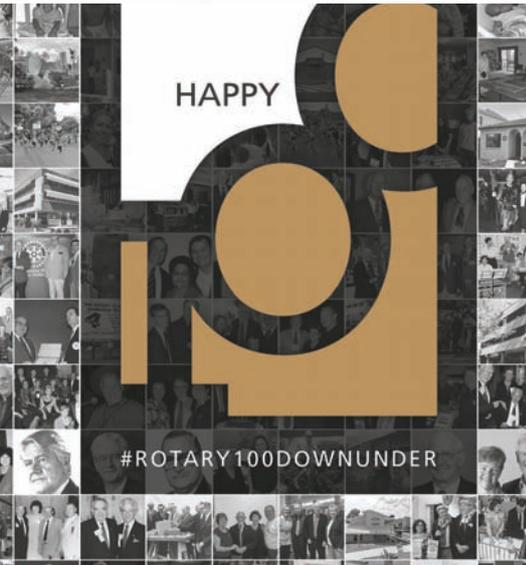




ANNUAL REPORT 2020 - 2021



BOARD OF DIRECTORS 2020-2021



Noel Trevaskis
Chair



Tim Moore
Deputy Chair



Brian Eddy
Finance Director



Jennie Herring
Editorial Committee Chair



Craig Edmonston



Tony Castley



Bob Cooper



Brian Peters



Warwick Richardson



Mark Wheeler



Bob Calvert

RDU TEAM



Gay Kiddle
General Manager



Meagan Martin
Editor



Judy Drake
Personal Assistant to the Board



Christopher Hook
Accountant



Samantha Ausburn
*Club Relationship &
Merchandise Manager*



Mim Amble
RDU Supplies



Rhys Martin
*Magazine Design &
Social Media*



Melinda Merton
Graphic Designer

CHAIR'S REPORT

Firstly, I want to acknowledge the staff of Rotary Down Under, who have done an incredible job over the last twelve months contending with COVID and the move to our new premises in Norwest. COVID restrictions meant that not all staff were able to be in the office on a regular basis. Safety and health are our main priorities for our staff and they have managed their way around the restrictions that have been necessary.

With the sale of the property in Parramatta and the purchase of the new premises in Norwest the staff have all worked over and above what they normally would have to do. General Manager Gay Kiddle has done an outstanding job in working towards the move and organising the relocation to the new premises. She spent an inordinate amount of time on the move, packing boxes on weekends and working long hours to make sure everything went smoothly, at the same time overseeing the day-to-day running of Rotary Down Under. Also putting in extra time were Sam Ausburn and Judy Drake, along with Belinda Griffen of RAWCS. All worked after hours and on weekends and were assisted by family members to make sure the move happened. Rotarians had offered to help but weren't able to at the critical time because of COVID restrictions. All of the Board are appreciative of the work, time and effort they have all put into the move. It would not have happened without our dedicated staff.

I also want to acknowledge the time and commitment that Director Tony Castley has put into, initially the sale of the building in Parramatta and the purchase of the building in Norwest, and then ultimately the overseeing of the fit-out of the premises for all the Rotary entities. Tony has decided not to continue as a Director of Rotary Down Under and is leaving the Board at the Annual General Meeting. His contribution over the last three years to Rotary Down Under is second to none, and his service has been outstanding.

After nearly thirty years, Rotary International South Pacific & Philippines Office, Australian Rotary Health, Rotary

Australia World Community Service and Rotary Down Under are all in the same building.

This last twelve months has been a challenging time for everyone as we all learn to cope with COVID lockdowns. As a result of the lockdowns the Board of Rotary Down Under have not been able to hold any face-to-face meetings. We have, however, met regularly via Zoom. Whilst Zoom meetings have been satisfactory to an extent, they have not allowed for as deep a discussion as what I would have liked on some issues. Nevertheless the Board has worked through all issues and items put to them. Items that need deeper discussion such as the restructure of the Board, cost savings, efficiencies etc will all be discussed at length at our next face-to-face meeting which will hopefully be in the New Year, COVID dependent.

