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Toronto RSL Memorial Club
A.B.N. 77 001 068 079

Audited Financial Statements
For The Year Ending
31 December 2020

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TORONTO RSL MEMORIAL CLUB LIMITED
ABN 77 001 068 079

FULL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

DIRECTORS' REPORT

Your Directors present this report on the company for the financial year ended 31 December 2020.

Directors

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

Mr Ron Mitcherson

Mr Gordon Gardiner

Ms Kerrie Middleton

Mr Andrew Gardiner

Mr Phillip Gray

Mr Paul Kelly

Mr Brad Turier

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

Principal Activities

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

- Operation of a Registered Club providing facilities for members and their guests
- Operation of an investment property known as "The Alec Rice Centre"

Short Term Objectives

To maintain the financial strength of the Club; which will enable the continued improvement of Club facilities for members and their guests.

Completion of refurbishment stage 2, gaming room.

Long Term Objectives

Continue to diversify income to enable the club to provide additional facilities to help benefit the community as well as the Club's members and guests.

Achieving Objectives

The Board of Directors, management and staff together are committed to achieving best practice principles which are measurable by the continual support of community partnerships whilst exceeding financial benchmarks. Meeting our strategic goals is achieved through constant review and evaluation of business performance using both financial and non-financial indicators that are key to the club industry.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

DIRECTORS' REPORT

Information on Directors

Ron Mitcherson	—	Director/President
Experience	—	Retired NSW police detective. Has been a board member since 2005.
Gordon Gardiner	—	Director/Vice President
Experience	—	Retired technician. Has been a board member since 1979.
Kerrie Middleton	—	Director
Experience	—	Home duties. Has been a board member since 2004.
Andrew Gardiner	—	Director
Qualification	—	Bachelor Degree of Policing
Experience	—	NSW Police Officer. Has been a board member since 2018.
Phillip Gray	—	Director
Qualification	—	Cert 4 Trainer & WHS Assessor.
Experience	—	Trainer & WHS Officer. Has been a board member since 2008.
Paul Kelly	—	Director
Qualification	—	Advanced Certificate in Management
Experience	—	HM Customs Officer. Has been a board member since 2016.
Brad Turier	—	Director
Experience	—	Business Owner. Has been a board member since 2019.

All Directors have completed the following corporate compliance training
Director Foundation & Management Collaboration | Finance for Club Boards

Meetings of Directors

During the financial year, 14 meetings of Directors were held. Attendances by each Director were as follows:

	Number eligible to attend	Number attended
Ron Mitcherson	14	14
Gordon Gardiner	14	14
Kerrie Middleton	14	9
Andrew Gardiner	14	13
Phillip Gray	14	14
Paul Kelly	14	12
Brad Turier	14	11

Members Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each membership is required to contribute a maximum of \$10.00 each towards meeting any outstanding obligations of the company. At 31 December 2020 the collective liability of members was \$68,640 (2019: \$67,150).

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 5 of the Directors' report.

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

Director



Ron Mitcherson

Director



Gordon Gardiner

Dated this 15 MARCH day of MONDAY 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
TORONTO RSL MEMORIAL CLUB LIMITED
ABN 77 001 068 079**

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

EVOLUTION AUDIT PTY LTD

Unit 1 B2, 335 Hillsborough Road
WARNERS BAY NSW 2282



Director: Craig Bartlett

Date: 15 MARCH 2021

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

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

	Note	2020 \$	2019 \$
Revenue from continuing operations	2	5,514,326	6,335,888
Revenue from investment properties	2	616,626	736,674
Other income	2	852,985	52,070
Changes in inventories		10,251	(10,558)
Inventories purchased		(803,823)	(866,033)
Employee benefits expense		(2,115,311)	(1,986,391)
Depreciation and amortisation expense	3	(820,670)	(838,347)
Finance costs	3	(152,630)	(169,599)
Poker machine duty		(547,039)	(633,635)
Raffle and bingo expenses		(208,291)	(302,352)
Advertising, promotions and entertainment		(189,286)	(312,054)
Repairs and maintenance expense		(183,899)	(140,272)
Occupancy costs		(285,486)	(353,547)
Insurance		(167,180)	(153,845)
Members amenities and expenses		(101,364)	(215,395)
Donations and sponsorship		(46,787)	(73,525)
Other expenses		(252,556)	(333,500)
Profit before income tax		1,119,866	735,579
Income tax benefit/(expense)	4	(63,473)	(71,319)
Profit after income tax attributable to members		1,056,393	664,260
Other comprehensive income:			
Net gain/(loss) on revaluation of available-for-sale financial assets		(546)	122
Other comprehensive income, net of tax		(546)	122
Total of comprehensive income for the year attributable to members		1,055,847	664,382

