TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

Financial Statements

For the Year Ended 30 June 2021

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

DIRECTORS' REPORT

Your directors have pleasure in submitting their report for the year ended 30 June 2021.

DIRECTORS

The names of the directors of the company in office at the date of this report are:

D Lloyd
JAC McEvoy
A Notley
S Notley (alternate for A Notley)

MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings of the company's directors held during the year ended 30 June 2021 and the numbers of meetings attended by each director.

	Number eligible to attend	Number attended
D Lloyd	17	17
JAC McEvoy	17	17
A Notley	17	17
S Notley	3	-
P J Frawley	16	16

As at the date of this report the company does not have an audit committee as the Board, consisting of three directors, feels that all matters of audit significance can be adequately dealt with by the Board.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group are the operation of Hotels, Inns, Serviced Apartments, and Theme Pubs.

RESULTS FOR THE YEAR

Profit before interest, depreciation, amortisation, impairment and tax from continuing operations was $1.6 million. After interest, depreciation, amortisation, impairment and tax the net loss of the group was $4.4 million.

DIVIDENDS

Nil dividend paid for the 2019/20 year & 2020/21 year.

EARNINGS PER SHARE

Earnings / (Loss) per share from continuing operations were (32.80) cents per share (after interest, depreciation, amortisation, impairment and tax) compared to (5.31) cents for the previous financial year.

FINANCIAL POSITION

The net assets of the consolidated group have decreased by $3.955 million during the year ended 30 June 2021 due to: Group net loss after tax attributable to members of $4.405 million and net increment on revaluation of freehold property of $0.45 million.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as noted above, there were no significant changes in the state of affairs of the consolidated group during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year other than those disclosed in note 32 to the financial report.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments, future prospects and business strategies of the operations of the consolidated group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated group.

ENVIRONMENTAL ISSUES

The consolidated group's operations are not subject to any significant environmental regulation under Commonwealth or State law.

INFORMATION ON DIRECTORS

JOHN McEVOY, Chairman and Managing Director (from 1 June 2021)

John has spent more than four decades in the hospitality industry in Australia. He founded the Metro group in 1976 while in his twenties. He has served as chairman and managing director of Transmetro Corporation since it was incorporated in 1979. Additionally John has extensive experience in marketing and the media, having held a number of executive roles with Consolidated Press's then-radio network, and Channel 9 Sydney.

PETER J FRAWLEY, MBA, Managing Director (retired 31 May 2021)

Peter has spent 3 decades in the hospitality industry holding senior positions in a number of major listed hotel groups including Starwood, Accor and CDL Hotels. He was Managing Director of All Seasons Hotels, P&O Cruises.
In recent years Peter has undertaken assignments offshore in Asia, India and the UAE for Starwood, Bin Haider Hospitality Dubai, Accor India, and Tradewinds International Malaysia.
Peter completed his MBA in Management at Macquarie University and holds a Bachelor of Business in La Trobe University. He also holds a Diploma of Corporate Governance from the Australian Institute of Company Directors.

ALAN NOTLEY, FCPA ACA (NZ) FAIM, Non-Executive Director

Alan is a former Executive Director of Ansett Transport Industries Limited serving on the Ansett board from 1981 to 1992. Alan also served as Executive Chairman of Traveland International Pty Ltd, which operated 250 travel agencies, Chairman of Ansett Pioneer Bus Lines and Executive Chairman of Diners Club Australia. Alan is presently Chairman of ASP Ship Management Pty Ltd, a major ship management organization.

DAVID LLOYD, Non-Executive Director

David has widespread commercial experience with several chartered accounting firms in Adelaide, Brisbane and Sydney as a division manager and continues to act as a consultant specialising in corporate investigations, planning and reconstruction.

SUSAN NOTLEY (B.A. University of Sydney), Non-Executive Director (Alternate director to Alan Notley)

Susan has had over 20 years experience in the tourism industry at the wholesale distribution level. She currently operates her own consultancy in tourism industry marketing.

COMPANY SECRETARIES

David Lloyd and Jakin Agus.

David Lloyd is also a director, and his qualifications and experience are shown above.

JAKIN AGUS, CPA, Company Secretary

Jakin Agus has a Bachelor of Commerce degree and has been in the hospitality industry for more than twenty years. He joined Transmetro Corporation Ltd in 2000 as Management Accountant based at the company's head office. A year later he was appointed Financial Controller of the company's Pubs division. In 2005 he was appointed Group Accountant of Metro Hospitality Group. In 2012 he was appointed Group Financial Controller of Metro Hospitality Group.

INDEMNIFYING OFFICERS OR AUDITOR

An insurance policy is in place to cover directors and officers, however the terms of the policy prohibit disclosure of the details of the insurance cover and the premiums paid.

The company has not otherwise, during or since the financial year, agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' INTERESTS AND BENEFITS

Shares held by directors and director-related entities at the date of the directors' report are:

	No. of shares held directly	No. of shares held indirectly
D Lloyd	-	-
JAC McEvoy	5,942,114	5,695,549
A Notley	9,000	-
S Notley	-	-

Since the end of the previous financial year, no director of the company has received or become entitled to receive any benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and key management personnel (KMP) of Transmetro Corporation Limited.

Remuneration Policy

The remuneration policy of Transmetro Corporation Limited has been designed to align director and KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The board of Transmetro Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP and directors to run and manage the Consolidated Entity, as well as create goal congruence between directors, KMPs and shareholders.

The following table shows the gross revenue and results for the last two years for the listed entity, as well as the share price at the end of the respective financial years.

	2021	2020
Revenue from continuing operations	$15,437,116	$22,610,855
Net profit/(loss) from continuing operations	($4,389,998)	($710,860)
Share price at year end	$0.84	$1.00

The board's policy for determining the nature and amount of remuneration for board members and KMP of the Consolidated Entity is as follows:

The remuneration policy, setting the terms and conditions for the KMP directors and other senior KMPs, was developed by the remuneration committee, which currently is the entire board. All KMPs receive a total remuneration package, which may include a base salary (commensurate with their expertise and experience), superannuation, fringe benefits and performance incentives. The remuneration committee reviews KMP packages annually by reference to the Consolidated Entity's performance, KMP performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of KMPs is measured with each KMP and is based predominantly on the forecast growth of the company financial performance and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of KMPs and reward them for performance that results in long-term growth in shareholder wealth.

The company does not have a KMP share option scheme. Directors and KMP do not receive share options.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.50% for the year ended 30 June 2021**.** Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. KMP are paid employee benefit entitlements accrued to the date of retirement

All remuneration paid to directors and KMP is valued at the cost to the company and expensed.

The board policy is to remunerate non-KMP directors and employees at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee determines payments to the non-KMP directors and employees and reviews their remuneration annually, based on market practice, duties and accountability. Fees for non-KMP directors and employees are not linked to the performance of the Consolidated Entity.

Performance Based Remuneration

As part of KMPs' remuneration packages there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between KMPs with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with KMPs. The measures are specifically tailored to the areas each KMP is involved in and has a level of control over. The KPIs target areas the board believes will improve the performance of the company, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Transmetro Corporation Limited bases the assessment on audited figures where appropriate.