I am pleased to report that the Rotary Down Under magazine is an excellent publication that receives high praise on a continual basis. All Rotarians can be extremely proud of the magazine. Our Editor Meagan Martin has done a magnificent job in compiling articles and working on themes throughout the year as well as responding to relevant issues that come up. Meagan works closely with the Editorial Committee to ensure that each magazine is of a high quality.

RDU Supplies is now in a good place financially and is making a valuable contribution to Rotary Down Under. It provides excellent and I think a necessary service for Rotarians, clubs and districts in our Zone.

Our social media and website have improved incredibly under the stewardship of Rhys Martin.

Rotary Down Under financially is travelling well, largely due to our Finance Director Brian Eddy. He has put in a lot of time ensuring the financial security of Rotary Down Under.

I want to thank all the Board members for their time and commitment to Rotary Down Under. The Board is a harmonious Board with all Directors working together



for the betterment of Rotary Down Under. There have been challenges during the last twelve months but they have taken on those challenges.

Overall I can say that Rotary Down Under is now a well-managed business which only happens when you have good Directors and staff working together for success.

There will be more changes to come; they will be necessary to ensure that Rotary Down Under remains successful into the foreseeable future.

Finally, thank you to all the staff and the Directors of Rotary Down Under for your support, you have been a great team to work with. We will farewell two Directors at this Annual General Meeting, Tony Castley as mentioned earlier and Bob Cooper from South Australia who retires from the Board as his term expires due to changes to the constitution earlier this year.

A handwritten signature in black ink, which appears to read "Noel Spensari". The signature is written in a cursive, flowing style.

Chair
Rotary Down Under

GENERAL MANAGER'S REPORT

The last year has again presented challenges regarding the regular calendar of District Conferences and events, with COVID restrictions forcing the cancellation of many of these. In turn this reduced the opportunity to offer merchandise at events, however Rotarians demonstrated their loyalty and continued to support us.

While initially many clubs converted to virtual meetings conducted by Zoom, it was recognised this technology inhibits the natural conversation that occurs at face-to-face meetings which opens up opportunities to share and learn about Rotary. Subsequently a lot of clubs introduced a mix of zoom and face-to-face meetings, with the magazine continuing to provide a way to share and communicate the amazing projects undertaken by clubs and the positive impact that Rotarians have within their communities.

Both local and global challenges have shaped a lot of our magazine content with clubs responding to the new set of challenges COVID has presented. Throughout the year Rotary Down Under has written about a variety of initiatives that demonstrate the ingenuity of clubs in overcoming obstacles and continuing to focus on solutions that directly benefit their communities.

Subscriptions

The variation in subscription pricing which was effective from 1 July 2020 is reflected in the figures below. The number of subscribers as at the start of the Rotary year was 17,500 hard copies and 14,000 electronic copies but by 30 June 2021 these figures were reversed. Many clubs had opted for electronic delivery mainly for the cost savings.

We have continued to reiterate with clubs the importance of Rotary Down Under as a promotional tool to share with prospective members. The magazine is the best way to showcase what is happening in our Zone and the projects being supported by clubs. It is important that individual Rotarians make their own choice on their delivery preference to maintain their connection with Rotary and experience the purpose of the magazine which is to inspire, motivate and educate.

RDU Supplies

In 2020-21 RDU Supplies processed 4,150 orders which was a 9% increase on the previous year and annual sales of \$402,000 representing a 22% increase on the previous year. It is pleasing to see that even without the ability to have Rotary merchandise available at events, Rotarians still supported RDU Supplies by purchasing on-line. We thank Rotarians for their continued support.

