



RSL
NSW

Respecting, supporting and
remembering our veterans and
their families

ANNUAL REPORT

2020/21 Financial Year

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Introduction

The Returned & Services League of Australia (New South Wales Branch) ABN: 78 368 138 161 (RSL NSW) is incorporated under an NSW Act of Parliament – RSL NSW Act 2018 (NSW) No. 48 (Act).

RSL NSW is a charity, the purpose of which is to respect, support and remember veterans and their families. It performs its work with a commitment to good governance, accountability to members and transparency.

In the 2020/21 Financial Year, sub-Branches provided countless hours of volunteer support to veterans and their families in NSW. In addition, RSL NSW sub-Branches and other donors, provided over \$2.1million to enable its partner charity and related entity RSL LifeCare to:

- Provide \$258,662 in financial assistance, supporting essential services for veterans and their families.
- Assist 142 veterans experiencing homelessness.
- Help 480 veterans to lodge 1729 DVA claims.
- Make 353 virtual or socially distanced visits to veterans and family members at homes, hospitals or nursing homes.
- Lodge 164 new VRB appeals, complete 276 Alternative Dispute Resolution (ADR) mediation discussions and represent 25 full VRB Board Hearings.

As at 30 June 2021 RSL NSW had 337 sub-Branches throughout NSW and had 28,079 members.

Aside from its sub-Branches, the RSL NSW Family in 2020/2021 included:

- Anzac House Trust
- RSL Australian Forces Overseas Fund (known as AFOF)
- RSL Custodian Pty Ltd
- RSL LifeCare
- RSL NSW Auxiliaries
- RSL Welfare and Benevolent Institution (WBI) (vested 31 October 2020)
- RSL Youth Clubs
- RSL Day Clubs

More information can be found on the RSL NSW website - www.rslnsw.org.au.



President's Report

Ray James OAM, GAICD, JP

The past year has seen veterans and the wider community experience the challenges of a global pandemic. COVID-19 has not only resulted in the loss of life but has also impacted how our organisation and the community function. The restrictions and lockdowns have resulted in members not being able to attend funerals, commemorative events, attend sub-Branch meetings, and subsequently resulted in the first virtual Congress and Annual General Meeting in the history of the League.

Remembrance Day, the ANZAC Day Dawn Service and Sydney March went ahead with COVID Safety Plans in place. Vigorous lobbying of the NSW Government by RSL NSW resulted in over 4000 veterans marching through the CBD. Smaller commemorative services were hosted by sub-Branches across NSW however volunteer health and safety concerns hindered Poppy and ANZAC Appeal fundraising efforts.

RSL NSW enlisted the support of Australian Defence Force volunteers who were deployed in the Sydney CBD to raise over \$50,000 in addition to online fundraising campaigns. This amount, combined with the collective efforts of sub-Branches across the state, resulted in a donation of \$XXX to our partner charity, RSL LifeCare, to continue to provide services and support to veterans and their families.

RSL DefenceCare has been absorbed by RSL LifeCare Veteran Services and we continue to work together to establish Veteran Wellbeing Centres across NSW in addition to Nowra, Wagga Wagga, the Sydney CBD, and on the Far North Coast. The centres are crucial for RSL NSW to engage and deliver services and support veterans and their families in their communities. The 2021 Census will provide greater insights into where veterans are located across NSW and inform how our operations and centres can evolve to meet their needs.

The Federal Government announced the establishment of a Royal Commission into Defence and Veteran Suicide Prevention. The Commission was given broad terms of reference that will hopefully lead us all to a better understanding of veteran suicide and the impact of serving in the Australian Defence Force. The next few years will be tough for veterans and their families as the Royal Commission moves through various phases, undertakes public hearings and examines the failings of Government, Departments, and of course the ex-service organisations. This is a significant event for all veterans and RSL NSW is committed to ensuring we support veterans and their families who are affected.

In December 2020 I was elected as President after the first one member, one vote election in the League's history. The RSL NSW Board welcomed many new faces who bring a diverse set of skills and experience to the organisation.

President's Report (cont)

Ray James OAM, GAICD, JP



Most of the staff at ANZAC House have been forced to work from home throughout the year. The team was restructured and will move to new premises in Pitt Street, Sydney. Our Chief Executive Officer Jon Black has continued to work on the many projects and challenges presented to him by the Board, including the implementation of the 2021-2026 Strategic Plan. I thank Jon and his team for working overtime to deliver better outcomes for the League and the wider veteran community.

The Chair of the Board, Sophie Ray, has worked tirelessly with the CEO and his team to ensure decision making is conducted within robust governance frameworks. I also wish to acknowledge the work of the other Directors who contributed to RSL NSW in this financial year David Bell, Phillip Bridie, Phillip Chin, John Hutcheson, Stephen Graham, David McCann, Clinton Grose and Greg Read who all worked tirelessly and committed many hours to review large volumes of material to make informed decisions.

As President of RSL NSW I have filled the role as a Director on the RSL Australia Board which has faced its own challenges throughout the year. It is hoped that RSL Australia will achieve its objective to be the one voice for members and veterans across Australia.