The accompanying notes form part of these financial statements.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,375,029	1,990,204
Trade and other receivables	6	-	7,033
Inventories	7	74,508	64,290
Financial asset	8	1,313,225	2,175,444
Other current assets	9	100,937	113,882
TOTAL CURRENT ASSETS		<u>3,863,699</u>	<u>4,350,853</u>
NON-CURRENT ASSETS			
Financial asset	8	865	1,409
Property, plant and equipment	10	11,569,175	10,959,977
Investment properties	11	5,973,201	6,172,419
Deferred tax asset	15	184,427	181,106
Intangible assets	12	351,809	369,941
TOTAL NON-CURRENT ASSETS		<u>18,079,477</u>	<u>17,684,852</u>
TOTAL ASSETS		<u>21,943,176</u>	<u>22,035,705</u>
CURRENT LIABILITIES			
Trade and other payables	13	754,883	468,437
Short term borrowings	14	4,491,776	5,972,252
Current tax liability	15	140,902	109,013
Short term provisions	16	196,322	164,773
TOTAL CURRENT LIABILITIES		<u>5,583,883</u>	<u>6,714,475</u>
NON-CURRENT LIABILITIES			
Trade and other payables	13	32,442	28,233
Deferred tax liabilities	15	50,146	57,146
Long term provisions	16	11,484	26,477
TOTAL NON-CURRENT LIABILITIES		<u>94,072</u>	<u>111,856</u>
TOTAL LIABILITIES		<u>5,677,955</u>	<u>6,826,331</u>
NET ASSETS		<u>16,265,221</u>	<u>15,209,374</u>
EQUITY			
Financial assets reserve		864	1,410
Retained earnings		16,264,357	15,207,964
TOTAL EQUITY		<u>16,265,221</u>	<u>15,209,374</u>

The accompanying notes form part of these financial statements.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

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

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January 2019	15,543,704	1,288	14,544,992
Profit attributable to the members	664,260	-	664,260
Revaluation of available-for-sale financial assets	-	122	122
Balance at 31 December 2019	15,207,964	1,410	15,209,374
Profit attributable to the members	1,056,393	-	1,056,393
Revaluation of available-for-sale financial assets	-	(546)	(546)
Balance at 31 December 2020	16,264,357	864	16,265,221

The accompanying notes form part of these financial statements.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		7,456,530	7,476,514
Payments to suppliers and employees		(5,100,856)	(5,931,252)
Interest received		25,973	90,037
Finance costs		(152,630)	(169,599)
Income tax refunded/(paid)		(40,053)	(69,559)
Net cash provided by/(used in) operating activities		2,188,964	1,396,141
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		40,500	36,000
Payment for property, plant and equipment		(1,221,195)	(4,345,468)
Payment for intangibles		(2,245)	(12,574)
Proceeds from held-to-maturity investments		859,277	1,222,464
Net cash provided by/(used in) investing activities		(323,663)	(3,099,578)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(1,480,476)	2,172,252
Net cash provided by/(used in) financing activities		(1,480,476)	2,172,252
Net increase/(decrease) in cash held		384,825	468,815
Cash at the beginning of the financial year		1,990,204	1,521,389
Cash at the end of the financial year	5	2,375,029	1,990,204

The accompanying notes form part of these financial statements.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report is for the year ended 31 December 2020 for Toronto RSL Memorial Club Limited as an individual company, incorporated and domiciled in Australia. Toronto RSL Memorial Club Limited is a not for profit company limited by guarantee.

The financial statements were authorised for issue 15 March 2021 by the Directors of the company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards– Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

Accounting Policies

a. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

All revenue from the sale of goods is recognised upon the receipt of the goods by customers and members

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

b. Inventories

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

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

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

c. Property, Plant and Equipment

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

Property

Freehold land and buildings are measured on the cost basis less depreciation for buildings and impairment losses.

