



# 2020 Annual Report





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## PAST PRESIDENTS

1930-40	L. Wilson
1941	F. Loton
1942	N. J. Edwards
1943	J. Bell
1944	W. Gothorp
1945	J. W. Bryce
1946	F. Hull
1947	R Burton
1948-50	D. A. Ganley
1951-53	J. M. Gardiner
1954-56	R. De La Haye
1957-58	M. Smith
1959	A. M. Rowed
1960	C. J. Stephens
1961	J. Lawrence
1962	A. J. Hamilton
1963	F. H. Ware
1964	P. B. West
1965	J. Willoughby
1966	E. J. Patton
1967-68	L. J. Webster
1960-70	K. Lang
1971-74	J. McKechnie
1975-76	N. W. Macalister
1977-79	K. L. Walsh
1980-81	D. Oxley
1982-83	K. J. Frankel
1984-85	W. L. Elder
1986	D. Oxley
1987	H. M. Grigg
1988-89	L. J. Webster
1990	A. M. Denton
1991-96	H. M. Grigg
1997-02	P. L. Lester
2003	F. J. Thumpston
2004-05	B. Goldsbury
2006	R. Gunn
2007-13	G. F. Mead
2014-17	T. Mallaghan P.J. Paul
2018	G. F. Mead OAM

2019 G. F. Mead OAM

2020 C.R. Thompson

## LIFE MEMBERS

J. Bell

A. Hamilton

P. B. West

E. J. Patton

L. E. K. Lang

K. J. Frankel

L. J. Webster

H. M. Grigg

D. C. Oxley

F. J. Thumpston

P. H. Langeweg

G. F. Mead

J. A. McKechnie

M. Dean

A. Burland

R. L. Gunn

B. Shelton

B. Goldberg

C. R. Thompson



Back row left to right: Barrie Goldsbury, Greg Mead, Peter Paul  
 Front row left to right: Terry Heffernan, Glenyce Paul, Chris Thompson, Cheryl Overton, Chris Cannin

# COMMITTEE

## 2020

### Chris Thompson

**PRESIDENT**

**Convenor:** Future Strategic Planning, VCS Chair, Council/RSL Trust, Staff Liaison & PR, Memorabilia.

**Deputy:** Fleet Management, Cadets, Elections 2021, Sporting Groups, Gaming Transition.

### Greg Mead OAM

**VICE PRESIDENT**

**Convenor:** Future Strategic Planning, Sporting Groups, Serendipity, Donations and Grants, Gaming Transition. **Deputy:** Honours & Awards, Budget '21', Carols by the Bay, Treasurer.

### Peter Paul

**SECRETARY**

**Convenor:** Future Strategic Planning, Budget 2021, Men's Shed, Building. **Deputy:** Education, Donations & Grants, Serendipity, Day Club.

### Terry Heffernan

**TREASURER**

**Convenor:** Future Strategic Planning, Budget 2021, Men's Shed, Building. **Deputy:** Council / RSL Trust, Garden Custodian, Cenotaph & Memorial.

### Cheryl Overton

**Convenor:** Appeals, Asset Registry, Day Club. **Deputy:** Breakfast Program, Library, Funerals, Region 10.

### Glenyce Paul

**Convenor:** Membership and Recruiting, Breakfast Program, Education, Raffles. **Deputy:** Asset Register, Secretary, Pensions, Appeals.

### Barrie Goldsbury

**Convenor:** Region 10, Funerals, Pensions, Library. **Deputy:** Raffles, Sporting Groups, OH&S, Membership & Recruiting.

### Chris Cannin

**Convenor:** OH&S, Cadets, Garden Custodian, Cenotaph Custodian. **Deputy:** Men's Shed, Building, Memorabilia, VCS.

### Barrie Goldsbury

**Convenor:** Region 10, Funerals, Pensions, Library. **Deputy:** Raffles, Sporting Groups, OH&S, Membership & Recruiting.

### ANZAC & Remembrance Day

Chris Thompson, Greg Mead, Peter Paul,  
 Chris Cannin, Barrie Goldsbury.



## Statement of Purpose of the Sub-Branch

- i. Provide for the sick, helpless, wounded, aged, disabled, destitute and needy among those who are serving or who have served in the Australian Defence Forces, the various British Commonwealth Defence Forces, members of allied Defence Forces and their dependants;
- ii. Perpetuate the close and kindly ties of friendship created by the mutual service in the Australian Defence Forces or in the forces of nations traditionally allied with Australia and the recommendations associated with that experience;
- iii. Maintain a proper standard of dignity and honour among all past and present members of the Australian Defence Forces and set an example of public spirit and noble hearted endeavour;
- iv. Preserve the memory and records of those who suffered and died for Australia, erect monuments to their valor, provide them with suitable burial places and establish and preserve, in their honour, the annual commemoration day known as ANZAC Day;
- v. Encourage loyalty to Australia and secure patriotic service in the interests of Australia;
- vi. Protect the good name and preserve the interests and standing of members of the Australian Defence Forces;
- vii. Encourage a member as a citizen, to serve Australia with that spirit of self sacrifice and loyalty with which they served as members of the Australian Defence Forces;
- viii. The promotion of a social organisation and Subbranch of the Branch composed of those who are serving or who have served in the Australian Defence Forces, the various British Commonwealth Defence Forces, Members of Allied Defence Forces, their dependants and such other persons who from time to time may be admitted to membership in accordance with these rules;
- ix. To establish, maintain and conduct a Subbranch of a non political and non sectarian character and to provide, furnish, equip and maintain Subbranch rooms, reading rooms, recreation rooms and refreshment facilities; to establish and maintain billiard tables and facilities for other lawful games, sporting facilities and recreation for its members for the maintenance and improvements of friendly relationships amongst the members and generally to afford to members and their friends and guests all the usual privileges, advantages, conveniences and facilities of a Sub-branch;
- x. To provide means of social interaction between persons who are members of the League and in particular, members of the Phillip Island RSL Sub-branch of the Branch and their friends and guests;
- xi. To make contributions to any charitable relief benefit commemoration or memorial funds of any kind whatsoever as the Committee may deem advisable.

It was very good of Greg Mead to retain the reins of the Presidents position until we gained permission from ANZAC House and Consumer Affairs to conduct our AGM in September, but once put into position it finally went ahead without many problems. My thanks must go to the stalwart Committee Members who also served a little longer than initially anticipated.

To say the last year has been trying would be an exaggeration, I guess the best way to describe it would be to borrow from the press and politicians, and describe it as a once in a lifetime happening, let's hope so anyway!

After considering the result from our last financial year, it must be appreciated that the outcome was obtained by making and incorporating some very astute business decisions, taken mainly on instinct, as we really had no set format to cover the situation that was unfolding before us, coupled with a very high degree of care, a little luck, and a heap of dedication shown by our Management, Staff, Committee and Members. The entire group bonded together to ensure we got through this Pandemic and came out the other side in a position to be able to help our Members and the Community where needed, and as we stand today it appears those efforts were very successful. My heartfelt thanks go to that great band and I hope when things finally return to some normality, we are able to thank you in a much more fitting manner.

To the Staff, and you know who you are, that stood by your mobiles at home and ensured that our welfare drives, wages, and rosters were still happening and people were getting the wages, and assistance where necessary, thank you, it will always be remembered and appreciated.

The passing list this year reflects that we had to say goodbye to a large group of Members during this period, people who because of restrictions we were unable to give a fitting farewell. Our sincere condolences to the relatives we were unable to console, please be assured we will always remember them.

*Chris Thompson*

President

Dear Members,

I write this report reflecting on a year that provided many challenges, none less than a global pandemic. The pressure placed before us was one never experienced and one I hope I do not experience again, this said, the experience is not over but 2021 looks a lot brighter.

We started 2020 with great optimism and strong trade, fortunately the results of our early 2020 months provided a solid base financially and greatly assisted us during the lockdown periods. The RSL started to experience the impact of the pandemic late February and this flowed through to postponing activities such as Day Club, Bingo, Morning Melodies and Raffles, it was a very uncertain time and I would like to thank all our participating members for your understanding.

Under State Government directives we were forced to close our doors for operation 11.59pm, 22 March 2020, with no date to reopen we had to take a full venue closure approach, at this stage the task in front of us was not realised and the true understanding of the pandemic was only in the first stage. Endless conversations with suppliers and business partners required a delicate approach as we were all concerned with implications of the lockdowns and the need to survive beyond this period.

The RSL reopened for trade 4 June 2020 for take-away food initially, this was done with the view to re-engage staff, reconnect with our members and community and slowly lead into on-site trading. Heavy patron restrictions made for extremely difficult times with an operation capacity of 40 patrons per venue at 10 patrons per space. Just as we were starting to move in the right direction we were again forced to close our doors 5 August 2020.

Trade recommenced 21 October 2021 with 20 patrons per space and slowly eased with gaming operations commencing 10 November at 50% capacity, it was great to see all our members returning, it was refreshing to see our RSL spring to life and confidence started to resonate across our community. I thank our members who chose to support us, we got through it, and we did so with your support. I also thank our management and staff who stuck with our RSL and assisted during the lockdown periods, cleaning, mowing lawns and moving furniture, a special thank you Sarah Marshall and Brad Carter who worked tirelessly to navigate JobKeeper and development of a COVID Safe Plan, this ensured you as members and staff were provided a safe environment upon reopening.

During the lockdown we continued to provide Welfare Services when required and I thank Andrew Tolley for manning the hotline and providing the voice of support to our Veterans and wider membership. Thank you to our volunteer drivers who did not waiver in the need of others and assisted with transport until we were forced to stop, your ongoing assistance and commitment to our Welfare Transport Program cannot be praised enough.

