The Returned and Services League of Australia (New South Wales Branch)

ABN 78 368 138 161

Special purpose financial report for the year ended
30 June 2020

The Returned and Services League of Australia (New South Wales Branch)

Contents

The Returned and Services League of Australia (New South Wales Branch)

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Donations received		4,450,976	-
Management fees		46,876	46,766
Gain on sale of investments		-	750,000
Grants		513,518	24,500
Hotel revenue	4.1	5,926,777	7,567,509
Interest income		29,272	94,436
Membership fees and subscriptions		677,879	837,298
Other income	4.2	5,551,403	4,027,166
Rental income		479,952	354,334
Sale of goods		56,266	148,758
Total revenue		**17,732,919**	**13,850,767**
Administration expenses		(1,201,354)	(1,372,012)
Bad debts		(29,646)	-
Communications and publications		(263,821)	(394,081)
Cost of goods sold		(23,066)	(121,810)
Client support payments		(1,225,295)	(668,960)
Depreciation expense	8	(131,045)	(165,085)
Amortisation expense	9	(181,057)	-
Donations made	24	(105,567)	(618,009)
Day clubs and district councils		-	(10,977)
Employee benefits expense		(8,405,412)	(7,760,429)
Events		(200,652)	(229,958)
Finance costs		(137,500)	(160,000)
Hotel related expenses		(1,624,596)	(1,858,201)
Interest paid - Lease Liability		(24,365)	-
Fair value Gain or (Loss) on investment property		(2,847,023)	-
Amortisation of Lease Asset in Use		(85,149)	-
Loss on disposal of assets		(310)	(20,377)
Other employee related expenses		(312,899)	(660,391)
Other expenses		(88,195)	(167,858)
Professional fees		(868,000)	(1,103,315)
Property expenses		(266,594)	(464,971)
RSL National fees		-	(54,353)
Director and President expenses		(68,107)	(61,807)
Total expenses		**(18,089,653)**	**(15,892,593)**
Net deficit for the period		**(356,734)**	**(2,041,826)**
Other comprehensive income			
Decrease in the fair value of land and buildings	18	(6,715,353)	-
Net change in fair value of financial assets	18	(225,414)	313,116
Transfer of title of land and buildings		-	6,100,000
Other comprehensive (deficit)/surplus for the year		**(6,940,767)**	**6,413,116**
Total comprehensive (deficit)/surplus for the year		**(7,297,501)**	**4,371,290**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

The Returned and Services League of Australia (New South Wales Branch)

Statement of financial position

As at 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	5	5,686,743	2,077,243
Trade and other receivables	6	991,846	1,931,828
Other financial assets	7	5,414	7,084
Inventories		51,070	31,125
Asset held for sale	10	-	5,747,023
Total current assets		**6,735,073**	**9,794,303**
Non-current assets			
Property, plant and equipment	8	43,389,005	48,908,240
Intangible assets	9	659,456	294,583
Investment properties	11	14,558,420	11,650,000
Financial assets	12	3,362,184	5,792,758
Other financial assets	7	58,341	61,261
Right of Use Asset	19	275,622	-
Total non-current assets		**62,303,028**	**66,706,842**
Total assets		**69,038,101**	**76,501,145**
Liabilities			
Current liabilities			
Trade and other payables	14	1,111,841	1,581,715
Employee benefit liabilities	15	900,318	809,254
Lease Liability	19	81,113	-
Total current liabilities		**2,093,272**	**2,390,969**
Non-current liabilities			
Employee benefit liabilities	15	50,420	87,531
Borrowings	16	4,000,000	4,000,000
Specific purpose obligations	17	108,859	153,295
Lease Liability	19	213,702	-
Total non-current liabilities		**4,372,981**	**4,240,826**
Total liabilities		**6,466,253**	**6,631,795**
Net assets		**62,571,849**	**69,869,349**
Equity			
Accumulated funds		35,446,350	35,803,084
Fair value reserve	18	27,125,499	34,066,266
Total equity		**62,571,849**	**69,869,349**

The above statement of financial position should be read in conjunction with the accompanying notes.