Building

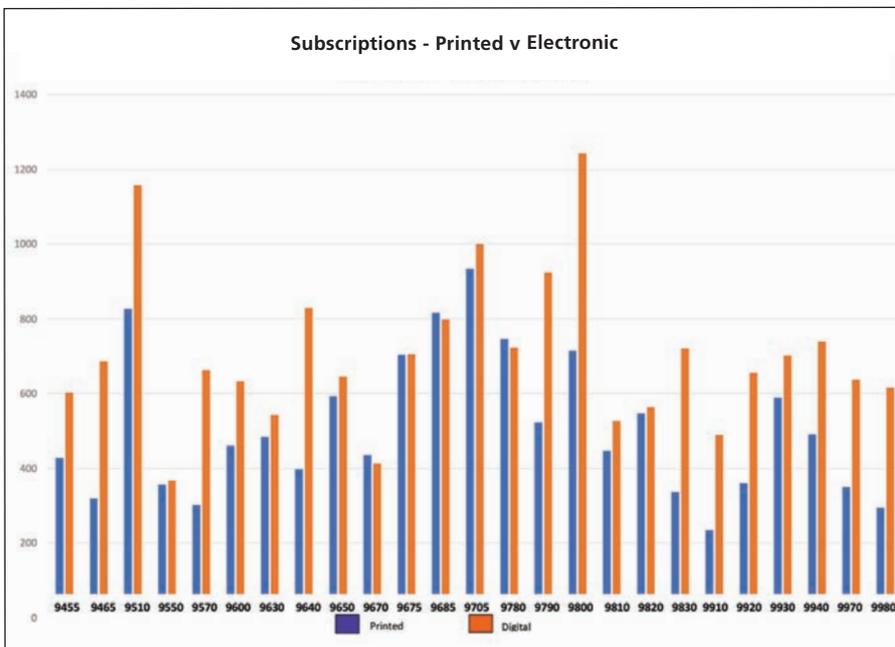
As the work on finalising the sale of 43 Hunter Street Parramatta came to an end, the focus on identifying new premises increased. A Property Committee led by Tony Castley was formed, which included Rotarians with Real Estate expertise. With a brief to find a property to house a variety of Rotary entities and to have access to good transport and facilities, Maitland Place Norwest was identified as the opportunity that ticked all the boxes. Then began the exciting process of planning a fit-out to deliver a quality facility that would serve us now and into the future.

I am pleased to report that at the time of publication, the fit-out is complete and is beyond all expectations. Rotary Down Under, Rotary International, Australian Rotary Health, Rotary Australia World Community Service and ShelterBox Australia have all settled in and already the new premises has the feeling of a unified Rotary home, a befitting achievement in the year that we celebrate the Centenary of Rotary in Australia and New Zealand.

Lastly, I would like to thank our Board of dedicated Directors who have supported me and the wonderful staff at Rotary Down Under. The staff and I would like to thank Rotary clubs and leaders for your ongoing support and invite you to come and experience our new premises when you are next in Sydney.

Gay Kiddle

**General Manager
Rotary Down Under**

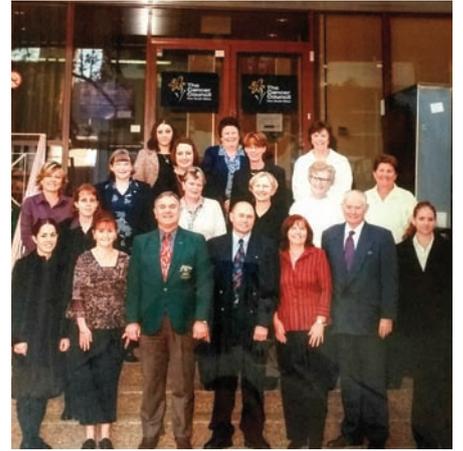




Harris Park, NSW 1977



Argyle St, Parramatta, NSW 1986



Hunter St, Parramatta NSW 1993



Harris Park



Argyle St



Hunter St



Maitland Place, Northwest NSW, 2021

EDITOR'S REPORT

It has certainly been a challenging year for much of the world, although we feel incredibly blessed here in our little Gold Coast bubble, where we have been fortunate to avoid much of the disruption many continue to face. And having worked from home for close to 20 years, it really has been business as usual for us.

We rounded out the end of 2020 with our themes for that year focusing on United Nations International Days of Significance.

Over August and September 2020, we delved into the International Day of the World's Indigenous Peoples, an area in which Rotary is doing so much great work we had to spread it over two editions!

There are an estimated 370 million Indigenous people in the world, living across 90 countries. They make up less than five per cent of the world's population, but account for 15 per cent of the poorest. They speak an overwhelming majority of the world's estimated 7,000 languages and represent 5,000 different cultures.