The carrying amount of freehold land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Land and buildings	2.5 – 4% prime cost
Plant and equipment	2.5 – 50% prime cost and diminishing value
Motor vehicles	15 – 25% prime cost and diminishing value
Poker machines	20 – 33.3% prime cost

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

d. Leases

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

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

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is an initial measurement of the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable).

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

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

e. Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (cont.)

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

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit and loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (cont.)

Derecognition

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

f. Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of profit or loss and other comprehensive income, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an asset's class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. Employee Benefits

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

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

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

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

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

i. Goods and Services Tax (GST)

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

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

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

j. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date. Under the mutuality principle, any profit arising from operations attributable to members is not treated as taxable income. However, the club is liable for income tax on income generated by visitors and external sources such as commissions and interest.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

k. Intangibles

Poker Machine Licences

Poker machine licences are recorded at cost. Poker machine licences have an indefinite life and are carried at cost less any impairment losses. They are tested annually for impairment.

Lease Preparation Fees

Lease preparation fees are recorded at cost. Lease preparation fees have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They are being amortised over the life of the relevant leases.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

l. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

m. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. Investment Property

Investment property, comprising the Alec Rice Centre, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

o. Comparative Figures

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

p. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 2: REVENUE

	2020	2019
	\$	\$
Revenue from continuing operations		
Sale of goods	1,763,221	2,003,104
Interest received	23,521	64,457
Services revenue	3,727,584	4,268,327
	<u>5,514,326</u>	<u>6,335,888</u>
Revenue from investment properties	<u>616,626</u>	<u>736,674</u>
Other income		
Employment subsidies	4,390	7,250
Government grants	17,180	17,180
Government initiatives COVID-19	788,500	-
Insurance recovery	13,336	979
Net profit on disposal of property, plant and equipment	<u>29,579</u>	<u>26,661</u>
	<u>852,985</u>	<u>52,070</u>
Total revenue	<u><u>6,983,937</u></u>	<u><u>7,124,632</u></u>

NOTE 3: PROFIT

Expenses

Costs of sales	793,572	876,591
Depreciation and amortisation		
— land and buildings	194,504	164,139
— plant and equipment	127,293	103,949
— motor vehicles	14,588	18,625
— poker machines	264,691	272,425
— investment properties	<u>199,218</u>	<u>199,218</u>
Total depreciation	800,294	758,356
— Intangibles	<u>20,376</u>	<u>79,991</u>
Total depreciation and amortisation	<u>820,670</u>	<u>838,347</u>
Interest expense	152,630	169,599
Direct expenses from investment properties	486,400	608,560

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 4: INCOME TAX EXPENSE

	2020	2019
	\$	\$
a. The components of tax expense comprise:		
Current tax	73,794	94,864
Deferred tax	(10,321)	(23,545)
	<u>63,473</u>	<u>71,319</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5%	307,963	202,284
Add: Tax effect of:		
- Non-deductible capitalised interest	1,249	1,249
- Movement in accruals balance	7,002	334
- Non-deductible lease preparation costs and lease incentives	4,986	18,540
- Movement in accrued interest income	678	7,030
- Movement in employee leave entitlements	734	1,811
Less: Tax effect of:		
- Accelerated tax depreciation and amortisation	(1,546)	(751)
- Other allowable tax deductions	87	(1,005)
- Deductible development costs	(4,415)	(4,415)
- Net effect of mutuality principle applied in accordance with ATO regulations	(252,265)	(153,758)
Income tax attributable to company	<u>63,473</u>	<u>71,319</u>

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank	2,226,629	1,841,804
Cash on hand	148,400	148,400
	<u>2,375,029</u>	<u>1,990,204</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables	-	7,033
	<u>-</u>	<u>7,033</u>

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 7: INVENTORIES

	Note	2020	2019
CURRENT		\$	\$
At cost			
Stock		74,508	64,290
		74,508	64,290
		74,508	64,290

NOTE 8: FINANCIAL ASSETS

CURRENT

Held-to-maturity investments	8a	1,313,225	2,175,444
		1,313,225	2,175,444
		1,313,225	2,175,444

NON CURRENT

Available-for-sale financial assets	8b	865	1,409
		865	1,409
		865	1,409

a) Held-to-maturity investments comprise:

— fixed interest term deposits

Term deposits are held for the purpose of generating income through the receipt of interest at maturity	1,313,225	2,175,444
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b) Available-for-sale investments comprise:

Listed investments, at fair value

— share in listed corporations	865	1,409
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Available-for-sale financial assets comprise investments in the ordinary issued capital of IAG. There are no fixed returns or fixed maturity dates attached to this investment.