The Returned and Services League of Australia (New South Wales Branch)
Statement of changes in equity
For the year ended 30 June 2020

	Accumulated funds	Fair value reserve	Total equity
At 1 July 2018	**31,744,910**	**33,753,150**	**65,498,060**
Net deficit for the year	(2,041,826)	-	(2,041,826)
Other comprehensive income (Note 18)	-	313,116	313,116
Transfer of title of land and buildings	6,100,000	-	6,100,000
Total comprehensive deficit for the six month period	**4,058,174**	**313,116**	**4,371,290**
At 30 June 2019	**35,803,084**	**34,066,266**	**69,869,350**
At 1 July 2019	**35,803,084**	**34,066,266**	**69,869,350**
Net deficit for the year	(356,734)	-	(356,734)
Other comprehensive deficit (Note 18)	-	(6,940,767)	(6,940,767)
Total comprehensive surplus for the year	**(356,734)**	**(6,940,767)**	**(7,297,501)**
At 30 June 2020	**35,446,350**	**27,125,499**	**62,571,849**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

The Returned and Services League of Australia (New South Wales Branch)
Statement of cash flows
For the year ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Cash flow from operating activities			
Membership fees and employees subscriptions		677,879	837,298
Payments to suppliers and employees		(15,037,992)	(16,344,185)
Receipts from accommodation charges		6,849,533	7,763,292
Grants received		513,518	215,450
Donations received		4,585,534	-
Receipts from other income		5,317,945	3,713,811
Investment income		648,178	-
Dividends received		30,862	272,115
Interest received		29,272	94,436
Donations paid		(105,567)	(618,009)
Interest paid		(137,500)	(160,000)
Net cash used by operating activities	5	**3,371,661**	**(4,225,791)**
Cash flow from investing activities			
Acquisition of Investment Properties		(8,420)	(297,024)
Disposal of Investment Properties		-	1,300,000
Purchase of property, plant and equipment		(1,357,078)	(548,085)
Purchase of intangible assets		(545,930)	(380,939)
Disposal of property, plant and equipment		29,838	-
Purchase of financial instruments		(703)	(5,792,758)
Disposal of financial instruments		2,205,161	9,667,022
Receipts of loans receivable		5,293	756,961
Net cash used in investing activities		**328,161**	**4,705,177**
Cash flow from financing activities			
Lease payment		(90,323)	-
Net cash provided by financing activities		**(90,323)**	**-**
Cash at beginning of the period		2,077,243	1,597,857
Net increase/(decrease) in cash and cash equivalents		3,609,500	479,386
Cash and Cash equivalents at 30 June 2020		**5,686,743**	**2,077,243**

1. Entity information

The financial statements of The Returned and Services League of Australia (New South Wales Branch) (the "RSL NSW") for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 23 September 2020.
The Returned and Services League of Australia (New South Wales Branch) is an incorporated body with limited liability, incorporated and domiciled in Australia. Incorporation status was established by an Act of the Parliament of New South Wales. By virtue of its method of incorporation, RSL NSW is not a legal entity under Corporations Act 2001.
The registered office and principal place of business of RSL NSW is ANZAC House, 341 George Street, Sydney, NSW 2000.
The principal activities of RSL NSW during the financial year were to provide for the well-being, care, compensation and commemoration of serving and ex-serving Defence Force personnel and their dependants and promote Government and Community awareness of the need for a stable and progressive Australia.

2. Summary of significant accounting policies

2.1 Basis of preparation

This special purpose financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report does not include the assets, liabilities and financial performance of the NSW sub-Branches and RSL LifeCare Ltd.
In the Board's opinion, RSL NSW is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Board has determined that the accounting policies adopted are appropriate to meet their needs.
The financial report has been prepared on a historical cost basis, except investment properties, land and buildings and financial assets that have been measured at fair value.
The financial report is presented in Australian dollars ($).

2.2 New accounting standards and interpretations

Changes in accounting policies, new and amended standards and interpretations

i) AASB 16 Leases

RSL NSW has adopted AASB 16 Leases on 1 July 2019. At inception of a new lease contract, RSL NSW assess whether a contract is a lease contract. A contract is a lease contract, if the contract gives the right to control the use of the underlying asset for a period of time in exchange for rental payment. The lease term is the minimum number of periods (months/years) for which RSL NSW is contractually obligated to pay the lease rentals. Judgement is used to determine whether an extension option will be exercised at the end of the lease term.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Company is the lessor.

Measurement and recognition of Lease liability

The lease liability is initially measured at the present value of the lease rental payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, RSL NSW's incremental borrowing rate. Generally RSL NSW uses its incremental borrowing rate as the discount rate. After initial recognition, the Lease liability is amortised over the period of the lease using the annualised rental payment.
RSL NSW has applied the cumulative catch-up approach and calculated outstanding lease liabilty using the incremental borrowing rate at date of AASB 16 adoption.

