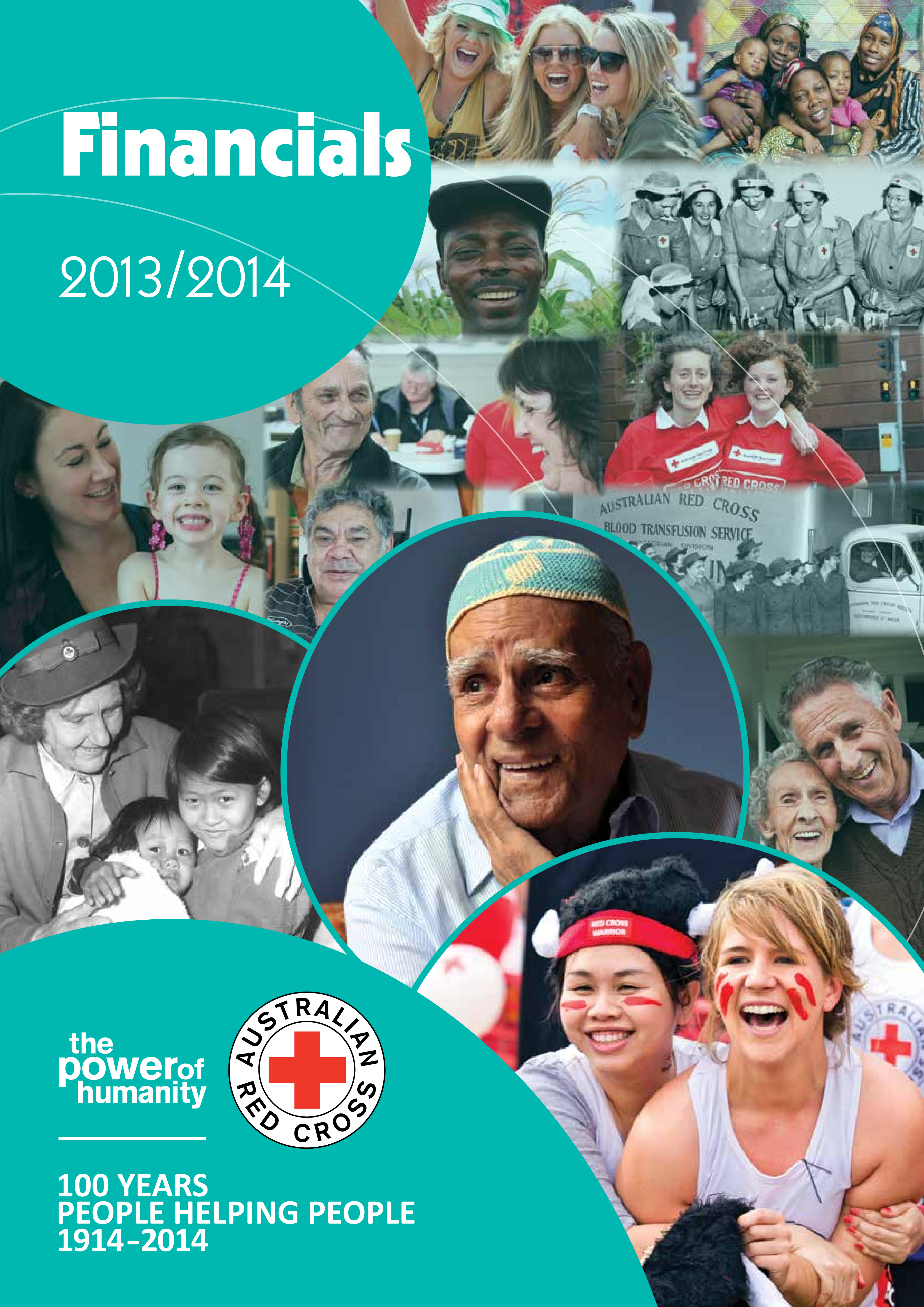
Financials

2013/2014



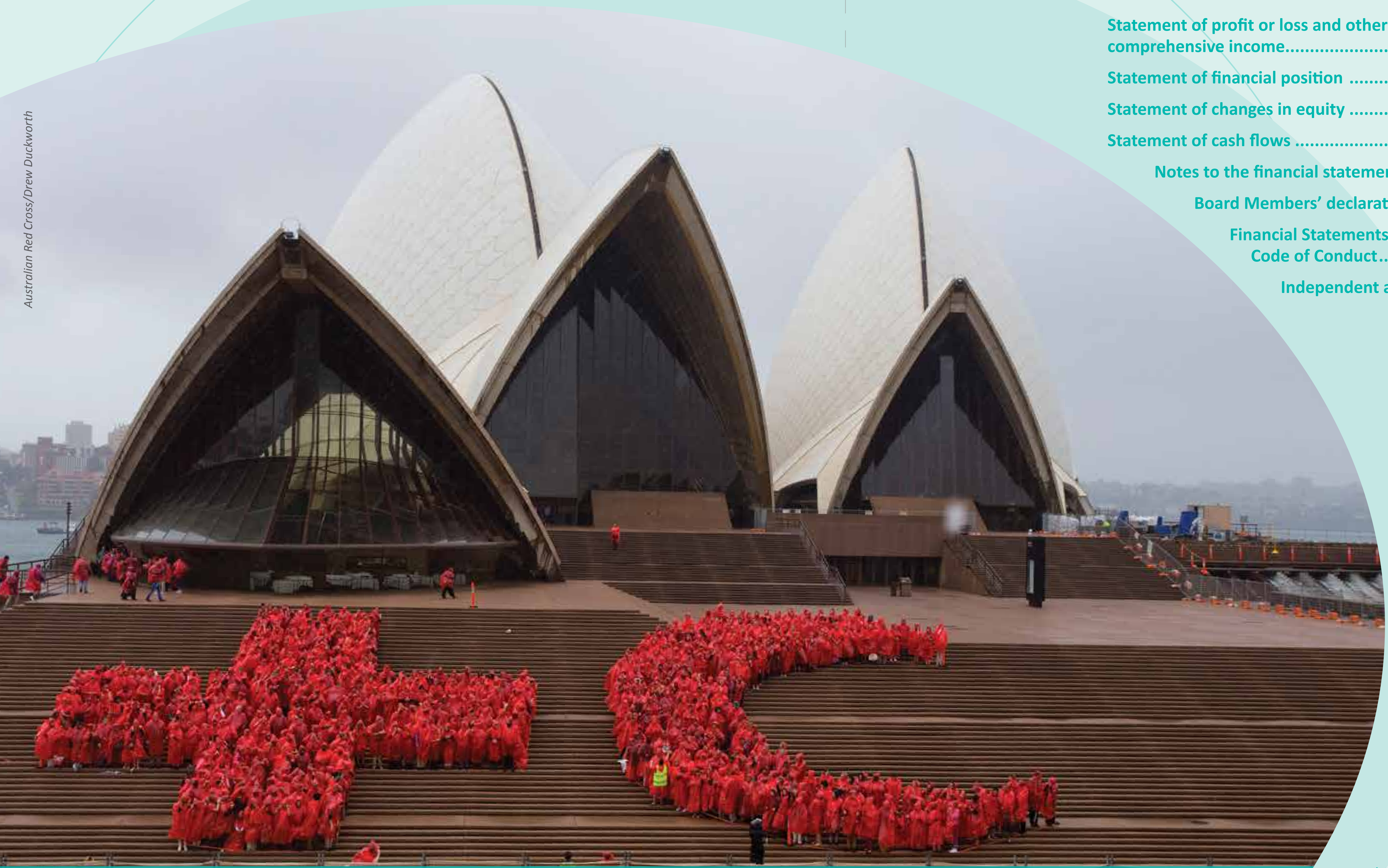
the power of humanity

AUSTRALIAN RED CROSS

100 YEARS
PEOPLE HELPING PEOPLE
1914–2014

Contents

Australian Red Cross/Drew Duckworth



Australian Red Cross hosted the Statutory Meetings of the Red Cross Red Crescent Movement for the first time in 2013, welcoming more than 1,000 delegates from 187 Red Cross Societies to Sydney. This was a particular honour in advance of our centenary year in 2014, when we marked 100 years since the foundation of Red Cross in Australia.

This document may contain the names and/or images of Aboriginal and Torres Strait Islander peoples now deceased.

Introduction to **financial statements**

We are pleased to present audited financial accounts for the 12 months to 30 June 2014.

These financial statements report on the operations of the Australian Red Cross Society (Red Cross), which incorporates both Humanitarian Services and the Australian Red Cross Blood Service (the Blood Service). We have aimed to provide transparent, reliable information that demonstrates our responsible stewardship of funds contributed by donors and governments, and confirms our compliance with legislative and legal provisions.

Overview

With a keen focus on achieving meaningful outcomes in our priority areas, Red Cross has continued to work to improve the lives of vulnerable people by mobilising the power of humanity through members, volunteers, staff and supporters.

This financial year we have achieved a net surplus of $28 million, $25.9 million of which is from the Blood Service, and $2.1 million from Humanitarian Services. We made a significant change to the balance sheet this year by derecognising plasma and fractionated blood products held at CSL (Commonwealth Serum Laboratories) Limited, as well as domestic fractionated product held at the Blood Service, and restated our net surplus for the 2012/2013 financial year to $13.6 million. Using the restated surplus result for 2012 to 2013, this year's net surplus of $28 million represents a 106% increase on the previous financial year. This increase is largely attributable to the Blood Service.

Red Cross continues to fund the majority of its services and programs through strategically sought government funds. In line with the preceding year, government funding stood at 84.5% of our total gross revenue. This funding primarily supports our programs for people seeking asylum and the operations of the Blood Service.

Humanitarian Services has delivered an operating surplus of $2.1 million, which is an increase of 90% over the prior year (pre restatement).