NOTE 9: OTHER ASSETS

CURRENT

Prepayments	100,937	113,882
	100,937	113,882
	100,937	113,882

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land:		
At deemed cost	2,243,225	2,243,225
Total land	2,243,225	2,243,225
 Buildings		
At deemed cost	3,071,293	3,071,293
Less accumulated depreciation	(2,249,836)	(2,149,435)
Total buildings	821,457	921,858
 Building improvements		
At cost	7,344,465	6,746,383
Less accumulated depreciation	(472,736)	(378,633)
Total building improvements	6,871,729	6,367,750
Total land and buildings	9,936,411	9,532,833
 Plant and equipment		
At cost	2,837,295	2,518,687
Less accumulated depreciation	(1,937,567)	(1,810,275)
Total plant and equipment	899,728	708,412
 Motor vehicles		
At cost	116,340	116,340
Less accumulated depreciation	(61,801)	(47,213)
Total motor vehicles	54,539	69,127
 Poker machines		
At cost	2,575,093	2,602,488
Less accumulated depreciation	(1,896,596)	(1,952,883)
Total poker machines	678,497	649,605
 Total property, plant and equipment	11,569,175	10,959,977

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in Carrying Amounts

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

	Land & Buildings	Plant and Equipment	Motor Vehicles	Poker Machines	Total
	\$	\$	\$	\$	\$
2020					
Balance at the beginning of the year	9,532,833	708,412	69,127	649,605	10,959,977
Additions at cost	598,082	318,609	-	304,504	1,221,195
Disposals	-	-	-	(10,921)	(10,921)
Depreciation expense	(194,504)	(127,293)	(14,588)	(264,691)	(601,076)
Carrying amount at end of year	9,936,411	899,728	54,539	678,497	11,569,175

NOTE 11: INVESTMENT PROPERTIES

	2020	2019
	\$	\$
Balance at 1 January 2020	6,172,419	6,371,637
Additions at cost	-	-
Depreciation expense	(199,218)	(199,218)
Impairment loss	-	-
Balance at 31 December 2020	5,973,201	6,172,419

Impairment Losses

A valuation was undertaken of the Alec Rice Centre. Based on this valuation it was determined that the appropriate carrying value of the Alec Rice Centre at 31 December 2014 balance date should be \$7.1 million. No further impairment has been recognised during the 2020 financial year. The total impairment recognised for this asset at 31 December 2020 remains unchanged at \$301,500.

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 12: INTANGIBLE ASSETS

	2020	2019
	\$	\$
Poker machine licences		
At cost	351,810	351,810
Less accumulated amortisation	-	-
Net carrying value	<u>351,810</u>	<u>351,810</u>
Lease preparation fees/incentives		
At cost	408,607	408,607
Less accumulated amortisation	(408,607)	(390,476)
Total lease preparation fees/incentives	<u>-</u>	<u>18,131</u>
Total intangible assets	<u>351,810</u>	<u>369,941</u>

	Poker Machine Licences	Lease Preparation Fees/ Incentives	Total
	\$	\$	\$
2019			
Balance at the beginning of the year	351,810	85,548	437,358
Additions at cost	-	12,574	12,574
Disposals	-	-	-
Amortisation charge	-	(79,991)	(79,991)
Carrying amount at end of year	<u>351,810</u>	<u>18,131</u>	<u>369,941</u>
2020			
Balance at the beginning of the year	351,810	18,131	369,941
Additions at cost	-	2,245	2,245
Disposals	-	-	-
Amortisation charge	-	(20,376)	(20,376)
Carrying amount at end of year	<u>351,810</u>	<u>-</u>	<u>351,810</u>

TORONTO RSL MEMORIAL CLUB LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 13: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
CURRENT		
Trade payables	183,537	180,763
Deferred income	22,224	33,996
Other current payables	405,155	107,202
Employee benefits	143,967	146,476
	<u>754,883</u>	<u>468,437</u>
NON-CURRENT		
Deferred income	32,442	28,233
	<u>32,442</u>	<u>28,233</u>
Trade and other payables		
- Total current	754,883	468,437
- Total non-current	32,442	28,233
	<u>787,325</u>	<u>496,670</u>
Less deferred income	(54,666)	(62,229)
Less employee benefits	(143,967)	(146,476)
Financial liabilities as trade and other payables	<u>588,692</u>	<u>287,965</u>

