

**SHEPPARTON RSL
SUB-BRANCH INC.**

ABN 85 547 263 045

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

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SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

COMMITTEE'S REPORT

Your committee members submit the financial report of Shepparton RSL Sub-Branch Inc. for the financial year ended 31 December 2023.

Committee Members

The names of the committee members in office at anytime during or since the end of the year are:

Robert Wilkie (President)
Brian McInnery (Senior Vice President)
Bruce Davis (Junior Vice President)
Darryl Butcher (Treasurer)
Edwin Ball (Secretary)
Sandra Davis
Stan Whitford
Mark Stephens (Appointed 28/03/2023)
Daniel Gleeson (Appointed 28/03/2023)
Graeme Bayley (Resigned 24/02/2023)
Thomas Lipscombe (Appointed April 2023, Resigned August 2023)

Principal Activities

The principal activities of the association during the financial year were:

- to provide social facilities to members of the association;
- to provide welfare and support to returned service men and women; and
- to operate a licensed gaming venue to enable funding for the above activities.

Significant Changes

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

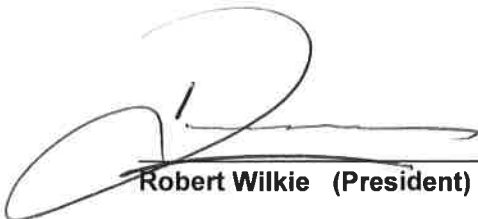
Operating Result

The surplus after providing for income tax amounted to \$1,608,822 (2022 surplus \$1,112,563).


Events subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly alter the operations of the association, the results of those operations or the state of affairs of the association, in future years.

Signed in accordance with a resolution of the members of the committee:



Robert Wilkie (President)



Darryl Butcher (Treasurer)

Dated: 29/2/2024

SHEPPARTON RSL SUB-BRANCH INC.
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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
Revenue	2	10,470,776	9,427,661
Other income	2	577,322	464,409
Purchases		(947,008)	(739,694)
Movement in Closing Inventory		\$4,957	(1,885)
Advertising and promotions		(285,481)	(252,392)
Amortisation of Gaming Licence	10	(267,076)	(334,434)
Depreciation	23(a)	(175,023)	(539,851)
Employee benefits expense	3	(2,044,559)	(2,032,098)
Finance Expense		(68,491)	(28,170)
Gaming Tax and Monitoring Costs		(3,239,202)	(2,804,314)
Gaming Other		(453,683)	(259,644)
Rent		(588,000)	(528,000)
RSL Fee		(164,286)	(59,388)
Other expenses	3	<u>(1,211,423)</u>	<u>(1,199,638)</u>
Surplus/(Deficit) before income tax expense		1,608,822	1,112,563
Income tax expense	1(j)	<u>-</u>	<u>-</u>
Surplus/(Deficit) for the year		<u><u>1,608,822</u></u>	<u><u>1,112,563</u></u>
Surplus/(Deficit) attributable to members of the entity		<u><u>1,608,822</u></u>	<u><u>1,112,563</u></u>

The accompanying notes form part of these financial statements.

SHEPPARTON RSL SUB-BRANCH INC.
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		\$	\$
Surplus/(Deficit) for the year		1,608,822	1,112,563
Other comprehensive income:		<u> </u>	<u> </u>
Other comprehensive income for the year, net of tax		<u> -</u>	<u> -</u>
Total comprehensive income for the year		<u><u>1,608,822</u></u>	<u><u>1,112,563</u></u>
Total comprehensive income attributable to members of the entity		<u><u>1,608,822</u></u>	<u><u>1,112,563</u></u>

The accompanying notes form part of these financial statements.

