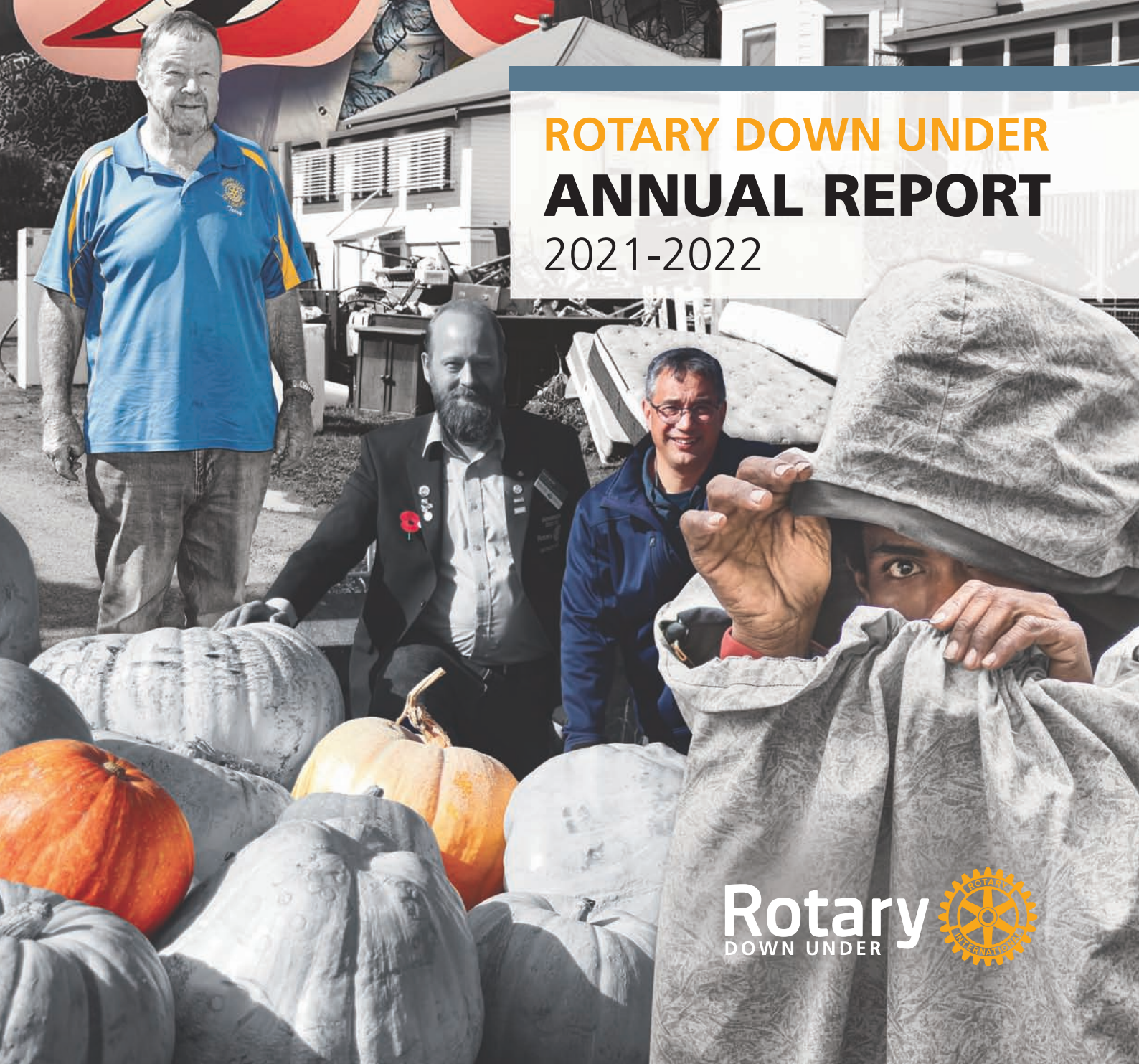




ROTARY DOWN UNDER
ANNUAL REPORT
2021-2022





Noel Trevaskis
Chair



Tim Moore
Deputy Chair



Brian Eddy
Finance Director



Jennie Herring
Editorial Committee Chair



Craig Edmonston



Tony Castley



Bob Cooper



Brian Peters



Kalma McLellan



Warwick Richardson



Mark Wheeler



Bob Calvert



Gay Kiddle
General Manager



Meagan Martin
Editor



Judy Drake
PA 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

NOEL TREVASKIS

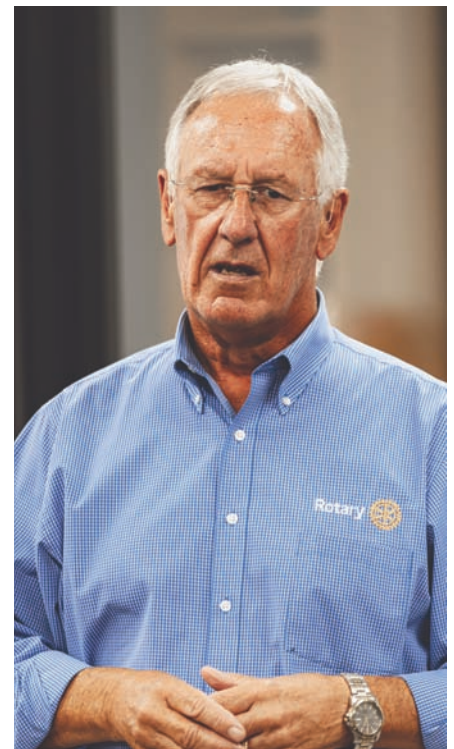
Resigned May 2022

When I joined the Board of Rotary Down Under in 2018 it is fair to say it was a turbulent time for the Board because of several issues. In 2019 when I became Chair it was my priority to have good communication with the members of Rotary Down Under, the District Governors. The second priority was to ensure good governance was adhered to along with all the Directors having a positive input and a purposeful role as Directors of Rotary Down Under. Thirdly that all staff had a positive role in Rotary Down Under and that they had a voice. I believe all these objectives were achieved in a short period.

We were fortunate that we were able to appoint a new Editor in Meagan Martin and a new General Manager Gay Kiddle. Both people have made a huge difference in Rotary Down Under. Meagan as Editor has taken the magazine to a new level. The

magazine is highly commended by Rotarians not just in Zone 8 but throughout Rotary. Gay Kiddle as General Manager has led her team in a way that has given everyone responsibility for their role and performance. The staff at Rotary Down Under are our most valuable asset.

This last year has seen the culmination of the sale of our old building at Hunter Street Parramatta and the purchase of and the move into the new building at Norwest. Director Tony Castley did an incredible job with the sale and purchase and organising the fit out of the new building. I don't believe the success of the sale of the old building and the purchase and fit out of the new building would have happened so smoothly except for Tony. Tony put in an exceptional amount of time and energy into making sure that everything was done to our advantage. Tony Castley deserves our thanks for this mighty achievement.



continually promote the magazine and to use it to show potential Rotarians what Rotary does and what it is about. It can be a valuable tool to be used when talking to people about Rotary. It can also be used to educate those people new to Rotary and can be used for Rotarians and Clubs to get new ideas and to be inspired by the stories of what Rotarians and clubs are doing across our Zone.

We need Rotarians across the Zone to continually promote the magazine and to use it to show potential Rotarians what Rotary does and what it is about.

I want to thank all the Directors of Rotary Down Under that I have served with over the last four years. I have appreciated their input and the time that they give up for Rotary Down Under. To our staff, thank you for all that you do for Rotary Down Under.



