

**AUSTRALIAN LEGION OF EX-SERVICEMEN AND WOMEN
(NSW STATE BRANCH)
ABN 38 814 756 500**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2020**

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2020

Your Directors present this report on the Entity for the financial year ended 31 May 2020.

Directors

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

NAME	OFFICE HELD	NAME	OFFICE HELD
Mr Warwick Adams	President	Mrs Gayle Adams	Treasurer
Mr Gary Bigg	Acting Vice President	Mr Terry Murphy*	Director
Mr Kevan Latty	Director	Mr Michael Carter*	Director

- Mr Terry Murphy joined on 14th September 2019
- Mr Michael Carter joined on 14th September 2019

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

Secretary

Mr Phil Jorgenson is the Secretary following his appointment to that position on 23 February 2016. Mr Jorgenson is also an employee. In accordance with Article 45.3 of our Constitution, the secretary of the Association, if an employee, shall not be elected, but shall be appointed to State Council on the terms and conditions determined by said Council. State Council has determined that Mr Jorgenson may not vote on State Council motions.

Principal Activities

The principal activity of the Entity during the financial year was to assist all ex-service and current service personnel.

Operating Results

The net operating loss for the Entity for the financial year was \$42,170 (2019: \$17,901 loss).

Dividends Paid or Recommended

The Entity is prohibited from distributing profits to its members.

Significant Changes in State of Affairs

On 21 June, 2019 State Council self reported a transaction to Australian Charities and Not for Profit Commission ("ACNC"). State Council's legal advice was that State Council's actions in relation to this transaction may have breached ACNC governance standards. State Council continues to actively manage this situation.

Since March 2020, State Council has directed that all Sub Branch meetings and events should be cancelled due to social distancing and other COVID19 legal requirements. Consistent with this direction, the 2020 State AGM has been cancelled. State Council continues to monitor this situation.

The value of the Legions investments have been substantially impacted due to falls in the stock market related to the COVID19 pandemic.

Future Developments

On 21 June, 2019 State Council self reported a transaction to Australian Charities and Not for Profit Commission ("ACNC"). State Council's legal advice was that State Council's actions in relation to this transaction may have breached ACNC governance standards. Depending on the decision by the ACNC, and subsequent actions taken in response to this decision, this may significantly affect the operations of the Entity, the results of those operations or the state of affairs of the Entity in future financial years.

There are no other likely developments in the operations of the Entity which would materially affect the results of those operations in financial years subsequent to the last financial year and which the Directors consider are such as should be referred to in this report.

Environmental Issues

The Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State or Territory.

Members guarantee

In the event of, and for the purpose of winding up the entity, the amount capable of being called up from each member and any person or association who was a member in the year prior to winding up is limited to \$2, subject to the provisions of the entity's constitution. At 31 May 2020 the number of financial members capable of being called was 428 and their collective liability was \$856.

Meeting of Directors

During the year 7 meetings of Directors were held. Attendances were as follows:

NAME	DIRECTORS MEETINGS (INC SPECIAL MEETINGS)	
	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND
W Adams	6	7
G. Adams	6	7
G. Biggs	7	7
K. Latty	7	7
T. Murphy	5	5
M. Carter	2	5
P. Jorgenson	6	6

Indemnifying Officers

During the financial year the entity paid an insurance premium in respect of an insurance policy for the benefit of the Directors named in this Report, and its Officers.

The insurance policy grants indemnity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director/Officer of the entity, other than conduct involving a wilful breach of duty in relation to the entity. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liabilities, the limit of liability and the amount of the premium.

Directors' Benefits

No director has received or become entitled to receive, during the financial year, a benefit because of a contract made by the entity with a director, a firm of which the director is a member or an entity in which a director has substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the entity's accounts, or the fixed salary of a part time employee of the Entity.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Reviewer's Independence Declaration

The financial reviewer's independence declaration for the year ended 31 May 2020 has been received and can be found on page 3.

Signed in accordance with a resolution of the Board of Directors.



.....
W. Adams
Director

Dated this 22nd day of September 2020.