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,547,900	2,005,964
Accounts receivable and other debtors	6	2,101,851	2,111,107
Inventories on hand	7	44,367	39,410
Other current assets	8	170,993	178,669
TOTAL CURRENT ASSETS		5,865,111	4,335,150
NON-CURRENT ASSETS			
Plant and equipment	9	975,965	998,009
Intangible assets	10	2,304,905	2,571,982
TOTAL NON-CURRENT ASSETS		3,280,870	3,569,991
TOTAL ASSETS		9,145,981	7,905,141
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	11	605,654	582,540
Borrowings	12	381,851	381,851
Provisions	13	239,387	239,520
Other current liabilities	14	75,190	81,883
TOTAL CURRENT LIABILITIES		1,302,082	1,285,794
NON-CURRENT LIABILITIES			
Borrowings	12	1,703,992	2,088,262
TOTAL NON-CURRENT LIABILITIES		1,703,992	2,088,262
TOTAL LIABILITIES		3,006,074	3,374,056
NET ASSETS		6,139,907	4,531,085
EQUITY			
Retained earnings		6,139,907	4,531,085
TOTAL EQUITY		6,139,907	4,531,085

The accompanying notes form part of these financial statements.

SHEPPARTON RSL SUB-BRANCH INC.
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STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Retained Earnings \$	Total \$
Balance at 1 January 2022	3,418,522	3,418,522
Comprehensive income		
Surplus attributable to members	<u>1,112,563</u>	<u>1,112,563</u>
Total comprehensive income for the year attributable to members of the association	<u>1,112,563</u>	<u>1,112,563</u>
Balance at 31 December 2022	<u><u>4,531,085</u></u>	<u><u>4,531,085</u></u>
Balance at 1 January 2023	4,531,085	4,531,085
Comprehensive income		
Surplus attributable to members	<u>1,608,822</u>	<u>1,608,822</u>
Total comprehensive income for the year attributable to members of the association	<u>1,608,822</u>	<u>1,608,822</u>
Balance at 31 December 2023	<u><u>6,139,907</u></u>	<u><u>6,139,907</u></u>

The accompanying notes form part of these financial statements.

SHEPPARTON RSL SUB-BRANCH INC.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers and other income		11,971,895	7,107,983
Payments to suppliers and employees		(9,359,977)	(5,557,160)
Interest received/ATM rebate		138,684	82,600
GST Paid		(671,418)	(507,276)
Net cash provided by operating activities	22(b)	2,079,185	1,126,147
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	5,387
Purchase of property, plant and equipment		(152,979)	-
Net cash provided by (used in) investing activities		(152,979)	5,387
Cash flows from financing activities			
Principal repayments of borrowings		(384,270)	(1,262,220)
Proceeds from borrowings and lease liabilities		-	-
Net cash provided by (used in) financing activities		(384,270)	(1,262,220)
Net increase in cash held		1,541,936	(130,686)
Cash and cash equivalents at beginning of financial year		2,005,964	2,136,650
Cash and cash equivalents at end of financial year	22(a)	3,547,900	2,005,964

The accompanying notes form part of these financial statements.

SHEPPARTON RSL SUB-BRANCH INC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The financial statements cover Shepparton RSL Sub-Branch Inc. as an individual entity. Shepparton RSL Sub-Branch Inc. is an association incorporated in VIC under the *Associations Incorporation Reform Act 2012*.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - *Simplified Disclosures of the Australian Accounting Standards Board (AASB)* and the *Australian Charities and Not-for-profits Commission Act 2012*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue and Other Income

Revenue recognition

Contributed Assets

The entity receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of the applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Entity recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

The Entity recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Operating Grants, Donations and Bequests

When the entity receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15,

When both these conditions are satisfied, the Entity:

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

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

- recognises the asset received in accordance with the recognition requirements of the applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Revenue is recognised when an entity transfers the control of the goods or services to a customer at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

Gaming and Bar

Revenue from house operation comprises revenue earned from gaming and bar, recognised as it is earned. Gaming revenue is recognised net of gaming wins and losses.

Membership

Revenue from memberships is recognised as it is earned.

Capital Grant

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

These notes should be read in conjunction with the attached compilation report.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Donations and Fundraising

Donations and fundraising is recognised when received.

Interest Income

Interest income is recognised using the effective interest method.