Company Performance, Shareholder Wealth and Directors' and KMPs' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and KMPs, being a performance based bonus based on key performance indicators. The company believes this policy should be effective in increasing shareholder wealth over the medium term.

The board will review its remuneration policy annually to ensure it is effective.

Performance Income as a proportion of Total Remuneration

KMP are paid performance based bonuses based on a proportion of their total remuneration package. The remuneration committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and financial performance of the Consolidated Entity. The remuneration committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

All KMPs' remuneration for the year ended 30 June 2021 had a fixed component and a variable component of their overall remuneration, with the variable part of their remuneration paid subject to a performance condition.

Employment Contracts of Directors and KMPs

The employment conditions of the chief KMP are formalised in contracts of employment. All KMPs are permanent employees of Transmetro Corporation Limited. No contract is for a fixed term. Each contract states it can be terminated by the company by giving up to three to six month notice and by paying a redundancy of between three to six months.

Key Management Personnel compensation

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
JAC McEvoy	Chairman and Managing Director from 1 June 2021
P J Frawley (retired 31 May 2021)	Managing Director – Executive
A Notley	Non-Executive Director
D Lloyd	Non-Executive Director
J Agus	Company Secretary and Group Financial Controller
J Hirst	General Manager - Property
S Wanstall	General Manager - Property
S Nemetz	General Manager - Property
D Robinson (Completed employment 13 August 2020)	General Manager – Property
R Pirie	Director of Sales & Marketing
S Vasilakis	General Manager - Property
C T Leong	General Manager - Property
H Karunaratna	General Manager - Property

Directors' remuneration

The following table discloses the remuneration of Directors of the company for the year ended 30 June 2021, as specified for disclosure by AASB 124. The information contained in this table is audited.

	Salary, Fees & Commissions	Superannuation Contribution	Long service leave Benefit	Bonus	Non-cash Benefits	Total
	$	$	$	$	$	$
Directors						
JAC McEvoy						
-2020	-	-	-	-	-	-
-2021	-	-	-	-	-	-
P Frawley						
-2020	228,267	19,197	21,696	-	7,139	276,299
-2021	234,818	17,835	3,986	-	7,139	263,778
A Notley						
-2020	23,945	-	-	-	-	23,945
-2021	23,945	-	-	-	-	23,945
D Lloyd						
-2020	23,945	-	-	-	-	23,945
-2021	23,945	-	-	-	-	23,945
Total 2020	276,157	19,197	21,696	-	7,139	324,189
Total 2021	282,708	17,835	3,986	-	7,139	311,668

KMP Shareholdings

Number of shares held by Key Management Personnel

	Balance 1.7.20	Net Change	Balance 30.6.21
JAC McEvoy	11,637,663	-	11,637,663
P Frawley (retired 31 May 2021)	-	-	-
A Notley	9,000	-	9,000
D Lloyd	-	-	-
J Agus	-	-	-
J Hirst	-	-	-
R Pirie	-	-	-
D Robinson (Completed employment 13 August 2020)	500	(500)	-
S Wanstall	-	-	-
S Nemetz	1,000	-	1,000
S Vasilakis	-	-	-
C T Leong	-	-	-
H Karunaratna	-	-	-
	11,648,163	(500)	11,647,663

KMPs' remuneration

The following table discloses the remuneration of the KMP of the company and the consolidated entity for the year ended 30 June 2021, as specified for disclosure by AASB 124. The information in this table is audited.

	Short-term Benefits			Post-Employment Benefits				
KMP	**Salary & Fees**	**Bonuses**	**Other**	**Super-annuation**	**Long service leave Benefit**	**Termination Benefits**	**Total**	**Percentage of Remuneration Performance Related**
J Agus								
-2020	136,230	-	-	12,942	2,340	-	151,512	-
-2021	113,615	-	-	10,793	2,333	-	126,741	-
D Robinson*								
-2020	76,390	-	5,248	7,257	1,292	-	90,187	-
-2021	16,845	-	2,240	893	158	21,223	41,359	-
J Hirst								
-2020	101,034	-	-	9,598	-	-	110,632	-
-2021	82,399	-	-	7,828	-	-	90,227	-
S Nemetz								
-2020	93,114	-	13,466	8,846	2,635	-	118,061	-
-2021	81,028	-	6,693	7,698	1,618	-	97,037	-
S Wanstall								
-2020	109,981	-	-	10,448	2,105	-	122,534	-
-2021	90,401	-	-	8,588	1,883	-	100,872	-
R Pirie								
-2020	140,039	-	7,139	13,293	2,683	-	163,154	-
-2021	117,025	-	4,165	11,117	2,403	-	134,710	-
S Vasilakis								
-2020	91,862	-	7,218	8,727	2,090	-	109,897	-
-2021	76,384	-	5,968	7,256	1,591	-	91,199	-
C T Leong								
-2020	142,890	-	-	13,575	2,672	-	159,137	-
-2021	87,792	-	-	8,340	2,306	-	98,438	-
H Karunaratna								
-2020	74,256	-	-	6,912	1,772	-	82,940	-
-2021	49,343	-	-	3,543	1,347	-	54,233	-
TOTAL 2020	**965,796**	**-**	**33,071**	**91,598**	**17,589**	**-**	**1,108,054**	**-**
TOTAL 2021	**714,832**	**-**	**19,066**	**66,056**	**13,639**	**21,223**	**834,816**	**-**

There were no other transactions with directors and KMP during the financial year.

*D.Robinson completed employment on 13 August 2020

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence set out in APES 110: Code of ethics for Professional Accountants set by Accounting Professional and Ethical Standards Board.

Fees of $6,000 were payable to the external auditors during the year ended 30 June 2021 for the preparation of income tax returns, and fees of $1,900 were payable for other services.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 is attached to this report.

Signed at Sydney this 30th day of September 2021 in accordance with a resolution of the directors.

J McEvoy
Chairman

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; 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 and consolidated group.

2. The Managing Director and Group Financial Controller have each declared that:

    (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

    (c) the financial statements and notes for the financial year give a true and fair view.

3. 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 and is signed for and on behalf of the directors by:

J McEvoy
Managing Director

Signed at Sydney this 30th day of September 2021.

STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the members of Transmetro Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Transmetro Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Corporations Act 2001, 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 then ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2e Going Concern in the financial report, which indicates that the Consolidated Entity's operations have been significantly impacted by the global COVID-19 pandemic in an adverse manner. The conditions disclosed in Note 2e indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.
In concluding there is a material uncertainty related to going concern we evaluated the extent of the uncertainty regarding events or conditions impacting the Consolidated Entity's assessment of going concern. Our approach to this involved:

- Evaluating the Consolidated Entity's plans to address going concern;
- Assessing the Consolidated Entity's cash flow forecasts for incorporation of the Consolidated Entity's operations and plans to address going concern;
- Determining the completeness of the Consolidated Entity's going concern disclosures for the conditions representing a material uncertainty related to the Consolidated Entity's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Freehold Properties

As disclosed in note 12, the Group holds freehold property of $17,484,232 as at 30 June 2021 and this is a significant asset of the Group. The property was valued by independently licensed valuers for the year ended 30 June 2021.