Although there were fewer significant natural disasters both nationally and internationally than in previous years, our appeal for Typhoon Haiyan generated $13.9 million, enabling us to help people recover and rebuild their lives after one of the Philippines most powerful typhoons. At home, we continued our work with those affected by the Tasmanian Bushfires, and are close to completing this work.

As well as a continuing emphasis on assisting asylum seekers, other everyday work with communities continued unabated. Support from the Australian community continues to grow year-on-year, to a total of $97.6 million, including appeal monies in excess of $14 million. Our regular monthly giving program and bequests contributed $52.9 million, which accounts for almost 60% of donation income for everyday (non-disaster appeal) work. The Red Cross Board continues to invest in and develop these sources of income which, along with other sources, such as retail shops, and training and employment activities, generate essential funds to support our valuable work in communities.

Under the government funding agreement, the Blood Service can retain up to $5 million of the Main Operating Program (MOP) surplus with the balance above $5 million required to be returned to Government. The amount of the government grant refundable in 2013/2014 was $40.4 million. This represents the efficiencies the Blood Service has been able to generate within the MOP over the funding period. Total income within this program reduced by $0.5 million from 2013, due to the continued reduction in red cell demand. Total Blood Service income increased by $6 million or 1% from the previous year, with $3.1 million attributable to hosted and external services, such as the Cambodia project, and $3.6 million attributable to increased funding for an expanded capital expenditure program.

Total expenses of the Blood Service decreased by $5.7 million or 1% from the prior year with variable costs reflecting reduced red cell demand. A number of significant structural changes have been made in recent years, which have resulted in savings flowing to the bottom line. One of the key changes was the closure of the South Australian Processing Centre, with this work transferring to the new Melbourne facility. Other initiatives that delivered significant financial savings in 2014 include the realignment of the workforce in both Donor Services and Manufacturing divisions. The Blood Service capital spend for the year was $51.4 million, representing a 33% increase on last year. This was driven through enhancements in capital program works delivery, including investment in our donor centre infrastructure as well as making key upgrades to information technology.