### **Financials 2020 – Brief**

For a year that was like no other our financial performance held up reasonably well. Across the Sub Branch and Patriotic Fund we show a net profit result of \$82,353, with the Sub Branch presenting a profit of \$316,773 and the Patriotic Fund showing a loss of (\$234,420). The Sub Branch result was greatly assisted by the JobKeeper Scheme, the ATO cash boost and the State Government Hospitality Grants, these assistance packages coupled with lease discounts and concessions



from Tabcorp Gaming Solutions inflated our revenue beyond our expected operating activities. In reality our operating revenues show a reduction of 62% and given the interrupted year, this was anticipated. Operating expenses show a reduction of 40%, this indicates that some expenses were ongoing through our non-trading periods such as electricity and insurances and operational expenses increased even when trading under heavy restrictions as we slowly reopened. Our Patriotic Fund shows a loss largely based on a non-cash item of depreciation, rent from the Sub Branch was budgeted for less than previous years but was further reduced with the closures.

<b>Bar</b>	<b>2020</b>	<b>2019</b>
Revenue	\$716,492	\$1,712,681
Cost of Goods Sold	\$219,323	\$471,477
Expenses	\$194,158	\$339,164
<b>Result</b>	<b>\$303,011</b>	<b>\$902,040</b>

<b>Food</b>	<b>2020</b>	<b>2019</b>
Revenue	\$1,171,453	\$2,902,590
Cost of Goods Sold	\$366,719	\$873,403
Expenses	\$1,007,992	\$1,454,031
<b>Result</b>	<b>-\$203,258</b>	<b>\$575,156</b>

<b>Gaming</b>	<b>2020</b>	<b>2019</b>
Revenue	\$2,036,930	\$5,731,534
Cost of Goods Sold	\$1,339,535	\$2,742,526
Expenses	868700*	1017055*
<b>Result</b>	<b>-\$171,305</b>	<b>\$1,971,953</b>

\*Gaming entitlement amortisation included

Financially, we got through 2020 and I am pleased to report we remain in a strong position leading into 2021 however, at the time of writing this report we have already experienced a five-day lockdown and JobKeeper has reached its end, 2020 tested us and the full impact of the pandemic is still unfolding. For more information on the 2020 financial performance of the RSL please refer to the financial reports provided.

In closing, the year ahead will be challenging, we are being very optimistic about the future but uncertain what normal might look like. The landscape has changed, and we will work through to adapt and ensure the Phillip Island RSL moves forward to reach the best possible outcomes for our members and meet the RSL objectives. I take this opportunity to thank the Committee for their support throughout the year and look forward to navigating the year ahead.

*Jess Feather*

General Manager

## Breakfast program

### **2020 saw a halt to our RSL Breakfast Program at Cowes Primary School.**

Fortunately we were able to manage just one breakfast at the end of the school year, in early December. The breakfast was a wonderful success and greatly appreciated by the children.

Special thanks to those who managed to be available for this special day. We are looking forward to recommencing the Breakfast Program in Term 2 of 2021.

## Community Support and Sponsorship

### **Many of our weekly programs had to be postponed, or totally suspended, in 2020. This included the Day Club, Friday Night Raffles, Carols by the Bay, Sporting Sections, Bingo, Morning Melodies, and Men's Shed.**

To all our volunteers and volunteer drivers, heartfelt thanks for your tolerance and understanding of the cancellations, postponements, at short notice. Your service is greatly appreciated.

### **In our restricted year we were able to provide the following support - \$27,278.**

- Room Hire – Free of Charge
- PIMHAG
- Book Club
- Rotary
- TPI
- PI PROBUS
- Artist Society
- Phillip Island Surf Life Saving Club
- General donations and sponsorships, Victorian Bushfire Disaster Relief, Phillip Island CFA, Phillip Island Football Netball Club, Phillip Island Health Hub Auxiliary, Phillip Island Cricket Club, Artist Society.
- Portsea Youth Camp - \$1112
- Mens Shed - \$2996
- Day Club - \$5191
- RSL – Sporting Sections
- Angling - \$1395
- Golf - \$1015
- Boule - \$220
- Subsidised meals, beverages and entertainment - \$119,820

**There is a saying “you don’t know what you’ve got till it’s gone” and this applies to all of these activities.**

## AGM 2020

### **The AGM was delayed by 5 months, until Monday 7th September 2020. Whilst it was the first virtual meeting we have ever held, it was also the first Monday AGM.**

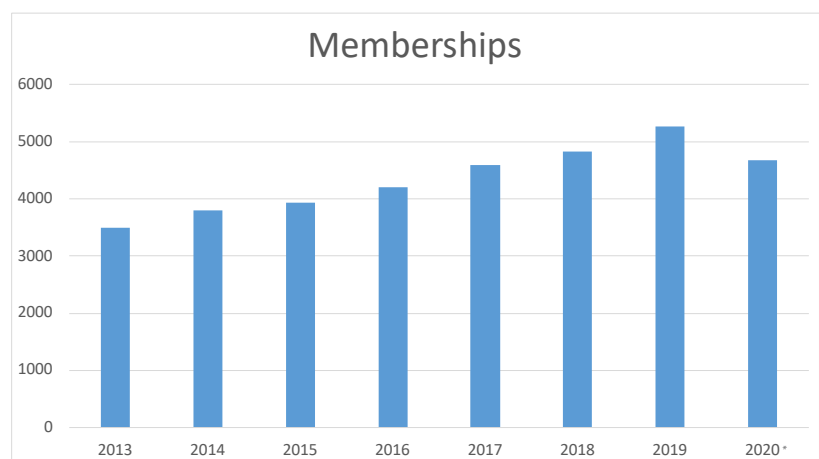
To say that 2020 was unlike any other year we have ever had would be a gross understatement. Delays, frustrations, cancellations, reorganisation, open and

shut, lockdowns, all went in the mix to create a year where normal operations went by the by. Whilst it was certainly a memorable year, it is one we do not wish to repeat.

To all those who rose above the ordinary, and kept their shoulder to the wheel, we thank you for your efforts. They were greatly appreciated.

## Membership

As at 31 December 2020 our total membership was at 4677



\* COVID 19

## Commemoration services

### ANZAC Day – 25th April



**Our ANZAC Day commemoration was starkly different from our usual activities. Many members stood outside their homes for the Dawn Service at 6am, and many more joined them for the 11am Service.**

A short 8.00am service was held at the RSL Memorial Garden attended by President Greg Mead, Vice President, Chris Thompson, General Manager, Jess Feather and Bass Coast Shire Councillor, Stephen Fullerton. Remaining socially distanced this reinforced the full impact of Covid-19 on ANZAC Day, but the spirit was not diminished. It was a commemoration service that will be long remembered.

The recipient of the Community ANZAC Award for 2020 was Bruce Procter. Although the presentation was delayed, an enjoyable evening, recognising his service to the community, this was held in July. Remembrance Day was held under restrictions and with a small gathering in attendance at our Memorial Garden. We remembered our fallen and all the men and women who served in the great war of 1914 to 1918. President, Chris Thompson provided a short service before attending the RSL for light refreshments.

### Remembrance Day Poppy Appeal



During a very difficult Covid 19 year and with Government restrictions in place, it was an uncertain time to be selling poppies.

We are pleased to report that our wonderful volunteers rallied and gave their time willingly for this worthwhile cause.

We were very happy that we sold in excess of \$8000, which will be used for the Welfare of Veterans and we thank our local community for their continued support.



## CFA Lawn Bowls Fund Raiser

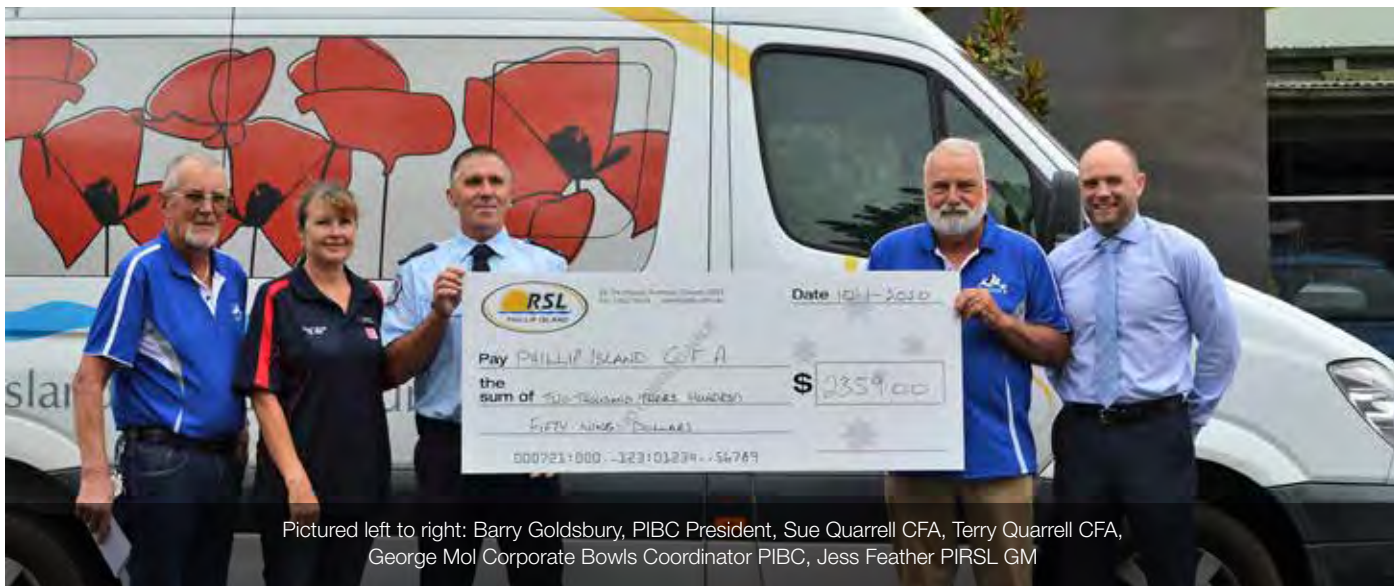
**The Phillip Island Bowls Club with support of the Phillip Island RSL conducted a 6 week lawn bowls Pairs event leading into Christmas. The twelve team concept competed Wednesday nights with all raffle proceeds and entry fees being donated to the CFA Building Project.**

The Phillip Island RSL were extremely keen to support the event and to assist the Bowling Club with the fund drive, their financial contribution enabled the event to proceed. Many thanks to George Mol of the Phillip Island Bowls Club for the concept and

administering the event.