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

b. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 comprehensive income during the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and plant and equipment, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

These notes should be read in conjunction with the attached compilation report.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 - 33.33%
Gaming Machines	14.29%

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

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

c. Leases

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (leases with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

These notes should be read in conjunction with the attached compilation report.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-823 and measures the right of use assets at cost on initial recognition.

The Entity as lessor

The Entity leases some rooms in their building to external parties.

Upon entering into each contract as a lessor, the Entity assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Entity 's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Entity uses the relative stand-alone price to allocate the consideration under the contract to the lease and non-lease components.

d. Financial Instruments

Initial recognition and measurement

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

These notes should be read in conjunction with the attached compilation report.

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**NOTES TO THE FINANCIAL STATEMENTS
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Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
 - all risk and rewards of ownership of the asset have been substantially transferred;
- and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The entity uses the following approaches to impairment, as applicable under AASB 9:
- the simplified approach;

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

e. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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SHEPPARTON RSL SUB-BRANCH INC.

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**NOTES TO THE FINANCIAL STATEMENTS
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Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

f. Employee Benefits

Short-term employee benefits

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

The entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits where as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

ABN 85 547 263 045

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

g. 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 borrowings in current liabilities on the statement of financial position.

h. Trade and Other Debtors

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

j. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

k. Provisions

Provisions are recognised when the entity 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 the end of the reporting period.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

l. Comparative Figures

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

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in expense in the period in which they are incurred.

n. Key Estimates and Judgements

The committee evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

o. Key estimates

(i) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits requires measurement of long-term employee benefits using a number of estimated inputs. These include probable length of service by employees, rates of wage inflation and future interest rates used for discounting the liability to present value. The inputs used represent the best estimate of the probable liability.

(ii) Useful lives of property, plant and equipment

As described in Note 1(b), the Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

(iii) Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectable. The impairment provision is based on the best information at the reporting date.

Key judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.

ABN 85 547 263 045

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

p. Going concern

This financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the association to continue to operate as a going concern is dependent upon the ability of the association to generate sufficient cashflows from operations to meet its liabilities. The Members of the Committee of the association believe that the going concern assumption is appropriate.

q. Intangible Assets

Entitlements are initially recognised at cost. Where it is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

r. Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

These notes should be read in conjunction with the attached compilation report.

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
2. REVENUE AND OTHER INCOME			
Revenue:			
Bar		1,670,197	1,425,754
Bar Snacks		65,567	54,906
Venue Vouchers		38,152	22,261
Gaming		8,253,061	7,562,911
Keno		16,472	13,299
TAB		40,934	25,606
Bingo		182,677	153,310
Memberships		101,597	78,060
Functions and Events		73,728	74,785
Merchandise		28,392	16,769
		<u>10,470,776</u>	<u>9,427,661</u>
Other Income:			
Interest		52,128	-
Raffle		159,563	145,825
Room Hire		23,436	25,339
Bistro Hire		159,000	154,714
ATM Rebate		86,556	82,600
Other Income		96,639	55,932
		<u>577,322</u>	<u>464,409</u>
Disaggregated revenue from contracts with customers			
Revenue from goods and services transferred at a point in time		10,946,501	9,814,010
Revenue from goods and services transferred over time		101,597	78,060
		<u>11,048,098</u>	<u>9,892,070</u>
3. EXPENSES			
Employee benefits expense			
Salaries & wages		1,756,394	1,690,614
Payroll Tax		17,189	12,844
Provision for Annual Leave		(965)	(4,978)
Provision for Long Service		1,990	77,304
Provision for FBT		3,624	3,624
Superannuation		194,574	179,129
Workcover		26,216	20,563
Other employment costs		45,537	52,997
		<u>2,044,559</u>	<u>2,032,098</u>