**FINANCIAL REVIEWERS INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT
2012 TO THE DIRECTORS OF AUSTRALIAN LEGION OF EX-SERVICEMEN AND WOMEN (NSW STATE
BRANCH)**

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2020 there have been:

- (i) no contraventions of the reviewer independence requirements as set out in the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



.....
Megan Lee
Chartered Accountant
Registration No: 582866

Dated this 22nd day of September 2020.

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

	NOTE	2020 \$	2019 \$
Revenue and other income	2	33,115	25,511
Depreciation	3	0	0
Rebates Paid		(1,031)	(837)
Administrative Expenditure	14	<u>(74,254)</u>	<u>(42,575)</u>
Result for the year		<u>(42,170)</u>	<u>(17,901)</u>
Other comprehensive income			
Net gain/(loss) on revaluation on financial assets		<u>(38,334)</u>	<u>17,348</u>
Total comprehensive income for the year		<u>(80,504)</u>	<u>(553)</u>

Please see new financial information regarding Sub Branches financial information on Page 22

**STATE BRANCH BALANCE SHEET
AS AT 31 MAY 2020**

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	62,554	8,334
Inventories		1,820	3,950
Trade and Other Receivables	5	2,795	2,155
TOTAL CURRENT ASSETS		<u>67,169</u>	<u>14,439</u>
NON-CURRENT ASSETS			
Financial Assets	6	316,001	447,568
Property, Plant and Equipment	7	0	0
TOTAL NON-CURRENT ASSETS		<u>316,001</u>	<u>447,568</u>
TOTAL ASSETS		<u>383,170</u>	<u>462,007</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	1,326	889
TOTAL CURRENT LIABILITIES		<u>1,326</u>	<u>889</u>
NON-CURRENT LIABILITIES			
Employee Provisions		4,172	2,941
TOTAL NON-CURRENT LIABILITIES		<u>4,172</u>	<u>2,941</u>
TOTAL LIABILITIES		<u>5,498</u>	<u>3,830</u>
NET ASSETS		<u>377,672</u>	<u>458,177</u>
EQUITY			
Retained Earnings		325,286	348,761
Financial Assets Reserve		52,386	109,415
TOTAL EQUITY		<u>377,672</u>	<u>458,177</u>

Please see new financial information regarding Sub Branches financial information on Page 22

The accompanying notes form part of these financial statements.

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

	Retained Earnings	Financial Assets Reserve	TOTAL
	\$	\$	\$
Opening Balance as at 1 June 2018	366,662	92,067	458,730
Result for the year	(17,901)	0	(17,901)
Other comprehensive income	0	17,348	17,348
Total comprehensive income for the year	(17,901)	17,348	(553)
Closing Balance as at 31 May 2019	348,761	109,415	458,177
Results for the year	(42,170)	0	(42,170)
Other comprehensive income	0	(38,334)	(38,334)
Total comprehensive income for the year	(42,170)	(38,334)	(80,504)
Transfers of financial asset revaluation reserve upon disposal of investments in	18,695	(18,695)	0
Closing Balance as at 31 May 2020	325,286	52,386	377,672

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020**

	NOTE	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		2,841	3,220
Payments to Suppliers and Employees		(72,126)	(48,338)
Donations Received		0	0
Other Income		10,000	0
Net Cash Used in Operating Activities	8	<u>(59,285)</u>	<u>(22,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchases)/Proceeds of investments		<u>113,505</u>	<u>23,704</u>
Net Cash Provided By Investing Activities		<u>113,507</u>	<u>23,704</u>
Net Cash Provided by Financing Activities		<u>0</u>	<u>0</u>
Net Increase/(Decrease) in Cash Held		54,220	878
Cash at beginning of year		<u>8,334</u>	<u>7,456</u>
Cash at end of year	4	<u><u>62,554</u></u>	<u><u>8,334</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Australian Legion of Ex-Servicemen and Women (NSW State Branch) as an individual entity, incorporated and domiciled in Australia. The Australian Legion of Ex-Services Men and Women (NSW State Branch) is a not-for-profit entity. The financial report is presented in Australian Dollars.

Basis of Preparation

The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards in order to meet the information needs of the special purpose users.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) INCOME TAX

No provision for income tax is necessary as the entity is exempt from tax under the Income Tax Assessment Act 1997.