The inaugural winners of the Community Pairs event were Errol Bradford and Peter Carter, both were pleased to donate their winnings back to the cause.

The Phillip Island Bowling Club and the Phillip Island RSL see this as a great method of joint fund raising across community Clubs and hopefully encourages all local Clubs and organisations to get involved while having some fun. Money raised from the event was \$2359.00.



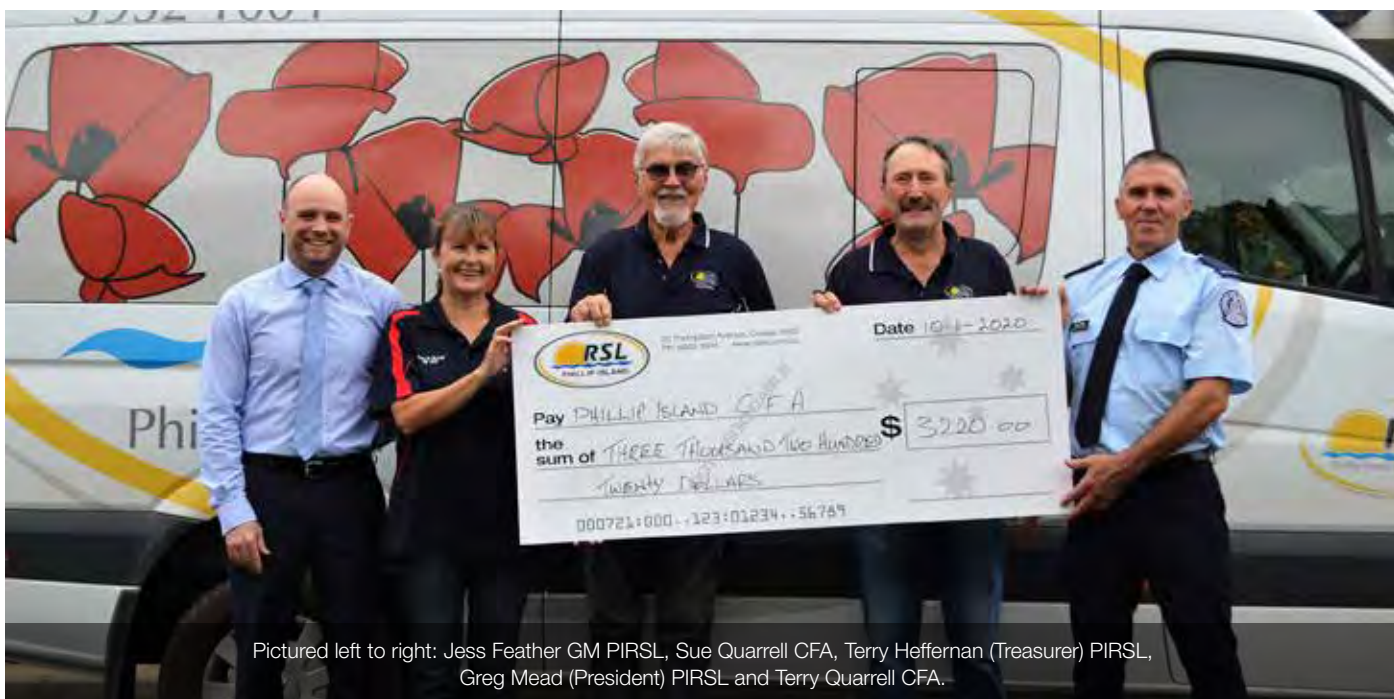
Pictured left to right: Barry Goldsbury, PIBC President, Sue Quarrell CFA, Terry Quarrell CFA, George Mol Corporate Bowls Coordinator PIBC, Jess Feather PIRSL GM

## Phillip Island RSL – CFA Donation

**The Phillip Island RSL was pleased to donate \$3220.00 to the Phillip Island CFA to assist with purchasing 45 face masks.**

With recent events and our local CFA assisting with East Gippsland fires, face mask stocks were in low

supply, the RSL approached the CFA to see if any assistance was required and were promptly advised of this request. The RSL did not hesitate in donating the funds required to support our CFA with the much needed face masks for this ongoing fire season.



Pictured left to right: Jess Feather GM PIRSL, Sue Quarrell CFA, Terry Heffernan (Treasurer) PIRSL, Greg Mead (President) PIRSL and Terry Quarrell CFA.



# - VALE -

## THE PHILLIP ISLAND RSL RECOGNISES THE PASSING OF THE FOLLOWING MEMBERS DURING 2020

John Spaven

Ronald Roff

Ken Fargher

Pearl Martin

Derek Hewson

Geoffrey Cohen

Robert Perry

Ken Davy

Ronald Parkins

June Mckechnie

Pamela Checkley

Valerie Condie Rayner

Dorothy Pedersen

Noel Macklin

Kay Lorraine Gough

Dorothy Fargher

William Simondson

Ronald Taylor

Michael Deaton

Kaye Pamela Wilkinson

Hilda Mary Williams

Ernest Allan Bird

Bruce Parry

Denis Michael Cordingley

Barry Thompson

Vera Boekel

Frank Farrugia

Jim Brierley

Garry Fruhwald

Jim Gislingham

Antonino Giarruso

Dianne Ryan-Butters

Dorothea Baird

Brenda Bates

Susan Bellett

Betty Mcmenaman

Rita Shreenan

**PHILLIP ISLAND RSL SUB BRANCH INC.**  
(ABN 62 187 546 251)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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## REPORT BY THE COMMITTEE

Your committee present this report on the Sub Branch for the year ended 31 December 2020.

### Committee Members

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

Committee Member	Responsibilities	Appointment date	Cessation date
Chris Thompson	President	7 September 2020	
Greg Mead	Vice President, Past President	15 September 2020	
Peter Paul	Secretary	21 July 2020	
Terry Heffernan	Treasurer		
Michael Curwood	Secretary		17 March 2020
Sue Curwood	Committee member		7 September 2020
Barrie Goldsbury	Committee member	21 July 2020	
Chris Cannin	Committee member	26 November 2020	
Scott Osborne	Committee member		14 November 2020
Irene Asbury	Committee Member		12 July 2020

The 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 activity of the Sub Branch during the financial year was that of provision of welfare services for veterans and the aged and general club operations.

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

### Review of operations

The financial year ended 31 December 2020 was significantly impacted by two State-wide Coronavirus (COVID-19) pandemic shutdowns from 23 March 2020 to 4 June 2020 and 5 August 2020 to 21 October 2020 respectively. The shutdowns were cause for no capacity to trade on premise, and heavily restricted trade limitations when able to reopen. Capacity limits slowly eased from 20 patrons per space to 1 patron per 2m<sup>2</sup> with Gaming operations recommencing on 10 November 2020 at 50% capacity. The Sub Branch was able to apply for JobKeeper payments for staff that met the criteria and assisted the Sub Branch in continuing to meet its obligations. Financially the Sub Branch traded well prior to COVID-19 and managed the impacts of COVID-19 effectively during and post shutdowns. This enabled the Sub Branch to show a surplus for the year ended 31 December 2020 of \$316,773.

### Objectives

The short-term objectives of the Sub Branch are to support the wellbeing and betterment of our members, former and serving members of the ADF, and their dependants, with the provision of welfare and commemorative services and, where appropriate, contribute to the worthy needs within the community.

The long-term objective is to be the pinnacle benchmark for all Victorian RSL's.

### Strategies for achieving the objectives

To achieve its stated objectives, the Sub Branch has adopted the following strategies:

- Development of a 10 Year Strategic Plan.
- Develop a due diligence process to ensure the necessary rigor is applied to the analysis, value assessment and expectations of all projects.

### Performance measures

The Sub Branch measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used to assess the financial sustainability of the Sub Branch and whether the short-term and long-term objectives are being achieved.

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**Events after the Reporting Date**

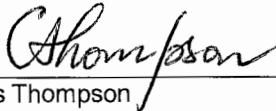
On 12 February 2021, the Victorian State Government announced a 5-day stage 4 snap lockdown due to an outbreak of the COVID-19 virus which resulted in the operations of the Association being suspended. Although restrictions were eased from 18 February 2021, restrictions remain in place that continue have a significant financial impact on the Association. The risk of further outbreaks may result in further lockdown restrictions which at the time of signing this report was not possible to estimate.

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

**Auditor's Independence Declaration**

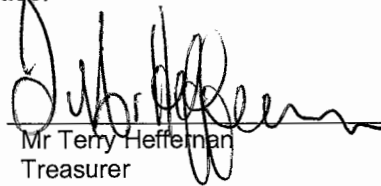
A copy of the auditor's independence declaration as required under subdivision 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 5 of this financial statement.

Signed in accordance with a resolution of the Committee.



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Mr Chris Thompson  
President



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Mr Terry Heffernan  
Treasurer

Dated this 25 day of March 2021.