Unfortunately, many of our members have passed throughout the year and my sympathy and condolences go to their families, friends and their mates left behind.

I would like to thank the CEO, State Secretary, and the entire team at ANZAC House for supporting me in my role as President of RSL NSW.



Chair's Report

Sophie Ray GDLS, BA (Hons), LLB (Hons), GAICD

Board, which has continued to ensuring it is fit for its charitable

In October, the Board approved the first five-year Strategic plan for RSL NSW after 12 months of consultation with members across the State. The strategic plan sets out RSL NSW's guiding principles and focuses for the next five years, with a staged series of projects and initiatives built into it. The Board is particularly grateful for the time that members took to attend meetings with the CEO and President to learn about the proposed plan and provide feedback and input on it.

In the first half of the financial year, members participated in the three yearly RSL NSW Board election. This was the first election in RSL NSW's history in which each member had an individual vote, and the first election in which members could vote electronically. The logistics of the election, particularly with the challenges of Covid, were significant, and the Board was delighted that notwithstanding these challenges over 20% of members voted, and that the election process, overseen by independent returning officer Link Market Services was a smooth one. The Board sees it as a measure of the members' support for its' work that all four of the previous RSL NSW Directors who nominated for re-election were re-elected, joining the two existing independent members and four newly elected members of the Board from their appointment in December, at RSL NSW's first virtual AGM. It is unfortunate that two of the four newly elected Directors have subsequently resigned due to changed personal circumstances. However, this has given the Board the opportunity to review the skills and experience of the remaining Directors and undertake a formal recruitment process within the membership to fill the ensuing casual vacancies ensuring greater diversity on the Board. The Board has also undertaken a similar process to fill the two independent member vacancies on the Audit & Risk Committee. It has been very pleasing to see the large number of applications from a range of candidates for these roles, particularly given that RSL NSW Board members are not remunerated, and all their time is volunteered. The Board is confident that these new Board and independent committee members will bring a great deal of expertise and insight to the leadership of RSL NSW as it continues through this period of change.

In early 2021, the Board was delighted to support the opening of the Veterans Wellbeing Centre, in Nowra. This joint initiative of RSL NSW and RSL Lifecare is the first of a series of Wellbeing centres to be rolled out across NSW in accordance with the Strategic Plan. The second centre, at Wagga Wagga, is expected to open on a temporary site later this year.

The Board has also continued to work on strengthening its governance, compliance and financial frameworks. In October, the Board and Executive took part in a series of externally facilitated sessions to design a robust risk framework and risk reporting protocols for the organisation. The impact of Covid and ever-changing financial landscape has meant that the Board has been constantly engaged in considering budgeting, forecasts, and operational drivers to ensure that Anzac House can

Chair's Report

Sophie Ray GDLS, BA (Hons), LLB (Hons), GAICD



continue to provide support and services to RSL NSW members at a time when these are particularly needed. The Board also submitted its final report to the ACNC under the Enforceable Undertaking entered into by RSL NSW in 2018.

While this is a moment of note in RSL NSW's history, the ACNC has made it clear that it will continue to monitor RSL NSW's activities, and the Board of RSL NSW is determined that the lessons learned from the Bergin Enquiry and the processes, policies and rules of conduct introduced since then, will continue to form the basis of RSL NSW's operations going forward.

Amongst all of this, Board members have continued their day-to-day work, attending 13 Board meetings; 15 Committee meetings; 2 joint meetings with the District Presidents' Council; 4 meetings with the Board of RSL Lifecare. Board members have also represented RSL NSW on external committees, at commemorations, District Council and Sub-branch meetings, and at meetings with Government and other stakeholders. The Board has also continued to work closely with the Board of RSL Lifecare, to clarify roles, responsibilities, and governance oversight of RSL NSW in its role as the sole member of RSL Lifecare; and provided input to RSL National when requested.

The Board extends its thanks the CEO, Executive and staff at Anzac House and Hyde Park Inn, who have worked countless hours to keep RSL NSW running and moving forward during this unprecedented year. They have been unfailing in their good humour, willingness to answer questions at any time and hard work in the face of constant change and uncertainty. Additionally, the Board thanks and pays tribute to all the volunteers within the RSL NSW membership, for the countless hours that they commit to looking after veterans in their own communities, and to ensuring that RSL NSW continues to live and breathe its purpose, not matter the challenges before it.

On a personal note, I thank my fellow Board members for their commitment to their work, their collegiality and the respect with which they conduct robust debates when making complex decisions. And finally, a particular thanks to our President, Ray James, for his guidance and insight, from which I have benefitted enormously and which I greatly appreciate.

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CEO's Report

Jonathan (Jon) Black CSC, GAICD



Like so many other organisations, sadly the global pandemic has been the defining event of this financial year. While the substantial hit to our bottom line can be easily measured, the human toll, particularly in our case across the veteran community and their families cannot. Despite this, my thoughts are always primarily to our volunteer members and their support team at ANZAC House and what we do to support our veterans and their families.