Gay Kiddle presenting Noel Trevaskis with a gift in thanks for his contribution to the RDU Board

Rotarians can all be proud of the new facility at Norwest where for the first time in almost thirty years we have all the Rotary entities including Rotary International South Pacific Philippines Office all together in the one venue. The move was impacted by COVID resulting in staff members assisted by their husbands and family members and Belinda Griffen from RAWCS moving all the office equipment etc to the new building, on weekends and after hours. Gay Kiddle again did a magnificent job in organising the move while still fulfilling her role as General Manager. Our thanks to everyone involved in the move.

Rotary Down Under is now in a good place, financially, governance wise, staff wise and it has a good Board of Directors who understand their roles as Directors. All the Directors are actively involved with Rotary Down Under.

It was turbulent when I joined the Board, and it was for a few months after that as well. I am proud of what the Board has achieved over the last four years, all the Board and staff can be extremely proud as the changes and challenges would not have happened if it wasn't for your commitment and dedication to Rotary Down Under, thank you, you are all invaluable!

Leaving the Board was not an easy decision for me, I enjoyed my time as Chair immensely. I wish the new Chair Tim Moore and the Board and staff all the best for the future.

It has been an honour and privilege to serve you.

A handwritten signature in black ink that reads "Noel Trevaskis".

**Chair
Rotary Down Under**

We need Rotarians across the Zone to

CHAIR'S REPORT

TIM MOORE

Appointed Chair May 2022, previously Deputy Chair

I thank the RDU Board for their confidence in me. I also thank PRID Noel Trevaskis for his diligence, hard work and time he has provided for all of us at RDU. Equally our employees are our greatest asset, they give their time plus more to make the RDU magazine one of the top regional magazines in the world.

We face many ongoing challenges, as do all businesses and especially for those involved in the printed media. Like all businesses we are confronted with material shortages and price rises, but our main aim is to represent our zone in the best possible way to our members plus, of course, the public image for non-Rotarians.

We never take lightly our responsibilities to our members in providing a high-quality magazine that invites the reader to see and learn from the great work of so many clubs and individuals.

The board has recently committed to adding value to the magazine subscription and is keen to move to a subscription

service that builds upon the best of modern technology. Readers will be familiar with the active use of social media.

I agree totally with Noel, the Board and RDU are united in wanting the best for RDU and our readers, our Rotary world in Australia, New Zealand, and the Pacific Islands. I am proud to be the chairman.



We never take lightly our responsibilities to our members in providing a high-quality magazine that invites the reader to see and learn from the great work of so many clubs and individuals.

A handwritten signature in black ink that reads "Tim Moore". The signature is fluid and cursive.

Chair
Rotary Down Under



RDU Board members at the Official Opening of Maitland Place, Norwest in May 2022

GENERAL MANAGER'S REPORT

GAY KIDDLE

2021-2022 was a particularly busy year for Rotary Down Under. With the many challenges brought about by COVID, we managed to pack up our office at Hunter Street Parramatta which had been the home of RDU for 28 years and relocate to our new premises at Norwest. A huge effort by our small team, but well worth it to be working in such a great space alongside Rotary International South Pacific & Philippines Office, Australian Rotary Health, Rotary Australia World Community Service and ShelterBox Australia.

In May of this year, we held the Official Opening of the building and showcased the great resource we now offer to Rotarians. At the same time, we hosted an information training event for District Governor's Nominee which was our first big test for this facility. Feedback was very positive, and we hope to hold many more events in the future. It was great to also hold our first face to face Board meeting in May after meeting on Zoom for the past two years and the perfect opportunity for the board to see in person the product of their trust and support during the design and fit out process.

As well as office space for our staff, our new premises include meeting and collaboration spaces, formal board room and presentation areas, kitchen and

function facilities and a large warehouse area which is a great shared storage facility for all Rotary occupants. Unlike our previous location, this building offers ample parking making it easier for visitors to access.