Statement of Financial Position
(Balance sheet)

As an organisation, we continue our keen focus on achieving long-term financial sustainability. Our balance sheet remains strong.

The first stage of the information technology upgrade program was completed on time this year. A new finance system was rolled out smoothly, and work will continue through subsequent phases on our client and customer management systems. This important piece of work is helping us to deliver programs more effectively and to better monitor outcomes.

The balance sheet and profit and loss statements reveal a change to the value of inventories in the Blood Service. This change in the accounting treatment of inventories applied against retained earnings reduced the value of inventories by $54.9 million.

The specific purpose funds decreased in value by $13 million during the financial year. These funds are income from grants received by Humanitarian Services for future use that have not yet been spent. The reduction in specific purpose funds is due, in part to an overall reduction in government funding of $5 million.

Acknowledgements

We take this opportunity to again thank our donors, members, volunteers, staff and supporters for their significant commitment and dedication to Red Cross, particularly in our Centenary year, which enables us to continue delivering our programs and services to vulnerable people and communities. This critical human element, along with in-kind donations and pro-bono support, which are not reflected in any single financial line item, makes our work possible. We also thank the volunteer members of the Board, Committees of the Board and Divisional Advisory Boards for their expertise, dedication and support.

Robert Tickner
Chief Executive Officer

Sandhya Chakravarty
Chief Financial Officer

Melbourne, 18 October 2014

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000 (restated)
REVENUE			
Government grants	3(a)	936,935	860,935
Non-government grants	3(b)	5,108	3,059
Revenue from the sale of goods		25,120	25,994
Revenue from the rendering of services	3(c)	15,555	13,580
Donations, legacies and sponsorships	3(d)	97,638	95,766
Investment revenue	4(a)	12,879	15,134
Other revenue	4(b)	12,043	10,506
Gains and (losses)	5	3,405	(1,184)
Total revenue		**1,108,683**	**1,023,790**
EXPENDITURE			
Employee expenses	6	(527,695)	(503,390)
Cost of services, sale of goods and consumables	6	(111,893)	(113,614)
Depreciation and amortisation	6	(51,550)	(53,065)
Interest and debt servicing costs	6	(7,611)	(9,157)
Other expenses	6	(381,896)	(330,939)
Total expenditure		**(1,080,645)**	**(1,010,165)**
NET SURPLUS FOR THE YEAR		**28,038**	**13,625**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on retirement benefit obligations	16	220	6,818
Items that may be reclassified subsequently to profit or loss			
Net (loss)/gain arising on investment revaluation	17	(797)	3,951
Other comprehensive (deficit)/income for the year		**(577)**	**10,769**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,461**	**24,394**

The accompanying notes on pages 6 to 44 form part of these financial statements.

Statement of financial position as at 30 June 2014

	Notes	2014 $'000	2013 $'000 (restated)	2012 $'000 (restated)
ASSETS				
Current Assets				
Cash and cash equivalents	20(a)	386,579	331,141	225,340
Trade and other receivables	7	41,140	44,764	56,826
Inventories	8	20,940	16,048	13,403
Other financial assets	9	13,465	36,083	19,658
Other	10	8,722	5,491	6,005
Assets classified as held for sale		-	-	1,995
Total Current Assets		**470,846**	**433,527**	**323,227**
Non-Current Assets				
Other financial assets	9	3,044	7,820	19,403
Property, plant and equipment	11(a), 11(b)	409,057	415,182	421,913
Intangible assets	11(a), 11(b)	35,833	11,989	-
Total Non-Current Assets		**447,934**	**434,991**	**441,316**
TOTAL ASSETS		**918,780**	**868,518**	**764,543**
LIABILITIES				
Current Liabilities				
Trade and other payables	12	178,397	179,445	94,181
Borrowings	13	9,193	9,539	8,297
Provisions	14	67,016	61,994	56,445
Other	15	87,059	60,450	58,949
Total Current Liabilities		**341,665**	**311,428**	**217,872**
Non-Current Liabilities				
Borrowings	13	70,474	79,666	88,624
Provisions	14	18,835	17,206	13,073
Defined benefit superannuation plans	16	6,768	6,388	15,187
Other	15	3,503	3,756	4,107
Total Non-Current Liabilities		**99,580**	**107,016**	**120,991**
TOTAL LIABILITIES		**441,245**	**418,444**	**338,863**
NET ASSETS		**477,535**	**450,074**	**425,680**
EQUITY				
Reserves	17	126,055	114,222	91,541
Specific purpose funds	18	47,515	60,550	48,972
Accumulated funds	19	303,965	275,302	285,167
TOTAL EQUITY		**477,535**	**450,074**	**425,680**

The accompanying notes on pages 6 to 44 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2014

	Notes	Humanitarian Services: Accumulated funds $'000 (restated)	Humanitarian Services: Specific purpose funds $'000	Humanitarian Services: Investment revaluation reserve $'000	Blood Service: Accumulated funds $'000 (restated)	Blood Service: Special reserve $'000	Blood Service: Capital reserve $'000	Total $'000 (restated)
YEAR ENDED 30 JUNE 2013								
Balance as at 1 July 2012		95,714	48,972	61	189,453	48,165	43,315	425,680
Net (deficit)/surplus for the year	19	(350)	-	-	13,975	-	-	13,625
Other comprehensive income for the year	17, 19	179	-	3,951	6,639	-	-	10,769
Transfers to/(from) specific purpose funds	18, 19	(11,578)	11,578	-	-	-	-	-
Transfers to/(from) other reserves	17, 19	-	-	-	(18,730)	6,913	11,817	-
Balance as at 30 June 2013		**83,965**	**60,550**	**4,012**	**191,337**	**55,078**	**55,132**	**450,074**
YEAR ENDED 30 JUNE 2014								
Net (deficit)/surplus for the year	19	2,135	-	-	25,903	-	-	28,038
Other comprehensive income/(deficit) for the year	17, 19	(4)	-	(797)	224	-	-	(577)
Transfers to/(from) specific purpose funds	18, 19	13,035	(13,035)	-	-	-	-	-
Transfers to/(from) other reserves	17, 19	-	-	-	(12,630)	2,895	9,735	-
Balance as at 30 June 2014		**99,131**	**47,515**	**3,215**	**204,834**	**57,973**	**64,867**	**477,535**

The accompanying notes on pages 6 to 44 form part of these financial statements.