With respect to State Branch (ANZAC House) the reported surplus is a great achievement, but this has only been made possible by our strategic property divestments. The underlying situation is a \$3.0 million operating deficit. While ANZAC House costs were reduced by \$6.5m from FY 2020, including reducing staff from 63 to 20, the pandemic reduced the expected returns from the Hyde Park Inn by \$2.8 m. Donations from sub-Branches to support ANZAC House were not substantial due to the impact of the pandemic on their investments and the timing of the request from ANZAC House. However, the underlying strength of the Balance Sheet enabled operations to continue.

The strategic \$95 million sale of Hyde Park Inn, involving a delayed settlement, will enable ANZAC House to establish a more diversified investment portfolio in the future, ensuring a sustainable future for the League's head office function, and greater opportunity to invest in veteran services.

Although distracted by the pandemic, and despite the financial constraints, we have pushed on with implementing the approved 2021-2026 Strategic Plan. The President and Chair have highlighted several achievements, but we still have so much to do and it will rely on the League working together to achieve our shared vision. We must ensure everyone in every community knows what the RSL stands for and what we do, and everyone who has served will want to join. I am still confident this can be achieved over the course of five years if we build trust and confidence across the organisation. It's an incredibly influential and effective organisation if we work as one RSL.

The Strategic Plan puts the Sub-Branch at the centre and is the foundation to delivering our charitable purpose. The four key sub-Branch functions espoused in the Plan are built from the League's esteemed history and recognise the founders' intent which has not changed; Mateship or camaraderie, advocacy, and commemoration to the fore, supported by fundraising.

The RSL works hard to supporting our volunteer members in sub-Branches as they are an integral part of the 'One RSL, delivering locally' strategy. Commencing in 2020, when resources to support our veterans are not available in the sub-Branch or the services needed are beyond our capability, we can refer veterans to our own partner charity, RSL LifeCare. RSL LifeCare now operates RSL DefenceCare (offering a full array of pension advocacy and financial assistance,) and has a Veteran Services division focussed on providing services including support for homeless veterans, the RSL Employment Program, housing support, welfare, mental health support through the SPUR Equine Program and more. Given the growth in services, this part of the new strategy is working well.

CEO's Report (cont)

Jonathan Black CSC, GAICD



Finally, I would like to take this opportunity to thank the extraordinarily resilient, capable, and hardworking teams at ANZAC House and the Hyde Park Inn. Despite the disruption of the pandemic and sale, Peter and the team at the Hyde Park Inn have performed extraordinarily well, as has the small but dynamic team at ANZAC House; I am very proud to be their leader. The team remains dedicated to supporting our volunteers across our sub-Branch network and realising our vision for the future.



Governance Statement

RSL NSW is committed to a high standard of corporate governance to ensure the organisation achieves its stated objectives in ways that are transparent, accountable and effective. Corporate governance arrangements are reviewed regularly by the Board.

The Board's conduct is governed by the RSL NSW Act 2018 (Act), the RSL NSW Constitution, and the Board Charter.

Directors

The following were Directors of RSL NSW in the 2020/21 Financial Year:

Name	Date Appointed
David Bell*	June 2019
Phillip Bridie	April 2019 – December 2020 7 December 2020 (current term)
Phillip Chin	September 2017 – December 2020 7 December 2020 (current term)
Stephen Graham	7 December 2020 (current term)
Clinton Grose	7 December 2020 – July 2021 (resigned)
John Hutcheson	April 2019 – December 2020 7 December 2020 (current term)
Ray James	May 2014- January 2017 May 2017- December 2020 7 December 2020 (current term)
Sandra Lambkin	May 2017 – December 2020 (retired at close of term)
David McCann	7 December 2020 (current term)
Sophie Ray*	June 2019
Gregory Read	7 December 2020 – February 2021 (resigned)
Bryan Slattery	May 2017 – December 2020 (retired at close of term)
Jonathan Tuckfield	June 2019 – December 2020 (retired at close of term)

**Independent Directors appointed pursuant to the RSL NSW Act 2018 (NSW)*



Governance Statement

Committees

The following Board Committees assisted the Board in the discharge of its duties:

- Audit and Risk Committee
- Nomination, Remunerations and Performance Committee
- Governance Review Committee
- Veteran Services and Policy Committee
- Selections Committee
- Congress Agenda Committee

Each Committee has a Charter that sets out its role, responsibilities, composition and structure. The Charters are reviewed regularly by the Board. The Committees report to the Board at each Board meeting and minutes of meetings are provided to the Board.

Conflicts of Interest

All Directors are bound by the conflicts requirements of the Act and the Constitution which guide compliance with all legal, statutory, policy and other obligations.

Directors are required to disclose any actual or potential conflict of interest at the start of every Board meeting, at which time the Board determines an appropriate response which may require a Director to remove themselves from discussions, decisions or votes. In the case of staff, any actual or perceived conflict of interest must be declared to the Company Secretary and entered into the Register of Interests.

Director's Expenses

A record of Director Expenditure for the financial year is available on the RSL NSW website.