The intent of the original design was to create a Rotary hub to facilitate the sharing of information, ideas, and resources. This is well underway as each of the resident Rotary entities identifies the value add of being housed under one roof.

During the uncertain times of COVID, of lockdowns, reduced face to face club meetings and the challenges of maintaining the momentum of projects, the magazine more than ever proved to be a source of fellowship and inspiration across Australian and New Zealand Districts. Our monthly content and planning meeting now includes a representative from RISPPPO staff to broaden our content and capture the interest of the wider Rotary community.

Like many businesses across our region, RDU Supplies was not alone in dealing with the challenges of supply chain shortages and delays. In the background we worked hard with our loyal suppliers to reduce the impact to Rotarians. While COVID meant a pause to face to face



conferences and events, we continued to promote our products via email promotions and thank Rotarians for continuing to support us through this challenging period. We continue to investigate new items to keep our product offerings relevant and welcome ideas and suggestions.

I would like to acknowledge the enormous effort of our RDU staff who always go above and beyond what is expected, our editorial team for their imagination, innovative ideas and thought providing content, the RDU Board of Directors for their confidence and continued support and finally our dear friend Judy Drake, PA to the Board, who retired after 23 years of dedicated service to enjoy her new life post RDU.

Gay Kiddle
**General Manager
Rotary Down Under**



DGsN training event held at Rotary Down Under in May 2022



Shared storage facility for Rotary occupants at Maitland Place, Norwest

EDITOR'S REPORT

MEAGAN MARTIN

One of the most rewarding components of my role with Rotary Down Under is hearing about the collaborations and connections our magazine has inspired or facilitated.

Two such examples come to mind throughout 2022.

The first was a story we ran in the February edition on Rotary Peace Fellow Emily Nabakooza and her work in Uganda with teen mums – drawing attention to the need to re-engage teen mothers in education and empowering those who have fallen pregnant as a result of sexual violence. As a direct result of this article, District 9455 secured a district grant of \$8,000 for Emily's Assisi Centre for Social Justice and Peace, which has now provided sanitation facilities for three schools the young mums attend and will see the implementation of the WASH program into the future.

A second example relates to an article on vital medical equipment donated to the Nepean Hospital's emergency department – including a \$10,000 Lumify Vascular Scanner – by the Rotary Club of Lower Blue Mountains. The Rotary Club of Wagga Wagga Koorringal was so inspired by the story members adopted this as a project of their own and, after raising the necessary \$10,000, recently presented a scanner to the Wagga Base Hospital Vascular Department.

Truly satisfying.

A number of our stories have also caught the attention of our international counterparts. Rotary magazine in the US has republished numerous articles. In their August edition they ran our story on the charter of the Rotaract Club of Woolloongabba Pride, a story on District 9510's Sailing Challenge initiative, and an article on the Rotary Club of Coffs Harbour City's National Cartoon Gallery. They have also featured District 9640's Koala Lover's Club and the Rotary Club of Gold Coast Corporate – both of which were photographed by our own creative director/photographer Rhys Martin.

The introduction of the environment as Rotary International's seventh area of focus has continued to provide a wealth of quality content, with clubs undertaking some truly innovative projects. In our October edition,



we delved into how the Rotary Club of Redcliffe Sunrise is helping to restore Moreton Bay and reduce landfill by collecting, processing, and releasing the lids of shucked oyster shells in collaboration with OzFish. We also featured the work of the Rotary Club of Te Awamutu in relocating at-risk native copper skinks to pest-free sanctuaries and restoring and maintaining their habitat.

The restoration of mangroves has become an international Rotary undertaking, with then Rotary International President Shekhar Mehta declaring it one of the key threads of Rotary's environmental focus at COP26 in Glasgow. To-date, 10 Commonwealth countries have agreed to support the project. While Australia and New Zealand are yet to sign up, there are a number of local initiatives underway, including the Western Port Seagrass Partnership, led by Dick Cox, of the Rotary Club of Somerville Tyabb (RDU August 2022). The partnership is working hard to restore the 'forests of the sea' for generations to come.