From the incredible work of Purple House in the Northern Territory, to establishing aquaponic farms addressing food insecurity in remote Aboriginal communities in Far North Queensland, the NT and South Australia, to Ngāti Kurī students helping restore one of the world's rarest plant species, endemic to New Zealand's Three Kings Islands, the breadth of Rotary's work within our Indigenous communities is truly inspiring.

The series was very well received, with editor of the India Rotary magazine, Rasheeda Bhagat, commenting: "What an amazing cover story! I can imagine the phenomenal work that must have gone into research and writing. Congratulations! I am sure it will be a collector's item for those who are interested in indigenous people. I am inspired to do a similar article on India's tribals!"

Editor of the Great Britain & Ireland Rotary magazine, Dave King, agreed: "Wow, what a great read. Packed with some cracking content."

Following the announcement of the environment as RI's seventh Area of Focus,

Dave also published our story from the August 2020 edition - A Clean Green New Era for Rotary - in the Great Britain & Ireland magazine, for which we interviewed Rotary International Past President Ian Riseley.

Another great success from 2020, was our special Rotary Foundation edition in November. This was a fantastic collaboration between the RDU team and the Rotary International South Pacific and Philippines Office. There were also some great contributions from Rotary International Past President and Rotary Foundation Trustee Barry Rassin, Rotary International Past President, Foundation Trustee and Chair of the PolioPlus Committee Australia Ian Riseley, then Rotary International President Nominee Jennifer Jones, and International PolioPlus Chair Mike McGovern.

Then Rotary International Director Elect Jessie Harman sent her congratulations: "I write with congratulations for this month's edition of the magazine. Firstly, I want to congratulate you on the content and presentation of the articles - they are very readable and visually very attractive. Secondly, I want to congratulate you on the collaboration with the local RI staff. I can see they have helped 'shape' November's edition - and I know they appreciate the opportunity. The magazine is definitely benefitting from your leadership."

PDG Martin Garcia shared a similar sentiment: "I think that the November edition of Rotary Down Under is one of the most exciting publications ever. It explains the impact we can have, and are having, in the world through The Rotary Foundation."

As we moved into 2021, we changed the focus of our themes to delve into Rotary International's People of Action campaign, basing each edition on one of the 'Together, We ...' catchlines.

We have been fortunate this year to have the support of Rotarian Anne Matthews from the D9560 Passport Club, who generously gives her time to research and write an in-depth article each month looking at our themes from an international perspective. From fighting hunger to an overview of Rotary Fellowships, Anne has been a wealth of knowledge on Rotary's good work.

With 2021 marking 100 years of doing good 'down under', centenary projects and celebrations have also been a fun focus throughout the year.

Our special R100 edition in April provided a wonderful overview of how we have been celebrating the centenary in Australia, and we were thrilled to receive personal letters of congratulations on the milestone from both His Excellency General the Honourable David Hurley AC DSC (Retd) and then Rotary International President Holger Knaack. It was a great honour to have the opportunity to thank His Excellency in person at the launch of Humanity in Action in Canberra on 8 April.

Our centenary coverage was followed up in August, with a journey through the South Pacific and Aotearoa New Zealand, and Rotary's good work in these parts of our zone. The feature was generously coordinated by PDGs Morris Robertson and John Mohi and their team.

In May, our great story on then District 9980 Governor Elect Nick Wood, his rise through the Rotary ranks (initially inspired by a Youth Exchange to Sweden), and his recent addition of a tattoo in the form of the 2020-21 RI presidential theme, caught the eye of the Rotary magazine for Germany and Austria, who requested permission to republish the article. We of course agreed. So, Rotary's stories from 'down under' are going global!

On the socials front, we have gained 1000 new Facebook followers over the past 12 months, and now reach more than 13,000 people via this platform alone (up from around 9000 in 2020).

My sincere thanks go to the entire RDU team and board, along with Angela Stavrogiannopoulos from the Rotary International South Pacific and Philippines Office, who have been a wonderful support network throughout the year.



