

Epping RSL Sub-Branch Inc.
Patriotic Fund

ABN 80 776 608 151

31 December 2020

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Auditor's Independence Declaration

To the Members of Epping RSL Sub-Branch Inc. Patriotic Fund

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Epping RSL Sub-Branch Inc. Patriotic Fund for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



D M Scammell
Partner - Audit & Assurance

Melbourne, 17 March 2021

Committee's Report

Your committee members submit the financial statement of the Fund for the financial year ended 31 December 2020.

Committee Members

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

Kevin Ind (President)	Terry Power
Peter Egan (Vice President)	Mary Bell
John Merrett (Senior Vice President)	Mark Stewart
Leslie Luscombe	Michael Reid (Appointed on 25 February 2020)
Philip Creek	

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

Principal activities

The principal activities of the Fund during the year were to provide commercial property accomodation for the Epping RSL Sub-Branch in support of its objectives in providing welfare and charitable activities to its members and returned serviceman and servicewoman.

Significant changes in state of affairs

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

Operating results

The profit of the Fund for the financial year amounted to \$281,213 (2019 profit: \$469,650).



Kevin Ind
President

Dated this 17th day of March 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	2020	2019
	\$	\$
Rental revenue	480,261	476,292
Donations received	-	180,000
Finance costs	(58,448)	(15,127)
Depreciation expense	(129,887)	(149,489)
Welfare expenses	(10,713)	(15,683)
Other expenses	-	(6,343)
Profit/(loss) before income tax	281,213	469,650
Income tax expense	-	-
Net profit/(loss) for the year	281,213	469,650
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	281,213	469,650

Statement of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	2	17,169	390,580
Total current assets		<u>17,169</u>	<u>390,580</u>
Non-current assets			
Property, plant and equipment	3	4,338,795	3,196,931
Total non-current assets		<u>4,338,795</u>	<u>3,196,931</u>
Total assets		<u><u>4,355,964</u></u>	<u><u>3,587,511</u></u>
Current liabilities			
Trade and other payables	4	62,158	315,609
Financial liabilities	5	166,680	-
Total current liabilities		<u>228,838</u>	<u>315,609</u>
Non-current liabilities			
Trade and other payables	6	1,561,192	1,561,192
Financial liabilities	7	1,796,280	1,222,269
Total non-current liabilities		<u>3,357,472</u>	<u>2,783,461</u>
Total liabilities		<u><u>3,586,310</u></u>	<u><u>3,099,070</u></u>
Net assets		<u><u>769,654</u></u>	<u><u>488,441</u></u>
Equity			
Retained earnings		<u>769,654</u>	488,441
Total equity		<u><u>769,654</u></u>	<u><u>488,441</u></u>

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Retained Earnings
	\$
Balance as at 1 January 2019	18,791
Total comprehensive income for the year	469,650
Balance as at 31 December 2019	<u>488,441</u>
Balance as at 1 January 2020	488,441
Total comprehensive income for the year	281,213
Balance as at 31 December 2020	<u><u>769,654</u></u>

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		480,261	656,292
Payments to suppliers		(264,164)	295,771
Interest paid		(58,448)	(15,127)
Net cash provided by operating activities	8	<u>157,649</u>	<u>936,936</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,271,751)	(1,582,697)
Net advances/(payments to) related parties		-	-
Net cash used in investing activities		<u>(1,271,751)</u>	<u>(1,582,697)</u>
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		<u>740,691</u>	998,096
Net cash provided by financing activities		<u>740,691</u>	<u>998,096</u>
Net change in cash and cash equivalents held			
Cash and cash equivalents at beginning of financial year		<u>390,580</u>	38,244
Cash and cash equivalents at end of financial year	2	<u>17,169</u>	<u>390,580</u>

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

1. Statement of significant accounting policies

General information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Epping RSL Sub-Branch Inc. Patriotic Fund

Epping RSL Sub Branch Inc. Patriotic Fund is established under the Veterans Act 2005 and is a registered charity under the Australian Charities and Not-for-profits Commission Act 2012.

Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Australian Charities and Not-for profits Commission Act 2012, and the Veterans Act 2005.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statement containing relevant and reliable information about transactions, events and conditions. The committee members have determined that the Fund is a not-for-profit entity as the principal objective is not the generation of profit.

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.

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

Adoption of new and revised accounting standards

In the current year, the Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. There was no impact on the fund's financial performance or position.

Notes to the Financial Statements

1. Statement of significant accounting policies (continued)

Revenue - Based on standard AASB 15 & 1058

Revenue is recognised for the major business activities as follows:

Rental Revenue

Rental revenue is recognised over the period in which the property is leased. All revenue is stated net of the amount of goods and services tax.

Property, plant and equipment

Freehold land and buildings, plant and other equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended. Land and buildings, plant and other equipment are subsequently measured using the cost model, less subsequent depreciation and impairment losses. Depreciable assets are written off over their useful lives commencing from the time the asset is held ready for use.

The following table indicates the rates upon which depreciation charges are based:

Class of Fixed Asset

	%
Furniture & Fittings	5-10%
Plant & Equipment	20-30%
Motor Vehicles	8%
Bowling Greens	2.50%
Buildings	2.50%
Leased Assets	20%

Depreciation is recognised on a straight line basis to write down the cost less estimated residual value of assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

Income tax

The entity is exempt from income tax.

Notes to the Financial Statements

1. Statement of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

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 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 statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is the equivalent to the date that the commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the interest rate method, or cost. Fair value represents the amount for which an asset could be liability settled, between knowledgeable, willing parties. Where available, quoted prices in an are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the and is equivalent to the rate exactly discounts estimated future cash payments or receipts transaction costs and other premiums or discounts) through the expected life (or when this reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Notes to the Financial Statements

1. Statement of significant accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that quoted in an active market and are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at cost.

Critical accounting estimates and judgments

The committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Standards and interpretations not yet effective which have not been early adopted

There are several standards and interpretations which have been issued but are not yet effective. The impact of these pronouncements on the Fund's reported financial position and performance has not yet been determined, but are not expected to be material to the financial statements.

The committee members anticipate that all pronouncements will be adopted in the Fund's financial statements for the first period beginning after the effective date of the pronouncement.

Epping RSL Sub-Branch Inc. Patriotic Fund
ABN 80 776 608 151

Notes to the financial statements

	2020	2019
	\$	\$
2. Cash and cash equivalents		
Cash at bank	17,169	390,580
Total cash and cash equivalents	<u>17,169</u>	<u>390,580</u>
3. Property, plant and equipment		
Plant & equipment at cost	517,143	517,143
Accumulated depreciation	<u>(485,874)</u>	<u>(451,569)</u>
	31,269	65,574
Motor vehicles at cost	44,889	44,889
Accumulated depreciation	<u>(21,546)</u>	<u>(17,955)</u>
	23,343	26,934
Furniture & fittings at cost	140,281	140,281
Accumulated depreciation	<u>(49,795)</u>	<u>(38,549)</u>
	90,486	101,732
Buildings at cost	4,896,902	3,625,151
Accumulated depreciation	<u>(917,641)</u>	<u>(842,975)</u>
	3,979,261	2,782,176
Bowling Greens at cost	243,185	243,185
Accumulated depreciation	<u>(28,749)</u>	<u>(22,670)</u>
	214,436	220,515
Total property, plant and equipment	<u>4,338,795</u>	<u>3,196,931</u>

Epping RSL Sub-Branch Inc. Patriotic Fund
ABN 80 776 608 151

Notes to the financial statements

3. Property, plant and equipment (continued)

Movements in the carrying amounts of property, plant and equipment are as follows:

	Plant & equipment	Motor vehicles	Furniture & fittings	Buildings	Bowling greens	Total
	\$	\$	\$	\$	\$	\$
Opening balance	65,574	26,934	101,732	2,782,176	220,515	3,196,931
Additions/(disposals)	-	-	-	1,271,751	-	1,271,751
Depreciation	(34,305)	(3,591)	(11,246)	(74,666)	(6,079)	(129,887)
Closing balance	31,269	23,343	90,486	3,979,261	214,436	4,338,795