Board composition and renewal

The Board via its Nominations, Remuneration and Performance Committee reviews and evaluates its succession planning process on an ongoing basis to assist it to identify the skills and experience of serving Directors and to guide the recruitment of Independent Directors.

Board performance review

The Board reviews its performance at the end of every Board meeting. The review includes:

- the conduct of the meeting and Director participation;
- the content, quality and sufficiency of Board papers; and
- whether the venue and facilities were suitable and conducive to an effective meeting.

2020 - 2021 Board and Committee Meeting Attendance

	Board Meetings		Audit & Risk Committee		Nominations & Performance Committee		Governance Review Committee		Veteran Services & Policy Committee		Selections Committee		Congress Agenda Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Board Members														
David Bell	13	10	4	3	3	3	1	1	-	-	-	-	-	-
Phillip Bridie	13	12	6	6	-	-	1	1	2	2	-	-	1	1
Phillip Chin	13	13	6	6	2	1	-	-	-	-	-	-	1	1
John Hutcheson	13	11	-	-	3	3	-	-	-	-	-	-	-	-
Ray James	13	13	6	2**	-	-	1	1**	4	4**	2	1**	1	1
Sandra Lambkin	5	5	-	-	1	1	-	-	2	1	2	2	-	-
Sophie Ray	13	13	-	-	3	3	1	1	-	-	-	-	-	-
Bryan Slattery	5	5	-	-	-	-	-	-	-	-	-	-	1	1
Jonathan Tuckfield	5	5	-	-	-	-	-	-	4	3***	-	-	1	1
Clinton Grose	8	5	-	-	-	-	-	-	2	2	-	-	-	-
Steven Graham	8	8	2	2	2	2	-	-	-	-	-	-	-	-
David McCann	8	7	-	-	-	-	-	-	2	1	-	-	-	-
Greg Read*	3	3	-	-	-	-	-	-	-	-	-	-	-	-
Independent Committee Members														
Victor Guevara****	-	-	6	4	-	-	-	-	-	-	-	-	-	-
Mark Moore****	-	-	6	3	-	-	-	-	-	-	-	-	-	-
Bronte Pollard	-	-	-	-	-	-	-	-	4	4	-	-	-	-
Nikki Young	-	-	-	-	-	-	-	-	3	3	-	-	-	-
David Edmond	-	-	-	-	-	-	-	-	-	-	2	2	-	-
Alan Barnes	-	-	-	-	-	-	-	-	-	-	2	2	-	-

* Retired due to illness

** Ex officio

*** Mr Tuckfield did not nominate for the Board election in December 2020 and was asked to become an independent member after that time

****Independent Members – New Committees were established following the Board election and all independent committee members vacated their positions in February 2021.

**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 2021

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

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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 2021

		2021	2020
	Notes	\$	\$
Donations received		2,512,187	4,450,976
Management fees		46,876	46,876
Fair value gain on investment properties	11	11,307,698	-
Grants		103,394	513,518
Hotel revenue	4.1	3,478,596	5,926,777
Interest income		31,837	29,272
Membership fees and subscriptions		362,602	677,879
Other income	4.2	1,734,239	5,551,403
Rental income		221,626	479,952
Sale of goods		44,613	56,266
Total revenue		19,843,669	17,732,919
Administration expenses		(790,280)	(1,201,354)
Bad debts		-	(29,646)
Communications and publications		(67,057)	(263,821)
Cost of goods sold		(22,885)	(23,066)
Client support payments		(25,865)	(1,225,295)
Depreciation expense	8	(286,934)	(131,045)
Amortisation expense	9	(208,913)	(181,057)
Donations made	25	(2,841,137)	(105,567)
Employee benefits expense		(3,843,549)	(8,405,412)
Events		(196,545)	(200,652)
Finance costs		(59,318)	(137,500)
Hotel related expenses		(994,152)	(1,624,596)
Interest paid - Lease Liability		(18,457)	(24,365)
Fair value loss on investment properties		-	(2,847,023)
Amortisation of Lease Asset in Use	20	(82,920)	(85,149)
Loss on disposal of assets		(263,184)	(310)
Other employee related expenses		(206,397)	(312,899)
Other expenses		(43,780)	(88,195)
Professional fees		(1,154,061)	(868,000)
Property expenses		(255,966)	(266,594)
RSL National fees		(205,686)	-
Director and President expenses		(41,143)	(68,107)
Total expenses		(11,608,229)	(18,089,653)
Net surplus/(deficit) for the period		8,235,440	(356,734)
Other comprehensive income			
Increase/ (decrease) in the fair value of land and buildings	19	17,302,750	(6,715,353)
Net change in fair value of financial assets	19	419,184	(225,414)
Other comprehensive income/ (loss) for the period		17,721,934	(6,940,767)
Total comprehensive income/ (loss) for the period		25,957,374	(7,297,501)