Hotel properties valuations are sensitive to the key assumptions applied in valuations, in particular, capitalisation rates, growth forecasts and the discounted cash flow outcomes.

To address this risk our audit procedures included the following:

- we reviewed the valuation methodology used by the independent licenced valuers;
- we checked the reliability of the underlying assumptions used in the valuation;
- we compared the inputs in the valuation, including the capitalisation rates, discount rates and net income yields to historical data and available industry data and discussed with management any factors that would significantly affect these underlying assumptions; and
- we considered the adequacy of disclosures in the financial statements.

Carrying value of right of use assets

As disclosed in note 6, the group holds right of use assets of $1,591,324 as at 30 June 2021 and these are substantial assets of the Group that are subject to an impairment assessment in accordance with AASB 136 "Impairment of Assets".

The impairment assessment of right of use assets requires valuation that is subjective and based on a number of assumptions, specifically cash flow projections, growth rates and discount rates which are affected by future events and economic conditions.

To address this risk our audit procedures included the following:

- we assessed management's determination of the Group's cash generating units (CGUs);
- we reviewed and evaluated the methodology used by the management and reviewed the mathematical accuracy of management's cash flow forecasts;
- we evaluated the key assumptions used by management in their cash flow forecast to determine the recoverability of right of use assets and agreed the data to relevant supporting documents;
- we considered the historical reliability of prior period cash flow forecasts;
- we considered the sensitivity of the key assumptions such as growth rates and discount rates used in the cash flow forecast; and
- we assessed the adequacy of the Group's disclosure in relation to the carrying value of right of use assets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Transmetro Corporation Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Stirling International
Chartered Accountants

Peter Turner
Suite 1405, 370 Pitt Street Sydney NSW 2000
30th September 2021
Liability limited by a scheme approved under Professional Standards Legislation

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRANSMETRO CORPORATION LIMITED

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.

This declaration is in respect of Transmetro Corporation Limited and the entities it controlled during the year.

Signed this 30th day of September 2021 at Sydney, New South Wales.

Stirling International
Chartered Accountants

Peter Turner
Partner
Liability limited by a scheme approved under Professional Standards Legislation

TRANSMETRO CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30-Jun-21

	NOTE	Consolidated Group	
		30.06.2021	30.06.2020
Continuing Operations		$	$
Sales Revenue	5	13,559,898	21,710,620
Other Revenue		1,872,964	898,683
Interest income		4,254	1,552
Total Revenue		**15,437,116**	**22,610,855**
Cost of sales		(974,982)	(2,202,908)
Employee benefits expense		(5,598,091)	(7,938,016)
Other expenses		(7,260,848)	(8,510,455)
EBITDA		**1,603,195**	**3,959,476**
Rent concession gain		3,122,385	1,228,750
Gain on lease modification		118,267	-
Depreciation and amortisation expense		(5,283,462)	(5,355,471)
Impairment expenses		(3,984,576)	-
Finance costs		(345,220)	(572,320)
Write off of goodwill on consolidation		(1,064,000)	-
Profit/(loss) before income tax		**(5,833,411)**	**(739,565)**
Income tax benefit/(expense)	7	1,443,413	28,705
Profit/(loss) from continuing operations		**(4,389,998)**	**(710,860)**
Discontinued Operations			
(Loss) from discontinued operations	31	(15,419)	(165,950)
Profit/(loss) from operations attributable to:			
Members of the parent entity		**(4,405,417)**	**(876,810)**
Earnings per share			
Basic earnings per share:			
-From continuing operations	25	(32.80)	(5.31)
-From discontinued operations		(0.12)	(1.24)
		(32.92)	(6.55)

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group	
	30.06.2021	**30.06.2020**
	$	**$**
Profit/(loss) for the period	(4,405,417)	(876,810)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation increment on freehold property	600,487	-
Income tax relating to component of other comprehensive income	(150,122)	-
Total comprehensive income for the period	(3,955,052)	(876,810)
Total comprehensive income attributable to:		
Members of the parent entity	(3,955,052)	(876,810)

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

CONSOLIDATED BALANCE SHEET AS AT 30-Jun-21

	NOTE	Consolidated Group 30.06.2021 $	30.06.2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,000,998	726,499
Trade and other receivables	11	1,061,126	1,370,581
Current tax receivable	20	-	60,773
Inventories		139,248	148,718
TOTAL CURRENT ASSETS		2,201,372	2,306,571
NON-CURRENT ASSETS			
Property, plant and equipment	15	21,445,121	21,699,525
Deferred tax assets	20	2,099,114	586,182
Intangible assets	16	-	1,124,624
Right of use assets	6	1,591,324	11,719,015
Other financial assets	13	506	506
Other non-current assets	17	250,000	250,000
TOTAL NON-CURRENT ASSSETS		25,386,065	35,379,852
TOTAL ASSETS		27,587,437	37,686,423
CURRENT LIABILITIES			
Trade and other payables	18	2,805,332	2,535,164
Borrowings	19	79,546	-
Lease liabilities	6	3,609,559	4,252,328
Short-term provisions	21	729,138	779,066
TOTAL CURRENT LIABILITIES		7,223,575	7,566,558
NON-CURRENT LIABILITIES			
Borrowings	19	-	600,001
Deferred tax liabilities	20	1,318,900	1,104,677
Lease liabilities	6	2,286,026	7,701,198
TOTAL NON-CURRENT LIABILITIES		3,604,926	9,405,876
TOTAL LIABILITIES		10,828,501	16,972,434
NET ASSETS		**16,758,936**	**20,713,989**
EQUITY			
Issued capital	22	6,855,964	6,855,964
Reserves	23	3,544,592	3,094,227
Retained earnings		6,358,380	10,763,798
TOTAL EQUITY		**16,758,936**	**20,713,989**

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

30-Jun-21

	Issued Capital	Asset Revaluation Reserve	Capital Contribution Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1.7.2019	6,855,964	2,715,764	378,463	11,640,607	21,590,798
Total comprehensive income for the period	-	-	-	(876,809)	(876,809)
Dividend paid to shareholders	-	-	-	-	-
Balance at 30.06.2020	6,855,964	2,715,764	378,463	10,763,798	20,713,989
Balance at 1.7.2020	6,855,964	2,715,764	378,463	10,763,798	20,713,989
Total comprehensive income for the period	-	450,365	-	(4,405,418)	(3,955,053)
Dividend paid to shareholders	-	-	-	-	-
Balance at 30.06.2021	6,855,964	3,166,129	378,463	6,358,380	16,758,936