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
Other expenses:			
Bad Debts		-	29,330
Committee Honorarium		28,000	27,500
Donations		28,970	63,761
Functions and entertainment		88,139	88,076
Insurance		80,760	70,900
Member benefits and jackpots		152,345	91,666
Raffles		100,484	106,750
Repairs and maintenance		238,068	235,070
Security		33,500	33,908
Sponsorships		15,997	17,327
Utilities		141,001	128,419
Other Expense		342,767	306,932
		1,250,032	1,199,638
4. AUDITOR'S REMUNERATION			
Audit fee		18,700	20,900
		18,700	20,900
5. CASH AND CASH EQUIVALENTS			
Cash at bank		227,547	1,753,097
Cash on hand		3,320,353	252,867
		3,547,900	2,005,964
6. ACCOUNTS RECEIVABLE AND OTHER DEBTORS			
CURRENT			
Loan - Building Patriotic Fund		2,017,066	2,009,669
Other Debtors		6,180	15,332
Trade Debtors		78,605	86,107
		2,101,851	2,111,107
7. INVENTORIES ON HAND			
CURRENT			
Liquor on hand		44,367	39,410
		44,367	39,410

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
8. OTHER CURRENT ASSETS			
CURRENT			
Prepayments		170,993	178,669
		<u>170,993</u>	<u>178,669</u>
9. PLANT AND EQUIPMENT			
Gaming Machines - at cost		1,047,852	906,102
Less accumulated depreciation		<u>(147,921)</u>	<u>(9)</u>
		<u>899,931</u>	<u>906,093</u>
Plant and Equipment - at cost		168,630	157,364
Less accumulated depreciation		<u>(92,595)</u>	<u>(65,448)</u>
		<u>76,034</u>	<u>91,916</u>
Total plant and equipment		<u>975,965</u>	<u>998,009</u>
(a) Movement in carrying amounts			
For disclosure on movement in carrying amounts please refer to note 23(a) in the end of this financial report.			
10. INTANGIBLE ASSETS			
Gaming Machine Entitlements 2022		2,672,958	2,672,958
Less accumulated depreciation - 2022 Entitlements		<u>(368,053)</u>	<u>(100,977)</u>
Total intangible assets		<u>2,304,905</u>	<u>2,571,982</u>
11. ACCOUNTS PAYABLE AND OTHER PAYABLES			
Integrated Client Account		98,194	78,246
Trade creditors		456,086	462,452
Member Points Liability		35,339	28,220
Superannuation Payable		<u>16,035</u>	<u>13,622</u>
		<u>605,654</u>	<u>582,540</u>
12. BORROWINGS			
CURRENT			
2022 Gaming Machine Liability		<u>381,851</u>	<u>381,851</u>
NON-CURRENT			
2022 Gaming Machine Liability		<u>1,703,992</u>	<u>2,088,262</u>
		<u>2,085,843</u>	<u>2,470,113</u>

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
13. PROVISIONS			
CURRENT			
Employee provisions- Long Service Leave		150,816	149,984
Employee provisions- Annual Leave		88,571	89,536
		239,387	239,520
		239,387	239,520
14. OTHER LIABILITIES			
CURRENT			
Membership Income in Advance		75,190	81,883
		75,190	81,883
		75,190	81,883
15. CAPITAL COMMITMENTS			
There are no known capital commitments.			
16. CONTINGENT ASSETS AND LIABILITIES			
At the end of the reporting period, the general committee is not aware of any contingent liabilities or assets not recorded or disclosed in the accounts.			
17. EVENTS AFTER THE REPORTING PERIOD			
The committee members are not aware of any significant events since the end of the reporting period.			
18. FINANCIAL RISK MANAGEMENT			
The association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and bills and leases.			
The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:			
Financial Assets			
Cash and cash equivalents - amortised cost	5	3,547,900	2,005,964
Account receivables and other debtors - amortised cost	6	78,605	86,107
Loans to associated entities - amortised cost	6	2,017,066	2,009,669
Other current Assets- amortised cost	8	170,993	178,669
Total Financial Assets		5,814,564	4,280,409
		5,814,564	4,280,409

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
Financial Liabilities			
Trade and other payables - amortised cost	7	605,654	582,540
Income in Advance - amortised cost	14	75,190	81,883
Total Financial Liabilities		680,844	664,423

19. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Total key management personnel remuneration		181,915	153,479
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20. RELATED PARTY TRANSACTIONS

Related Parties

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

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

For the year ended 30 June 2023 there were no transactions with related parties.