**AUDITORS INDEPENDENCE DECLARATION UNDER SUBDIVISION  
60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS  
COMMISSION ACT 2012 TO THE COMMITTEE OF PHILLIP ISLAND  
RSL SUB BRANCH INC.**

I declare that, in relation to our audit of the financial report of Phillip Island RSL Sub Branch Inc. for the financial year ended 31 December 2020, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Vic

**CROWE VIC**

G. Robertson

**GORDON ROBERTSON**  
**Partner**

Date: 25<sup>th</sup> March 2021

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Revenue	2	3,924,875	10,346,805
Cost of sales	3	<u>(1,925,577)</u>	<u>(4,087,406)</u>
Gross Profit		1,999,298	6,259,399
Other revenue	2	1,943,975	376,682
Advertising and promotion		(33,861)	(73,531)
Bar expenses		(194,158)	(337,504)
Cleaning		(51,730)	(115,225)
Committee and member costs		(28,838)	(93,282)
Communications		(77,982)	(74,864)
Depreciation and amortisation	3	(400,494)	(388,268)
Employee costs		(727,509)	(1,109,085)
Finance charges		(20,616)	(47,181)
Food expenses		(1,007,992)	(1,454,031)
Gaming expenses		(482,092)	(630,447)
Islanders day club expenses		(437)	(25,421)
Men's Shed expenses		(617)	(12,506)
Legal and professional fees		(29,621)	(49,910)
Occupancy cost		(396,359)	(1,148,884)
Sports section		(2,631)	(8,890)
Sundry expenses		(51,079)	(148,335)
Travel and accommodation		(4,006)	(9,885)
Welfare and charitable expenses		<u>(116,478)</u>	<u>(308,777)</u>
<b>Surplus before income tax</b>	3	<b>316,773</b>	<b>600,055</b>
Income tax expense	1(a)	-	-
<b>Surplus for the year</b>		<b><u>316,773</u></b>	<b><u>600,055</u></b>
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income for the year, net of income tax		-	-
<b>Total other comprehensive income for the year</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income for the year</b>		<b><u>316,773</u></b>	<b><u>600,055</u></b>
<b>Surplus attributable to:</b>			
Members of the Sub Branch		<u>316,773</u>	<u>600,055</u>
<b>Surplus for the year</b>		<b><u>316,773</u></b>	<b><u>600,055</u></b>
<b>Total comprehensive income attributable to:</b>			
Members of the Sub Branch		<u>316,773</u>	<u>600,055</u>
<b>Total comprehensive income for the year</b>		<b><u>316,773</u></b>	<b><u>600,055</u></b>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,717,112	2,260,114
Trade and other receivables	5	152,048	95,007
Inventories	6	88,794	94,510
Other assets	7	7,427	48,515
<b>TOTAL CURRENT ASSETS</b>		<b><u>2,965,381</u></b>	<b><u>2,498,146</u></b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	1,582,820	1,597,574
Property, plant and equipment	8	74,436	28,701
Right-of-use assets	9	838,707	1,368,417
Intangible assets	10	3,334,221	3,720,829
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>5,830,184</u></b>	<b><u>6,715,521</u></b>
<b>TOTAL ASSETS</b>		<b><u>8,795,565</u></b>	<b><u>9,213,667</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	845,733	847,109
Income received in advance	12	105,175	84,809
Lease liabilities	14	686,462	664,419
Provisions	15	281,615	335,992
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,918,985</u></b>	<b><u>1,932,329</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	11	21,265	21,265
Financial liabilities	13	2,566,986	2,566,986
Lease liabilities	14	417,989	1,132,492
Provisions	15	22,535	29,563
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>3,028,775</u></b>	<b><u>3,750,306</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>4,947,760</u></b>	<b><u>5,682,635</u></b>
<b>NET ASSETS</b>		<b><u>3,862,805</u></b>	<b><u>3,531,032</u></b>
<b>EQUITY</b>			
Retained surplus		3,847,805	3,531,032
<b>TOTAL EQUITY</b>		<b><u>3,847,805</u></b>	<b><u>3,531,032</u></b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Retained surplus \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2019</b>	3,452,054	3,452,054
Restatement lease liability	<u>(521,077)</u>	<u>(521,077)</u>
<b>Restated balance at 1 January 2019</b>	2,930,977	2,930,977
Surplus for the year	600,055	600,055
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>600,055</u>	<u>600,055</u>
<b>Balance at 31 December 2019</b>	<b><u>3,531,032</u></b>	<b><u>3,531,032</u></b>
<b>Balance at 1 January 2020</b>	3,531,032	3,531,032
Surplus for the year	316,773	316,773
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>316,773</u>	<u>316,773</u>
<b>Balance at 31 December 2020</b>	<b><u>3,847,805</u></b>	<b><u>3,847,805</u></b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other sources		5,255,728	10,656,419
Payments to suppliers and employees		(4,577,771)	(8,966,360)
Interest received		1,508	2,889
<b>Net cash provided by operating activities</b>	18(b)	<u><b>679,465</b></u>	<u><b>1,692,948</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(59,621)	(30,361)
Purchase of intangible assets		-	(67,552)
<b>Net cash used in investing activities</b>		<u><b>(59,621)</b></u>	<u><b>(97,913)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability		(162,846)	(718,344)
<b>Net cash used in financing activities</b>		<u><b>(162,846)</b></u>	<u><b>(718,344)</b></u>
Net increase in cash and cash equivalents		456,998	876,691
Cash and cash equivalents at beginning of year		2,260,114	1,383,423
<b>Cash and cash equivalents at end of year</b>	18(a)	<u><b>2,717,112</b></u>	<u><b>2,260,114</b></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are for Phillip Island RSL Sub Branch Inc. as an individual entity, incorporated and domiciled in Australia. Phillip Island RSL Sub Branch Inc. is a not-for-profit incorporated association.

**Statement of Compliance**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*.

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. Material accounting policies adopted in the preparation of this financial statement are presented below. They have been consistently applied unless otherwise stated.

**Basis of Preparation**

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

**(a) Income Tax**

As the Sub Branch is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

**(b) 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, if applicable, bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(c) Trade and Other Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Association holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Information about the impairment of trade receivables and the Association's exposure to credit risk can be found in Note 1(e) and Note 1(r).

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Investments and Other Financial Assets**

**(1) Classification**

The Association classifies its financial assets in the following measurement categories:

- (i) those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- (ii) those to be measured at amortised cost.

The classification depends on the Association's business model for managing the financial assets and the contractual terms of the cash flows.

The Association measures its investments and other financial assets at amortised cost.

**(2) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Association commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

**(3) Measurement**

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**(4) Impairment**

For trade receivables the Association assesses whether there has been a significant increase in credit risk. For trade receivables, the Association applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(f) Plant and Equipment**

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset.

*Depreciation*

The depreciable amount of all plant and equipment including capitalised lease assets, are depreciated over their useful lives to the Association commencing from the time the asset is held ready for use.

The depreciation method and rates used for each class of depreciable asset are:

<b>Class of Plant and Equipment</b>	<b>Depreciation rates</b>	<b>Depreciation method</b>
Plant and equipment	10% - 30%	Straight line
Motor vehicles	20%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Plant and Equipment (Continued)**

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 statement of profit or loss and other comprehensive income.

**(g) Intangible assets**

*Gaming Machine Entitlements*

Gaming machine entitlements are brought to account at cost less, where applicable, any accumulated amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 entity and the cost of the item can be measured reliably.

The carrying amount of intangible assets is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset.

*Amortisation*

The amortisation method and rates used for each class of depreciable asset are:

<b>Class of Intangible</b>	<b>Depreciation rates</b>	<b>Depreciation method</b>
Gaming machine entitlements	10%	Straight line method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

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.

An intangible asset is derecognised upon disposal or when there is no future economic benefit to the Sub Branch. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**(h) Impairment of Assets**

At each reporting date, the Association 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 replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

**(i) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(j) Borrowings**

Borrowings are classified as financial instruments. The measurement basis depends on whether the Association has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. The classification depends on the nature and purpose of the interest-bearing liabilities. The Association determines the classification of its interest-bearing liabilities at initial recognition.



**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Borrowings (Continued)**

Interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. The Association does not have financial liabilities designated at fair value through profit or loss.

During the current and prior year, there were no defaults and breaches of any of the loans.

**(k) Gaming Licences Payable**

During 2009, Phillip Island R.S.L. Sub Branch Inc., along with other Licensed Sub-Branches ("the Sub-Branches") of the Returned & Services League of Australia (Victorian Branch) Inc. ("RSL Vic Branch"), participated in a closed bidding process to acquire 10 years of rights to operate a number of Electronic Gaming Machines on our premises ("the Licences"). The settlement terms of the agreed amounts, as clubs, were 5% of the agreed value in October 2010, with the remainder payable in 5% quarterly instalments from August 2012 to February 2017. No interest is charged by the State Revenue Office with respect to the amounts payable. This long term repayment schedule, coupled with the interest free nature of the payable, introduces some complexity into the accounting for the acquisition of the licenses. The Australian Accounting Standards (specifically AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*) requires that in circumstances where an entity has a long term interest free debt, that 'the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation'. Advice was received during the year ended 31 December 2012 and as a consequence of that advice licenses have been recorded as an asset at amortised cost and the related party liability to the State Revenue Office has been recorded at a discounted net present value. A discount rate of 8% was used in the calculation being the rate at which the State Branch of the R.S.L lends to sub-branches.

During 2014, Phillip Island R.S.L. Sub Branch Inc. accepted the Minister for Liquor and Gaming Regulation's offer to all club venue operators the one-off opportunity to vary the Entitlement Related Agreement for Payment (Payment Agreement) to extend the payment term for gaming machine entitlements by 6 months, effective 31 August 2014.

On 27 July 2018, Phillip Island RSL Sub Branch Inc., was provisionally allocated fifty-eight (58) gaming licences for the period 16 August 2022 to 15 August 2032 (2022-2032 gaming licences) in accordance with the Allocation and Transfer Rules dated 20 December 2017. To secure the allocation of gaming licences, Phillip Island RSL Sub Branch Inc. paid a first instalment of \$67,552 on 26 February 2018 to the Victorian State Government Department of Justice and Regulation with a second instalment payable on or before 28 February 2019, which Phillip Island RSL Sub Branch Inc. paid on 19 February 2019. A further twenty-eight (28) instalments will be payable commencing in August 2022.