Our main focus for 2022 has been to shine a light on our individual Rotary districts and highlight the incredible work they are undertaking both locally and further afield. The monthly district features have proved very popular, with Rotarians from both within and outside of the featured districts sending words of encouragement and congratulations. We of course have our dedicated Rotary volunteer Anne Matthews to thank for her support in coordinating many of these features.

On a final note, I offer my sincere thanks to our incredible RDU board and staff, who provide endless support and work long hours to ensure we continue providing the very best publication for our members to allow the many wonderful connections and collaborations to evolve into the future.

Meagan Martin

**Editor
Rotary Down Under**

Rotary District 9980



Using every resource at their fingertips, District 9980 epitomises the Kiwi reputation for ingenuity and resourcefulness.

By Anne Matthews

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Financial Statements

For the Year Ended 30 June 2022

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Contents

For the Year Ended 30 June 2022

	Page
Financial Statements	
Director's Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	21
Independent Audit Report	22

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Director's Report

30 June 2022

1. General information

Directors

The names of the directors in office at any time during the year and at the date of this report are:

Names	Appointed / Resigned
Brian Millstead Eddy	
Timothy Leslie Moore	
Jennifer Lynn Herring	
Craig William Edmonston	
James Anthony Castley OAM	Resigned 29 September 2021
Noel John Trevaskis	Resigned 6 May 2022
Brian Leslie Peters	
Warwick Neil Richardson	Resigned 29 September 2021
Mark Wheeler	Resigned 30 June 2022
Robert George Cooper	Resigned 29 September 2021
Robert Heywood Calvert	
Kalma Mclellan	Appointed 30 September 2021

Principal activities

The principal activities of Rotary Down Under Pty Ltd 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. The company also conducted a service for the supply of goods, bearing the Rotary emblem as the official licensee of Rotary International. The principal activity of Rotary Down Under Incorporated was property investment. This activity is to further the not-for-profit objectives of Rotary Down Under Inc. Group.

Significant changes

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

2. Operating results and review of operations for the year

Operating result

The consolidated profit of the Group for the financial year after providing for income tax amounted to \$193,106 (2021: \$7,554,327). The result in the prior year includes a gain on sale of \$7,162,295 from the sale of a building.

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

Director's Report

30 June 2022

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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: CW Edmonston
Craig William Edmonston

Director: Timothy Leslie Moore
Timothy Leslie Moore

Dated this 27th day of September 2022

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

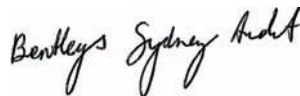
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Rotary Down Under Incorporated and its controlled entity

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, 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: 4 October 2022

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 2022

	Note	2022 \$	2021 \$
Sales revenue	4	1,781,919	1,795,455
Cost of sales		(422,275)	(438,952)
Gross profit		1,359,644	1,356,503
Other income	4	103,135	205,119
Administrative costs		(662,322)	(680,181)
Distribution costs		(247,620)	(250,550)
Marketing costs		(108,414)	(8,507)
Occupancy costs		(156,803)	(208,536)
Depreciation		(90,243)	(21,816)
Other expenses		(3,554)	-
Finance expense		(717)	-
Gain on sale of building		-	7,162,295
Profit before income tax		193,106	7,554,327
Income tax expense		-	-
Profit for the year		193,106	7,554,327
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		193,106	7,554,327