21. ASSOCIATION DETAILS

The registered office and principal place of business of the association is:
Shepparton RSL Sub-Branch Inc.
88 Wyndham St
Shepparton, VIC, 3630

22. CASH FLOW INFORMATION

(a) Reconciliation of Cash

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

Cash on hand		227,547	252,867
Cash at bank		3,320,353	1,753,097
		3,547,900	2,005,964

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
(b) Reconciliation of cash flow from operations with profit			
Current year surplus (deficit) after income tax		1,608,822	1,112,563
Non-cash flows in profit:			
Amortisation of entitlements		267,076	334,434
Depreciation - Gaming machines		147,912	100,977
Depreciation - Plant and equipment		27,111	31,814
Changes in Assets & Liabilities:			
(Increase)/decrease in accounts and other receivable		9,256	1,032
(Increase)/decrease in inventory		(4,957)	1,885
(Increase)/decrease in prepayments		7,676	(134,180)
Increase/(decrease) in accounts and other payable		23,114	52,856
Increase/(decrease) in provisions		(133)	(403,296)
Increase/(decrease) in income in advance		(6,693)	28,062
Net cash provided by operating activities		2,079,185	1,126,147

SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023

	Gaming Machines - at cost \$	Plant and Equipment - at cost \$	Total \$
23. (a) MOVEMENT IN CARRYING AMOUNTS			
Movements in carrying amounts for each class of property, plant and equipment.			
Balance at 1 January 2023	906,093	91,916	998,009
Additions	141,750	11,229	152,979
Disposals	-	-	-
Depreciation	(147,912)	(27,111)	(175,023)
Carrying amount at 31 December 2023	899,931	76,034	975,965

**SHEPPARTON RSL SUB-BRANCH INC.
ABN 85 547 263 045**

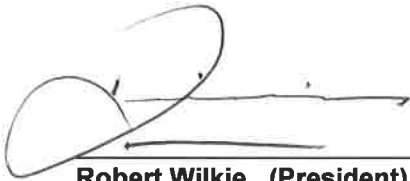
RESPONSIBLE PERSONS' DECLARATION

Per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

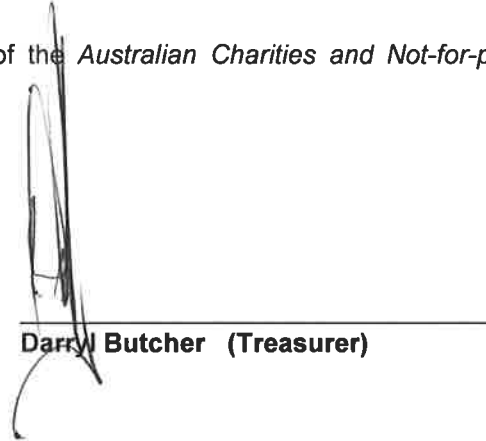
The responsible persons declare that in the responsible persons' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) 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*.



Robert Wilkie (President)



Darryl Butcher (Treasurer)

Dated: 29/2/2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Shepparton RSL Sub-Branch Inc

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Shepparton RSL Sub-Branch Inc, which comprises the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In my opinion the financial report of Shepparton RSL Sub-Branch Inc 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 registered entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the registered 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The responsible entities are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 31 December 2023, but does not include the financial report and my auditor's report thereon.

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

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

Shepparton
Finley
Deniliquin

160 Welsford Street, Shepparton VIC 3630
P.O Box 5, Shepparton VIC 3632

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F (03) 5821 1598

ABN 87 650 289 286



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

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations or has no realistic alternative but to do so.

The responsible entities are responsible for overseeing the registered entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial reports as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My 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.

I 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 I identify during my audit.

A handwritten signature in black ink, appearing to read 'M Milne', is positioned above the typed name.

Michael Milne CA

Date: 1st March 2024

160 Welsford Street Shepparton, VIC 3630