320)	(810,746)
Finance costs	(11,932)	(24,093)
Gaming machine amortisation	(116,087)	(116,446)
Members rewards	(26,690)	(31,510)
Occupancy costs	(394,534)	(330,946)
Other expenses	(113,528)	(163,926)
Total expenses	(1,516,572)	(1,515,271)
Surplus	73,076	135,664