Based on the above, as at 1 July 2019:
- Right-of-use assets of $360,772 were recognised and presented separately in the statement of financial position
- Lease liabilities of $360,772 were recognised and presented separately in the statement of financial position.

The lease liabilities as at 1 July 2019 can be reconcilied to the operating lease commitments as at 30 June 2019 as follows:

	$
Operating lease commitments as at 30 June 2019	363,820
	363,820
Weighted average incremental borrowing rate as at 1 July 2019	7.56%
Discounted operating lease commitments as at 1 July 2019	360,772
Lease liabilities as at 1 July 2019	**360,772**

ii) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for Profit Entities

RSL NSW has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities from 1 July 2019. Under AASB 15, a customer of RSL NSW is a party that has contracted with RSL NSW to obtain goods or services that are an output of RSL NSW's ordinary activities in exchange for consideration. The new revenue standard has a single model to deal with revenue from contracts with customers. Its core principle is that revenue should be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which RSL NSW expects to be entitled in exchange for those goods or services.

2. Summary of significant accounting policies (continued)

ii) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for Profit Entities (continued)

The new Revenue Standard introduces a 5 – step approach to revenue recognition and measurement as follows:
- Identify the contract with the customer
- Identify the separate performance obligations
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations
- Recognise revenue when (or as) performance obligations are satisfied

RSL NSW applies AASB 1058 Income of Not-for-Profit Entities when RSL NSW enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset, principally to enable the organisation to further its charitable objectives. RSL NSW will recognise and measure the asset at fair value in accordance with other applicable Australian Accounting Standards.

RSL NSW follows the above conditions to recognise its rental income arising from leases on the investment properties over the lease term and includes this income as revenue in the statement of profit or loss. RSL NSW also follows the above conditions to

JobKeeper Scheme

RSL NSW recognises the amount payable to it under the JobKeeper Scheme in the month in which the wage subsidy relates to. RSL NSW determines the amount by assessing its eligible employees for that month, which it lodges with the ATO on a monthly basis.

a) Current versus non-current classification

RSL NSW presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

b) Fair value measurement

RSL NSW measures financial instruments such as financial assets at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by RSL NSW.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

RSL NSW uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and Liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in an active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. Summary of significant accounting policies (continued)

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

d) Trade and Other receivables

A receivable represents the entity's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit losses. Trade receivables are due for settlement no more than 30 days from the date of recognition.
For trade receivables, the entity applies a simplified approach in calculating expected credit losses (ECL). Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Inventories

Inventories comprise goods for resale and goods for distribution at no nominal consideration as part of RSL NSW's activities.

Goods for resale

Inventories of goods for resale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Goods held for distribution

Inventories of goods purchased and held for distribution are carried at cost, adjusted when applicable for any loss of service potential.

f) Financial assets - initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost or fair value through other comprehensive income (OCI).

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at fair value through OCI (debt instruments)

RSL NSW measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

RSL NSW’s debt instruments at fair value through OCI includes investments in quoted debt instruments included under non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, RSL NSW elected to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when RSL NSW benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
RSL NSW elected to classify irrevocably its non-listed equity investments under this category.

2. Summary of significant accounting policies (continued)

g) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, RSL NSW depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Land and buildings

Land and buildings (except for investment properties) are shown at fair value based on periodic, but at least triennial valuations by registered independent valuers with recognition where appropriate for subsequent cost of building improvements. Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant and equipment	5%-33%
Motor vehicle	20%
Leasehold improvements	20%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the intangibles, as follows:

Computer Software	20%-33%

i) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

2. Summary of significant accounting policies (continued)

j) Impairment of non-financial assets
RSL NSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, RSL NSW estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the statement of profit or loss as an expense after net operating surplus/deficit.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, RSL NSW estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k) Trade and other payables
Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to RSL NSW prior to the end of the financial year that are unpaid and arise when RSL NSW becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Employee benefit liabilities
Wages and salaries
Liabilities for wages and salaries which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave
RSL NSW does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. RSL NSW recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

m) Borrowings
RSL NSW's financial liabilities include borrowings. These are measured subsequently at amortised cost using effective interest rate method.
All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2. Summary of significant accounting policies (continued)

n) Taxes

RSL NSW under its constitution is a not for profit organisation and as such is exempt from income tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

o) Specific purpose obligations

Specific purpose obligations represent funds received from individuals, estates or other parties for various purposes including: Scholarships or Youth sporting and other social activities. Such funds are held by RSL NSW to spend at its discretion for the purpose for which they originated. RSL NSW recognises the obligation to expend these funds as a provision, in some cases also maintaining a separate bank account. When the particular purpose for which the funds were contributed is completed, the obligation is extinguished, or RSL NSW decides that the funds can no longer be expended for the originally established purpose any surplus funds are recognised as revenue. In addition, RSL NSW holds funds on behalf of other parties for specific memorials or commemorations purposes. These funds are held as an asset and a corresponding liability.