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 2021

	Notes	<u>2021</u>	<u>2020</u>
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	2,501,648	5,686,743
Trade and other receivables	6	488,715	991,846
Other financial assets	7	-	5,414
Inventories		51,909	51,070
Asset held for sale	10	3,300,000	-
Total current assets		<u>6,342,272</u>	<u>6,735,073</u>
Non-current assets			
Property, plant and equipment	8	60,383,624	43,389,005
Intangible assets	9	359,728	659,456
Investment properties	11	21,907,698	14,558,420
Financial assets	12	4,205,403	3,362,184
Other financial assets	7	27,220	58,341
Right of Use Asset	20	28,932	275,622
Total non-current assets		<u>86,912,605</u>	<u>62,303,028</u>
Total assets		<u>93,254,877</u>	<u>69,038,101</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	14	602,732	1,111,841
Employee benefit liabilities	15	677,586	900,318
Lease Liability	20	13,722	81,113
Total current liabilities		<u>1,294,040</u>	<u>2,093,272</u>
Non-current liabilities			
Employee benefit liabilities	15	25,025	50,420
Borrowings	16	-	4,000,000
Specific purpose obligations	17	89,236	108,859
Lease Liability	20	17,352	213,702
Deferred income	18	3,300,000	-
Total non-current liabilities		<u>3,431,613</u>	<u>4,372,981</u>
Total liabilities		<u>4,725,653</u>	<u>6,466,253</u>
Net assets		<u>88,529,224</u>	<u>62,571,849</u>
Equity			
Accumulated funds		43,681,790	35,446,350
Fair value reserve	19	44,847,434	27,125,499
Total equity		<u>88,529,224</u>	<u>62,571,849</u>

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 2021

	Accumulated funds	Fair value reserve	Total equity
At 1 July 2019	35,803,084	34,066,266	69,869,350
Net deficit for the year	(356,734)	-	(356,734)
Other comprehensive loss (Note 19)	-	(6,940,767)	(6,940,767)
Total comprehensive loss for the year	(356,734)	(6,940,767)	(7,297,501)
At 30 June 2020	35,446,350	27,125,499	62,571,849
At 1 July 2020	35,446,350	27,125,499	62,571,849
Net profit for the year	8,235,440	-	8,235,440
Other comprehensive income (Note 19)	-	17,721,935	17,721,935
Total comprehensive income for the year	8,235,440	17,721,935	25,957,375
At 30 June 2021	43,681,790	44,847,434	88,529,224

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 2021

	2021	2020
Notes	\$	\$
Cash flow from operating activities		
Membership fees and employees subscriptions	362,602	677,879
Payments to suppliers and employees	(8,590,659)	(15,037,992)
Receipts from accommodation charges	3,980,887	6,849,533
Grants received	103,394	513,518
Donations received	2,699,656	4,585,534
Receipts from other income	1,448,935	5,317,945
Investment income	387,622	648,178
Dividends received	24,251	30,862
Interest received	31,837	29,272
Donations paid	(2,182,717)	(105,567)
Interest paid	(59,318)	(137,500)
Net cash (used in)/from operating activities	(1,793,510)	3,371,661
	5	
Cash flow from investing activities		
Deposit from sale of asset	3,300,000	-
Improvement of investment properties	-	(8,420)
Purchase of property, plant and equipment	-	(1,357,078)
Disposal of property, plant and equipment	500	29,838
Purchase of intangible assets	(151,416)	(545,930)
Purchase of financial instruments	(424,033)	(703)
Disposal of financial instruments	-	2,205,161
Receipts of loans receivable	1,791	5,293
Net cash used from investing activities	2,726,842	328,161
Cash flow from financing activities		
Lease payment	(118,427)	(90,323)
Loan payment	(4,000,000)	-
Net cash used in financing activities	(4,118,427)	(90,323)
Cash at beginning of the period	5,686,743	2,077,243
Net (decrease)/increase in cash and cash equivalents	(3,185,095)	3,609,500
Cash and Cash equivalents at 2021	2,501,648	5,686,743
	5	

The above statement of cash flows should be read in conjunction with the accompanying notes.

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

Notes to the financial statements

For the year ended 30 June 2021

1. Entity information

The financial statements of The Returned and Services League of Australia (New South Wales Branch) ("RSL NSW") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 27 September 2021.

RSL NSW 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 the Corporations Act 2001.

The registered office and principal place of business of RSL NSW is ANZAC House, 175 Pitt Street, Sydney, NSW 2000.

The principal activities of RSL NSW during the financial year were to provide for the well-being, care and commemoration of serving and ex-serving Defence Force personnel and their dependants and promote Government and Community awareness of current issues relevant to serving and ex-serving ADF personnel.

2. Summary of significant accounting policies

a) 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 or 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. 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 (\$).

Changes in accounting policies, new and amended standards and interpretations

RSL NSW has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The impact of these new standards and interpretations, however, is not expected to have a material impact on RSL NSW's financial statements.

b) AASB 16 Leases

At inception of a new lease contract, RSL NSW will 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 a 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.

For lease contracts with a lease term of 12 months or less, or where a lease is for a low value asset, Management elect to apply a recognition exemption and lease payments are recognised as an expense in the profit and loss statement.

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.

Measurement and recognition of Right of use asset

A right of use asset is recognised and is initially recorded at the same value as the lease liability.