NOTE 14: BORROWINGS

CURRENT		
Bank loan	4,491,776	5,972,252
	<u>4,491,776</u>	<u>5,972,252</u>

The bank loan is secured by a first registered mortgage over the non-residential real property located at 43, 43a, 41 The Boulevard TORONTO NSW 2283 and 70 Victory Parade TORONTO NSW 2283 and a registered company charge over the Club's assets.

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 15: TAX

a. Assets

NON-CURRENT	Opening Balance	Charged to Income	Closing Balance
Deferred tax asset	\$	\$	\$
2019			
Employee provisions	15,835	1,811	17,646
Accruals	9,488	334	9,822
Development	158,053	(4,415)	153,638
Carried forward tax losses	-	-	-
Carrying amount at end of year	183,376	(2,270)	181,106
2020			
Employee provisions	17,646	734	18,380
Accruals	9,822	7,002	16,824
Development	153,638	(4,415)	149,223
Carried forward tax losses	-	-	-
Carrying amount at end of year	181,106	3,321	184,427

b. Liabilities

CURRENT	2020	2019
	\$	\$
Income tax payable	140,902	109,013
	140,902	109,013

NON-CURRENT	Opening Balance	Charged to Income	Closing Balance
Deferred tax liability	\$	\$	\$
2019			
Capitalised interest	44,655	(1,249)	43,406
Lease preparation	9,689	(4,703)	4,986
Lease incentives	13,837	(13,837)	-
Accrued interest	8,776	(7,030)	1,746
Other	6,003	1,005	7,008
Carrying amount at end of year	82,960	(25,814)	57,146
2020			
Capitalised interest	43,406	(1,249)	42,157
Lease preparation	4,986	(4,986)	-
Lease incentives	-	-	-
Accrued interest	1,746	(678)	1,068
Other	7,008	(87)	6,921
Carrying amount at end of year	57,146	(7,000)	50,146

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 16: PROVISIONS

	Long Term Employee Benefits
	\$
Opening balance at 1 January 2020	191,250
Movement in provision during the year	16,556
Balance at 31 December 2020	<u>207,806</u>

	2020	2019
	\$	\$
Analysis of Total Provisions		
Current	196,322	164,773
Non-Current	11,484	26,477
	<u>207,806</u>	<u>191,250</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 in this report.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation	209,055	194,086
Total key management personnel compensation	<u>209,055</u>	<u>194,086</u>

NOTE 18: RELATED PARTY TRANSACTIONS

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

— During the year there were no related party transactions

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks, accounts receivable and payable, loans and leases.

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

Financial Assets

Cash and cash equivalents	5	2,375,029	1,990,204
Loans and receivables	6	-	7,033
Held-to-maturity investments	8	1,313,225	2,175,444
Available-for-sale assets	8	865	1,409
		<u>3,689,119</u>	<u>4,174,090</u>

Financial Liabilities

Financial liabilities at amortised cost			
- Trade and other payables	13	588,692	287,965
- Borrowings	14	4,491,776	5,972,252
		<u>5,080,468</u>	<u>6,260,217</u>

TORONTO RSL MEMORIAL CLUB LIMITED

ABN 77 001 068 079

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the company.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Ron Mitcherson

Director



Gordon Gardiner

Dated this

15 MARCH

day of

MONDAY

2021

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
TORONTO RSL MEMORIAL CLUB LIMITED
ABN 77 001 068 079**

Opinion

We have audited the financial report of Toronto RSL Memorial Club Limited, which comprises the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

In our opinion, the accompanying financial report of Toronto RSL Memorial Club Limited, is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
TORONTO RSL MEMORIAL CLUB LIMITED
ABN 77 001 068 079**

Responsibilities of the Directors

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

This description forms part of our auditor's report.

EVOLUTION AUDIT PTY LTD

Unit 1, Building 2, 335 Hillsborough Road
WARNERS BAY NSW 2282



Director: Craig Bartlett

Date: 15 MARCH 2021