The Committee has determined that Phillip Island RSL Sub Branch Inc. has complied with the terms of the Entitlement-Related Agreement for Payments (Club Entitlements) with the Victorian State Government Department of Justice and Regulation and effectively control the 2022-2032 gaming licences which will be available for use from 16 August 2022. Accordingly, the Committee has recognised the gaming licence payable at 31 December 2018 and a corresponding Gaming Machine Entitlements intangible asset for the fifty-eight (58) gaming licences allocated has been recognised, which will be amortised over a 10-year period from 16 August 2022, being the date on which they will be available for use.

**(l) Employee Benefits**

Provision is made for the Sub Branch's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Sub Branch to an employee superannuation fund and are charged as expenses when incurred.

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Provisions**

Provisions are recognised when the Sub Branch has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**(n) Revenue**

Revenue arises mainly from:

- (i) Membership fees paid by members of the Association.
- (ii) Rendering of gaming services;
- (iii) Sale of goods; and
- (iv) Interest received

To determine whether and when to recognise revenue, the Association follows a 5-step process:

- (1) Identifying the contract with a customer;
- (2) Identifying the performance obligations;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations; and
- (5) Recognising revenue when/as the performance obligation(s) are satisfied.

Revenue is recognised at a point in time or over time, when (or as) the Association satisfies performance obligations by transferring the promised goods to its customers.

The Association recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Association satisfies a performance obligation before it receives the consideration, the Association recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before consideration is due.

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).

**(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as operating cash flows.

**(p) Leases**

The Association considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Leases (Continued)

To apply this definition the Association assesses whether the contract meets three key evaluations which are whether:

- (i) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Association;
- (ii) The Association has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- (iii) The Association has the right to direct the use of the identified asset throughout the period of use. The Association assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Association recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Association, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Association depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Association also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Association measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Association sales) are excluded from the initial measurement of the lease liability and asset and are expensed as incurred.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Association has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been reported separately.

### (q) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- (ii) it is held primarily for the purpose of trading; or
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Current and Non-current Classification (Continued)**

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or
- (iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**(r) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Provision for impairment of receivables*

The Association's policy for allowance for doubtful receivables is based on the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables and considers an assessment of recoverability and ageing analysis of outstanding accounts and management's estimates. At 31 December 2020 the Association determined that there were no receivables regarded as doubtful (2019: \$nil).

*Estimation of useful lives of assets*

The Sub Branch determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Extension option for leases (gaming lease)*

When the Association has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. \$1,154,447 of potential lease payments have been included in the lease liability as it is reasonably certain the extension option will be exercised.

*Lease concessions (gaming lease)*

During the year TGS provided lease concessions to the Association which resulted in the recognition of lease concession income of \$589,693 (refer to note 2). The lessor has undertaken to review the concessions on a monthly basis. At 31 December 2020 the Association had no certainty as to whether lease concessions would continue to be offered for future periods and accordingly the lease liability for the remaining lease period has been recognised on the assumption the full lease payments are due and payable and that these will be adjusted for CPI in August 2021 (refer to note 14).

*Impairment of non-financial assets*

The Sub Branch assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Sub Branch and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Critical accounting judgements, estimates and assumptions (Continued)**

*Employee benefits provision*

As discussed in Note 1(l), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**(s) Adoption of new and revised accounting standards**

Management assessment indicates that there are no new Australian Accounting Standards that have been issued but are not yet effective with an expected material impact on the Association's financial report in the period of initial application.

**(v) Comparative Figures**

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

	Note	2020 \$	2019 \$
<b>NOTE 2: REVENUE</b>			
<i>Revenue from operating activities</i>			
- Gaming revenue		2,036,930	5,731,534
- Bar sales		716,492	1,712,681
- Food sales		1,140,821	2,793,596
- Function sales		30,632	108,994
		<u>3,924,875</u>	<u>10,346,805</u>
<i>Other revenue</i>			
- Interest income		1,508	2,889
- Government assistance income	(a)	1,213,800	-
- Lease concessions – gaming machine lease	(b)	589,693	-
- Islanders Day Club revenue		3,366	22,978
- Men's Shed revenue		4,673	15,262
- Other income		130,935	335,553
		<u>1,943,975</u>	<u>376,682</u>
Total revenue and other revenue		<u>5,883,850</u>	<u>10,723,487</u>

Although the Association experienced significant reductions in operating revenues that resulted from the government imposed lockdown restrictions caused by COVID-19, the following income has been recognised:

- (a) Government assistance income through various government stimulus packages, including the Commonwealth Government's JobKeeper scheme (\$1,093,800), Australian Taxation Office's Cash Boost assistance package (\$100,000) and Victorian State Government (\$20,000); and
- (b) Lease concessions offered by Tabcorp Gaming Solutions Pty Ltd, which included:
  - (i) A rent free period from 23 March 2020 to 8 November 2020;
  - (ii) A 75% discount on the lease payments for the period 9 to 30 November 2020; and
  - (iii) A 50% discount on the lease payments for the period 1 to 31 December 2020.

**NOTE 3: SURPLUS BEFORE INCOME TAX**

Surplus before income tax is arrived at after taking into consideration the following charges:

<i>Cost of goods sold</i>			
- Gaming		1,339,535	2,742,526
- Bar		219,323	471,477
- Food		366,719	873,403
		<u>1,925,577</u>	<u>4,087,406</u>
<i>Depreciation and amortisation expense:</i>			
- Plant and equipment		13,886	1,660
- Gaming machine entitlements		386,608	386,608
		<u>400,494</u>	<u>388,268</u>

	Note	2020 \$	2019 \$
<b>NOTE 3: SURPLUS BEFORE INCOME TAX (Continued)</b>			
<i>Right-of-use assets – gaming machines (included in cost of goods sold)</i>			
- Depreciation		529,710	529,710
- Finance costs		60,079	96,051
		<u>589,789</u>	<u>625,761</u>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>			
<b>Current</b>			
Cash at bank		2,567,995	2,076,067
Cash on hand		149,117	184,047
		<u>2,717,112</u>	<u>2,260,114</u>
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade receivables		12,126	24,258
Receivable – Phillip Island RSL Sub-Branch Patriotic Fund		19,022	21,207
Receivable – Government assistance income		120,900	-
Accrued income		-	49,542
		<u>152,048</u>	<u>95,007</u>
<b>Non-Current</b>			
Receivable – Phillip Island RSL Sub-Branch Patriotic Fund		<u>1,582,820</u>	<u>1,597,574</u>
Total trade and other receivables		<u>1,715,846</u>	<u>1,692,581</u>
<b>NOTE 6: INVENTORIES</b>			
<b>Current</b>			
<b>At cost</b>			
Bar, food and other stock		<u>88,794</u>	<u>94,510</u>
<b>NOTE 7: OTHER ASSETS</b>			
<b>Current</b>			
Prepayments		4,977	46,065
Security deposits		2,450	2,450
Total other assets		<u>7,427</u>	<u>48,515</u>

	Note	2020 \$	2019 \$
<b>NOTE 8: PLANT AND EQUIPMENT</b>			
<b>Non-current</b>			
<b>Plant and Equipment</b>			
At cost		51,038	30,361
Accumulated depreciation		<u>(9,286)</u>	<u>(1,660)</u>
		<u>41,752</u>	<u>28,701</u>
<b>Motor vehicles</b>			
At cost		38,944	-
Accumulated depreciation		<u>(6,260)</u>	<u>-</u>
		<u>32,684</u>	<u>-</u>
Total plant and equipment		<u>74,436</u>	<u>28,701</u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Motor vehicles \$	Total \$
Balance at beginning of the year	28,701	-	28,701
Additions	20,677	38,944	59,621
Depreciation	<u>(7,626)</u>	<u>(6,260)</u>	<u>(13,886)</u>
Balance at end of the year	<u>41,752</u>	<u>32,684</u>	<u>74,436</u>

	Note	2020 \$	2019 \$
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**NOTE 9: RIGHT-OF-USE ASSETS**

**Non-current**

*Gaming machines:*

At cost		6,356,519	6,356,519
Accumulated depreciation		<u>(5,517,812)</u>	<u>(4,988,102)</u>
Total right-of-use assets		<u>838,707</u>	<u>1,368,417</u>



**NOTE 9: RIGHT-OF-USE ASSETS (Continued)**

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:

	<b>Gaming machines</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	1,368,417	1,368,417
Depreciation	<u>(529,710)</u>	<u>(529,710)</u>
Balance at end of the year	<u>838,707</u>	<u>838,707</u>
	<b>Note</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>

**NOTE 10: INTANGIBLE ASSETS**

**Non-current**

*Gaming machine entitlements:*

At cost	6,572,063	6,572,063
Accumulated amortisation	<u>(3,237,842)</u>	<u>(2,851,234)</u>
Total intangible assets	<u>3,334,221</u>	<u>3,720,829</u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

	<b>Gaming machine entitlements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 January 2019	3,720,829	3,720,829
Amortisation	<u>(386,608)</u>	<u>(386,608)</u>
Balance at 31 December 2019	<u>3,334,221</u>	<u>3,334,221</u>
	<b>Note</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>

**NOTE 11: TRADE AND OTHER PAYABLES**

**Current**

*Unsecured liabilities*

Trade payables	247,166	234,563
Net GST payable	82,069	188,121
Relief support payable to ANZAC House	66,833	72,909
Sundry payables and accrued expenses	<u>449,665</u>	<u>351,516</u>
	<u>845,733</u>	<u>847,109</u>

	Note	2020 \$	2019 \$
<b>NOTE 11: TRADE AND OTHER PAYABLES (Continued)</b>			
<b>Non-current</b>			
<i>Unsecured liabilities</i>			
Relief support payable to ANZAC House		21,265	21,265
		<u>21,265</u>	<u>21,265</u>
Total trade and other payables		<u>851,998</u>	<u>868,374</u>
<b>NOTE 12: INCOME RECEIVED IN ADVANCE</b>			
<b>Current</b>			
Membership subscriptions		105,175	84,809
		<u>105,175</u>	<u>84,809</u>
<b>NOTE 13: FINANCIAL LIABILITIES</b>			
<b>Current</b>			
<b>Non-current</b>			
<i>Unsecured liabilities</i>			
Gaming licences payable	(a)	2,566,986	2,566,986
		<u>2,566,986</u>	<u>2,566,986</u>
<i>(a) Gaming licences payable</i>			
During the year ended 31 December 2019 Phillip Island RSL Sub Branch Inc. paid two instalments to the Victorian State Government Department of Justice and Regulation totalling \$135,104 to secure fifty-eight (58) gaming licences for the period 16 August 2022 to 15 August 2032. A further twenty-eight (28) instalments will be payable commencing in August 2022 and represents the present value of the non-current portion of the gaming licences payable.			
<b>NOTE 14: LEASE LIABILITIES</b>			
<b>Current</b>			
Gaming machines		686,462	664,419
		<u>686,462</u>	<u>664,419</u>
<b>Non-current</b>			
Gaming machines		417,989	1,132,492
		<u>417,989</u>	<u>1,132,492</u>
Total lease liabilities		<u>1,104,451</u>	<u>1,796,911</u>

The Association has a lease for gaming machines.