It is then recorded in the balance sheet as "Lease Right of Use Asset" and amortised over the lease term using the straight line method. After initial recognition, the Right of Use Asset is measured using the depreciated cost model.

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

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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

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

RSL NSW uses 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 recognise its grants, subscription income, administration service income and donation income when received.

JobKeeper Scheme

RSL NSW has recognised the amount received under the JobKeeper Scheme in the month in which the wage subsidy related to. RSL NSW has determined the amount by assessing its eligible employees for that month, which it lodged with the ATO on a monthly basis.

d) 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.

e) 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 market 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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

f) 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.

g) 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.

h) 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.

i) 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 flows and selling, and
- 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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

j) 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.

k) 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%
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l) 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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

m) 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.

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.

n) 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.

o) 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.

p) Borrowings

RSL NSW's financial liabilities include borrowings. These are measured subsequently at amortised cost using the 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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

q) Taxes

RSL NSW is a not-for-profit organisation outlined in its constitution 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.

r) 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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

4. Revenue

4.1 Hotel revenue

	Notes	2021	2020
		\$	\$
Accommodation		3,469,411	5,867,434
Ancillary income		9,185	7,055
Conference room hire		-	52,288
		<u>3,478,596</u>	<u>5,926,777</u>

Geographical markets

Australia		3,478,596	5,926,777
Total revenue from contracts with customers		<u>3,478,596</u>	<u>5,926,777</u>

Timing of revenue recognition

Goods transferred at a point in time		9,185	7,055
Services transferred over time		3,469,411	5,919,722
Total revenue from contracts with customers		<u>3,478,596</u>	<u>5,926,777</u>

4.2 Other income

	2021	2020
	\$	\$
Fee For Service	222,904	4,033,780
Closed sub-Branches	37,265	99,636
Sundry income	-	3,387
Other income	93,500	432,460
Jobkeeper subsidy	1,038,700	627,000
Investment income	119,119	121,350
Support and assistance fund contribution	187,470	139,558
Administration Fee Income	11,030	63,370
Dividend received	24,251	30,862
	<u>1,734,239</u>	<u>5,551,403</u>

5. Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	2,501,648	5,686,743
	<u>2,501,648</u>	<u>5,686,743</u>

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

5. Cash and cash equivalents (continued)

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash flow reconciliation		
Reconciliation of surplus/(deficit) to net cash flows from/(used in) operations:		
Net deficit for the period	8,235,440	(356,734)
Adjustments for:		
Depreciation and amortisation	495,847	312,102
Loss on sale of property, plant and equipment	262,925	75
Loss on sale of investment properties	658,420	-
Amortisation and interest - lease liability	101,377	109,514
Impairment of financial assets	34,744	-
Revaluation gain/(loss) of Investment properties	(11,307,698)	2,847,023
Other non-cash items	-	(44,435)
Changes in assets and liabilities:		
Decrease in trade and other receivables	503,131	939,982
Increase in inventories	(839)	(19,945)
Decrease in trade and other payables	(509,109)	(469,874)
(Decrease)/increase in employee benefits	(248,127)	53,953
Decrease in special purpose obligations	(19,621)	-
Net cash flows (used in)/from operating activities	<u>(1,793,510)</u>	<u>3,371,661</u>

6. Trade and other receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
Current		
Trade debtors	165,233	473,130
Sundry debtors	2,148	256,751
Prepayments and accrued income	321,334	261,965
	<u>488,715</u>	<u>991,846</u>

7. Other financial assets

	<u>2021</u>	<u>2020</u>
	\$	\$
Current		
Loans - secured	-	5,414
	<u>-</u>	<u>5,414</u>
Non-current		
Term Deposit - non-current	27,220	27,220
Loans - secured	-	31,121
	<u>27,220</u>	<u>58,341</u>

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

8. Property, plant and equipment

	Land and buildings	Plant and equipment	Motor vehicle	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
At 1 July 2020	43,200,000	408,225	30,088	19,891	43,658,204
Revaluations	17,302,750	-	-	-	17,302,750
Disposals	-	(39,899)	(30,088)	(19,891)	(89,878)
Transfers	23,913	(23,913)	-	-	-
At 30 June 2021	60,526,663	344,413	-	-	60,871,076
Depreciation					
At 1 July 2020	-	232,813	30,088	6,299	269,199
Depreciation charge for the period	200,647	82,640	-	3,647	286,934
Disposals	-	(28,648)	(30,088)	(9,946)	(68,682)
At 30 June 2021	200,647	286,805	-	-	487,452
Net book value					
At 30 June 2021	60,326,016	57,608	-	-	60,383,624
At 30 June 2020	43,200,000	175,412	-	13,592	43,389,005

Disposals

Disposals mainly relate to computer equipments, sale of a motor vehicle and fit-out costs relating to the Campbelltown warehouse.