3. Significant accounting judgements, estimates and assumptions

The preparation of RSL NSW's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

RSL NSW makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities.

Fair value measurement of financial assets

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revaluation of land and buildings

RSL NSW measures its land and buildings at revalued amounts, with changes in fair value being recognised in OCI. The land and buildings were independently valued, using the Direct Comparison method of valuation. Further details on the revaluations are provided in note 8 and note 11.

4. Revenue

4.1 Hotel revenue

	Notes	30 June 2020 $	30 June 2019 $
Accommodation		5,867,434	7,394,505
Ancillary income		7,055	127,783
Conference room hire		52,288	45,221
		5,926,777	**7,567,509**
Geographical markets			
Australia		5,926,777	7,567,509
Total revenue from contracts with customers		**5,926,777**	**7,567,509**
Timing of revenue recognition			
Goods transferred at a point in time		7,055	127,783
Services transferred over time		5,919,722	7,439,726
Total revenue from contracts with customers		**5,926,777**	**7,567,509**

4.2 Other income

	30 June 2020 $	30 June 2019 $
Fee For Service	4,033,780	2,536,903
Closed sub-Branches	99,636	205,674
Sundry income	3,387	223,787
Other recharges	432,460	-
Jobkeeper subsidy	627,000	-
Investment income	121,350	155,650
Unrealised Gain/(Loss) in investment property revaluation	-	400,000
Support and assistance fund contribution	139,558	121,720
Support Fund	-	69,230
Administration Fee Income	63,370	42,087
Dividend received	30,862	272,115
	5,551,403	**4,027,166**

5. Cash and cash equivalents

	30 June 2020 $	30 June 2019 $
Cash at bank and on hand	5,686,743	2,030,100
Short-term deposits	-	47,143
	5,686,743	**2,077,243**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the above.

5. Cash and cash equivalents (continued)

	30 June 2020	30 June 2019
	$	$
Cash flow reconciliation		
Reconciliation of net deficit to net cash flows used in operations:		
Net deficit for the period	(356,734)	(2,041,826)
Adjustments for:		
Depreciation and amortisation	312,102	165,086
(Gain)/loss on sale of property, plant and equipment	75	20,377
(Gain)/loss on sale of investment properties	-	(750,000)
Amortisation and interest - lease liability	109,514	-
Revaluation of Investment properties	2,847,023	(400,000)
Other non-cash items	(44,435)	69,470
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	939,982	128,714
(Increase)/decrease in inventories	(19,945)	96,686
Increase/(decrease) in trade and other payables	(469,874)	(1,816,067)
Increase/(decrease) in employee benefits	53,953	301,770
Net cash flows from operating activities	**3,371,661**	**(4,225,791)**

6. Trade and other receivables

	30 June 2020	30 June 2019
	$	$
Current		
Trade debtors	473,130	1,424,769
Sundry debtors	256,751	192,868
Prepayments and accrued income	261,965	314,191
	991,846	**1,931,828**

7. Other financial assets

	30 June 2020	30 June 2019
	$	$
Current		
Loans - secured	5,414	7,084
	5,414	**7,084**
Non-current		
Term Deposit - non-current	27,220	26,517
Loans - secured	31,121	34,744
	58,341	**61,261**

Notes in relation to the secured loans:
Loan amounting to $110,979 to Norfolk Island RSL Sub branch in December 2007 with maturity in 2027. $5,414 due in the next 12 month; $31,121 due after one year until maturity