TRANSMETRO CORPORATION LIMITED
ABN 45 001 809 043

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30-Jun-21

	NOTE	Consolidated Group 30.06.2021	30.06.2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,812,475	22,527,910
Payments to suppliers and employees		(13,287,879)	(19,210,595)
Interest received		4,254	1,552
Other revenue		1,755,934	677,000
Interest paid		(345,220)	(575,606)
Income tax paid		-	(531,063)
Net cash provided by operating activities	28	1,939,564	2,889,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(71,783)	(580,426)
Net cash provided by/(used in) investing activities		(71,783)	(580,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		795,527	-
Repayment of borrowings		(1,315,981)	(1,756,942)
Repayment of lease principal		(1,072,828)	(3,153,013)
Dividends paid		-	-
Net cash (used in)/provided by financing activities		(1,593,282)	(4,909,955)
Net increase/(decrease) in cash held		274,499	(2,601,183)
Cash and cash equivalents at beginning of period		726,499	3,327,682
Cash and cash equivalents at end of period	29	1,000,998	726,499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. REPORTING ENTITY

Transmetro Corporation Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity is primarily involved in the hospitality sector.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

b. Basis of measurement

The consolidated financial statements have been prepared on 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 labilities.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of judgments and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas:

- Provisions and Employee benefits
- Fair value measurement

e. Going concern

The financial statements for the year ended 30 June 2021 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the year, the Consolidated Entity incurred a loss before tax of $5,854,248 with net cash inflows of $274,499 after receipts of $1,755,934 from government assistance. At 30 June 2021 the Consolidated Entity had cash reserves of $1,000,998.

Results for the year were significantly adversely impacted by the COVID-19 pandemic. Restrictions imposed by Government resulted in the temporary closure of pubs and some hotel operations. Rent concessions were negotiated with landlords for a number of leased properties. At 30 June 2021 the Consolidated Entity's operations were still significantly impacted by the ban on international travel, the decline in domestic travel, and social distancing requirements.

It is anticipated that the COVID-19 pandemic is likely to continue to have an adverse impact on the Consolidated Entity's business, the results of its operations and cash flows during the year ending 30 June 2022. Management will continue to monitor the impact of COVID-19 on the financial performance of the business and further measures may be required.

As a result of these matters there exists a material uncertainty that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern, and therefore it may be unable to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The economic uncertainty associated with the COVID-19 pandemic has been considered by the Board in assessing the financial impact on Consolidated Entity's ability to meet debts as and when they fall due. At the date of this report, the Board are of the opinion that the Consolidated Entity will be successful in managing the impacts of the COVID-19 pandemic and will continue to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Income Recognition

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. All revenue is stated net of the amount of goods and services tax (GST).

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of service. Revenue from the sale of goods is recognised upon dispatch of goods to customers.

Other income

Other income is recognised on a systematic basis over the periods necessary to match it with the related costs for which it is intended to compensate or, if the costs have already been incurred, in the period in which it becomes receivable. The income is deemed to be receivable when the entitlement is confirmed. Income from subsidiaries and associates are recognised by the parent when the distributions are declared.

c. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment annually.

g. Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy (m)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

Calculation of recoverable amount

Receivables

The recoverable amount of the Consolidated Entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date. The allowance for impairment is calculated with reference to the profile of debtors in the Consolidated Entity's sales and marketing regions.

Other Assets

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets (cash generating units). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)).

Property
Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Buildings	- 50 years
Leasehold improvements, office equipment, furniture, fittings, plant and equipment	- 3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

i. Goodwill

Goodwill and goodwill on consolidation are recorded initially at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. The balances are reviewed annually for impairment.

j. Theme Pubs Acquisition Costs

Theme pubs acquisition costs are stated at cost. Carrying values are reviewed annually and an asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

k. Inventories

Inventories comprise food, beverages, linen and consumables, all of which are valued at cost.

Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

l. Employee Benefits

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions made by the economic entity to employee superannuation funds are charged as expenses when incurred.

m. Receivables

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (g)).

n. Taxation

Income tax expense in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

o. Payables

Trade and other payables are stated at amortised cost.

p. Financial Instruments

The Consolidated Entity classifies its financial assets in the following categories:
(i) Financial assets at amortised cost;
(ii) Financial assets at fair value through other comprehensive income;
(iii) Financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

- The financial asset is held in order to collect contractual cash flows; and
- The cash flows are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

At initial recognition an election may be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. After initial recognition investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the assets are not measured at amortised cost or classified as financial assets at fair value through other comprehensive income.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments.

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q. Finance income and expense

Interest income is recognised as it accrues in the income statement using the effective interest method.

r. Earnings per share

The Consolidated Entity presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to equity holders of the parent for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company.

s. Segment Reporting

The Consolidated Entity determines and presents operating segments based on the information that internally is provided to the Board of Directors, who are the Consolidated Entity's chief operating decision maker.

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated Entity's other components if separately reported and monitored. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate head office results.

t. Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

u. Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

v. Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

w. **New standards and interpretation not yet adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has assessed that none of the new or amended Accounting Standards and Interpretations will have a financial impact on the consolidated entity.

x. **New, revised and amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. FINANCIAL RISK MANAGEMENT

Overview

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

• Credit risk

• Liquidity risk

• Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to. The Management reports to the Board of directors.

The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

The Board of directors oversees the adequacy of the company’s risk management framework in relation to the risks faced by the Company and the Consolidated Entity.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by region on a monthly basis. Regional management are responsible for identifying high risk customers and placing restrictions on future trading, including suspending future services and administering service on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity is not exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of the controlled entities, Australian dollars (AUD).

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks in Australia.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements. There were no significant changes in the Consolidated Entity's approach to capital management during the year.

5 REVENUE

	CONSOLIDATED	
	2021	2020
	$	$
Sales revenue	13,559,898	21,710,620
Other revenue- government assistance	1,872,964	898,683
Interest received – other corporations	4,254	1,552
Total Revenue	15,437,116	22,610,855

6 LEASES

The consolidated group has entered into a number of property leases which are generally fixed-term non-cancellable leases with options for renewal, with lease payments adjusted annually by CPI and periodic adjustment of lease payments to market rental.

Information about leases for which the consolidated group is a lessee is presented below.

	CONSOLIDATED	
	2021	2020
	$	$
Right of use assets		
Opening Balance	11,719,017	16,459,771
Depreciation charge for the year	(4,456,877)	(4,757,543)
Additions to right of use assets	-	16,789
Derecognised Right of use asset	(1,744,462)	-
Impairment expenses	(3,926,354)	-
Closing Balance	1,591,324	11,719,017

Lease Liabilities		
Opening Balance	11,953,526	16,481,604
Additions of lease liabilities	-	16,789
Payments made	(1,391,224)	(3,750,455)
Interest expense	318,397	575,606
Rent concessions	(3,122,385)	(1,370,018)
Derecognised Lease liability	(1,862,729)	-
Closing Balance	5,895,585	11,953,526

Current	3,609,559	4,252,328
Non-current	2,286,026	7.701.198
Total	5,895,585	11,953,526

Maturity Analysis – Contractual Undiscounted Cashflows
The table below presents the contractual undiscounted cash flows associated with the consolidated group's lease liabilities, representing principal and interest.