Hyde Park Inn

RSL NSW has entered into a Put and Call Option (PCO) Deed for the the sale of Hyde Park Inn and 262 Castlereagh Street with Central Element. The PCO will allow the purchaser to exercise a call option during the call option period (between 30-48 months from the date of the Deed) to buy Hyde Park Inn and 262 Castlereagh Street. If the call option is not exercised by Central Element, RSL NSW can exercise a put option during the put option period (15 business days after the call option expiry date) to sell both properties and make the agreement binding for both parties. The future Guaranteed Minimum Purchase Price has been agreed at \$95m. RSL NSW has used this \$95m as a future fair value for both Hyde Park Inn and 262 Castlereagh Street and has used the discounted present value method to revalue Hyde Park Inn and 262 Castlereagh Street as at 30 June 2021. A discount rate of 6.18% has been selected which is the market incremental borrowing rate as of the reporting date to determine the present value of the properties. This has resulted in a revaluation gain of \$17.3m for Hyde Park Inn which has been credited to asset revaluation surplus in equity.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

9. Intangible Assets

	Intangible Assets	Capital Work In Progress	Total
	\$	\$	\$
Cost			
At 1 July 2020	926,869	-	926,869
Additions	134,100	17,317	151,417
Disposals	(284,779)	-	(284,779)
At 30 June 2021	776,190	17,317	793,507
Amortisation			
At 1 July 2020	267,414	-	267,414
Amortisation charge for the period	208,913	-	208,913
Disposals	(42,548)	-	(42,548)
At 30 June 2021	433,779	-	433,779
Net book value at 30 June 2021	342,411	17,317	359,728
Net book value at 30 June 2020	659,456	-	659,456

Addition of Intangible assets

Additions of intangible assets relate to new Expense Management software and Membership CRM software.

10. Asset held for Sale

	2021	2020
	\$	\$
Concord RSL & Community Club, Concord West	3,300,000	-
	3,300,000	-

RSL NSW Executive assess that the carrying value of the property approximates its fair value as at 30 June 2021 and has decided to actively market this property for sale.

11. Investment Properties

	2021	2020
	\$	\$
262 Castlereagh Street, Sydney	21,907,698	10,600,000
Concord RSL & Community Club, Concord West	-	3,300,000
18-24 Matong Street, Dareton	-	278,420
17-23 Matong Street, Dareton	-	380,000
	21,907,698	14,558,420

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.

On December 2020 RSL NSW has entered into a Put and Call Option (PCO) deed with Central Element to sell 262 Castlereagh Street along with Hyde Park Inn. The future Guaranteed Minimum Purchase Price has been agreed at \$95m for both the properties. RSL NSW has used this \$95m as a future fair value for both Hyde Park Inn and 262 Castlereagh Street and has used the discounted present value method to revalue 262 Castlereagh Street as at 30 June 2021. This has resulted in a revaluation gain of \$11.3m for 262 Castlereagh Street which has been credited to the profit and loss statement as a fair value gain on investment properties.

Concord RSL & Community Club, Concord West

RSL NSW's Board has decided to market Concord RSL and Community Club for sale and has reclassified this as Asset Held for Sale as at 30 June 2021.

Units - Matong Street, Dareton

RSL NSW has donated both the Matong Street, Dareton properties to Wentworth sub-Branch and the ownership has been transferred during June 2021.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

12. Financial Asset investments

	<u>2021</u>	<u>2020</u>
	\$	\$
Mortgage and wholesale funds	942,857	568,854
Index Funds	3,262,546	2,793,330
	<u>4,205,403</u>	<u>3,362,184</u>

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:

	<u>Date of Valuation</u>	<u>\$</u>
Assets measured at fair value:		
Financial Asset investments (Note 12)		
Mortgage and wholesale funds	2021	942,857
	2020	568,854
Index Funds	2021	2,986,166
	2020	2,517,359
Cash Trust	2021	276,380
	2020	275,971
Property, plant and equipment (Note 8)		
Hyde Park Inn	2021	60,326,016
	2020	43,200,000
Investment properties (Note 11)		
262 Castlereagh Street, Sydney	2021	21,907,698
	2020	10,600,000
Concord RSL & Community Club, Concord West	2021	-
	2020	3,300,000
18-24 Matong Street, Dareton	2021	-
	2020	278,420
17-23 Matong Street, Dareton	2021	-
	2020	380,000

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

14. Trade and other payables

	2021	2020
Current	\$	\$
Trade and other payables	462,924	921,142
Deposits in advance	73,065	178,297
Subscriptions received in advance	62,438	12,402
Payroll Tax Payable	4,305	-
	602,732	1,111,841

15. Employee benefit liabilities

	2021	2020
Current	\$	\$
Annual leave	335,330	531,820
Long service leave	342,256	368,498
	677,586	900,318
Non-current		
Long service leave	25,025	50,420
	25,025	50,420

16. Borrowings

	2021	2020
	\$	\$
Loan payable	-	4,000,000
	-	4,000,000

17. Specific purpose obligations

	2021	2020
	\$	\$
Youth councils	44,490	44,622
Scholarships	32,494	32,482
Memorial and commemoration provisions	793	793
Other provisions	11,459	30,962
	89,236	108,859

18. Deferred income

	2021	2020
	\$	\$
Deposit received in advance from sale of asset	3,300,000	-
	3,300,000	-

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

19. Fair value reserves

	Fair Value Reserve	Asset revaluation reserve	Total
	\$	\$	\$
As at 1 July 2019	2,465,724	31,600,542	34,066,266
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
Increase in value of financial asset investments	419,185	-	419,185
Increase in value of land and buildings	-	17,302,750	17,302,750
As at 30 June 2021	2,659,495	42,187,939	44,847,434

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. On December 2020 RSL NSW has entered into a put and call option deed with Central Element to sell Hyde Park Inn. RSL NSW has used the future guaranteed minimum sale price as a fair value for Hyde Park Inn and has used the discounted present value method to revalue Hyde Park Inn as at 30 June 2021. The revaluation gain has been credited to asset revaluation reserve.

