



Returned Services League of Australia (SA Branch) Darwin Sub Branch

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH
INCORPORATED
(ABN 93 873 449 244)**

**SPECIAL PURPOSE FINANCIAL REPORT
for the year ended 31 December 2019**

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
STATEMENT BY THE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2019**

As detailed in Note 1 to the accounts, Returned & Services League of Australia (South Australia Branch) Darwin Sub-Branch Incorporated ("the Sub-Branch") 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 report tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the Committee's reporting requirements under *the Associations Act (NT)*, the *Australian Charities and Not-for-profits Commission Act 2012* and the Constitution of the Association.

COMMITTEE OF MANAGEMENT MEMBERS

The following are the members of the committee of the Sub-Branch at the date of this report.

President:	Stephen Gloster
Vice – President:	Michael Caldwell
Vice – President:	Colin James
Treasurer:	Colin James
Secretary:	Michael Murray
Committee Members:	Arsenio De Guzman
	Don Milford
	Jeff Bidner
	Thomas Berkley

PRINCIPAL ACTIVITIES

The principal activities of the Sub-Branch are promoting the interest and welfare of former and serving members of the Australian Defence Force and their dependents.

OPERATING RESULTS

The Sub-Branch recorded an operating loss before abnormal items of \$321,678 during the year (2018: \$51,433 operating surplus before abnormal items).

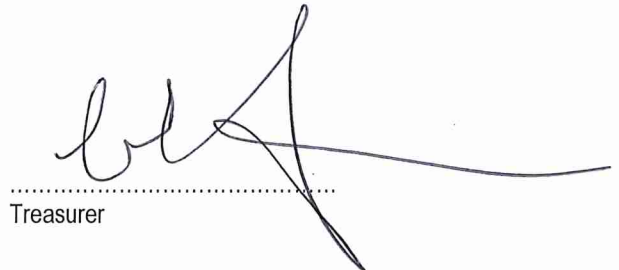
**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
STATEMENT BY THE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2019**

In the opinion of the Committee:

1. The accompanying financial report as set out on pages 8 to 15 being a special purpose financial report, is drawn up so as to present fairly the state of affairs of the Sub-Branch as at 31 December 2019 and the results of the Sub-Branch for the year ended on that date;
2. The accounts of the Sub-Branch have been properly prepared and are in accordance with the books of account of the Sub-Branch; and
3. There are reasonable grounds to believe that the Sub-Branch will be able to pay its debts as and when they fall due.

This Statement is made in accordance with a resolution of the Committee of Management.


.....
President


.....
Treasurer

Darwin
Date: 15 February 2020

Auditor's Independence Declaration to the Committee Members of Returned & Services League of Australia (South Australia Branch) Darwin Sub-Branch Incorporated

In relation to our audit of the financial statements of Returned & Services League of Australia (South Australian Branch) Darwin Sub-Branch Incorporated for the financial year ended 31 December 2019, to the best of my knowledge and belief, there have been:

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



Merit Partners



Matthew Kennon
Director

DARWIN

15 February 2020

**Independent auditor's report to the members of Returned & Services League of Australia
(South Australia Branch) Darwin Sub-Branch Incorporated**

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the accompanying financial report, being a special purpose financial report of Returned & Services League of Australia (South Australian Branch) Darwin Sub-Branch Incorporated ("the Sub-Branch"), which comprises the Statement of Financial Position as at 31 December 2019, and the Income Statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Statement by the Committee.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the special purpose financial report Returned & Services League of Australia (South Australia Branch) Darwin Sub-Branch Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* and the *Associations Act NT*, including:

- (a) giving a true and fair view of the Sub-Branch's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013* and *Associations Act NT*.

Basis for Qualified Opinion

At 31 December 2019, the Sub-Branch has recognised an insurance claim receivable of \$2.9 million (2018: \$7.3 million) relating to the fire event that occurred in 2018. The quantum of the claim has not yet been finalised by the Insurer and as a result we are unable to form an opinion as to the accuracy and valuation of the receivable.