4. Trade and other payables

	2020	2019
	\$	\$
Current		
Trade creditors	62,158	315,609
	62,158	315,609
Non-Current		
Amounts owed to related party - Epping RSL Sub-Branch Inc.	1,561,192	1,561,192
Total trade and other payables	1,561,192	1,561,192

5. Financial liabilities

At amortised cost

Current

Bank loan	166,680	-
	166,680	-

Non-Current

Bank loan	1,796,280	1,222,269
	1,796,280	1,222,269

Total financial liabilities

	1,962,960	1,222,269
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The bank loan has a variable interest rate applied, the latest interest rate is 3.62% and has been conducted at arm's length. The loan matures in February 2022. The facility is secured by assets held by the entity.

Epping RSL Sub-Branch Inc. Patriotic Fund
ABN 80 776 608 151

Notes to the financial statements

6. Cash flow information

	2020	2019
Reconciliation of net cash provided by operating activities to net profit	\$	\$
Net (loss)/profit for the year	281,213	469,650
Depreciation	129,887	149,488
Increase/(decrease) in trade and other payables	(253,450)	315,609
Increase/(decrease) in GST	-	2,188
Net cash provided by operating activities	<u>157,649</u>	<u>936,936</u>

7. Events after reporting date

On 11 March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The COVID-19 pandemic and the measures undertaken to contain it have materially changed the global economic outlook, causing large-scale economic disruption in all markets. In an attempt to mitigate the economic effect of the COVID-19 pandemic, the government have offered significant fiscal and regulatory support to allow businesses to remain liquid and solvent, and to support employees and the unemployed. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. The Committee cannot reasonably estimate the length or severity of this pandemic.

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

8. Contingent assets and contingent liabilities

The Sub Branch has provided a registered mortgage over all of its assets to the National Australia Bank in relation to borrowings by the Epping RSL Patriotic Fund.

9. Related party transactions

Affiliated entity - Epping RSL Sub-Branch Inc.

Rent received	480,261	476,292
Epping RSL Sub-Branch Inc. - Loan payable	1,561,192	1,561,192

Epping RSL Sub-Branch Inc. Patriotic Fund
ABN 80 776 608 151

Notes to the financial statements

10. Fund details

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

Epping RSL Sub-Branch Inc. Patriotic Fund
195 Harvest Home Road
Epping VIC 3076

Committee's Declaration

In the opinion of the committee, the financial statements and notes of Epping RSL Sub-Branch Patriotic Fund are in accordance with the Veterans Act 2015 and the Australian Charities and Not-for-profits Commission Act 2012, including:

1. The financial report and notes, as set out on pages 4 to 15, gives a true and fair view the company's financial position as at 30 December 2020 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 of the financial report;
2. Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations), the Veterans (Patriotic Funds) Regulations 2008 and the Australian Charities and Not-for-profits Commission Regulation 2013.

At the date of this statement, there are reasonable grounds to believe that Epping RSL Sub-Branch Inc. Patriotic Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Kevin Ind
President

Dated this 17th day of March 2021

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Independent Auditor's Report

To the Members of Epping RSL Sub-Branch Inc. Patriotic Fund

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of Epping RSL Sub-Branch Inc. Patriotic Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Committee.

In our opinion, the financial report of Epping RSL Sub-Branch Inc. Patriotic Fund has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Veterans Act 2005*, including:

- a giving a true and fair view of the Fund's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- b complying with the Australian Accounting Standards – Reduced Disclosure Requirements, the Veterans (Patriotic Funds) Regulation 2008, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 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 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 audit opinion.

Information other than the Financial Report and Auditor's Report

The Committee are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 31 December 2020 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 of the Fund are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Veterans Act 2005*, and for such internal control as the Committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee are 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 intend 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.

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. 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/auditors_responsibilities/ar3.pdf.

This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D M Scammell
Partner – Audit & Assurance

Melbourne, 17 March 2021