8. Property, plant and equipment

	Land and buildings	Plant and equipmen	Motor vehicle	Leasehold improvement	Capital Work In Progress	Total
	$	$	$	$	$	$
Cost						
At 1 July 2019	48,100,000	420,475	66,441	19,891	458,279	49,065,086
Additions	1,357,075	-	-	-	-	1,357,075
Revaluations	(6,715,354)	-	-	-	-	(6,715,354)
Disposals	-	(12,250)	(36,353)	-	-	(48,603)
Transfers	458,279	-	-	-	(458,279)	-
At 30 June 2020	**43,200,000**	**408,225**	**30,088**	**19,891**	**-**	**43,658,204**
Depreciation						
At 1 July 2019	-	120,218	34,306	2,321	-	156,844
Depreciation charge for the period	-	120,242	6,824	3,978	-	131,045
Disposals	-	(7,648)	(11,042)	-	-	(18,690)
At 30 June 2020	**-**	**232,813**	**30,088**	**6,299**	**-**	**269,199**
Net book value						
At 30 June 2020	**43,200,000**	**175,412**	**-**	**13,592**	**-**	**43,389,005**
At 30 June 2019	**48,100,000**	**300,257**	**32,135**	**17,569**	**458,279**	**48,908,240**

Addition
Additions of property plant and equipment relates to computer equipments and soft refurbishment and improvements carried out at Hyde Park Inn.
Disposals
Disposals mainly relates to computer equipments and sale of Motor Vehicle relating to Campbelltown warehouse.

Hyde Park Inn
Independent valuation of the Property at Hyde Park Inn was carried out as at 30 June 2020 by Preston Rowe Paterson. The valuer adopted the Discounted Cash flow method of valuation and have completed an analysis of sales of comparable properties within the vicinity of the property and of comparable zoning. The valuer has reported their valuation on the basis of significant valuation uncertainty due to COVID-19. The value assigned to the property amounts to $43,200,000 as at 30 June 2020 (2019: $48,100,000). As the property at Hyde Park is recorded at fair value, the valuation has been brought to account in this year's movement in fair value of the property.
Such valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.
RSL NSW has followed the Discounted Cash Flow approach (“DCF”) and the key assumptions and estimates used in this valuation approach which have been impacted by COVID-19 include:
-reduced annual occupancy rates and average daily room rate as a result of the COVID–19
-the discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows
-A discount rate of 8.00% has been selected which we are of the opinion investors would consider this to be an acceptable return for an accommodation hotel investment in the current market taking into account the uncertainty prevailing around the length of the COVID–19 economy
-In deriving the terminal value, a yield of 6.5% was selected taking into account the forecast levels of performance and presumed investment market at this time.
Due to the valuation uncertainty the property value may change significantly and unexpectedly over a relatively short period of time. The property valuation has been prepared based on the information that is available at 30 June 2020.

9. Intangible Assets

	Intangible Assets	Capital Work In Progress	Total
	$	$	$
Cost			
At 1 July 2019	349,221	31,719	380,940
Additions	545,930		545,930
Transfers	31,719	(31,719)	-
Disposals	-		-
At 30 June 2020	**926,870**	**-**	**926,870**
Amortisation			
At 1 July 2019	86,357	-	86,357
Amortisation charge for the period	181,057	-	181,057
Disposals	-	-	-
At 30 June 2020	**267,414**	**-**	**267,414**
Net book value at 30 June 2020	**659,456**	**-**	**659,456**
Net book value at 30 June 2019	**262,864**	**31,719**	**294,583**

Addition of Intangible assets

Additions of intangible assets relate to new expense management software Concur, Vetaran services CRM and Membership CRM software.

10. Asset held for sale

	30 June 2020	30 June 2019
	$	$
Concord RSL & Community Club, Concord West	-	5,747,023
	-	**5,747,023**

Concord RSL & Community Club, Concord West

Due to the adverse impact of COVID-19 on the property market, other strategies are being explored for the use of the Concord RSL Club and it is no longer being marketed for sale. The property has therefore been reclassified to Investment Properties.

11. Investment Properties

	30 June 2020	30 June 2019
	$	$
262 Castlereagh Street, Sydney	10,600,000	11,000,000
Concord RSL & Community Club, Concord West	3,300,000	-
18-24 Matong Street, Dareton	278,420	270,000
17-23 Matong Street, Dareton	380,000	380,000
	14,558,420	**11,650,000**

262 Castlereagh Street, Sydney

In 2015, RSL NSW purchased the property at 262 Castlereagh Street, Sydney for $8,690,000 and incurred expenses in respect of a development application of $782,179. The property was reclassified to investment property for the year ended 31 December 2016 to reflect its intended use. The property is intended to be held for capital appreciation.