The accumulated funds balances for both Humanitarian Services and Blood Service include eliminations of intercompany transactions amounting to $2.4 million (FY13: $1.1 million).

Statement of cash flows for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors, government and other sources		1,149,270	1,177,082
Payments to suppliers and employees		(1,051,405)	(1,013,153)
Interest and other costs of finance paid		(7,611)	(9,157)
Net cash provided by operating activities	**20(b)**	**90,254**	**154,772**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(69,217)	(57,075)
Proceeds from sale of property, plant and equipment		1,049	1,232
Net proceeds/payments on sale of investment securities		29,734	1,038
Dividends received		843	619
Interest received		11,800	12,613
Net cash used in investing activities		**(25,791)**	**(41,573)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	528
Repayment of borrowings		(9,011)	(7,939)
Net cash used in financing activities		**(9,011)**	**(7,411)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**55,452**	**105,788**
Cash and cash equivalents at the beginning of the financial year		331,141	225,340
Effects of exchange rate changes on the balance of cash held in foreign currencies		(14)	13
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**20(a)**	**386,579**	**331,141**

The accompanying notes on pages 6 to 44 form part of these financial statements.

NOTE 1 PRINCIPAL ACTIVITIES AND REGISTERED OFFICE IN AUSTRALIA

Australian Red Cross Society undertakes a wide range of activities to improve the lives of vulnerable people by pursuing its humanitarian goals and objectives in Australia and overseas.

Australian Red Cross Society is an organisation incorporated by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies. Australian Red Cross Society operates as two key divisions being Humanitarian Services, providing relief in times of crisis and care for the most vulnerable in Australia and around the world, and the Australian Red Cross Blood Service (Blood Service), providing quality blood products, tissues and related services for the benefit of the community.

Australian Red Cross Society is domiciled in Australia and its registered office and principal place of business is:

Australian Red Cross Society
155 Pelham Street
CARLTON VIC 3053
Tel: (03) 9345 1800
ABN 501 69 561 394

The Humanitarian Services division's head office is at 155 Pelham St, Carlton, Victoria and it maintains approximately 400 locations, encompassing retail store locations and an office in each of the capital cities of all States and Territories. The delivery of Humanitarian Services is funded principally through government grants, public donations (in particular regular monthly giving and bequest gifts from generous Australians in their wills) and approved corporate/private donors and is defined according to seven key priority areas: Aboriginal and Torres Strait Islander programs, Disaster & Emergency Services, International Aid & Development, International Humanitarian Law, Migrant Support Services, Social Inclusion, and Communities in Areas of Locational Disadvantage. A network of nearly 20,000 members support fundraising and advocacy efforts and provide an important additional oversight to the organisation. There are more than 30,000 volunteers who also play a critical role in assisting us to deliver services to those most in need.

The Blood Service division's head office is at 417 St Kilda Road, Melbourne, Victoria and it maintains principal places of business in the capital cities of all States and Territories. The Blood Service operates four main processing and testing facilities plus a network of collection centres in metropolitan and regional areas across Australia. The Blood Service is funded for this activity by the Commonwealth, State and Territory governments under a Deed of Agreement (Deed) administered by the National Blood Authority (NBA). In the event that the Blood Service ceases to perform these services under the deed the net assets of the Blood Service would be transferred to the National Blood Authority for no consideration. The financial statements of the Australian Red Cross Society, inclusive of the Australian Red Cross Blood Service have been prepared on the basis of the continuation of operations under the deed. As the Blood Service division of the Australian Red Cross Society is run independently from the Humanitarian Services division, any cessation of services under the deed is not anticipated to adversely impact the operations of the remainder of the Society.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations, and complies with other requirements of the law and the Australian Charities and Not for Profit Commission Act 2012.

The financial report comprises the Humanitarian Services and Blood Service divisions, with separate disclosure where appropriate.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Society comply with International Financial Reporting Standards (IFRS), except for the requirements applicable to not-for-profit organisations.

The financial report of Australian Red Cross Society for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Board on 18 October 2014.

For the purpose of the financial report the entity is considered to be a not-for-profit entity.

2.1 Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The Society has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Society has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)	In the current year, the Society has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 119 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The revised AASB 119 changes the definition of short term employee benefits. Short-term employee benefits under the superseded AASB 119 were benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. In contrast, under the revised AASB 119, only benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are classified as short-term employee benefits. The inclusion of 'expected' and 'wholly' in the definition of short-term employee benefits might lead to a change of classification. For example, for annual leave in Australia it is generally not required (or 'expected') that the accrued annual leave is wholly used (settled) before the end of the next annual reporting period. Due to the adjusted definition, similar benefits classified as short-term employee benefits under the superseded standard would be classified as long-term employee benefits under the revised AASB 119. The impact of the revision is that annual leave that is classified as long term would need to be discounted allowing for expected salary levels in the future when the leave is expected to be taken. For the 2014 financial year there has been no material impact on the financial statements as a result of adopting this standard.
AASB 2012-5 'Amendments to Australian Accounting Standards ar ising from Annual Improvements 2009-2011 Cycle	The Annual Improvements to AASBs 2009-2011 have made a number of amendments to AASBs. The amendments that are relevant to the Society are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the financial statements.
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015	30 June 2016
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' • Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles' • Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' • Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

The future impact of the adoption of these standards on the Society has not yet been assessed.