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 Sub-Branch in accordance with the *Australian Charities and Not for profits Commission Act 2012*, *Associations Act NT* and the ethical requirements of the *Accounting Professional and Ethical Standards Committee'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 and Restriction on Distribution and Reliance

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Returned & Services League of Australia (South Australian Branch) Darwin Sub-Branch Incorporated meet the requirements of the *Australian Charities and Not for profits Commission Act 2012*, *Associations Act NT* and the Sub-Branch's constitution. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Returned & Services League of Australia (South Australian Branch) Darwin Sub-Branch Incorporated and should not be distributed to parties other than Returned & Services League of Australia (South Australian Branch) Darwin Sub-Branch Incorporated. Our opinion is not modified in respect of these matters.

The Responsibility of the Committee for the Financial Report

The Sub-Branch's Committee is responsible for the preparation of the financial statements, and has determined that the accounting policies described in Note 1 to the financial statements, are appropriate to meet the financial reporting requirements of the *Australian Charities and Not for profits Commission Act 2012*, *Associations Act NT* and the Sub-Branch's Constitution and are appropriate to meet the needs of the members. The Committee's responsibility also includes such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Sub-Branch's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Sub-Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report for the year ended 31 December 2019 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 the financial report. As part of an audit in accordance with 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 Sub-Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Sub-Branch'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 Sub-Branch 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, if any, that we identify during our audit.



Merit Partners



Matthew Kennon
Director

DARWIN
15 February 2020

RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	2	2,677,215	623,265
Receivables	3 (a)	6,655	447,391
Insurance Claim Receivable	3 (b)	2,900,000	7,301,000
Loan receivables	4	0	1,681,703
Total Current Assets		5,583,870	10,053,359
Non-Current Assets			
Freehold Land - at fair market value		1,125,000	1,125,000
Total Non-Current Assets		1,125,000	1,125,000
TOTAL ASSETS		6,708,870	11,178,359
LIABILITIES			
Current Liabilities			
Trade and other payables	5	9,126	13,275
Loan payables	6	0	116,644
Total Current Liabilities		9,126	129,919
Non-current Liabilities			
Loan payables	6	0	1,965,865
Total Non-Current Liabilities		0	1,965,865
TOTAL LIABILITIES		9,126	2,095,784
NET ASSETS		6,699,744	9,082,575
EQUITY			
Asset Revaluation Reserve	7	926,760	926,760
Retained Earnings	8	5,772,984	8,155,815
TOTAL EQUITY		6,699,744	9,082,575

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
INCOME STATEMENT
For the Year Ended 31 December 2019

	2019 \$	2018 \$
INCOME		
Rental	4,362	151,359
Recovery from insurance – rental income	0	187,108
Grants	166,203	28,575
Interest	5,383	68,595
Subscriptions	3,335	0
Workers compensation recovery	29,252	0
Other Income	9,785	7,944
TOTAL INCOME	218,320	443,581
EXPENSES		
Administration		
Advertising	2,688	1,093
Accounting & Auditing	28,991	7,897
Bank Fees/ATO Rounding	5,978	440
Bookkeeper	16,035	1,235
Legal Fees	9,400	29,633
Leasing Fees	0	3,822
Management Expenses	14,070	6,836
Marketing fees	0	3,450
Office Supplies/Computer	166	309
Postage & Delivery	2,374	473
Rates & Taxes	25,118	19,548
Travel Expenses	3,725	4,245
Office Expenses	9,037	8,614
General Expenses Claims	578	0
Storage Facilities	3,100	0
Building Design	5,000	0
Advocate/ Pensions Officer		
Advocate - General expenses	16,820	35,069
Repairs & Maintenance		
Air Con Fee & Maintenance	0	1,459
Building Repairs	837	4,936
Car Park/Grounds/Boom Gate	182	3,345
Equipment Repairs	0	494
Lift Maintenance	0	3,812
Utilities		
Electricity	(702)	4,041
Telephone/Internet	3,756	32
Water	11,277	11,767
Insurance		
General	11,944	36,751

Continued.....

RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED
INCOME STATEMENT
For the Year Ended 31 December 2019

	2019 \$	2018 \$
EXPENSES - continued		
League Expenses		
ANZAC Day Expenses	32,449	32,089
Commemoration	268	944
Donations	25,455	553
Entertainment	0	551
Wreaths/Flowers/Plaques/Gifts	60	205
Cenotaph and Eternal Flame Project	106,900	0
History of Darwin	49	0
Remembrance Day Expenses	4,884	0
Billeroy House Expenses	38,607	0
Veteran's Assistance	740	0
Other Expenses		
Cleaning	1,252	89
Computer Expenses	6,635	1,258
Consultants Fees	2,984	19,157
Furniture & Fittings	0	34,584
Filing Fees & Membership	5,375	1,499
MYOB For Bookkeeping	1,658	502
Prizes for functions and miscellaneous expenses	4,870	1,024
Workers Compensation	488	0
Valuations and Assessments	0	4,500
Finance Costs		
Interest	65,630	92,303
Employee Costs		
Wages & Salaries	65,960	12,441
Superannuation	5,360	1,148
TOTAL EXPENSES	<u>539,998</u>	<u>392,148</u>
OPERATING (LOSS) / SURPLUS BEFORE ABNORMAL ITEMS	<u>(321,678)</u>	<u>51,433</u>
ABNORMAL ITEMS		
Reversal of previously recognised net insurance recoveries	(1,830,523)	0
Net insurance recoveries following the fire event	0	1,556,040
Building site rectification costs	(189,865)	0
Reversal of impairment provision	0	1,877,737
Insurance representatives fees	(40,765)	0
	<u>(2,061,153)</u>	<u>3,433,777</u>
NET (LOSS) / SURPLUS FOR THE YEAR	<u><u>(2,382,831)</u></u>	<u><u>3,485,210</u></u>

The above Income Statement should be read in conjunction with the accompanying notes.

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Committee of Management have determined that the Returned & Services League of Australia (South Australia Branch) Darwin Sub-Branch Incorporated ("the Sub-Branch") is not a reporting entity. These special purpose financial statements have been prepared to meet the requirements of the *Associations Act (NT)* and the *Australian Charities and Not-for-profits Commission Act 2012*. The Committee of Management have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The special purpose financial report has been prepared on an accrual basis and under the historical cost convention, except for land and buildings which are recorded at fair value. Unless otherwise stated, the following accounting policies adopted are consistent with those of the prior year.

Cash and cash equivalents

Cash and cash equivalents includes notes and coins held, advances made and any deposits with a bank or financial institution held at call or with an original maturity of twelve months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for impairment is made when there is objective evidence that the Sub-Branch will not be able to collect the debts. Bad debts are written off when identified.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"). The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables

Loan Receivables

Loan receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate calculation includes the contractual terms of loans together with fees and transaction costs.

All loans are kept under continuous management review to assess whether there is any objective evidence that the loan is impaired. A specific provision is made for identified impaired loan when there is reasonable doubt over the collectability of principal amount in accordance with the loan agreement.

Freehold Land

Freehold land is measured on a fair value basis less any subsequent impairment losses. Any revaluation increase arising on the revaluation of such land is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land is charged to profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Sub-Branch during the reporting year that remain unpaid at the end of the reporting year. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

The effective interest rate method is a method calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discount the estimate future cash payments through the expected life of the financial liability, or where appropriate, or a shorter period.

Leases

The Sub-Branch is a lessor in respect of operating leases that are entered into with tenants who occupy properties owned by the Sub-Branch. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

Revenue recognition

Income from the sale of goods and rendering of services is recognised in the income statement when the significant risks and ownership have been transferred to the buyer.

Rental income

Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

Interest income

Interest received from term deposits is accrued over the term of the investment.

Grants and donations

Grants and donations are recognised as revenues when the Sub-Branch obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured.

Subscription

Subscription fee is recognised when received.

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

(i) Income Tax

The Sub-Branch is a registered charity and is endorsed by the Australian Taxation Office to access income tax exemption under Subdivision 50A of the Income Tax Assessment Act 1997.