(b) INVENTORIES

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

(c) PROPERTY, PLANT AND EQUIPMENT

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

Property, Plant and Equipment

Plant and Equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Each class of property, plant and equipment is carried at cost, where applicable any accumulated depreciation.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

(c) PROPERTY, PLANT AND EQUIPMENT

CONTINUED...

Depreciation

The depreciation amount of all fixed assets including capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives 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. The depreciation rates used for Furniture and Fittings and Office Machines are from 12% to 15%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An assets' 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 and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(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 equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs.

Classification and Subsequent measurement

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

Amortised cost is calculated as:

1. the amount at which the financial asset or financial liability is measured at initial recognition;
2. less principal repayments;
3. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
4. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) IMPAIRMENT OF ASSETS

At each reporting date, the entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

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.

(e) 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.

(f) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) REVENUE

Revenue from membership contributions are recognised upon receipt, which is reflective of the timing and nature of the benefits provided to members.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

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

(h) COMPARATIVE FIGURES

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

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2020**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

(j) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key Estimates – Impairment

The entity assesses impairment at each reporting period by evaluation of conditions specific to the entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are measure using value-in-use calculations which incorporate various key assumptions.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2020

	2020 \$	2019 \$
2. REVENUE		
REVENUE		
Members Subscriptions	2,786	3,025
Donations	55	118
Other Income	0	77
	<u>2,841</u>	<u>3,220</u>
OTHER INCOME		
Investment Income	20,274	22,291
Government COVID19 Subsidy	10,000	0
	<u>30,274</u>	<u>22,291</u>
Total	33,115	25,511
3. OTHER EXPENSE ITEMS		
Depreciation of Non-Current Assets	0	0
Superannuation Expense	1,488	1,359
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	165	72
Cash at Bank	62,389	8,262
	<u>62,554</u>	<u>8,334</u>
5. TRADE AND OTHER RECEIVABLES		
Commercial Lease - Bond	1,581	1,581
Other Debtors – GST Receivable	1,214	363
	<u>2,795</u>	<u>1,844</u>
6. FINANCIAL ASSETS		
Non-Current		
Financial assets designated as at FVOCI	<u>316,001</u>	<u>447,569</u>
Financial assets designated as at FVOCI comprise:		
Property Trust Investments at Fair Value	10,121	80,680
Managed Investments at Fair Value	305,880	366,888
	<u>316,001</u>	<u>447,458</u>

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2020**

	2020 \$	2019 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment – at Cost	0	0
Less Provision for Depreciation	0	0
TOTAL PLANT & EQUIPMENT	<u>0</u>	<u>0</u>

(a) Movements in Carrying Amounts

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

Balance at Start of Year	0	0
Amortisation/Depreciation Expense	0	(0)
Carrying Amount - End of Year	<u>0</u>	<u>0</u>

8. CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with the Result:

Result	(42,170)	(17,901)
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Adjustments:

Depreciation	0	0
Income received from investments	(20,273)	0

Changes in Assets and Liabilities:

(Increase) / Decrease in Other Debtors	0	0
(Increase) / Decrease in Stock on Hand	2,130	(1,327)
Increase / (Decrease) in Sundry Creditors	(203)	(3,599)
Increase / (Decrease) in Employee Provisions	1,231	0
Cash Flows from Operations	<u>(59,285)</u>	<u>(22,827)</u>

9. CAPITAL AND LEASING COMMITMENTS

Minimum lease repayments under non-cancellable
Operating lease

- not later than 1 year	543	543
- Between one and five years	0	0
	<u>543</u>	<u>543</u>

The State Office lease is on a month by month basis
effective 1 July 2019

**NOTES TO THE FINANCIAL REPORT
 FOR THE YEAR ENDED 31 MAY 2020**

	NOTE	2020 \$	2019 \$
10. INFORMATION FURNISHED UNDER CHARITABLE COLLECTIONS ACT			
Gross Income from Fundraising Appeals		-	-
Expenditure associated with Fundraising		-	-
Net Operating Surplus		<u>-</u>	<u>-</u>

11. FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and available for sale investments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	4	62,554	8,334
Trade and other receivables	5	2,795	2,155
Financial assets designated as at FVOCI	6	316,001	447,568
		<u>381,350</u>	<u>458,057</u>