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,045,482	3,125,365
Trade and other receivables	6	21,305	795,712
Inventories	7	65,548	71,444
TOTAL CURRENT ASSETS		<u>3,132,335</u>	<u>3,992,521</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,253,141	5,260,311
Right-of-use assets	9	14,217	-
TOTAL NON-CURRENT ASSETS		<u>6,267,358</u>	<u>5,260,311</u>
TOTAL ASSETS		<u><u>9,399,693</u></u>	<u><u>9,252,832</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	101,442	56,116
Lease liabilities		5,228	-
Employee benefits	11	106,317	112,410
Other financial liabilities		4,571	90,000
TOTAL CURRENT LIABILITIES		<u>217,558</u>	<u>258,526</u>
NON-CURRENT LIABILITIES			
Lease liabilities		4,995	-
Employee benefits		10,616	20,888
TOTAL NON-CURRENT LIABILITIES		<u>15,611</u>	<u>20,888</u>
TOTAL LIABILITIES		<u>233,169</u>	<u>279,414</u>
NET ASSETS		<u><u>9,166,524</u></u>	<u><u>8,973,418</u></u>
EQUITY			
Retained earnings		<u>9,166,524</u>	<u>8,973,418</u>
TOTAL EQUITY		<u><u>9,166,524</u></u>	<u><u>8,973,418</u></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 2022

2022

	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	Capital Profits Reserve	Donation to building fund	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	8,973,418	-	-	-	8,973,418
Profit for the year	-	193,106	-	-	-	193,106
Balance at 30 June 2022	-	9,166,524	-	-	-	9,166,524

2021

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

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 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,732,959	2,260,493
Payments to suppliers and employees	(1,721,501)	(1,941,589)
Interest paid	(717)	-
Net cash provided by operating activities	16 <u>1,010,741</u>	<u>318,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	8,100,000
Purchase of property, plant and equipment	(1,083,073)	(5,260,311)
Development expenditure	-	(622,524)
Net cash (used in) / provided by investing activities	<u>(1,083,073)</u>	<u>2,217,165</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(7,551)	-
Net cash (used in) financing activities	<u>(7,551)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents held	(79,883)	2,536,069
Cash and cash equivalents at beginning of year	<u>3,125,365</u>	<u>589,296</u>
Cash and cash equivalents at end of financial year	5 <u>3,045,482</u>	<u>3,125,365</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 2022

The financial report covers Rotary Down Under Incorporated and its controlled entity ("the Group"). Rotary Down Under Incorporated 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")*.

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

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and 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) Basis for 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.

A list of controlled entities is contained in Note to the financial statements.

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) Subscriptions

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

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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.

Other income

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

(d) Income Tax

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

(e) 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).

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.

(f) 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 estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(g) 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.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

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 asset's 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	10%
Furniture, Fixtures 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.

(h) Financial instruments

Financial instruments are recognised initially 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and lease liabilities.

(i) Cash and cash equivalents

Cash and cash equivalents comprises 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.

(j) Leases

(i) Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(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 amounts expected to be paid when the liability is settled.

3 Critical Accounting Estimates and Judgments

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 collectable. 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.

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 2022

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Sales revenue		
- Subscriptions and advertising	1,156,205	1,164,472
- Merchandise sales	428,086	449,245
- Rental income	197,628	181,738
	<u>1,781,919</u>	<u>1,795,455</u>
Other income		
- Interest from default on sale	-	122,120
- Interest received	6,528	825
- Income from property make-good and asset sale	90,000	-
- Other income	6,607	8,674
- Government subsidy	-	73,500
	<u>103,135</u>	<u>205,119</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>3,045,482</u>	<u>3,125,365</u>
	<u>3,045,482</u>	<u>3,125,365</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables	4,982	5,442
Provision for impairment	-	(4,000)
Prepayments	-	659,477
Deposits	-	78,721
GST receivable	16,323	55,102
Other receivables	-	970
Total current trade and other receivables	<u>21,305</u>	<u>795,712</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 2022

7 Inventories

	2022	2021
	\$	\$
CURRENT		
At cost:		
Work in progress	-	930
Finished goods	65,548	68,856
Goods in transit	-	1,658
	<u>65,548</u>	<u>71,444</u>