Editor
Rotary Down Under

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Financial Statements

For the Year Ended 30 June 2021

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

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For the Year Ended 30 June 2021

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Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Directors' Report

30 June 2021

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2021.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Timothy Leslie Moore	
Brian Millsted Eddy	
Jennifer Lynn Herring	
Craig William Edmonston	
James Anthony Castley OAM	
Noel John Trevaskis	
Brian Leslie Peters	
Warwick Neil Richardson	
Mark Wheeler	
Robert George Cooper	
Robert Heywood Calvert	Appointed: 21 September 2020

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 Group during the financial year were as follows:

The principal activities of Rotary Down Under Incorporated during the financial year were to publish the official magazine, known as Rotary Down Under for the members of the Rotary Clubs in Australia, New Zealand, their Territories and Dependencies and the Islands of the Pacific Ocean south of the Equator, to advance the Object of Rotary and to develop Rotary programs. To conduct a service for the supply of goods, bearing the Rotary emblem as the official licensee of Rotary International. The principal activity of R.D.U. Pty Ltd was property investment. This activity is to further the not-for-profit objectives of Rotary Down Under Inc. Group.

No significant change in the nature of these activities occurred during the year.

2. Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to \$ 7,554,327 (2020: \$ 256,044). The result in the current year includes a gain on sale of \$7,162,295 from the sale of a building.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Directors' Report

30 June 2021

3. Other items

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Indemnification and insurance of officers and auditors

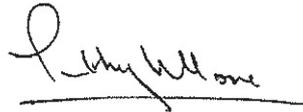
The directors of Rotary Down Under Incorporated and R.D.U. Pty Ltd are covered by insurance through Rotary International's policy with AON.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Rotary Down Under Incorporated and its controlled entity.

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



Director:
Noel John Trevaskis



Director:
Timothy Leslie Moore

Dated this 7TH day of SEPTEMBER 2021

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

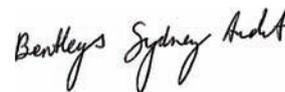
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Rotary Down Under Incorporated and its controlled entity

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, 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.



MICHAEL PAYNE
Director
Sydney



BENTLEYS SYDNEY AUDIT PTY LTD
Chartered Accountants

Dated: 7 September 2021

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Sales revenue	4	1,768,675	1,713,758
Cost of sales		(438,952)	(876,320)
Gross profit		1,329,723	837,438
Other income	4	231,899	122,316
Distribution costs		(250,550)	(353,541)
Marketing costs		(8,507)	(31,231)
Occupancy costs		(208,536)	(17,703)
Administrative costs		(701,997)	(301,235)
Gain on sale of building		7,162,295	-
Profit before income tax		7,554,327	256,044
Income tax expense		-	-
Profit for the year		7,554,327	256,044
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		7,554,327	256,044

The accompanying notes form part of these financial statements.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,125,365	589,296
Trade and other receivables	6	795,712	109,520
Inventories	7	71,444	90,382
TOTAL CURRENT ASSETS		<u>3,992,521</u>	<u>789,198</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,260,311	2,881,394
TOTAL NON-CURRENT ASSETS		<u>5,260,311</u>	<u>2,881,394</u>
TOTAL ASSETS		<u>9,252,832</u>	<u>3,670,592</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	56,116	95,949
Employee benefits	10	112,410	112,888
Other liabilities		90,000	88,000
TOTAL CURRENT LIABILITIES		<u>258,526</u>	<u>296,837</u>
NON-CURRENT LIABILITIES			
Employee benefits	10	20,888	9,649
TOTAL NON-CURRENT LIABILITIES		<u>20,888</u>	<u>9,649</u>
TOTAL LIABILITIES		<u>279,414</u>	<u>306,486</u>
NET ASSETS		<u>8,973,418</u>	<u>3,364,106</u>
EQUITY			
Issued capital		-	13
Reserves		-	2,865,838
Retained earnings		8,973,418	498,255
TOTAL EQUITY		<u>8,973,418</u>	<u>3,364,106</u>

The accompanying notes form part of these financial statements.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Statement of Changes in Equity
For the Year Ended 30 June 2021

2021

	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	Donation to building fund	Capital Profits Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	13	498,255	1,945,015	587,342	333,481	3,364,106
Profit for the year	-	7,554,327	-	-	-	7,554,327
Shares transferred to related entity	(13)	13	-	-	-	-
Transfers to retained earnings from building fund	-	587,342	-	(587,342)	-	-
Transfers to retained earnings from Capital profits reserve	-	333,481	-	-	(333,481)	-
Transfer prior year revaluation increment to asset realisation on sale of freehold property	-	-	(1,945,015)	-	-	(1,945,015)
Balance at 30 June 2021	-	8,973,418	-	-	-	8,973,418