2.3 Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and liabilities, including derivatives, for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Society takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or 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 inputs are unobservable inputs for the asset or liability.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated.

The Society's financial statements are prepared by combining the financial statements of Humanitarian Services and Blood Service. Consistent accounting policies are employed in the preparation of and presentation of the financial statements across the divisions. The financial statements include the information and results of both divisions.

In preparing the financial statements, all inter divisional balances and transactions, and unrealised profits arising within the entity are eliminated in full.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Foreign currency

The functional and presentation currency of Australian Red Cross Society is Australian dollars ($AUD).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at reporting date. All foreign currency differences in the financial report are taken to profit or loss.

As at the reporting date, the assets and liabilities of foreign operations whose functional currency is not $AUD, are translated into the presentation currency of Australian Red Cross Society at the rate of exchange ruling at the reporting date. Exchange differences arising, if any, are taken to profit or loss.

Derivative financial instruments

The Society uses derivative financial instruments, being foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing and recognition in other comprehensive income depends on the nature of the hedge relationship.

All foreign currency forward contracts existing during the financial year were not designated as hedges and therefore the changes in fair value of these contracts were recognised immediately in profit or loss.

(b) Income tax

The Society being a charitable organisation is exempt from income tax under subsection 50-5 of the Income Tax Assessment Act 1997.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured.

Training services

Revenue is recognised when the contract outcome can be measured reliably, control of the right to be compensated for the service determined, and the stage of completion can be measured reliably.

Grants

Government grants are assistance by the government in the form of transfers of resources to the entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised as income when the entity obtains control or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the grant can be measured reliably. The expenditure to which the grant relates, is expensed as incurred and may not correlate to the timing of grant receipts.

The Blood Service receives grants from the Commonwealth and State Governments for the provision of the National Transplantation Service of tissue typing, organ donor program and the bone marrow registry.

The arrangement with the NBA provides for capital funding up to 10% of the funding for the Main Operating Programme for the financial year. Capital funding from government grants are recognised as revenue when the Blood Service obtains control of the contribution, or the right to receive the contribution, and it is probable that the economic benefits of the contribution will flow to the Blood service. Capital funding received in one year may be carried forward and expended in future years.

Contributions

The Blood Service recognises income in accordance with AASB 1004 'Contributions' when:

a) the Blood Service obtains control or the right to receive the contribution;

b) the amount of the contribution can be measured reliably; and

c) it is probable that the future economic benefits comprising the contribution will flow to the Blood Service.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Interest accruing on funds held for a special purpose within International Projects is credited to that special purpose fund within equity after first being recorded in profit or loss.

Dividends

Dividend revenue is recognised when the shareholders right to receive payment has been established (provided it is probable that the economic benefits will flow to the Society and the amount of income can be measured reliably).

Rental income

Rental income received from properties owned by the Society is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Blood Service - output based funding

The Blood Service recognises income for the delivery of products to Approved Health Providers on an accrual basis representing the right to receive the contributions from the NBA. Under the Output Based Funding Principles, the Blood Service can apply to retain up to $5 million of any surplus for the purposes outlined in the Principles. If the annual surplus is more than $5 million in any year then the surplus over that amount will be returned to the NBA unless otherwise agreed between the Blood Service and the NBA. Any excess funds to be returned are recorded as a liability within Prepaid Government Funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations

The Society receives part of its income from donations, as cash or in kind. Amounts donated can be recognised as revenue only when the Society gains control, economic benefits are probable and the amounts can be measured reliably. The Society establishes controls to ensure that donations are recorded in the financial records, however at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, donations are recognised as revenue when they are recorded in the books and records of the Society. Donations received for specific purposes are transferred to a separate fund within equity after being first recorded in profit or loss.

Other income

The Blood Service receives other income, including research grants and revenue generated from the provision of some testing services and products and services on a fee-for-service basis. Income is recognised on an accruals basis.

(e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(f) Non-derivative financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under contract, the terms of which require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Subsequent to initial recognition, financial assets are classified into the following categories depending on the nature and the purpose of the financial asset as determined at the time of initial recognition:

(i) Held-to-maturity investments

These investments have fixed maturities, and it is the Society's intention to hold these investments to maturity. This category includes government bonds and fixed interest securities. Any held-to-maturity investments held by the Society are stated at amortised cost using the effective interest method less impairment, with revenue recognised on an effective-yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(ii) Available for sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from the changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, except for impairment losses which are recognised in profit or loss.

Loans and other receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Fair value

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

Impairment

At each reporting date, the Society assesses whether there is objective evidence that a financial instrument has been impaired. In the case of 'available-for-sale' financial assets, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the profit or loss in the period.

With the exception of available-for-sale for equity instruments, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

Financial assets are recognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Society retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Society retains control), the Society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on

Notes to the financial statements for the year ended 30 June 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(g) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Where inventories are held for distribution or are to be consumed by the Society in providing service or aid at no nominal charge, they are valued at the lower of cost and net replacement cost.

Retail Inventory

Retail inventory is valued at cost plus an allocation of overhead incurred to prepare the inventory for sale. No value is assigned to donated goods based on the lower of cost and net realisable value.

Inventories held for distribution – Blood Service

Australian Accounting Standards define inventories held for distribution by a not-for-profit entity as assets where they display three essential characteristics as follows: (i) there must be future economic benefits; (ii) the entity must have control over the future economic benefits; and (iii) the transaction giving rise to the entity's control over future economic benefit must have occurred.