8 Property, plant and equipment

Buildings		
At independent valuation	5,260,025	5,260,025
Accumulated depreciation	-	-
Total buildings	<u>5,260,025</u>	<u>5,260,025</u>
Total buildings	<u>5,260,025</u>	<u>5,260,025</u>
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	1,248,213	176,180
Accumulated depreciation	(264,878)	(175,894)
Total furniture, fixtures and fittings	<u>983,335</u>	<u>286</u>
Computer equipment		
At cost	11,039	-
Accumulated depreciation	(1,258)	-
Total computer equipment	<u>9,781</u>	<u>-</u>
Total property, plant and equipment	<u><u>6,253,141</u></u>	<u><u>5,260,311</u></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 2022

8 Property, plant and equipment

(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 \$	Computer Equipment \$	Total \$
Year ended 30 June 2022				
Balance at the beginning of year	5,260,025	286	-	5,260,311
Additions	-	1,072,034	11,039	1,083,073
Depreciation expense	-	(88,985)	(1,258)	(90,243)
Balance at the end of the year	5,260,025	983,335	9,781	6,253,141

9 Leases

Right-of-use assets

	Property, Plant and Equipment \$	Total \$
Year ended 30 June 2022		
Balance at beginning of year	-	-
Additions during the year	17,771	17,771
Depreciation charge	(3,554)	(3,554)
Balance at end of year	14,217	14,217

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2022

10 Trade and Other Payables

	2022	2021
Note	\$	\$
CURRENT		
Trade payables	59,540	46,161
Other employee benefits	41,902	9,955
	<u>101,442</u>	<u>56,116</u>

11 Employee Benefits

Current liabilities		
Provision for long service leave	63,939	64,184
Provision for employee benefits	42,378	48,226
	<u>106,317</u>	<u>112,410</u>
Non-current liabilities		
Provision for long service leave	10,616	20,888
	<u>10,616</u>	<u>20,888</u>

12 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2022 (30 June 2021:None).

13 Auditors' Remuneration

Remuneration of the auditor Bentleys Sydney Audit, for:		
- Audit fees	16,500	16,000
Total	<u>16,500</u>	<u>16,000</u>

14 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which 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.

15 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.

Rotary Down Under Incorporated and its controlled entity

ABN: 62 113 485 795

Notes to the Financial Statements For the Year Ended 30 June 2022

17 Parent entity

The following information has been extracted from the books and records of the parent Rotary Down Under Incorporated and has been prepared in accordance with Accounting Standards.

	2022	2021
	\$	\$
Statement of Financial Position		
Assets		
Current assets	2,803,378	3,854,673
Non-current assets	6,242,352	5,260,323
Total Assets	<u>9,045,730</u>	<u>9,114,996</u>
Liabilities		
Current liabilities	28,212	109,742
Non-current liabilities	-	110,888
Total Liabilities	<u>28,212</u>	<u>220,630</u>
Equity		
Retained earnings	8,894,344	813,230
Profit for the year	123,174	8,081,136
Total Equity	<u>9,017,518</u>	<u>8,894,366</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit for the year	<u>123,174</u>	<u>8,081,136</u>
Total comprehensive income	<u>123,174</u>	<u>8,081,136</u>

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

18 Statutory Information

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

Rotary Down Under Incorporated and its controlled entity
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 20, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the .
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

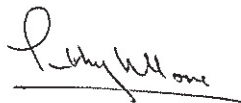
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Craig William Edmonston

Director



Timothy Leslie Moore

Dated this

27th

day of

September

2022

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 2022, 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 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards – Simplified 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.

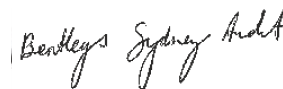
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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
Sydney



BENTLEYS SYDNEY AUDIT PTY LTD
Chartered Accountants

Dated: 4 October 2022

Inspire
Motivate
Educate
Communicate

ROTARY DOWN UNDER

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