20. 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 with Toshiba. Due to reduced operational and storage requirements, RSL NSW has terminated the lease at Unit 1, 25 Badgally Road effective May 2021. The Toshiba lease term expires on 31 August 2023. Information regarding the leases are presented below:

	Right of Use Asset	
	\$	
Right of Use Asset		
Balance at 1 July 2020		275,622
Additions during the year		-
Amortisation		(82,920)
Disposals during the year		(163,770)
Balance at 30 June 2021		28,932
	2021	2020
	\$	\$
Lease liability		
<i>Maturity analysis - contractual undiscounted cashflows</i>		
Within one year	15,576	99,619
After 1 year but less than 5 years	18,172	231,928
More than 5 years	-	-
	33,748	331,547
Lease liabilities included in the statement of financial position as at 30 June 2021:		
Current	13,722	81,113
Non-current	17,352	213,702
	31,074	294,815

21. Commitments, contingencies and lease commitments

Capital Commitments

RSL NSW did not have any capital commitments as at 30 June 2021 (30 June 2020: nil).

Contingent liabilities

RSL NSW did not have any other contingencies as at 30 June 2021 (30 June 2020: \$27,220).

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

22. Related party information

	Description of transactions	Entity Type	2021	2020
Revenue from				
			\$	\$
ANZAC House Trust	Management fees	1	20,400	20,400
RSL Welfare & Benevolent Institution (WBI)	Management fees & Shared expenses	2	222,904	4,033,780
Australian Forces Overseas Fund (AFOF)	Management fees	4	26,476	26,476
			269,780	4,080,656
			2021	2020
Payments To				
			\$	\$
RSL Welfare & Benevolent Institution (WBI)	Shared expenses	2	-	130,130
RSL LifeCare	Donation, grants and other services	3	2,605,333	-
			2,605,333	130,130
			2021	2020
Amounts owed by/(to) Related Parties				
			\$	\$
ANZAC House Trust		1	-	1,870
RSL Welfare & Benevolent Institution (WBI)		2	-	297,819
RSL LifeCare		3	60,773	-
Australian Forces Overseas Fund (AFOF)		4	-	2,427
			60,773	302,116

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.
2. RSL WBI and the entity share resources and have common management personnel. The entity provided services to the Trustees until the wind-up date of the trust 31 October 2020.
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.

23. Auditors remuneration

	2021	2020
	\$	\$
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	74,880	84,843
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
Fees for other services - System compliance	-	81,800
	74,880	179,123

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

24. Board of Directors and key management personnel compensation

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

Name	Position
Raymond James	President
Phillip Chin	Director
Sophie Ray	Director
David Bell	Director
Phillip Bridie	Director
John Hutcheson	Director
Clinton Grose	Director, appointed on 7 December 2020
David McCann	Director, appointed on 7 December 2020
Stephen Graham	Director, appointed on 7 December 2020
Sandra Lambkin	Director, resigned on 7 December 2020
Bryan Slattery	Director, resigned on 7 December 2020
Jonathon Tuckfield	Director, resigned on 7 December 2020

The Directors are not remunerated by RSL NSW, only certain expenses incurred on behalf of RSL NSW are reimbursed. These expenses amounted to \$41,143 (2020: \$68,107).

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
Nicole Hasrouni	Chief Financial Officer
Jeffrey O'Brien	State Secretary
Valentyna Jurkiw	Head of Legal/Company Secretary
Trina Constable	Head of Communications and Marketing

	2021	2020
	\$	\$
Total compensation paid to key management personnel	1,108,245	1,123,233

25. Donations made

	2021	2020
	\$	\$
Funds were distributed as follows:		
RSL sub-Branches	15,185	105,567
Donations Made	2,825,952	-
	2,841,137	105,567



Responsible Entities' declaration

I, Ronald Raymond James, 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 2021 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.

Ronald Raymond James
President
RSL NSW

Dated this 27 day of September 2021



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

I, Ronald Raymond James, 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.

Ronald Raymond James
President
RSL NSW

Dated this 27 day of September 2021

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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 2021, 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 2021 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 (including Independence Standards)* (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.



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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.



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- 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

Daniel Cunningham
Partner
Sydney
27 September 2021



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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 financial year ended 30 June 2021, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Daniel W Cunningham'.

Daniel W Cunningham
Partner
27 September 2021