2020

	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	Donation to building fund	Capital Profits Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	13	242,211	1,945,015	587,342	333,481	3,108,062
Profit for the year	-	256,044	-	-	-	256,044
Balance at 30 June 2020	13	498,255	1,945,015	587,342	333,481	3,364,106

The accompanying notes form part of these financial statements.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,260,493	1,994,498
Payments to suppliers	<u>(1,941,589)</u>	<u>(1,700,094)</u>
Net cash provided by/(used in) operating activities	14 <u>318,904</u>	<u>294,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds of property, plant and equipment	-	5,423
Proceeds from disposal of property, plant and equipment	8,100,000	-
Purchase of property, plant and equipment	<u>(5,260,311)</u>	-
Leasehold improvements	<u>(622,524)</u>	-
Net cash provided by/(used in) investing activities	<u>2,217,165</u>	<u>5,423</u>
Net increase/(decrease) in cash and cash equivalents held	2,536,069	299,827
Cash and cash equivalents at beginning of year	<u>589,296</u>	<u>289,469</u>
Cash and cash equivalents at end of financial year	5 <u><u>3,125,365</u></u>	<u><u>589,296</u></u>

The accompanying notes form part of these financial statements.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Rotary Down Under Incorporated and its controlled entity ('the Group'). Rotary Down Under Incorporated and its controlled entity is a not-for-profit Association incorporated and domiciled in New South Wales under the *Associations Incorporations Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016* ("the Act").

The Group is composed of Rotary Down Under Pty Limited which is 100% owned and controlled by Rotary Down Under Incorporated.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

(a) Reduced disclosure

The financial statements of Rotary Down Under Incorporated are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016* ("the Act").

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Goods and services tax (GST)

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

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Goods and services tax (GST)

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 operating cash flows.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary

(h) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Building Improvements	20%
Furniture, Fixture and Fittings	13.33-100%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(i) Financial instruments

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(l) Share capital

Ordinary shares are classified as equity.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(m) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgements

Key judgements - employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

Control assessment

Rotary Down Under Incorporated and R.D.U. Pty Ltd share a common Board. Rotary Down Under Incorporated has determined that it has control over R.D.U. Pty Ltd as it has the power to direct the activities that significantly affect its returns through control of the Board.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Sales revenue		
- Subscriptions and Advertising	1,164,472	1,257,268
- Merchandise sales	449,245	326,770
- Rental revenue	154,958	129,721
	<u>1,768,675</u>	<u>1,713,759</u>

Other Income

- Interest from default on sale	122,120	-
- Interest received	825	291
- Government subsidy	73,500	63,000
- Other income	35,454	59,025
	<u>231,899</u>	<u>122,316</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	3,125,365	589,296
	<u>3,125,365</u>	<u>589,296</u>

6 Trade and Other Receivables

CURRENT

Trade receivables	5,442	29,847
Provision for impairment	(4,000)	(7,149)
Prepayments	659,477	6,633
Deposits	78,721	78,721
GST receivable	55,102	-
Other receivables	970	1,468
	<u>795,712</u>	<u>109,520</u>

Total current trade and other receivables

7 Inventories

CURRENT

At cost:

Work in progress	930	123
Finished goods	68,856	90,239
Goods in transit	1,658	20
	<u>71,444</u>	<u>90,382</u>

Rotary Down Under Incorporated and its controlled entity

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Notes to the Financial Statements For the Year Ended 30 June 2021

8 Property, plant and equipment

	2021	2020
	\$	\$
Property		
At fair value		
At independent valuation	5,260,025	2,924,256
Accumulated depreciation	-	(64,678)
Total Property	5,260,025	2,859,578
Building Improvements		
At cost	-	121,279
Accumulated depreciation	-	(121,279)
Total Property	5,260,025	2,859,578
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	176,180	175,894
Accumulated depreciation	(175,894)	(154,078)
Total furniture, fixtures and fittings	286	21,816
Total property, plant and equipment	5,260,311	2,881,394