The Blood Service provides products and services in accordance with the Deed with the National Blood Authority. In the discharge of this agreement, the Blood Service is responsible for a range of activities, including collection, testing, processing, inventory management and distribution of blood and blood products. In this context, the Blood Service recognises certain categories of blood and blood products as current assets, to be measured at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and overheads of the operating divisions incurred in the collection, processing and testing of blood.

The Blood Service distributes the supply of fractionated plasma products, manufactured in Australia and imported finished product, in Australia. Plasma-derived products are manufactured in Australia by the fractionator, CSL Limited ('CSL'). In relation to blood products held for distribution, the Blood Service does not recognise plasma supplied to CSL for fractionation, fractionated product held at CSL and fractionated product at the Blood Service held for distribution. This is due to the retention of control and risk over these specific products by parties other than the Blood Service and the absence of future economic benefit under output based funding arrangements. The accounting policy changed in relation to certain categories of plasma during the year – see note 2 (t).

The inventory valuation at the end of the reporting period includes:

- all fresh blood products and plasma for fractionation (not yet supplied to CSL) held at the Blood Service or at a Blood Service storage facility; and

- all work in progress held at the Blood Service.

Fresh product volumes are physically counted and valued as individual units while products held in "work in progress" are valued using the average supply quantity per day for June. All blood products are valued at direct costs plus operating overheads.

(h) Trade receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(i) Non-current assets held for sale

Non-current assets classified as assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification.

(j) Property, plant and equipment

Property, plant and equipment is recorded at cost, less any subsequent accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the item.

The initial cost of the asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This mainly relates to leasehold improvements and the restoration obligations to restore the property to its original condition. These costs are included in leasehold improvements with a corresponding provision for site restoration.

Depreciation is provided on property, plant and equipment including leasehold buildings but excluding freehold land.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over the shorter of its expected useful life or period of the lease to its estimated residual value. The estimated useful life, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Freehold buildings and renovations	5.7 - 40	2.5 – 17.5	40	2.5
Leasehold improvements	Shorter of lease period or useful life		Shorter of lease period or useful life	
Shop fit-outs	5.7	17.5	-	-
Plant and equipment:				
Motor vehicles	5	20	4-10	10-25
Computer equipment	3	33.3	4	25
Plant, furniture, fittings and equipment	2.3 - 5	20.0 - 43.4	5 - 10	10 - 20
Intangibles	10	10	10	10

The gain or loss on disposal of fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal and is included in profit or loss in the year of disposal.

The useful life and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of useful life and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recognised in profit or loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Subsequent expenditure is capitalised only when it increases the future economic benefits for the specific assets.

(k) Borrowings

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement

Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

(l) Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally due for settlement within 30 days of recognition.

(m) Impairment

At each reporting date, the Society reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. As the future economic benefits of the Society's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, the Society would replace the asset's remaining future economic benefits. The 'value in use' is determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amounts of the asset (cash-generating unit) in prior years. A reversal is recognised immediately as profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Finance costs

Finance costs are recognised as an expense when incurred.

(o) Leases

Finance leases

Finance leases transfer to the Society substantially all the risks and benefits incidental to ownership of the leased item and are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The liability for annual leave and long service leave is recognised under provision for employee benefits. All other short-term benefit obligations are presented as payables.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Society in respect of services provided by employees up to reporting date. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows. Consideration is given to future wage and salary levels, experience of employee departures and periods of service.

Defined benefit superannuation funds

The Society contributes to various staff retirement funds, both defined benefit and accumulation schemes, to provide members with benefits on death or retirement. The defined benefit funds operated by the Society are the Local Government Superannuation Scheme ("LGSS") in New South Wales, Australian Red Cross Staff

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Superannuation Plan and the Australian Red Cross Queensland Staff Retirement Fund.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Blood Service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees, according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value and classified as non-current.

(q) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions include an amount relating to the make good requirement on property leases.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

(s) Judgements and estimates

In the application of the Society's accounting policies, which are described below, the management are required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Long service leave and annual leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries, wages and on costs;
- experience of employee departures and period of service; and
- flow of anticipated leave.

Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

Provision for site restoration

The provision for costs of making good represents the present value of the management's best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leasehold properties. The estimate has been made on the basis of historical make good costs, a review of leases and future rentals. The unexpired terms of the leases range from two to twenty years.

(t) Change in accounting policy and estimates

Adjustment (1) - Inventories

From 1 July 2013, the Blood Service has applied a change in accounting policy relating to the recognition of certain categories of blood product inventory. This change has affected the recognition and disclosure of inventories in the 30 June 2014 financial statements.

Inventories including plasma and fractionated product held at CSL Limited as well as domestic fractionated product held at the Blood Service have been derecognised from the beginning of the earliest period presented (1 July 2012). This change of policy was applied based on the assessment of the contractual control and risk retained by external parties under the relevant supply agreements as well as the timing of future economic benefits under the current output based funding model. Output based funding principles provide for the Blood Service to be directly funded for services supplied and funding income is recognised at the point at which product is supplied or distributed to either CSL or other Approved Health Providers (AHPs). This is in contrast to pre-2010 where funding income was based on fixed grant funding over discrete time periods. Management believe this change will better reflect the substance of transactions relating to inventories and therefore improve the relevance and reliability of the financial statements to the end user. The net impact on total comprehensive income in the current period is nil.

Adjustment (2) - Retirement benefit plan obligations

During the year, amendments to AASB 119 required certain changes to the accounting for defined benefit plans, namely the full recognition of deficit (surplus) on the Statement of Financial Position, introduction of net interest on the net defined benefit liability (asset), change in the presentation of the defined benefit cost and the introduction of more extensive disclosure requirements in the financial statements. The prior year's reported balances were restated upon adoption of these changes.