The gaming machines operated by the Association are owned by Tabcorp Gaming Solutions Pty Ltd (TGS). The lease is a 10-year lease expiring 31 July 2020 with the option to extend the lease for a maximum further 2 years. The option to extend the lease was exercised and its impact is reflected in the measurement of the lease liability and the right-of-use asset (refer to note 9).

Lease payments comprise a service fee for the electronic gaming machines (EGMs) that are variable payments per machine subject to a CPI increase each August and a fixed loyalty service fee per machine. The lease payments were not increased by CPI by the lessor during the year.

Note	2020 \$	2019 \$
------	------------	------------

**NOTE 14: LEASE LIABILITIES (Continued)**

The lease imposes a restriction that the right-of-use asset can only be used by the Association and that the Association must continue to hold the appropriate gaming licences for the duration of the lease. The lease may be cancelled by either party in the event that either party breaches the terms of the agreement, however the agreement does not specify a termination fee. The agreement contains an option to purchase the underlying leased asset outright at the end of the lease at the greater of the book value and fair market value. TGS retains title and ownership during the lease and as such the Association is prohibited from selling or pledging the underlying leased assets as security. The Association must keep the gaming machines in a good state of repair and return the gaming machines at the end of the lease. Furthermore, the Association must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below provides additional information pertaining to the lease contract with TGS:

Right-of-use asset	No. of RoU assets leased	Remaining term	Average remaining term	No. leases with extension options	No. of leases with purchase options	No. leases with variable payments	No. of leases with termination options
Gaming machines	58	1 years, 7 months	1 years, 7 months	One	One *	One *	Nil

\* All 58 gaming machines are captured under a single lease.

Note	2020 \$	2019 \$
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**Maturity analysis of lease liabilities**

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Payable - minimum lease payments		
- not later than one year	728,454	1,175,553
- later than one year and not later than five years	425,993	731,637
Minimum lease payments	1,554,447	1,907,190
Less future finance charges	(49,996)	(110,279)
Present value of minimum lease payments	1,104,451	1,796,911

Note	2020 \$	2019 \$
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**NOTE 15: PROVISIONS**

**Current**

Annual leave	186,914	229,716
Long service leave	94,701	106,276
	281,615	335,992

**Non-current**

Long service leave	22,535	29,563
Total provisions	304,150	365,555

Note	2020 \$	2019 \$
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**NOTE 15: PROVISIONS (Continued)**

*(a) Provision for Employee Entitlements*

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(l).

**NOTE 16: RELATED PARTY TRANSACTIONS**

Related parties include close family members of key management personnel (KMP) and entities that are controlled by those KMP individually or collectively with their close family members. Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

**Receivables from related parties**

Trade receivable – Phillip Island RSL Sub-Branch Patriotic Fund	19,022	21,207
Loan receivable – Phillip Island RSL Sub-Branch Patriotic Fund	<u>1,582,820</u>	<u>1,597,574</u>

**Transactions with related parties**

Rent expense paid to Phillip Island RSL Sub-Branch Patriotic Fund (Amount shown is inclusive of GST)	<u>170,000</u>	<u>776,487</u>
--	----------------	----------------

**NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION**

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

Total compensation paid to KMP	<u>630,729</u>	<u>780,189</u>
--------------------------------	----------------	----------------

**NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS**

*(a) Reconciliation of cash and cash equivalents*

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

Cash at bank	2,567,995	2,076,067
Cash on hand	<u>149,117</u>	<u>184,047</u>
Total cash and cash equivalents	<u>2,717,112</u>	<u>2,260,114</u>

	Note	2020 \$	2019 \$
<b>NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>(Continued)</b>			
<i>(b) Reconciliation of cash flows from operations with surplus for the year</i>			
Surplus for the year		316,773	600,055
Non-cash flows in surplus for the year			
Amortisation expense		386,608	386,608
Depreciation expense – Plant and equipment		13,886	1,660
Depreciation expense – Right-of-use assets		529,710	529,710
Finance costs – Right-of-use assets		60,079	96,051
Debt forgiveness – gaming machine lease liability		(589,693)	-
Changes in assets and liabilities:			
Increase in trade and other receivables		(42,287)	(62,760)
Decrease/(Increase) in inventories		5,716	(21,242)
Decrease in other assets		41,088	10,098
(Decrease)/Increase in trade and other payables		(1,376)	136,583
Increase/(Decrease) in income in advance		20,366	(1,419)
(Decrease)/Increase in provisions		(61,405)	17,604
		<u>679,465</u>	<u>1,692,948</u>

**NOTE 19: COMMITMENTS**

**(a) Operating Commitments**

Payable - minimum payments			
- not later than one year		179,466	270,386
- later than one year and not later than five years		-	-
Present value of minimum payments		<u>179,466</u>	<u>270,386</u>

Operating commitments comprise the contract for the RSL premises from the Phillip Island RSL Sub Branch Patriotic Fund. The agreement is renewed annually in conjunction with ANZAC House.

**(b) Operating Lease Commitments**

Payable - minimum payments			
- not later than one year		-	3,833
Present value of minimum payments		<u>-</u>	<u>3,833</u>

Operating lease commitments comprise a non-cancellable lease for headsets with lease terms of 3 years payable in monthly instalments. The lease expired in September 2020 but continues on a month to month basis.

**(c) Capital Commitments**

There are no commitments for capital expenditure at reporting date (2019: \$nil).

**NOTE 20: CONTINGENT LIABILITIES**

There are no contingent liabilities at reporting date (2019: \$nil).

**NOTE 21: EVENTS AFTER REPORTING DATE**

On 12 February 2021, the Victorian State Government announced a 5-day stage 4 snap lockdown due to an outbreak of the COVID-19 virus which resulted in the operations of the Association being suspended. Although the stage 4 restrictions were eased from 18 February 2021, other restrictions, such as reduced operating capacity, remain in place that continue have a significant financial impact on the Association. The risk of further outbreaks may result in further lockdown restrictions which at the time of signing this report was not possible to estimate.

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

**NOTE 22: SUB BRANCH DETAILS**

The registered office and principal place of business of the Sub Branch is:

225-243 Thompson Avenue  
Cowes VIC 3922

**STATEMENT BY THE MEMBERS OF THE COMMITTEE**

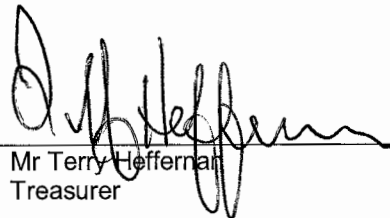
In accordance with a resolution by the members of the Committee of Phillip Island RSL Sub Branch Inc., the members of the Committee of the Sub Branch declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012* and:
  - a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
  - b. Give a true and fair view of the financial position of the Sub Branch as at 31 December 2020 and of its performance for the financial year ended on that date; and
2. There are reasonable grounds to believe that the Sub Branch will be able to pay its debts as and when they become due and payable.

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



\_\_\_\_\_  
Mr Chris Thompson  
President



\_\_\_\_\_  
Mr Terry Heffernan  
Treasurer

Dated this 25 day of March 2021.

**Crowe VIC**

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## Independent Auditor's Report to the Members of Phillip Island RSL Sub Branch Inc.

### Opinion

We have audited the financial report of Phillip Island RSL Sub Branch Inc. (the Association), which comprises the statement of financial position as at 31 December 2020, 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 a summary of significant accounting policies, and the statement by the board of management.

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

- (a) giving a true and fair view of the Association's financial position as at 31 December 2020 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* 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 Association 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 opinion.

### Other Information

The Board of Management is responsible for the other information. The other information comprises the information included in the Association's Report by the Committee 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.

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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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 Board of Management for the Financial Report**

The Board of Management of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the Board of Management determines 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 Board of Management is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Board of Management is responsible for overseeing the responsible 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 those charged with governance.
- Conclude on the appropriateness of the those charged with governance'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 registered entity'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 registered entity 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 responsible entities 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 our audit.

*Crowe Vic*

**CROWE VIC**

*G. Robertson*

**GORDON ROBERTSON**  
**Partner**

Dated at Pakenham this 30<sup>th</sup> day of March 2021.