	CONSOLIDATED	
	2021	2020
	$	$
Less than one year	3,750,385	4,623,992
One to five years	2,313,855	8,068,967
More than five years	-	-
Total undiscounted lease liabilities	6,064,240	12,692,959

Amounts Recognised in Profit or Loss
The consolidated statement of profit or loss includes the following amounts in relation to leases:

	CONSOLIDATED	
	2021	2020
	$	$
Interest expense	(318,397)	(575,606)
Variable lease payments	(1,777,849)	(611,995)
Impairment expenses	(3,926,353)	-
Gain on lease modification	118,267	-
Depreciation of ROU assets	(4,456,877)	(4,757,543)
Rent concession gains	3,122,385	1,370,018

During the year the group received rental concessions as a result of COVID-19. Under AASB 16 Leases, rent concessions often meet the definition of a lease modification. In light of the effects of the COVID-19 pandemic amendments have been made to AASB 16 to simplify how lessees account for rent concessions and introduce a practical expedient for lessees.
Under this practical expedient lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if any reduction in lease payments affects only payments originally due on or before 30 June 2022 and there is no substantive change to other conditions of the lease. The group recognised rent concessions gains of $3,122,385 for the period.

7 INCOME TAX	2021	2020
	$	$
The components of tax expense comprise:		
Current tax	-	6,528
Deferred tax	1,448,831	85,123
Income tax benefit/(expense)	1,448,831	91,651
Income tax benefit/(expense) - continuing operations	1,443,413	28,705
Income tax benefit/(expense) - discontinued operations	5,418	62,946
Total	1,448,831	91,651

The prima facie tax on profit/(loss) from continuing operations before income tax is reconciled to the income tax benefit/(expense) as follows:

Prima facie tax benefit/(expense) on profit/(loss) at 26% (2020:27.5%)	1,516,687	203,381
Tax losses not recognised	-	(243,946)
Other items	(73,274)	69,270
Income tax benefit/(expense)	1,443,413	28,705

8 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation and the Consolidated Entity's remuneration policy is disclosed in the Remuneration Report section of the Directors Report.

9 OPERATING SEGMENTS

The Consolidated group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings and operating segments are therefore determined on the same basis.

Transmetro Corporation Limited's operation during the year related to operation of Hotels, Serviced Apartments, Inns and Theme Pubs.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Unallocated item*s

The following items of income and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation;
- Finance costs; and
- Income tax expense.

Segment performance (continuing operations)

	Hotels, Inns & Apartments $	Theme Pubs $	Total $
YEAR ENDED 30.06.2021			
Revenue			
External sales	10,700,776	2,859,122	13,559,898
Other revenue	1,369,392	503,572	1,872,964
Inter-segment sales	156,071	-	156,071
Interest income	4,196	58	4,254
Total segment revenue	12,230,435	3,362,752	15,593,187
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	(156,071)	-	(156,071)
Total group revenue	12,074,364	3,362,752	15,437,116
Segment result before tax	1,489,705	113,490	1,603,195
Reconciliation of segment result to group net profit/(loss)			
Amounts not included in segment result but reviewed by the Board:			
Unallocated items:			
• Rent concession gain			3,122,385
• Gain on lease modification			118,267
• Impairment expenses			(3,984,576)
• Depreciation and amortisation			(5,283,462)
• Finance costs			(345,220)
• Write off goodwill on consolidation			(1,064,000)
• Income tax benefit/(expense)			1,443,413
Net profit/(loss) after tax from continuing operations			(4,389,998)
YEAR ENDED 30.06.2020			
Revenue			
External sales	14,892,318	6,818,302	21,710,620
Other revenue	648,606	250,077	898,683
Inter-segment sales	227,240	-	227,240
Interest income	1,552	-	1,552
Total segment revenue	15,769,716	7,068,379	22,838,095
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	(227,240)	-	(227,240)
Total group revenue	15,542,476	7,068,379	22,610,855
Segment result before tax	3,313,711	645,765	3,959,476
Reconciliation of segment result to group net profit/(loss)			
Amounts not included in segment result but reviewed by the Board:			
Unallocated items:			
• Rent concession gain			1,228,750
• Depreciation and amortisation			(5,355,471)
• Finance costs			(572,320)
• Income tax benefit/(expense)			28,705
Net profit/(loss) after tax from continuing operations			(710,860)

	CONSOLIDATED 2021 $	2020 $
10 AUDITORS' REMUNERATION		
Remuneration of auditors of the entity for:		
- auditing or reviewing the accounts and consolidated accounts	82,000	86,000
- taxation and secretarial services	7,900	7,500
	89,900	93,500

	CONSOLIDATED 2021 $	2020 $
11 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	388,476	602,543
Provision for impairment of receivables (Note 11a)	-	-
	388,476	602,543
Other receivables	384,762	561,586
Prepayments	287,888	206,452
	1,061,126	1,370,581

a. Provision For Impairment of Receivables

Current trade receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

12 FAIR VALUE MEASUREMENT

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:
– financial assets; and
– freehold properties.

Fair Value Hierarchy
AASB 13 Fair Value Measurements requires the disclosure of fair value measurements by level of the fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at measurement date;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - unobservable inputs for the asset or liability (not based on observable market data).

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques
The Consolidated Entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Consolidated Entity are consistent with one or more of the following valuation approaches:

– Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Consolidated Entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Consolidated Entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Fair Value Measurement

30 June 2021 Consolidated	**Note**	**$** **Level 1**
Shares in listed corporations	13	506
		Level 3
Freehold Properties	15	17,484,232

Valuation techniques used to derive level 3 fair values

Asset Category	Fair Value $	Valuation Technique	Significant Unobservable Inputs	Range	Relationship of Unobservable Inputs to Fair Value
Freehold Properties	17,484,232	Income Approach using discounted cashflow methodology and capitalisation approach.	Adopted capitalisation rate	6.00% - 8.00%	A significant increase or decrease in the adjustment would result in a significantly lower (higher) fair value.
			Adopted terminal yield	7.00%	
			Adopted discount rate	9.00%	

Term	**Definition**
Discounted Cash Flow (DCF) method present value.	A method in which a discount rate is applied to future expected income streams to estimate the present value.
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a method single current capital value.
Capitalisation rate	The return represented by the income produced by an investment, expressed as a percentage.
Terminal yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present

value.

Valuation process

The Board reviews the freehold property valuation process on a semi-annual basis. All valuations are performed either by independent professionally qualified external valuers or the directors. If the external valuation is more than three years old then the property is externally valued. For those with an external valuation less than three year old an assessment is made as to which properties are likely to have had material movements in the book value reported at the last reporting period to determine whether they should be revalued externally. At each reporting date the management will perform initial desktop assessment of current value through a capitalisation of income and discounted cashflow approach. If the result is materially different external independent valuation is conducted.

Sensitivity of Inputs

Asset Category	Valuation technique	Significant unobservable inputs	Sensitivity of fair value measurement to changes in significant unobservable inputs
Freehold Properties	Income Approach using discounted cashflow methodology and capitalisation approach.	Adopted capitalisation rate Adopted terminal yield Adopted discount rate	A significant increase or decrease in the adjustment would result in a significantly lower/higher fair value.