(a) 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:

	Buildings	Furniture, Fixtures and Fittings	Total
	\$	\$	\$
Year ended 30 June 2021			
Balance at the beginning of year	2,859,578	21,816	2,881,394
Additions	5,260,025	286	5,260,311
Disposals	(2,853,472)	-	(2,853,472)
Depreciation expense	(6,106)	(21,816)	(27,922)
Balance at the end of the year	5,260,025	286	5,260,311

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

9 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	46,161	69,209
Other employee benefits	9,955	8,801
Unallocated funds	-	6,720
GST payable	-	11,219
	<u>56,116</u>	<u>95,949</u>

10 Employee Benefits

CURRENT		
Provision for Long service leave	64,184	64,747
Provision for Annual leave	48,226	48,141
	<u>112,410</u>	<u>112,888</u>
NON-CURRENT		
Provision for Long service leave	20,888	9,649
	<u>20,888</u>	<u>9,649</u>

11 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

12 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

13 Economic dependence disclosure

Rotary Down Under Inc has two divisions being the production of the official Rotary regional magazine for Australia, New Zealand and the South-West Pacific Islands, and the sale of Rotary merchandise. Both divisions operate under license agreements from Rotary International. Furthermore, under the Rotary Code of Policies, all Rotarians are subject to mandatory subscription to a Rotary magazine, and the majority of Rotarians based in Australia, New Zealand and Oceania subscribe to Rotary Down Under.

At the date of this report the board of Directors believe the licence agreements and mandatory subscription to magazines by Rotarians will remain in place, and do not expect any changes during the year.

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Profit for the year	7,554,327	256,044
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	27,922	60,600
- impairment of receivables	(3,150)	1,405
- Stock movements	(18,938)	-
- provision annual and long service leave	(2,987)	(12,251)
- net (gain)/loss on disposal of asset	(7,162,295)	-
- other non cash items	(4,161)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(33,846)	(3,438)
- (increase)/decrease in other assets	(29,834)	2,630
- (increase)/decrease in inventories	18,938	15,172
- increase/(decrease) in income in advance	2,000	-
- increase/(decrease) in trade and other payables	(39,833)	(53,922)
- increase/(decrease) in provisions	10,761	28,164
Cashflows from operations	<u>318,904</u>	<u>294,404</u>

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2021

15 Parent entity

	2021	2020
	\$	\$
Statement of Financial Position		
Assets		
Total Current Assets	3,854,673	981,598
Total Assets	<u>9,114,996</u>	<u>1,003,414</u>
Liabilities		
Total Current liabilities	<u>109,742</u>	<u>180,546</u>
Total Liabilities	<u>220,630</u>	<u>190,195</u>
Equity		
Retained earnings	<u>813,230</u>	<u>824,862</u>
Total Equity	<u>813,230</u>	<u>824,862</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit / (loss) for the year	<u>8,081,136</u>	<u>142,868</u>
Total comprehensive income	<u>8,081,136</u>	<u>142,868</u>

16 Statutory Information

The registered office and principal place of business of the group is:
Suite 25
1 Maitland Place
Norwest NSW 2153

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Directors' Declaration

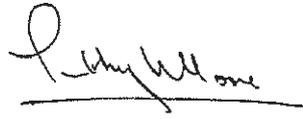
The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 4 to 19,
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 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
Noel John Trevaskis



Director
Timothy Leslie Moore

Dated this 7TH day of SEPTEMBER 2021

Rotary Down Under Incorporated and its controlled entity

Independent Audit Report to the Directors of Rotary Down Under Incorporated and its controlled entity

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rotary Down Under Incorporated (the Association) and its controlled entity (the Group), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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 Group is in accordance with the *Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016*.

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

Responsibilities of Directors for the Financial Report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Act (NSW) 2009* 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

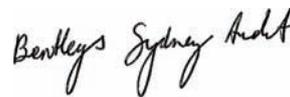
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.



MICHAEL PAYNE
Director



BENTLEYS SYDNEY AUDIT PTY LTD
Chartered Accountants

Sydney

14 September 2021

Inspire
Motivate
Educate
Communicate



Rotary
DOWN UNDER 

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