**PHILLIP ISLAND RSL SUB-BRANCH PATRIOTIC FUND**  
(ABN 73 418 859 933)

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>REVENUE</b>			
Revenue	2	170,000	705,897
Other revenue	2	8,574	1,147
<b>EXPENSES</b>			
Administrative expenses		(14,623)	(1,070)
Commemorative Day expenses		(160)	(20,214)
Depreciation expense	3	(313,203)	(319,194)
Employee expenses		(19,022)	(20,786)
Finance costs	3	-	(97)
Lease charges		(9,070)	(14,650)
Repairs and maintenance expense		(56,916)	(109,456)
Sundry expenses		-	(48,711)
<b>(Deficit)/Surplus before income tax</b>		<b>(234,420)</b>	<b>172,866</b>
Income tax expense	1(a)	-	-
<b>(Deficit)/Surplus for the year</b>		<b>(234,420)</b>	<b>172,866</b>
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income		-	-
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (deficit)/income for the year</b>		<b>(234,420)</b>	<b>172,866</b>
<b>(Deficit)/Surplus attributable to:</b>			
Members of the Fund		(234,420)	172,866
<b>(Deficit)/Surplus for the year</b>		<b>(234,420)</b>	<b>172,866</b>
<b>Total comprehensive (deficit)/income attributable to:</b>			
Members of the Fund		(234,420)	172,866
<b>Total comprehensive (deficit)/income for the year</b>		<b>(234,420)</b>	<b>172,866</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8(a)	217,269	166,849
Trade and other receivables	4	<u>3,154</u>	<u>31,474</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>220,423</b></u>	<u><b>198,323</b></u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<u>7,910,654</u>	<u>8,215,646</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>7,910,654</b></u>	<u><b>8,215,646</b></u>
<b>TOTAL ASSETS</b>		<u><b>8,131,077</b></u>	<u><b>8,413,969</b></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	<u>31,620</u>	<u>65,338</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>31,620</b></u>	<u><b>65,338</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	6	<u>1,582,820</u>	<u>1,597,574</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u><b>1,582,820</b></u>	<u><b>1,597,574</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>1,614,440</b></u>	<u><b>1,662,912</b></u>
<b>NET ASSETS</b>		<u><b>6,516,637</b></u>	<u><b>6,751,057</b></u>
<b>EQUITY</b>			
Welfare equity contribution		36,524	36,524
Reserves	7	1,632,997	1,632,997
Retained surplus		<u>4,847,116</u>	<u>5,081,806</u>
<b>TOTAL EQUITY</b>		<u><b>6,516,637</b></u>	<u><b>6,751,057</b></u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Welfare equity contribution \$	Reserves \$	Retained surplus \$	Total \$
<b>Balance at 1 January 2019</b>		36,524	1,632,997	4,908,670	6,578,191
Surplus for the year		-	-	172,866	172,866
Other comprehensive income for the year	7	-	-	-	-
Total comprehensive income for the year		-	-	172,866	172,866
<b>Balance at 31 December 2019</b>		<b>36,524</b>	<b>1,632,997</b>	<b>5,081,536</b>	<b>6,751,057</b>
<b>Balance at 1 January 2020</b>		36,524	1,632,997	5,081,536	6,751,057
Deficit for the year		-	-	(234,420)	(234,420)
Other comprehensive income for the year	7	-	-	-	-
Total comprehensive deficit for the year		-	-	(234,420)	(234,420)
<b>Balance at 31 December 2020</b>		<b>36,524</b>	<b>1,632,997</b>	<b>4,847,116</b>	<b>6,516,637</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other sources		170,000	760,265
Payments to suppliers		(119,943)	(194,098)
Interest received		224	1,147
Finance costs paid		-	(97)
<b>Net cash provided by operating activities</b>	8(b)	<u><b>50,281</b></u>	<u><b>567,217</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of property, plant and equipment		23,017	13,488
Payments for property, plant and equipment		(22,878)	(521,064)
<b>Net provided by/(used in) investing activities</b>		<u><b>139</b></u>	<u><b>(507,576)</b></u>
Net increase in cash and cash equivalents		50,420	59,641
Cash and cash equivalents at beginning of year		166,849	107,208
<b>Cash and cash equivalents at end of year</b>	8(a)	<u><b>217,269</b></u>	<u><b>166,849</b></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements cover Phillip Island RSL Sub-Branch Patriotic Fund (the "Fund"), a trust established under the *Veterans Act 2005* and a registered charity under the *Australian Charities and Not-for-profits Commission Act 2012*. The Fund is domiciled in Australia.

**Financial reporting framework**

The Fund is not a reporting entity because in the opinion of the Committee there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the requirements of *section 60.40 of the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)* and meet the needs of the members.

For the purposes of preparing the financial statements, the Fund is a not-for-profit entity.

**Statement of Compliance**

The financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

**Basis of Preparation**

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

**(a) Income Tax**

On behalf of all the Victorian sub-branches, the Victorian division of the R.S.L has entered into a Deed of Agreement with the Commissioner of Taxation of the Commonwealth of Australia. Under the Deed of Agreement, dated 3<sup>rd</sup> August 2017, the Phillip Island RSL Sub-Branch Patriotic Fund must comply with criteria to maintain its Income Tax Exempt Charity Status. The Committee considers the criteria has been satisfied and the Fund is exempt from Income Tax.

**(b) 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.

**(c) Trade and Other Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Fund holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Information about the impairment of trade receivables and the Fund's exposure to credit risk can be found in Note 1(e).



**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Property, Plant and Equipment**

*Freehold land and buildings*

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

*Plant and equipment*

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset.

*Depreciation*

The depreciable amount of all plant and equipment including capitalised lease assets, are depreciated over their useful lives to the Fund commencing from the time the asset is held ready for use.

The depreciation method and rates used for each class of depreciable asset are:

<b>Class of Plant and Equipment</b>	<b>Depreciation rates</b>	<b>Depreciation method</b>
Land and Grounds	2%	Diminishing value
Buildings	2.5%	Straight line
Plant and equipment	5% - 30%	Straight line
Motor vehicles	22% - 25%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

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 statement of profit or loss and other comprehensive income.

**(e) Investments and other financial assets**

**(1) Classification**

The Fund classifies its financial assets in the following measurement categories:

- (i) those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- (ii) those to be measured at amortised cost.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Investments and other financial assets (Continued)**

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

The Fund measures its investments and other financial assets at amortised cost.

**(2) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

**(3) Measurement**

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**(4) Impairment**

For trade receivables the Fund assesses whether there has been a significant increase in credit risk. For trade receivables, the Fund applies the simplified approach permitted by *AASB 9 Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(f) Impairment of Non-Financial 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 replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

**(g) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Revenue**

Revenue arises mainly from:

- (i) Rental revenue;
- (ii) Sundry revenue; and
- (iii) Interest received

To determine whether and when to recognise revenue, the Fund follows a 5-step process:

- (1) Identifying the contract with a customer;
- (2) Identifying the performance obligations;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations; and
- (5) Recognising revenue when/as the performance obligation(s) are satisfied.

Revenue is recognised at a point in time or over time, when (or as) the Fund satisfies performance obligations by transferring the promised goods to its customers.

Rent revenue from the property is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Revenue (Continued)**

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

**(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as operating cash flows.

**(j) Leases**

For any new contracts entered into on or after 1 January 2019, the Fund considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Fund assesses whether the contract meets three key evaluations which are whether:

- (i) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Fund;
- (ii) The Fund has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- (iii) The Fund has the right to direct the use of the identified asset throughout the period of use. The Fund assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Fund recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Fund, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Fund depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Fund also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Fund measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Fund's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Fund sales) are excluded from the initial measurement of the lease liability and asset and are expensed as incurred.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Leases (Continued)

The Fund has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Where the practical expedients cannot be applied the right-of-use assets and lease liabilities are reported separately.

The Fund assessed that it had one contract containing a lease which was determined to be a low-value asset and applied the practical expedient of recognising the lease payments in the profit or loss on a straight-line basis over the lease term.

### (k) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- (ii) it is held primarily for the purpose of trading; or
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or
- (iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### (l) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimation of useful lives of assets*

The Fund determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets*

The Fund assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Fund and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Critical accounting judgements, estimates and assumptions (Continued)**

*Valuation of land and buildings*

The Fund assesses the fair value of the land and buildings on an annual basis and at least every 3 years, obtains a valuation by an external independent valuer in accordance with accounting policy disclosed at Note 1(d). Significant changes in market conditions could result in a change in fair value.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Fund based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Fund operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**(m) Adoption of new and revised accounting standards**

During the current year, the Association has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has not significantly impacted the recognition and measurement of transactions and the presentation and disclosures of the financial statements.

**(n) New Accounting Standards for Application in Future Periods**

Management assessment indicates that there are no new Australian Accounting Standards that have been issued but are not yet effective with an expected material impact on the Fund's financial report in the period of initial application.

**(o) Comparative Figures**

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

	2020 \$	2019 \$
<b>NOTE 2: REVENUE</b>		
<i>Revenue from operating activities</i>		
- Rental income – Phillip Island RSL Sub-Branch Inc. (a)	170,000	705,897
<i>Other revenue</i>		
- Interest income	224	1,147
- Profit on disposal of property, plant and equipment	8,350	-
	<u>8,574</u>	<u>1,147</u>
Total revenue and other revenue	<u>178,574</u>	<u>707,044</u>

- (a) Given the impact of COVID-19 on the operations of Phillip Island RSL Sub-Branch Inc. which were closed for a significant portion of the year due to government imposed lockdown restrictions, the Fund notified Phillip Island RSL Sub-Branch Inc. on 15 December 2020 that it had offered a rent concession for the year which resulted in a reduction of rent charged of \$78,805. Phillip Island RSL Sub-Branch Inc. had previously been advised on 31 January 2020 that it will be charged rent of \$245,805 (GST exclusive) for the 2020 financial year.