The 2020 revaluation of the property was completed by an independent valuer “Preston Rowe Paterson”, a member of the Australian Property Institute. The property is valued using the Direct Comparison method as at 30 June 2020. RSL NSW management assess that the carrying value of the property approximates its market value as at 30 June 2020.

Concord RSL & Community Club, Concord West

The intital recognition of the property was measured at its fair value at acquisition and transaction costs. The valuation of the property was completed by an independent valuer “Preston Rowe Paterson”, a member of the Australian Property Institute as at 30 June 2020. The property is valued using the Direct Comparison method as at 30 June 2020. RSL NSW management assess that the carrying value of the property approximates its market value as at 30 June 2020.

Units - Matong Street, Dareton

The intital recognition of the property was measured at its fair value at time of transfer. The valuation of the property was done by an independent valuer “Herron Todd White”, a member of the Australian Property Institute. The property is valued using the Direct Comparison method as at 04 August 2020. RSL NSW Management assess that the carrying value of the property approximates its market value as at 30 June 2020.

Independent valuation of the Investment Properties was carried out as at 30 June 2020 by Independent valuers. Valuations for 262 Castlereagh Street and Concord West were performed by Preston Rowe and Matong Street properties were valued by Herron Todd White. The valuers adopted the direct comparison method and have completed an analysis of sales of comparable properties within the vicinity of the property and of comparable zoning. The valuers have reported their valuation on the basis of significant valuation uncertainty due to COVID-19. The value assigned to the property amounts to $14,558,420 as at 30 June 2020 (2019: $17,397,023 including the asset held for sale for comparative reasons). As investment properties are recorded at fair value, the valuation has been brought to account in this year's movement in fair value of investment properties.

12. Financial Asset investments

	30 June 2020	30 June 2019
	$	$
Mortgage and wholesale funds	568,854	1,588,539
Index funds	2,793,330	4,204,219
	3,362,184	**5,792,758**

The fair value is determined by reference to published price quotations in an active market.

13. Fair value measurement

The following table provides the valuation details of RSL NSW's assets measured at fair value:

	Date of Valuation	$
Assets measured at fair value:		
Financial Asset investments (Note 12)		
Mortgage and wholesale funds	**30 June 2020**	**568,854**
	30 June 2019	1,588,539
Index Funds	**30 June 2020**	**2,517,359**
	30 June 2019	4,179,161
Cash Trust	**30 June 2020**	**275,971**
	30 June 2019	25,058
Property, plant and equipment (Note 8)		
Hyde Park Inn	**30 June 2020**	**43,200,000**
	30 June 2019	48,100,000
Asset held for sale (Note 10)		
Concord RSL & Community Club, Concord West	**30 June 2020**	**-**
	30 June 2019	5,747,023
Investment properties (Note 11)		
262 Castlereagh Street, Sydney	**30 June 2020**	**10,600,000**
	30 June 2019	11,000,000
Concord RSL & Community Club, Concord West	**30 June 2020**	**3,300,000**
	30 June 2019	-
18-24 Matong Street, Dareton	**30 June 2020**	**278,420**
	30 June 2019	270,000
17-23 Matong Street, Dareton	**30 June 2020**	**380,000**
	30 June 2019	380,000

The fair value of all investments are determined by reference to published price quotation in an active market.

Hyde Park Inn is valued using Discounted Cashflow method of valuation by an independent valuer.
262 Castlereagh Street, Sydney is valued on a Direct Comparison method of valuation by an independent valuer.
Concord RSL & Community Club, Concord West is valued on a Direct Comparison method of valuation by an independent valuer.
18-24 Matong Street and 17-23 Matong Street, Dareton are valued on a Direct Comparison method of valuation by an indendent valuer.

14. Trade and other payables

	30 June 2020	30 June 2019
	$	$
Current		
Trade and other payables	921,142	1,069,288
Deposits in advance	178,297	482,952
Subscriptions received in advance	12,402	10,830
Payroll Tax Payable	-	18,645
	1,111,841	**1,581,715**

15. Employee benefit liabilities

	30 June 2020	30 June 2019
	$	$
Current		
Annual leave	531,820	516,978
Long service leave	368,498	292,276
	900,318	**809,254**
Non-current		
Long service leave	50,420	87,531
	50,420	**87,531**

16. Borrowings

	30 June 2020	30 June 2019
	$	$
Non-current		
Loan payable	4,000,000	4,000,000
	4,000,000	**4,000,000**

Borrowings represents a loan from the Five Dock RSL sub-Branch obtained in July 2015. The loan is secured by a mortgage against 262 Castlereagh Street, Sydney. The principal was initially payable after 5 years which has been extended 12 months and will be payable in July 2021. The interest rate on the loan is 0.25%.

