HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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

	Note	2018 $	2017 $
Revenue		259,720	187,006
Expenses		(225,535)	(243,792)
Surplus / (Deficit) Before Income Tax Expense		34,185	(56,786)
Income tax expense		-	-
Surplus / (Deficit) After Income Tax Expense		34,185	(56,786)
Other comprehensive income for the year (net of tax)		-	-
Total Comprehensive Income for the year attributable to the members		34,185	(56,786)

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

Statement of Financial Position
as at 31 December 2018

	Note	2018 $	2017 $
Current Assets			
Cash & cash equivalents	7	31,029	11,411
Total Current Assets		31,029	11,411
Non Current Assets			
Land - at valuation		1,500,000	1,500,000
Land and buildings - at valuation		1,800,000	1,800,000
Less accumulated deprecation		(108,000)	(72,000)
Property improvements - cost		199,180	199,180
Less accumulated deprecation		(18,646)	(11,757)
Plant, furniture and equipment - cost		464,206	449,223
Less accumulated deprecation		(370,625)	(302,308)
Motor vehicles		70,447	70,447
Less accumulated deprecation		(47,792)	(37,922)
Total Non Current Assets		3,488,770	3,594,863
Total Assets		3,519,799	3,606,274
Current Liabilities			
Trade payables & other liabilities		5,577	1,213
Healesville RSL Sub-Branch (unsecured and interest free)		85,779	82,104
Loan - Bendigo bank		169,200	169,200
Finance lease		6,888	5,372
Total Current Liabilities		267,444	257,889
Non Current Liabilities			
Loan - Bendigo bank		611,306	734,633
Finance lease		-	6,888
Total Non Current Liabilities		611,306	741,521
Total Liabilities		878,750	999,410
Net Assets		2,641,049	2,606,864
Equity			
Retained surplus		892,863	858,678
Revaluation reserve		1,748,186	1,748,186
Total Equity		2,641,049	2,606,864

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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

	Retained surplus	Revaluation reserve	Total
		$	$
Balance at 1 January 2016	915,464	1,748,186	2,663,650
Deficit attributable to members	(56,786)	-	(56,786)
Balance at 31 December 2017	858,678	1,748,186	2,606,864
Surplus attributable to members	34,185	-	34,185
Balance at 31 December 2018	892,863	1,748,186	2,641,049

The accompanying notes form part of these financial statements.

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

Statement of Cash Flows
for the Year Ended 31 December 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Cash receipts from customers		259,701	186,916
Cash payments to suppliers		(52,755)	(80,380)
Interest received		19	90
Interest paid		(47,340)	(46,814)
Net cash (outflow) from operating activities	7	159,625	59,812
Cash Flows from Investing Activities			
Plant and equipment acquired		(14,983)	(45,157)
Net cash (outflow) from investing activities		(14,983)	(45,157)
Cash Flows from Financing Activities			
Net movement in loans		(125,024)	(67,299)
Net cash (outflow) from financing activities		(125,024)	(67,299)
Net decrease in cash held		19,618	(52,644)
Cash at beginning of financial year		11,411	64,055
Cash at end of financial year	7	31,029	11,411

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 Fund's financial reporting requirements under the Australian Charities and Not-for-Profits Commission Act 2012 (the Act). The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements of the Act, 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 Fund, 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 fund 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.

Property, Plant and Equipment

Property, plant and equipment are included at cost or at valuation.

All assets, excluding freehold land and buildings from which rental income is derived are depreciated over their estimated economic lives. The carrying value of property, plant and equipment is reviewed regularly such that it does not exceed its recoverable amount.

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)

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 Fund 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 fund 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 fund estimates the recoverable amount of the cash generating unit to which the asset belongs.

Revenue

Rental and all other sources of income are accounted for on an accruals basis, such that revenue is recognised when it is earned.

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

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)

Income Tax

The Fund is not liable for income tax. The ongoing Income Exempt Charity status is subject to the Fund 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 fund'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)

	2018 $	2017 $

2 BORROWINGS

The Bendigo Bank loan facility was funded in March 2016 for the Returned & Services League of Australia (Victorian Branch) Inc. as trustee for the Healesville RSL Sub Branch Patriotic Fund No. 2789. The Loan is on a variable interest rate with a term of 20 years, this includes a interest only period of one year, which is reviewed annually. The loan is secured by: a guarantee and indemnity for the Healesville RSL Sub-Branch Inc; and a registered first mortgage over the property held at 275-279 Maroondah Highway, Healesville.

The lease liability is secured by the underlying leased asset.

3 CAPITAL AND LEASING COMMITMENTS

(a) Finance lease commitments

The Healesville RSL Sub Branch Patriotic Fund have the following finance lease commitments:

Payable – minimum lease payments		
- no later than 12 months	7,292	7,047
- between 12 months and 5 years	-	6,124
- greater than 5 years	-	-
Minimum lease repayments	7,292	13,171
- less future finance charges	(404)	(911)
Total lease liability	6,888	12,260

(b) Operating lease commitments

The Healesville RSL Sub Branch Patriotic Fund does not have any operating lease commitments.

(c) Capital expenditure commitments

At 31 December 2018 the Healesville RSL Sub Branch Patriotic Fund does not have any capital commitments.

4 CONTINGENT LIABILITIES AND ASSETS

The Fund's committee are not aware of any contingent liabilities or assets as at the date of signing this financial report.

5 EVENTS AFTER THE REPORTING DATE

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

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

	2018 $	2017 $

6 ECONOMIC DEPENDENCY

The Fund is economically dependent on the continued support of its bankers and the Returned & Services League of Australia (Victorian Branch) Inc. in meeting the bank covenant requirements imposed on their commercial loan. The Fund is also dependant on administrative support provided by the Healesville RSL Sub Branch Inc. Any change in one or more of the above would have a significant adverse on it's ability to continue to trade as a going concern.

7 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	31,029	11,411
Represented by:		
Building	31,029	11,411
Welfare	-	-

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

Operating surplus / (deficit)	34,185	(56,786)
Non Cash Flows in Operating suplus / (deficit):		
Depreciation	121,076	117,830
Change in Operating Assets & Liabilities:		
(Decrease)/increase in trade creditors and accruals	4,364	(1,232)
Net cash from / (used in) operating activities	159,625	59,812

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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 Australian Charities and Not-for-Profits Commission Act 2012 (the Act), 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 Act; 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 (Patriotic Fund)

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 (Patriotic Fund) ("the Fund"), 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 committee's declaration.

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

a. giving a true and fair view of the Fund'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 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 Fund 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 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 Fund 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 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 Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

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

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Independent Audit Report
To The Members of Healesville RSL Sub-Branch (Patriotic Fund) (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 2018

HEALESVILLE RSL SUB-BRANCH PATRIOTIC FUND

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

	2018	2017
Income		
Rent from Healesville RSL Sub Branch	259,701	186,916
Interest received	19	90
Profit on disposal of pland and equipment	-	-
Total Income	**259,720**	**187,006**
Expenses		
Audit fees	-	500
Consulting Fees	2,045	34,950
Depreciation	121,076	117,830
Donations	2,359	-
Insurance	15,404	14,309
Interest paid	47,340	46,814
Repairs & Maintenance	32,884	25,839
Welfare Assistance	2,501	382
Sundry expenses	1,926	3,168
Total Expenditure	225,535	243,792
Surplus / (Deficit)	**34,185**	**(56,786)**