**NOTE 3: (DEFICIT)/SURPLUS BEFORE INCOME TAX**

(Deficit)/Surplus before income tax is arrived at after taking into consideration the following charges:

<i>Depreciation expense:</i>		
- Land and grounds	7,370	7,520
- Buildings	135,709	135,885
- Plant and equipment	153,394	146,569
- Motor vehicles	16,730	29,220
	<u>313,203</u>	<u>319,194</u>
Loss on disposal of property, plant and equipment	-	41,052
<i>Finance costs:</i>		
- Other finance charges	-	97
<i>Operating lease payment:</i>		
- Plant and equipment	9,070	14,921

**NOTE 4: TRADE AND OTHER RECEIVABLES**

**Current**

Other receivables	771	771
Net GST receivable	2,383	30,703
	<u>3,154</u>	<u>31,474</u>

	2020 \$	2019 \$
<b>NOTE 5: PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Land and grounds</i>		
At fair value	2,401,000	2,401,000
Accumulated depreciation	<u>(14,890)</u>	<u>(7,520)</u>
	<u>2,386,110</u>	<u>2,393,480</u>
<i>Buildings</i>		
At fair value	5,014,000	5,014,000
At cost	7,609	-
Accumulated depreciation	<u>(271,594)</u>	<u>(135,885)</u>
	<u>4,750,015</u>	<u>4,878,115</u>
Total land and buildings	<u>7,136,125</u>	<u>7,271,595</u>
<i>Plant and equipment:</i>		
At cost	2,063,237	2,072,153
Accumulated depreciation	<u>(1,314,571)</u>	<u>(1,183,721)</u>
	<u>748,666</u>	<u>888,432</u>
<i>Motor vehicles:</i>		
At cost	124,454	164,095
Accumulated depreciation	<u>(98,591)</u>	<u>(108,476)</u>
	<u>25,863</u>	<u>55,619</u>
Total plant and equipment	<u>774,529</u>	<u>944,051</u>
Total property, plant and equipment	<u>7,910,654</u>	<u>8,215,646</u>

*Land and buildings*

The Fund's land and buildings were last revalued by independent valuers, PP&E Valuations Pty Ltd, on 31 December 2018.

**NOTE 6: TRADE AND OTHER PAYABLES**

**Current**

*Unsecured liabilities*

Trade payables	11,542	44,131
Accrued expenses	1,056	-
Phillip Island RSL Sub-Branch payable	<u>19,022</u>	<u>21,207</u>
	<u>31,620</u>	<u>65,338</u>

**Non-Current**

*Unsecured liabilities*

Phillip Island RSL Sub-Branch payable	<u>1,582,820</u>	<u>1,597,574</u>
Total trade and other payables	<u>1,614,440</u>	<u>1,662,912</u>

	2020	2019
	\$	\$

**NOTE 7: RESERVES**

**Revaluation reserve**

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

**NOTE 8: CASH AND CASH EQUIVALENTS**

*(a) Reconciliation of cash and cash equivalents*

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

Cash at bank	<u>217,269</u>	<u>166,849</u>
<i>(b) Reconciliation of cash flows from operations with (deficit)/surplus for the year</i>		
(Deficit)/Surplus for the year	(234,420)	172,866
Non-cash flows in surplus for the year		
Depreciation expense	313,203	319,194
(Profit)/Loss on disposal of property, plant and equipment	(8,350)	41,052
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	28,320	54,368
Decrease in trade and other payables	<u>(48,472)</u>	<u>(20,263)</u>
	<u>50,281</u>	<u>567,217</u>

**NOTE 9: LEASING COMMITMENTS**

**Operating Commitments**

Payable - minimum lease payments

- not later than one year	8,792	10,027
- later than one year and not later than five years	<u>5,683</u>	<u>14,475</u>
Minimum lease payments	<u>14,475</u>	<u>24,502</u>

The operating leases comprise:

- (a) A non-cancellable lease for telecommunications equipment with lease terms of 3 years payable in monthly instalments. The lease expires in October 2021; and
- (b) A non-cancellable lease for a photocopier with lease terms of 5 years payable in monthly instalments. The lease expires in March 2024.

**NOTE 10: CONTINGENT LIABILITIES**

There are no contingent liabilities at reporting date (2019: \$nil).



**NOTE 11: EVENTS AFTER 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 Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

**NOTE 12: FUND DETAILS**

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

225-243 Thompson Avenue  
Cowes VIC 3922

**STATEMENT BY THE MEMBERS OF THE COMMITTEE**

The members of the Committee have determined that the Phillip Island RSL Sub-Branch Patriotic Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the members of the Committee the financial statements set out on pages 3 to 16 present a true and fair view of the financial position of Phillip Island RSL Sub-Branch Patriotic Fund as at 31 December 2020 and its performance for the year ended on that date. The members of the Committee declare that:

1. At the date of this statement, there are reasonable grounds to believe that the Phillip Island RSL Sub-Branch Patriotic Fund will be able to pay its debts as and when they become due and payable; and
2. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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



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Mr Chris Thompson  
President



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Mr Terry Hefferhan  
Treasurer

Dated this 25 day of March 2021.

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## Independent Auditor's Report to the Members of Phillip Island RSL Sub-Branch Patriotic Fund

### Opinion

We have audited the financial report of Phillip Island RSL Sub-Branch Patriotic Fund (the Entity), which comprises the statement of financial position as at 31 December 2020, 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 a summary of significant accounting policies, and the statement by the committee.

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

- (a) giving a true and fair view of the Entity's financial position as at 31 December 2020 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 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 Entity 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 opinion.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities of the committee under ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

*Liability limited by a scheme approved under Professional Standards Legislation.*

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## **Responsibilities of the Committee for the Financial Report**

The committee of the Entity 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 and the needs of the members. The responsibility of the committee also includes such internal control as the committee determines 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 ability of the Entity 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 Entity or to cease operations, or have no realistic alternative but to do so.

The committee is responsible for overseeing the Entity'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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the those charged with governance'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 registered entity'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 registered entity 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 our audit.

*Crowe Vic*

**CROWE VIC**

*G. Robertson*

**GORDON ROBERTSON**

**Partner**

Dated at Pakenham this 30<sup>th</sup> day of March 2021.

**Crowe VIC**

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60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS  
COMMISSION ACT 2012 TO THE COMMITTEE OF PHILLIP ISLAND  
RSL SUB-BRANCH PATRIOTIC FUND**

I declare that, in relation to our audit of the financial report of Phillip Island RSL Sub-Branch Patriotic Fund for the financial year ended 31 December 2020, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

**CROWE VIC****GORDON ROBERTSON****Partner**Date: 25<sup>th</sup> March 2021

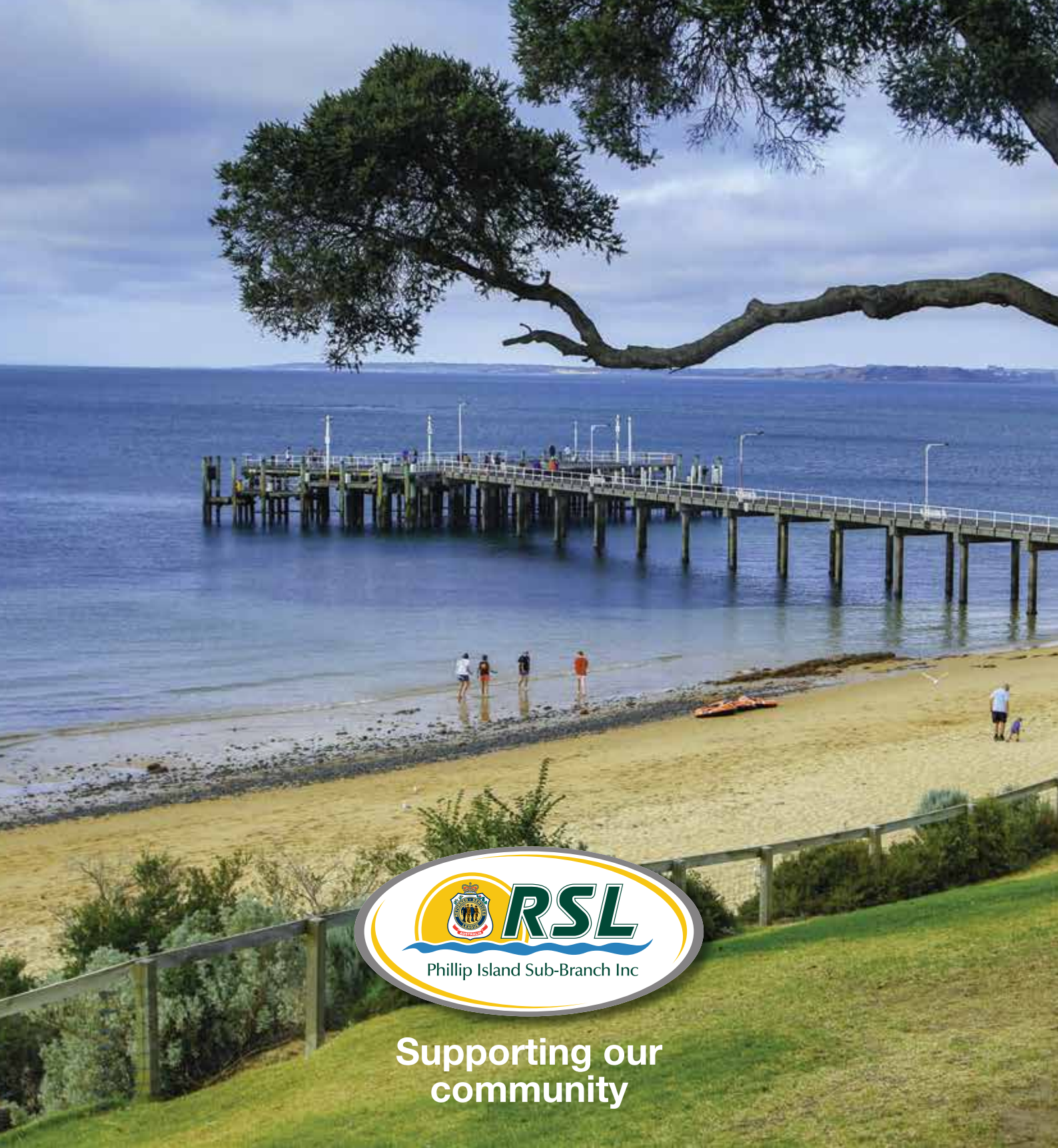
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*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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