17. Specific purpose obligations

	30 June 2020	30 June 2019
	$	$
Non-current		
Youth councils	44,622	46,188
Scholarships	32,482	32,450
Memorial and commemoration provisions	793	74,657
Other provisions	30,962	-
	108,859	**153,295**

18. Fair value reserves

	Fair Value Reserve	Asset revaluation reserve	Total
	$	$	$
As at 1 July 2018	2,152,608	31,600,542	33,753,150
Increase/(decrease) in value of financial asset investments	313,116	-	313,116
As at 30 June 2019	**2,465,724**	**31,600,542**	**34,066,266**
Increase/(decrease) in value of financial asset investments	(225,414)	-	(225,414)
decrease in value of land and buildings	-	(6,715,353)	(6,715,353)
As at 30 June 2020	**2,240,310**	**24,885,189**	**27,125,499**

Nature and purpose of reserves

Financial assets

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets (e.g., equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Asset revaluation reserve

The land and building of Hyde Park Inn is measured at fair value, with changes in fair value being recognised in OCI. RSL NSW engaged an independent valuation specialist to assess the fair value of the property as at 30 June 2020, see accounting policy note 2(g) for details.

19. Leases

RSL NSW has entered into lease commitments for the warehouse at unit 1, 25 Badgally Road, Campbelltown and for printers and photocopy machines at its office premises. The Campbelltown warehouse lease term expires on 30 September 2023 and the Toshiba photocopy machines lease term expires on 31 August 2023. Information regarding the leases are presented below:

Right of Use Asset

	30 June 2020	30 June 2019
	$	$
Balance at 1 July 2019	360,771	-
Additions during the year	-	-
Amortisation	(85,149)	-
Balance at 30 June 2020	275,622	-

Lease liability

Maturity analysis - contractual undiscounted cashflows

	30 June 2020	30 June 2019
Within one year	99,619	81,596
After 1 year but less than 5 years	231,928	282,224
More than 5 years	-	-
	331,547	**363,820**

Lease libilities included in the statement of financial positions as at 30 June 2020:

	30 June 2020	30 June 2019
Current	81,113	-
Non-current	213,702	-
	294,815	**-**

20. Commitments , contingencies and lease commitments

Capital Commitments

RSL NSW did not have any capital commitments as at 30 June 2020 (30 June 2019: nil).

Contingent liabilities

RSL NSW has a Bank Guarantee of $27,220 againt Campbelltown warehouse lease as at 30 June 2020 (30 June 2019: $26,517).

21. Related party information

	Description of transactions	Entity Type	30 June 2020	30 June 2019
Revenue from			$	$
ANZAC House Trust	Management fees	1	20,400	20,400
RSL Welfare & Benevolent Institution (WBI)	Management fees & Shared expenses	2	4,033,780	2,536,903
Australian Forces Overseas Fund (AFOF)	Management fees	4	26,476	26,476
			4,080,656	**2,583,779**

			30 June 2020	30 June 2019
Payments To			$	$
ANZAC House Trust	Office Rent	1	-	258,036
RSL Welfare & Benevolent Institution (WBI)	Shared expenses	2	130,130	206,449
			130,130	**464,485**

		30 June 2020	30 June 2019
Amounts owed by/(to) Related Parties		$	$
ANZAC House Trust	1	1,870	1,870
RSL Welfare & Benevolent Institution (WBI)	2	297,819	1,202,343
RSL LifeCare	3	-	(211,603)
Australian Forces Overseas Fund (AFOF)	4	2,427	-
		302,116	**992,610**

Entity Type

1. The entity is the co-occupier of the premises sub-leased by the Trust. The entity and the Trust have common natural persons as members of the Board of Management. RSL NSW has been granted a waiver of rent payment from ANZAC House Trust from 1 July 2019.
2. RSL WBI and the entity share resources and have common management personnel. The entity provides services to the Trustees
3. RSL NSW is the sole member of RSL LifeCare.
4. The entity and AFOF have common natural persons as members of the Board of Management

A services agreement was entered into with RSL WBI for RSL NSW to deliver services to ex-serving veterans, the cost of which was invoiced by RSL NSW to RSL WBI. RSL NSW delivered services under the RSL DefenceCare program to both serving and ex-serving veterans. RSL WBI funded the provision of services to ex-serving veterans.