Adjustment (3) – Provision for make good

Humanitarian Services has revised its estimate relating to the provision for make good.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Make good obligations are required to be recognised as a provision where the criteria, as mentioned in AASB 137.14, is met. In addition to this, in accordance with AASB 116.16(c) the initial estimate of the future cost of making good leasehold improvements forms part of the cost of the asset and is therefore required to be capitalised, depreciated and revalued in accordance with the fixed asset policy.

This change of estimate was amended based on the latest available data relating to the lease terms and recent make good experience. The value of making good leasehold improvements that would be required upon cessation of an operating lease is discounted to reflect its present value.

The application of this change in estimate has affected the recognition and disclosure of depreciation, property, plant and equipment and provisions in the financial statements for 30 June 2014. Both the statement of financial position and statement of profit or loss have been impacted.

Impact on prior year balances

As a result of the changes in the accounting policies and estimates, prior year financial statements have been restated. The following table shows the adjustments recognised for each reported line item. Line items that were not impacted by the change have not been included. As a result the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

In July 2012 the reduction in inventory has been adjusted against the general reserve in equity. In June 2013 the reduction in inventory has been adjusted against the surplus for that year as an inventory expense. There was no impact on the statement of financial position for the restatement of the retirement benefit plan obligations.

In June 2013 the increase in property plant and equipment of $2.2 million comprises an increase of $3.6 million for the make good provision adjustment and a decrease of $1.4 million for increase in accumulated depreciation.

Impact on statement of cash flows

The change of accounting policy had no impact on the cash flow statement.

(u) Comparative amounts

Certain comparative amounts in the financial statements have been reclassified or re-represented to conform to changes in presentation in the current financial year.

	Impact on profit (loss) and other comprehensive income for year ended 30 June 2013:	30 June 2013 $'000
Adjustment		
	Opening Surplus	27,322
(1)	Blood and blood product inventory movement	(11,629)
(2)	Increase in staff expenses	(618)
(3)	Increase in depreciation expense	(1,450)
	Decrease in surplus for the year	(13,697)
	Adjusted Surplus	**13,625**
	Opening Other Comprehensive Income	10,150
(2)	Increase in components of defined benefit gains recognised in other comprehensive income	619
	Adjusted Other Comprehensive Income	**10,769**

Impact on Statement of Financial Position:			As at 1/7/2012 (previously stated)	Adjustment	As at 1/7/2012 (restated)
Adjustment	Statement of financial position as at 1 July 2012	Notes	$'000	$'000	$'000
(1)	Inventories	8	56,628	(43,225)	13,403
(1)	Accumulated funds	19	328,392	(43,225)	285,167
			As at 1/7/2013 (previously stated)	Adjustment	As at 1/7/2013 (restated)
Adjustment	Statement of financial position as at 1 July 2013	Notes	$'000	$'000	$'000
(1)	Inventories	8	70,901	(54,853)	16,048
(3)	Property, plant and equipment	11	425,004	2,167	427,171
(3)	Make good provisions	14	4,039	3,616	7,655
(1)	Accumulated funds	19	331,605	(56,303)	275,302

	2014 $'000	2013 $'000
NOTE 3(a) GOVERNMENT GRANTS		
Society		
- Commonwealth (i)	880,687	813,220
- State/Territory (ii)	56,248	47,715
	936,935	**860,935**
(i) Commonwealth		
- Humanitarian Services	338,247	273,955
- Blood Service	542,440	539,265
	880,687	**813,220**
(ii) State/Territory		
- Humanitarian Services	37,583	30,439
- Blood Service	18,665	17,276
	56,248	**47,715**
Total Government Grants	**936,935**	**860,935**
Capital Grants		
- Blood Service	52,966	51,596
	52,966	**51,596**
Non-Capital Grants		
- Humanitarian Services	375,830	304,394
- Blood Service	508,139	504,945
	883,969	**809,339**
Total Government Grants	**936,935**	**860,935**
NOTE 3(b) NON-GOVERNMENT GRANTS		
Humanitarian Services	5,108	3,059
Total Non-Government Grants	**5,108**	**3,059**
NOTE 3(c) REVENUE FROM THE RENDERING OF SERVICES		
Humanitarian Services	15,555	13,580
Total Revenue From The Rendering Of Services	**15,555**	**13,580**
NOTE 3(d) DONATIONS, LEGACIES AND SPONSORSHIPS		
Humanitarian Services		
Donations and sponsorships	62,268	53,245
Appeals - Domestic		
- The Queensland floods appeal 2013	24	11,329
- Tasmanian bushfires 2013	-	8,669
Appeals - International		
- Typhoon Haiyan appeal	13,865	-
- Syria Crisis Appeal	510	-
Legacies	15,507	16,720
Membership and volunteers	161	144
Other	5,303	5,659
Total Donations, Legacies and Sponsorships	**97,638**	**95,766**

	2014 $'000	2013 $'000
NOTE 4(a) INVESTMENT REVENUE		
Interest revenue		
Bank deposits - Humanitarian Services	3,373	3,513
Bank deposits - Blood Service	8,108	8,179
Available-for-sale investments	277	14
Held-to-maturity investments	-	907
Dividends from other entities and Imputation Credit	1,109	857
Investment properties	12	1,223
Other rental revenue	-	441
Total Investment Revenue	**12,879**	**15,134**
NOTE 4(b) OTHER REVENUE		
Blood Service	12,043	10,506
Total Other Revenue	**12,043**	**10,506**
NOTE 5 GAINS AND LOSSES		
Gain/(loss) on disposal of property, plant and equipment	261	(2,228)
Gain/(loss) on disposal of investments	3,136	(127)
Foreign exchange gain	8	539
Unrealised gain on investments	-	632
Total Gains and (Losses)	**3,405**	**(1,184)**