Reconciliation from opening balances to closing balances for recurring Level 3 fair value measurements

	CONSOLIDATED
	2021
Freehold Properties	$
Opening Balance	17,119,305
Transfer into Level 3	-
Transfer out of Level 3	-
Deduction by selling	-
Net revaluation adjustment	600,487
Depreciation	(235,560)
Closing Balance	17,484,232

	CONSOLIDATED	
	2021	2020
	$	$
13 OTHER FINANCIAL ASSETS		
Listed investments, at fair value		
- shares in listed corporations	506	506
	506	506

14 CONTROLLED ENTITIES

	Country of Incorporation	% Owned 2021	% Owned 2020
Controlled Entities of Transmetro Corporation Limited:			
Metro Inns Trust	Australia	100	100
M.H.G. Albany Pty Limited	Australia	100	100
Metro Hotel Sydney Pty Limited	Australia	100	100
Bank Place Apartments Pty Limited	Australia	100	100
RHS Hospitality Pty Limited	Australia	100	100
MHG Brisbane Pty Limited	Australia	100	100
MHG Operations Pty Limited	Australia	100	100
MHG Karratha Pty Ltd	Australia	100	100
MHG Ipswich Pty Ltd	Australia	100	100
Ipswich International Trust	Australia	100	100
M.H.G Unit Trust	Australia	100	100
Gladstone Hotel Trust	Australia	100	100
Karratha Hotel Trust	Australia	100	100
Melbourne Hotel Trust	Australia	100	100
Brisbane Hotel Trust	Australia	100	100
Controlled Entities of Metro Inns Trust:			
The Irish Pub Unit Trust	Australia	100	100
The Sydney Unit Trust	Australia	100	100
The Duck Inn Unit Trust	Australia	100	100
The Palace Hotel Unit Trust	Australia	100	100
The Rundle Adelaide Trust	Australia	100	100

	CONSOLIDATED 2021 $	2020 $
15 PROPERTY, PLANT& EQUIPMENT		
FREEHOLD PROPERTIES		
At Independent valuation June 2021	18,780,452	-
At Independent valuation December 2017	-	18,179,965
Less: accumulated depreciation	(1,296,220)	(1,060,660)
	17,484,232	17,119,305
BUILDINGS		
At cost	1,905,787	1,905,787
Less: accumulated depreciation	(298,751)	(260,636)
	1,607,036	1,645,151
LEASEHOLD IMPROVEMENTS, PLANT & EQUIPMENT, OFFICE FURNITURE AND FITTINGS		
At cost	19,330,157	21,763,121
Less: accumulated depreciation	(16,976,304)	(18,828,052)
	2,353,853	2,935,069
TOTAL PROPERTY, PLANT AND EQUIPMENT (NON CURRENT)	21,445,121	21,699,525

Movements in Carrying Amounts:

Consolidated:	Freehold Properties $	Buildings $	Leasehold Improvements, Plant & Equipment, Office Furniture and Fittings $	Total $
Balance at 1 July 2019	17,354,865	1,487,328	3,312,263	22,154,456
Additions	-	193,826	386,601	580,427
Written down value of assets sold	-	-	-	-
Depreciation	(235,560)	(36,003)	(763,795)	(1,035,358)
Carrying amount at 30 June 2020	17,119,305	1,645,151	2,935,069	21,699,525
Balance at 1 July 2020	17,119,305	1,645,151	2,935,069	21,699,525
Additions	-	-	71,783	71,783
Written down value of assets sold	-	-	(55,947)	(55,947)
Increment at independent valuation	600,487	-	-	600,487
Depreciation	(235,560)	(38,115)	(597,052)	(870,727)
Carrying amount at 30 June 2021	17,484,232	1,607,036	2,353,853	21,445,121

(i) Freehold property at Perth was valued by an independent valuer on 10 August 2021 resulting in a revaluation increment of $600,487, which is recognised in the revaluation reserve.

	CONSOLIDATED 2021 $	2020 $
16 INTANGIBLE ASSETS		
Goodwill on consolidation	-	1,064,000
Theme pubs acquisition costs	-	58,223
Management right acquisition cost	48,006	48,006
Amortisation of management right acquisition cost	(48,006)	(45,605)
	-	1,124,624

Intangible assets have an indefinite useful life except for the management right acquisition cost incurred for Metro Mirage Hotel Newport, which is being amortised over 7 years.

Intangibles are allocated to cash generating units, which are based on the Group's reporting segments.

Theme Pubs	-	1,122,223

Goodwill on consolidation and theme pubs acquisition costs have been written off at 30 June 2021.

Management right acquisition cost	-	2,401

17 OTHER NON CURRENT ASSETS

Gaming machine licences, at cost	250,000	250,000
	250,000	250,000

18 TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	1,327,416	1,671,172
Other payables and accruals	1,477,916	863,992
	2,805,332	2,535,164

All amounts due for current payables are not interest bearing and generally on 30 day terms.

19 FINANCIAL LIABILITIES

CURRENT		
Unsecured short-term borrowings	79,546	-
	79,546	-
NON CURRENT		
Unsecured loans – related party (i)	-	600,001
	-	600,001

(i) Unsecured loans comprise interest free loans of nil (2020; $600,001) from an entity associated with a director and a majority shareholder of the group. The loans were initially repayable by 30 September 2017 and subsequently extended to 30 September 2021. Based on the initial repayment period and using the prevailing market interest rates at the time, the difference of $378,463 between the gross proceeds and the fair value of the interest free loans was treated as additional capital contribution to the group.

20 TAX

	Assets		Liabilities		Net	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
(a) Deferred tax assets and liabilities						
Recognised deferred tax assets and liabilities						
Property, plant and equipment	266,647	269,142	1,318,900	1,104,677	(1,052,253)	(835,535)
Intangible Assets	-	5,000	-	-	-	5,000
Provisions	248,029	253,412	-	-	248,029	253,412
Tax losses	503,373	-	-	-	503,373	-
Capital losses	5,000	-	-	-	5,000	-
Right of use (ROU) assets	(397,831)	(2,929,754)	-	-	(397,831)	(2,929,754)
Lease liabilities for ROU assets	1,473,896	2,988,382	-	-	1,473,896	2,988,382
Deferred tax assets/(liabilities)	2,099,114	586,182	1,318,900	1,104,677	780,214	(518,495)

	CONSOLIDATED 2021 $	2020 $
(b) Reconciliations		
(i) Gross Movements		
The overall movement in deferred tax accounts is as follows:		
Opening balance	(518,495)	(603,618)
(Charge)/credit to income statement	1,448,831	85,123
(Charge)/credit to equity	(150,122)	-
Closing balance	780,214	(518,495)
(ii) Amounts recognised in income statement		
Deferred tax (charged) / credited to the income statement relates to:		
Temporary differences for depreciation of property, plant and equipment	(66,596)	8,052
Provisions	(5,383)	18,943
Tax losses	503,373	-
Capital losses	5,000	-
Right of use (ROU) assets	2,531,923	(2,929,754)
Lease liabilities for ROU assets	(1,514,486)	2,988,382
Intangible assets	(5,000)	(500)
	1,448,831	85,123
(iii) Amounts recognised in equity		
Deferred tax (charged) / credited to the equity relates to:		
Revaluation adjustment	(150,122)	-
	(150,122)	-
(c) Liabilities		
CURRENT		
Income tax payable/(receivable)	-	(60,773)