22. Auditors remuneration

	30 June 2020	30 June 2019
	$	$
The auditor of RSL NSW is Ernst & Young (Australia)		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Fees for auditing the statutory financial report	84,843	99,840
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	12,480	12,480
Fees for other services - System compliance	81,800	-
	179,123	**112,320**

23. Board of Directors and key management personnel compensation

The members of the Board during the reporting period was as follows:

Name	Position
Raymond James	Acting President
Phillip Chin	Director
Sandra Lambkin	Director
Bryan Slattery	Director
David Bell	Director, appointed 11 June 2019
Phillip Bridie	Director, appointed 15 April 2019
John Hutcheson	Director, appointed 15 April 2019
Sophie Ray	Director, appointed 11 June 2019
Jonathon Tuckfield	Director, appointed 11 June 2019

The Directors are not remunerated by RSL NSW, only certain expenses incurred on behalf of RSL NSW are reimbursed. These expenses amounted to $68,107 (2019: $61,807).

Key management personnel are persons who have authority and responsibility for planning, directing and controlling the activities of RSL NSW during the financial period. The key management personnel in office during the financial period were:

Name	Position
Jonathan Black	Chief Executive Officer, apponted 2 September 2019
Robyn Collins	Chief Executive Officer, resigned 27 September 2019
Jeffrey O'Brien	State Secretary
Rajeesh Nair	General Manager, Operational Support & Development, resigned 31 January 2020
Leanne Meyer	General Counsel, resigned 14 February 2020
Nicole Hasrouni	Chief Financial Officer

	30 June 2020	30 June 2019
	$	$
Total compensation paid to key management personnel	1,123,233	1,539,263

24. Donations made

	30 June 2020	30 June 2019
	$	$
Funds were distributed as follows:		
RSL sub-Branches	105,567	29,814
Donations Made	-	30,695
Invictus Games Contribution	-	557,500
Total	**105,567**	**618,009**

RSL NSW

Responsible Entities' declaration

I, Ronald Raymond James, Acting President of The Returned and Services League of Australia (New South Wales Branch) (RSL NSW) declare that in my opinion:

1) the financial statements and notes of RSL NSW satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012, including by giving a true and fair view of the financial position of RSL NSW as at 30 June 2020 and of its performance for the year ended on that date and by complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements;

2) there are reasonable grounds to believe RSL NSW is able to pay all of its debts as and when they become due and payable.

I am authorised by the responsible entities to sign this declaration under section 60.15(2) of the ACNC Regulation.

RRJames

Ronald Raymond James
Acting President
RSL NSW

Dated this 23rd day of September, 2020

RSLNSW

President's declaration given under Charitable Fundraising Authority Condition 6(3)

I, Ronald Raymond James, Acting President of The Returned and Services League of Australia (New South Wales Branch) (RSL NSW) declare that in the circumstances and to the relevant extent, in my opinion:

1. the income statement gives a true and fair view of the state of affairs of income and expenditure of RSL NSW with respect to fundraising appeals;
2. the balance sheet gives a true and fair view of the state of affairs of RSL NSW with respect to its fundraising appeals;
3. the provisions of the Act, the regulations under the Act and the conditions attached to the RSL NSW Charitable Fundraising Authority have been complied with; or
4. the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by RSL NSW from any fundraising appeals.

RRJames

Ronald Raymond James
Acting President
RSL NSW

Dated this 23rd day of September, 2020

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Auditor's Independence Declaration to the Members of The Returned and Services League of Australia (New South Wales Branch)

In relation to our audit of the financial report of The Returned and Services League of Australia (New South Wales Branch) for the year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, 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* or any applicable code of professional conduct.

Ernst & Young

Daniel W Cunningham
Partner
23 September 2020

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working world

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Independent Auditor's Report to the Members of The Returned and Services League of Australia (New South Wales Branch)

Opinion

We have audited the financial report, being a special purpose financial report, of The Returned and Services League of Australia (New South Wales Branch) (the "League"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards to the extent described in Note 2, and the Australian Charities and Not-for-Profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Australian Charities and Not-for-Profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter: Properties Valuation

We draw attention to Notes 8 and 11 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of Land and building and Investment properties and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company 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 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Daniel Cunningham
Partner
Sydney
23 September 2020