Financial Liabilities

Financial liabilities at amortised cost			
- Trade and other payables – PAYG Withheld, Superannuation , Review fees		1,326	889
		being \$616 PAYG + \$210 wages payable +\$500 Review Fee	Being 252 payg +495 review fee + 142 super
		<u> </u>	<u> </u>

12. EVENTS AFTER THE BALANCE DATE

Nil

13. ENTITY DETAILS

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

Australian Legion of Ex-Servicemen and Women (NSW State Branch)
 Suite 406B, Fortuna House
 332 – 336 Pitt Street
 Sydney NSW 2000

Note 14 is on Page 20

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2020**

DIRECTORS' DECLARATION

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 4 to 14, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 May 2020 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors.

W Adams

.....
W. Adams
Director

Dated this 22nd day of September 2020.

DECLARATION BY DIRECTORS - CHARITABLE FUNDRAISING ACT

We, the directors of Australian Legion of Ex-Servicemen and Women (NSW State Branch) state that in our opinion:

1. The Financial Statements for the year ended 31 May 2020 gives a true and fair view of all income and expenditure of the entity with respect to fundraising appeals;
2. The Balance Sheet at 31 May 2020 gives a true and fair view of the state of affairs of the entity with respect to fundraising appeals conducted by the entity;
3. The provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the entity; and
4. The internal controls exercised by the entity are appropriate and effective in accounting for all income received and applied by the entity from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors.

W Adams
.....
W. Adams
Director

Dated this 22nd day of September 2020.

**INDEPENDENT FINANCIAL REVIEW REPORT TO THE MEMBERS
AUSTRALIAN LEGION OF EX-SERVICEMEN AND WOMEN (NSW STATE BRANCH)**

We have reviewed the accompanying financial report of Australian Legion of Ex-Servicemen and Women (NSW State Branch) (the entity), which comprises the Balance Sheet as at 31 May 2020, the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, notes comprising a summary of the significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The Directors of the entity are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Reviewers' Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report does not satisfy the requirements of Division 60 of the ACNC Act including: giving a true and fair view of the registered entity's financial position as at 31 May 2020 and its performance for the year ended 31 May 2020; and complying with the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation). ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian Charities and Not-for-Profits Commission Act 2012.

**INDEPENDENT REVIEW REPORT TO THE MEMBERS
AUSTRALIAN LEGION OF EX-SERVICEMEN AND WOMEN (NSW STATE BRANCH)**

Continued...

Reviewer's Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report of Australian Legion of Ex-Servicemen and Women (NSW State Branch) does not satisfy the requirements of 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 May 2020 and of its financial performance and cash flows for the year ended 31 May 2020; 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 of Accounting

Without modifying our conclusion, 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 responsible entities' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose.

We also report that:

- (i) the financial statements show a true and fair view of the financial results of fundraising appeals conducted during the year;
- (ii) the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;
- (iii) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and
- (iv) at the date of this report, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.



.....
Megan Lee
Chartered Accountant
Registration No: 582866

Dated this 22nd day of September 2020.

**COMPILATION REPORT
TO AUSTRALIAN LEGION OF EX-SERVICEMEN AND WOMEN (NSW STATE BRANCH)**

We have compiled the accompanying special purpose financial statement of Australian Legion of Ex-Servicemen and Women (NSW State Branch), which comprise the detailed statement of comprehensive income for the year ended 31 May 2020. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statement were prepared.

Our Responsibility

On the basis of the information provided by the directors we have compiled the accompanying special purpose financial statement in accordance with the basis of accounting and APES 315: *Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statement. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statement was compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statement.



.....
Megan Lee
Chartered Accountant
Registration No: 582866

Dated this 22nd day of September 2020.