	CONSOLIDATED 2021 $	2020 $
21 PROVISIONS		
Annual leave	372,965	339,869
Long service leave	356,173	439,197
	729,138	779,066

	2021 $	2020 $
22 ISSUED CAPITAL		
13,382,778 (2020: 13,382,778) ordinary shares fully paid	6,855,964	6,855,964

The company has authorised share capital amounting to 50,000,000 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

a. Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 30% and 60%. The gearing ratios for the year ended 30 June 2021 and 30 June 2020 are as follows:

	2021	2020
Total borrowings (Note 19)	79,546	600,001
Less cash and cash equivalents	1,000,998	726,499
Net debt/(Equity)	(921,452)	(126,498)
Total equity	16,758,936	20,713,989
Total capital	15,757,938	20,587,491
Gearing ratio	(5.85%)	(0.61%)

	CONSOLIDATED 2021 $	2020 $
23 RESERVES		
a. ASSET REVALUATION RESERVE		
Balance at the beginning of the year	2,715,764	2,715,764
Revaluation of freehold property	600,487	-
Movement in deferred tax liability relating to revaluations	(150,122)	-
Balance at the end of the year	3,166,129	2,715,764
The asset revaluation reserve records revaluations of non-current assets.		
b. CAPITAL CONTRIBUTION RESERVE		
Balance at the beginning of the year	378,463	378,463
Capital contribution during the year	-	-
Balance at the end of the year	378,463	378,463
The capital contribution reserve records the difference between the gross proceeds and the fair value of interest free loan (Note 19).		
Total Reserves	3,544,592	3,094,227

24 DIVIDENDS

	2021 $	2020 $
Fully franked final dividend of nil cents (2020: 0 cents) per share	-	-
	-	-
Franking credits available at the end of the year adjusted for franking credits arising from income tax payable and franking debits arising from payment of proposed dividends	7,003,103	7,003,103

25 EARNINGS PER SHARE

	2021 $	2020 $
Profit/(loss) from continuing operations	(4,389,998)	(710,860)
Profit/(loss) from discontinued operations	(15,419)	(165,950)
Profit/(loss) attributable to members of the parent entity	(4,405,417)	(876,810)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	13,382,778	13,382,778
Basic and diluted earnings per share from continuing operations	(32.80)	(5.31)
Basic and diluted earnings per share from discontinued operations	(0.12)	(1.24)
Basic and diluted earnings per share attributable to members of the parent entity	(32.92)	(6.55)

26 CONTINGENT LIABILITIES

As at 30 June 2021 no contingent liabilities existed, except that various bank guarantees have been given in the ordinary course of business. It is not expected that these guarantees will be called upon.

	CONSOLIDATED	
	2021	2020
	$	$

27 COMMITMENTS

Capital Commitments

No capital commitments existed at 30 June 2021.

28 RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX

	2021 $	2020 $
Profit/(loss) after income tax	(4,405,417)	(876,809)
Rent concession gain	(3,122,386)	(1,370,019)
Depreciation, amortisation and diminution	5,330,005	5,802,501
Impairment expenses	3,984,576	-
Write off goodwill on consolidation	1,064,000	-
Movement in deferred tax accounts	(1,448,831)	(85,123)
Gain on lease modification	(118,267)	-
Increase/(decrease) in income tax payable	60,773	(537,589)
Increase/(decrease) in provisions	(49,928)	12,602
(Increase)/decrease in receivables and prepayments	309,453	(255,585)
(Increase)/decrease in inventories	9,470	52,947
Increase/(decrease) in creditors	326,116	146,273
Net cash provided/(used) by operating activities	1,939,564	2,889,198

29 RECONCILIATION OF CASH

Cash at the end of the year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2021 $	2020 $
Cash at bank and on hand	1,000,998	726,499
Bank overdraft	-	-
	1,000,998	726,499

30 FINANCING FACILITIES

Firmly committed financing facilities of $79,546 were available to the group at the end of the financial year, of which $79,546 has been utilised at the end of the financial year.

Loan facilities available to the parent entity are fixed advances.

31 DISCONTINUED OPERATIONS

In August 2020, the group did not renew the lease of the property known as Metro Hotel & Apartments Gladstone at Gladstone.

Financial information relating to the discontinued operations is set out below.

The financial performance of the discontinued operation to the date of sale which is included in loss from discontinued operations per the statement of comprehensive income is as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Sales revenue	234,824	1,589,142
Other revenue	49,500	89,289
Expenses	(305,161)	(1,907,327)
Profit/(Loss) before income tax	(20,837)	(228,896)
Income tax benefit / (expense)	5,418	62,946
Profit/(Loss) attributable to members of the parent entity	(15,419)	(165,950)

The net cash flows of the discontinuing operations which have been incorporated into the statement of cash flows are as follows:

Net cash inflow/(outflow) from operating activities	13,750	7,786
Net cash inflow/(outflow) from investing activities	-	(14,152)
Net cash inflow/(outflow) from financing activities	-	-
Net cash inflow/(outflow) generated by the discontinuing operations	13,750	(6,366)

32 EVENTS SUBSEQUENT TO BALANCE DATE

No other matter or circumstances has arisen since the end of the financial year.

33 FINANCIAL INSTRUMENTS

Financial instrument composition and maturity analysis:
The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Effective Interest Rate		Carrying Amount		Within 1 Year		1 to 5 Years		Over 5 Years	
Consolidated	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets										
Cash and Cash Equivalents	0.01	0.01	1,000,998	726,499	1,000,998	726,499	-	-	-	-
Receivables			1,061,126	1,431,354	1,061,126	1,431,354	-	-	-	-
Investments			506	506	-	-	-	-	506	506
Total Financial Assets			2,062,630	2,158,359	2,062,124	2,157,853	-	-	506	506
Financial Liabilities										
Short-term borrowings	-	-	79,546	-	79,546	-	-	-	-	-
Related Party Loans	-	-	-	600,001	-	600,001	-	-	-	-
Trade and Other Payables			2,805,332	2,535,164	2,023,144	2,535,164	782,188	-	-	-
Total Financial Liabilities			2,884,878	3,135,165	2,102,690	3,135,165	782,188	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Credit Risk

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	2021	2020
	$	$
Cash and equivalents	1,000,998	726,499
Trade receivables	388,476	602,543
Other receivables	384,762	561,586
	1,774,236	1,890,628

Impairment Losses

The aging of the trade receivables at the reporting date was:

Gross receivables		
Not past due date	339,765	528,608
Past due 0 – 30	35,831	21,842
Past due 31 – 60	8,269	20,660
Past due 60 – 90	1,560	5,529
Past due 90 days and over	3,051	25,904
	388,476	602,543
Impairment	-	-
Trade receivables net of impairment loss	388,476	602,543

Impairment losses recognised in the year relate to significant individual customers, which have been assessed as impaired under the consolidated group's accounting policy as detailed on Note 3(g).

Based upon past experience, the consolidated group believes that no impairment allowance other than as provided in these accounts is necessary in respect of trade receivables not past due.