(ii) Fringe Benefit Tax

The Sub-Branch, as a registered charity, is also endorsed by Australian Taxation Office to access the FBT rebate.

Going Concern

On 24 June 2018, the premises owned by the Sub-Branch was destroyed during a fire event and as a result the building and its contents has been written off. Since then, the Sub-Branch, whilst continuing to provide support to former and current Australian Defence Force members, has focused on the collection of insurance recoveries from its insurers.

The special purpose financial report has been prepared on a going concern basis with the expectation that the Sub-Branch will continue operations following the finalisation of the insurance claim.

Comparative Financial Statements

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash on hand and at bank consisted of the following:

	2019 \$	2018 \$
Cheque Account	664,376	314,127
Short-term Deposits	2,012,839	309,122
Petty Cash	0	16
	<u>2,677,215</u>	<u>623,265</u>

NOTE 3. RECEIVABLES

a) Receivables consisted of the following:

	2019 \$	2018 \$
Rent Receivables - RSL Social Club	0	294,731
Other Receivables - RSL Social Club	0	152,660
Other Receivables - Others	6,655	0
	<u>6,655</u>	<u>447,391</u>

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

NOTE 3. RECEIVABLES - continued

- b) In June 2018, a major fire occurred in the building owned by the Sub-Branch. As a result, the building and its contents have been written off. A receivable has been recognised for the balance of insurance claims receivable covered by the Sub-Branch 's insurance policy.

Total claims from insurance are as follows:

	2019 \$	2018 \$
Insurance Claims Receivable	7,301,000	7,400,000
Less Recoveries pay-outs to date	(2,570,477)	(99,000)
Reversal of previously recognised net insurance recoveries	(1,830,523)	0
Insurance Claims Receivables	<u>2,900,000</u>	<u>7,301,000</u>

NOTE 4. LOAN RECEIVABLES

Loan receivables consisted of the following:

	2019 \$	2018 \$
Loan receivables – RSL Social Club	0	1,681,703
	<u>0</u>	<u>1,681,703</u>

On 27 February 2017, the Sub-Branch entered into a Loan Agreement with Darwin RSL Incorporated ("the RSL Social Club") where the Sub-Branch extended advances to the RSL Social Club for two-thirds (2/3) of the costs associated with extension works carried out at 27 Cavenagh Street, Darwin NT. The RSL Social Club has settled the full amount to the Sub-Branch.

NOTE 5. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following:

	2019 \$	2018 \$
Trade and other payables	0	7,142
Accrued expenses	9,126	6,133
	<u>9,126</u>	<u>13,275</u>

**RETURNED & SERVICES LEAGUE OF AUSTRALIA
(SOUTH AUSTRALIA BRANCH) DARWIN SUB-BRANCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

NOTE 6: LOAN PAYABLES

Loan payables consisted of the following:

	2019 \$	2018 \$
Current portion – ANZ Bank	0	116,644
Non-current portion – ANZ Bank	0	1,965,865

The Sub-Branch entered into multiple loan agreements with ANZ Bank to fund the extension works at 27 Cavenagh St., Darwin, NT. The Sub Branch has settled the full amount to the ANZ Bank.

NOTE 7. ASSET REVALUATION RESERVE

	2019 \$	2018 \$
Balance at beginning of year	926,760	3,372,329
Transferred to retained earnings	0	(2,445,569)
	926,760	926,760

NOTE 8. RETAINED EARNINGS

	2019 \$	2018 \$
Balance at beginning of year	8,155,815	2,225,036
Net (loss) / surplus for the year	(2,382,831)	3,485,210
Transferred from asset revaluation reserve	0	2,445,569
	5,772,984	8,155,815

NOTE 9. SUBSEQUENT EVENTS

At the date of this report, the process to claim the remaining insurance claim recoveries amounting to \$2,900,000 is still ongoing. Refer Note 3 (b).

Except for the above, no other matters or circumstances have arisen since the end of the financial period.

NOTE 10. ASSOCIATION'S DETAIL

The office of the Sub-Branch is located at:

Level 2 72
Smith Street
Darwin NT 0800