14. DETAILED STATEMENT OF OPERATING INCOME FOR THE YEAR ENDED 31 MAY 2020

	2020	2019
	\$	\$
INCOME		
Member Subscriptions	2,786	3,026
Donations	55	118
Other Income	0	77
Investment Income	20,274	22,291
Government Coronavirus Subsidy	10,000	0
	<u>33,115</u>	<u>25,511</u>
EXPENDITURE		
Membership Expenditure		
Rebates to Sub-Branches	<u>1,031</u>	<u>837</u>
Administration Expenditure		
Annual Leave	1,040	0
Audit and Accounting Services	500	500
Bank and Managed Fund Fees	6,310	6,616
Director Compliance training	250	0
Donations/Welfare	5,133	2,000
General Office Expenses	3,334	1,066
Insurance	2,451	2,319
Inventory write off	696	0
Legal fees	12,389	0
Long Service Leave Expense	191	0
Meetings, Conferences and ceremonies	5,604	660
Plaques - 75th Anniversary	5,804	0
Postage	169	204
Printing and Journal	4,346	2,193
Rent	5,980	5,961
Salaries	15,660	15,810
Stationery	106	141
Subscriptions	100	25
Superannuation	1,488	1,359
Traveling Expenses	1,520	2,374
Telephone/Internet	873	964
Website	310	353
Total Administration Expenses	<u>74,254</u>	<u>(42,575)</u>
TOTAL EXPENSES	<u>75,285</u>	<u>(43,412)</u>
OPERATING PROFIT/LOSS BEFORE DEPRECIATION	<u>(42,170)</u>	<u>(17,901)</u>
Depreciation	<u>0</u>	<u>0</u>
NET OPERATING PROFIT/LOSS FOR THE YEAR	<u>(42,170)</u>	<u>(17,901)</u>

Treasurers Summary

At our AGM, our treasurer provides an overview of our accounts for the year. Given that we will not be holding an AGM this year due to COVID restrictions, we have included this summary as an addendum to this year's financial report for information purposes.

The operating loss for the financial year ending 31st May 2020 is \$42,170 compared to \$ 17,901 last year.

The primary reasons for this increase in the operating loss are:

- a) Meetings, conferences and ceremonies increased from \$660 to \$5,679. The increase was primarily due to \$4,011 for subsidising 75th anniversary events, \$747 for holding the Sub Branch pool competition, and additional AGM costs primarily for awards and 75th anniversary related purchases
- b) \$5,804 for providing 75th anniversary plaques to various Sub Branches and State Branch
- c) \$12,389 for legal fees related to governance requirements. We continue to seek legal advice in actively engaging with the Australian Charities and Not for Profit Commission in relation to our self reporting of a potential breach of corporate governance standards and we sought legal advice in relation to confidential constitutional matters
- d) Donations/Welfare increased from \$2000 to \$5,133 including donations of \$2,000 to Soldier On, and \$3,000 to the Concord Repatriation Hospital and National Centre for Veteran's Health Care. We also purchased poppies and purchased flowers for a deceased former State Councillor
- e) Our journal printing and postage costs have increased from \$2,193 to \$4,196 due to the increased costs of producing the higher quality journal now being provided to members
- f) There was a loss of \$696 due to revaluation of our office inventory of wooden plaques, tie pins, cuff links and ties consistent with accounting standards requirements. \$1,489 of 75th anniversary plaques held in inventory as at 31st May 2019 were given to Sub Branches and are now included in the \$5,804 total for 75th anniversary plaques.
- g) General office expenses increased primarily due to the purchase of a new office computer for \$1,910 as the old computer could not be economically repaired. Electricity costs also increased.
- h) Travelling expenses reduced from \$2,374 to \$1,529. State Council meetings are currently being held electronically due to COVID restrictions
- i) We introduced compulsory corporate governance Director training. The initial cost was \$250. Further training is being considered to ensure that State Councillors fully understand their legal responsibilities as Directors of the Australian Legion. Legal advice was sought to ensure the Australian Legion was meeting the Australian Charities and Not for Profit Commission corporate governance standards

Income

Member Subscriptions are the cash amounts received from Sub Branches during our financial year. This differs to the information provided by Sub Branches in Page 22 due to timing differences and the different accounting treatments by Sub Branches. All Sub Branches have been instructed to close their financial year on 31st May to align with the State Branches financial year of 31st May each year. The 31st May financial year is the closing date approved by the Australian Charities and Not for Profit Commission so all Sub Branches must use this closing date.

We received \$10,000 for the Australian Government cash flow boost subsidy as we employ staff. We expect to receive an additional \$10,000 this financial year. We did not qualify under the relevant criteria for Job Keeper or State Government subsidies.