The allowance accounts used in respect of trade receivables are used to record impairment losses unless the consolidated group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered non-recoverable is written off against the financial asset directly.

Foreign Currency Risk

The group is not exposed to foreign currency risk.

Interest Rate Risk

Profile

At the reporting date, the interest rate profile of the company's and consolidated group's interest bearing financial instruments was:

	CONSOLIDATED	
Carrying amount	2021 $	2020 $
Variable rate instruments		
Financial assets	279,047	300,940
Financial liabilities	79,546	600,001

Other Price Risk

The consolidated group invests surplus cash in publicly traded listed securities and in doing so it exposes itself to the fluctuations in price that are inherent in such a market. The Board makes investment decisions on advice from professional advisors.

The consolidated group's exposure to equity price risk is as follows:

Carrying amount		
Listed securities (ASX)	506	506

Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2021, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Change in profit		
- Increase in interest rate by 2%	2,701	6,019
- Decrease in interest rate by 2%	(2,701)	(6,019)
Change in Equity		
- Increase in interest rate by 2%	2,701	6,019
- Decrease in interest rate by 2%	(2,701)	(6,019)

Foreign Currency Risk Sensitivity Analysis

The group is not exposed to fluctuations in foreign currencies.

Price Risk Sensitivity Analysis

At 30 June 2020, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

Change in profit		
- Increase in price of ASX listed securities by 5%	-	-
- Decrease in price of ASX listed securities by 5%	-	-
Change in Equity		
- Increase in price of ASX listed securities by 5%	25	25
- Decrease in price of ASX listed securities by 5%	(25)	(25)

The above interest rate and foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

In managing interest rate risks, the consolidated group aims to reduce the impact of short-term fluctuations on the consolidated group's earnings. Over the longer term however, permanent changes in interest rates will have an impact on the result.

Fair Values

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet are as follows:

Consolidated

	2021 $		2020 $	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and equivalents	1,000,998	1,000,998	726,499	726,499
Trade and other receivables – current	1,061,126	1,061,126	1,370,581	1,370,581
Trade and other payables	(2,805,332)	(2,805,332)	(2,535,164)	(2,535,164)
Investments	506	506	506	506
Loans	(79,546)	(79,546)	(600,001)	(600,001)
Total	(822,248)	(822,248)	(1,037,579)	(1,037,579)

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Non-derivate financial assets and liabilities

The fair value of cash, receivables, payables and short-term borrowings is considered to approximate their carrying amount because of their short maturity.

The directors consider the carrying amount of long term borrowings recorded in the financial statements approximated their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

34. PARENT ENTITY DISCLOSURES

At and throughout the financial year ended 30 June 2021, the parent company was Transmetro Corporation Limited.

	COMPANY	
Result of the parent entity	**30 June 2021**	**30 June 2020**
	$	**$**
Net profit/(loss)	2,303,134	218,522
Other comprehensive income	450,365	-
Total comprehensive income	**2,753,499**	**218,522**
Financial position of the parent entity at year end		
Current assets	2,165,814	1,615,153
Total assets	31,581,962	30,289,325
Current liabilities	1,448,259	1,747,593
Total liabilities	4,180,102	5,640,964
Total equity of the parent entity comprising of:		
Issued capital	6,855,964	6,855,964
Reserves	3,544,592	3,094,227
Retained earnings	17,001,304	14,698,170
Total Equity	**27,401,860**	**24,648,361**

Parent entity contingencies

As at 30 June 2021no other contingent liabilities existed, except that various bank guarantees have been given in the ordinary course of business. It is not expected that these guarantees will be called upon.

35. RELATED PARTY TRANSACTIONS

The Consolidated Entity's related party transactions are with an entity that is controlled by a director and majority shareholder of the Company. Details of the related party transactions are disclosed below:

	CONSOLIDATED	
	30 June 2021	**30 June 2020**
	$	**$**
0Loan from key management personnel		
Beginning of the year	600,001	2,356,944
Loans advanced	-	-
Interest charged	-	-
Loan repayment	(600,001)	(1,756,943)
End of the year	-	600,001

During the 2016 financial year Thornbush Corporation Limited (Thornbush), a company associated with Mr J A C McEvoy a director and majority shareholder of the Company, agreed to underwrite the development of the construction of the new wing of Metro Hotel Perth up to $7.413 million. Thornbush advanced unsecured funds to the Consolidated Entity to meet its construction commitments as they occurred either free of fees and interest or at a rate that covers the cost of funding to Thornbush. The loans were fully repaid.

Additional stock exchange information

At 01 September 2021 the issued capital was 13,382,778 ordinary shares held by 495 shareholders.

Range of holdings	No. of Shareholders
1 - 1,000	313
1,001 - 5,000	138
5,001 - 10,000	16
10,001 - 100,000	25
100,001 - 9,999,999,999	4
	496
Holding less than a marketable parcel	247

The Register of Substantial shareholders discloses the following:

Mr John McEvoy	5,942,114
Taweva Pty Ltd	3,553,500
National Australia Trustees Ltd	2,010,000

The names of the Company Secretaries are Jakin Agus and David Lloyd

The address of the principal registered office is :
Suite 53, Level 3
330 Wattle Street, Ultimo
Sydney New South Wales 2007

A Registry of Shareholders is also held by:
Share Registrar
Computershare Investor Services Pty Ltd
Level 4,
60 Carrington Street Sydney NSW 2000

Voting Rights
Ordinary shareholders are entitled to one vote for each share held. On a show hands every member present in person or by proxy shall have one vote and upon a poll, every member so present shall have one vote for every share held.

Additional stock exchange information

Twenty Largest Equity Security Holders

The names of the 20 largest holders of ordinary shares at 01 September 2021

		Unit	% of Issued Capital
1	Mr John McEvoy	5,942,114	44.40%
2	Taweva Pty Ltd	3,553,500	26.55%
3	Australian Executor Trustees Ltd	2,010,000	15.02%
4	HSBC Custody Nominees (Australia) Ltd	660,000	4.93%
5	Lasono Pty Ltd	100,000	0.75%
6	Shamwari Pty Ltd	60,000	0.45%
7	Mr Rowan Burckhardt	50,000	0.37%
8	Garrison Securities Pty Ltd	49,010	0.37%
9	Mr Geoffrey Marr	40,000	0.30%
10	Midwest Radio Pty Ltd	30,000	0.22%
11	Mrs Marianne Brockwell	28,000	0.21%
12	Mr Peter Joseph Mcinally & Mrs Dale Susan Mcinally	22,907	0.17%
13	Guritali Pty Ltd	22,500	0.17%
14	Estate late Beryl McEvoy	22,500	0.17%
15	Mainstream Pty Ltd	20,500	0.15%
16	Longbourne Pty Ltd	20,225	0.15%
17	Mr Neil Patrick McEvoy	20,000	0.15%
18	Western Plaza Hotel Corporation Pty Ltd	20,000	0.15%
19	Mr Andrew Hendrik Grove	17,800	0.13%
20	Midwest Radio Limited	16,500	0.12%
		12,705,556	94.94%