Portfolio Changes

The value of our investment portfolio decreased by \$38,334 due to falls in the stock market primarily related to the COVID19 pandemic. The loss was lower than it would have been had we not sold around 20% of the portfolio in January before the market fell. The sale proceeds are currently held in our cash deposits, which have increased from \$8,334 to \$62,554. \$35,000 was also withdrawn from the investment portfolio (prior to the sale of this investment) to fund the increase in operating expenses.

Sub Branch Financial Information

The following tables contain information provided by the respective Sub Branches and are included for information purposes only. The information has not been reviewed or consolidated in the State Branch accounts as there were different accounting principles applied. Sub Branches are not separate entities but exist as part of the Australian Legion of Ex-servicemen and Women, a company limited by guarantee incorporated under the Companies Act (not State legislation for Associations). As such all Sub Branch accounting policies should be the same as the State Branch accounting policies. In particular, we note that the Legion is registered for GST, subscriptions paid by Clubs on behalf of the Sub Branch (and any outstanding amount due to the Sub Branch) should be included in revenue / debtors and fund raising events should always be included and separated into income and expenses. For ease of consolidation, any amounts paid to or received from State Branch should be shown as a separate entry and should not be aggregated with other income such as function revenue or as rendering of services.

Profit and Loss	Broken Hill	Coogee	Cootamundra	Eastern Suburbs	Orange	Riverwood	Willoughby
Member Subscriptions	\$ 412		\$ 184	\$ 170	\$ 1,051	\$ 368	
Functions Revenue / Rendering of Services	\$ -					\$ 930	\$ 846
Raffles	\$ -					\$ 994	\$ -
Other Donations	\$ 120	\$ 2,500				\$ 25	\$ -
State Office Event Subsidy	\$ 438						
Sale Ribbons/Poppies	\$ -					\$ 142	
Interest Income	\$ 2,601	\$ 5				\$ 521	\$ 4,109
Total	\$ 3,571	\$ 2,505	\$ 184	\$ 170	\$ 1,051	\$ 2,980	\$ 4,955
EXPENDITURE							
Auditors Remuneration	\$ 415					\$ -	\$ 880
Advertising	\$ 108					\$ -	\$ -
Bank fees and Charges	\$ 15					\$ -	\$ -
Donations	\$ 1,154					\$ 630	\$ 3,900
Meetings & Conferences	\$ 953	\$ 1,065				\$ 1,262	\$ 1,111
Membership Rebate	\$ 166		\$ 124	\$ 170	\$ -	\$ 445	
Sundry	\$ 1,209					\$ 432	\$ -
Total	\$ 4,020	\$ 1,065	\$ 124	\$ 170	\$ -	\$ 2,769	\$ 5,891
Profit / (Loss) for the Year	-\$ 449	\$ 1,440	\$ 60	\$ -	\$ 1,051	\$ 211	-\$ 936
Balance sheet							
	Broken Hill	Coogee	Cootamundra	Eastern Suburbs	Orange	Riverwood	Willoughby
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 7,469	\$ 6,291				\$ 13,201	\$ 13,807
Financial Assets	\$ 93,000					\$ 22,340	\$ 172,527
Interest Receivable	\$ 451						\$ 1,948
Badges	\$ -					\$ 45	
TOTAL CURRENT ASSETS	\$ 100,468	\$ 6,291				\$ 35,587	\$ 188,282
NON-CURRENT ASSETS - -							
TOTAL NON-CURRENT ASSETS - -							
TOTAL ASSETS	\$ 100,468	\$ 6,291				\$ 35,587	\$ 188,282
LIABILITIES							
SUNDRY CREDITORS	\$ -					\$ 120	
TOTAL LIABILITIES - -						\$ -	\$ -
NET ASSETS	\$ 100,468					\$ 35,467	\$ 188,282
EQUITY							
Members' Equity	\$ 100,468	\$ 6,291				\$ 35,467	\$ 188,282
TOTAL EQUITY	\$ 100,468	\$ 6,291				\$ 35,467	\$ 188,282

(Cootamundra Sub Branch could not access their financial records due to renovations in their Club).