	2014 $'000	2013 $'000
NOTE 6 EXPENDITURE		
Employee expenses		
Wages and Salaries		
- Humanitarian Services	222,020	203,215
- Blood Service	264,290	252,921
Post employment benefits		
Defined benefit plans		
- Humanitarian Services	24	33
- Blood Service	609	(1,974)
Defined contribution plans		
- Humanitarian Services	13,797	13,097
- Blood Service	23,438	24,892
Termination benefits		
- Humanitarian Services	1,432	1,166
- Blood Service	2,085	10,040
	527,695	**503,390**

Notes to the financial statements for the year ended 30 June 2014

	2014 $'000	2013 $'000
NOTE 6 EXPENDITURE (CONTINUED)		
Cost of sales		
- Humanitarian Services	4,162	4,234
Cost of rendering training services		
- Humanitarian Services	6,091	5,700
Consumables		
- Blood Service	101,640	103,680
	111,893	**113,614**
Depreciation of property, plant and equipment		
- Humanitarian Services	7,066	7,690
- Blood Service	36,908	37,920
Amortisation of intangibles		
- Humanitarian Services	819	-
- Blood Service	6,757	7,455
	51,550	**53,065**
Interest		
- Humanitarian Services	863	1,687
- Blood Service	6,748	7,470
	7,611	**9,157**
Other expenses		
Adjustment to Inventory		
- Humanitarian Services	247	69
- Blood Service	(4,582)	(2,286)
Impairment of trade receivables		
- Humanitarian Services	274	474
Operating lease rental expenses - minimum lease payments		
- Humanitarian Services	22,428	19,911
- Blood Service	20,375	18,966
Other Expenses		
- Humanitarian Services		
- Partner and call centre expense	18,748	20,228
- Occupancy expense	21,780	24,050
- Other expense	204,997	147,999
- Blood Service	97,629	101,528
	381,896	**330,939**

	2014 $'000	2013 $'000
NOTE 7 TRADE AND OTHER RECEIVABLES		
Society		
Trade receivables		
- Humanitarian Services	37,225	40,078
- Blood Service	3,838	4,459
Allowance for doubtful debts		
- Humanitarian Services	(702)	(470)
	40,361	**44,067**
Other receivables		
- Humanitarian Services	779	697
Total Society	**41,140**	**44,764**

Trade receivables are non-interest bearing and are generally on 30 day terms. Where debts are assessed to be non-recoverable, these are written off.

Ageing of past due but not impaired trade receivables		
30-60 days	332	3,432
60-90 days	168	946
90-120 days	247	212
120+ days	565	1,870
Total	**1,312**	**6,460**
Movement in the allowance for doubtful debts		
Opening balance 1 July	**470**	**493**
Impairment losses recognised on receivables	265	923
Amounts written off as uncollectible	(33)	(474)
Amounts recovered during the year	-	(472)
Closing balance 30 June	**702**	**470**
Ageing of impaired trade receivables		
60-90 days	56	-
90-120 days	21	-
120+ days	625	470
Total	**702**	**470**

	2014 $'000	2013 $'000
NOTE 8 INVENTORIES		
Society		
Consumables		
- Blood Service	6,690	5,910
Finished goods		
- Humanitarian Services	1,022	1,492
- Blood Service	12,241	7,522
Work in progress		
- Blood Service	987	1,124
Total Society	**20,940**	**16,048**

Consumables inventory has been valued at weighted average cost. In relation to blood products, fresh product volumes are physically counted and valued as individual units while products held in 'work in progress' are valued using the average supply quantity per day for June. All blood products are valued at direct costs plus operating overheads. Inventories write-up recognised during the year was $4.6m (2013: $2.3m). The information in this note has been restated based on the change in accounting policy (Note 2(t)).

	2014 $'000	2013 $'000
NOTE 9 OTHER FINANCIAL ASSETS		
Available-for-sale financial assets (Humanitarian Services)		
Current		
Mortgage backed securities	-	13,654
Cash management account	-	5,322
Shares	13,465	17,107
	13,465	**36,083**
Non-current		
Mortgage backed securities	3,044	7,820
	3,044	**7,820**
Total Society	**16,509**	**43,903**

	2014 $'000	2013 $'000
NOTE 9 OTHER FINANCIAL ASSETS (CONTINUED)		
Held-to-maturity financial assets (Humanitarian Services)		
Current		
Amortised Cost – 1 July	-	974
Reclassified from non-current	-	3,777
Less funds received on maturity	-	300
Less principal repayments	-	-
Less movement in interest	-	(1)
Add impairment gain	-	(2,068)
Reclassified to current available for sale	-	(2,982)
Amortised cost – 30 June	**-**	**-**
Non-current		
Amortised Cost – 1 July	-	19,403
Reclassified to current	-	(3,777)
Less principal repayments	-	(574)
Add movement in interest	-	(4)
Less impairment (loss)/gain	-	3,443
Reclassified to current available for sale	-	(10,671)
Reclassified to non current available for sale	-	(7,820)
Amortised cost – 30 June	**-**	**-**

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
NOTE 9 OTHER FINANCIAL ASSETS (CONTINUED)				
YEAR ENDED 30 JUNE 2014				
Available-for-sale financial assets				
Shares	13,465	-	-	13,465
Mortgaged backed investments	-	3,044	-	3,044
	13,465	**3,044**	**-**	**16,509**
YEAR ENDED 30 JUNE 2013				
Available-for-sale financial assets				
Shares	17,107	-	-	17,107
Mortgaged backed investments	-	21,474	-	21,474
	17,107	**21,474**	**-**	**38,581**

There were no transfers between level 1 and 2 in the period.

	2014 $'000	2013 $'000
NOTE 10 OTHER ASSETS		
Current		
Prepayments - Humanitarian Services	2,858	1,448
Prepayments - Blood Service	5,864	4,043
	8,722	**5,491**

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Intangible Assets	Work in Progress	Total
	$'000 (restated)	$'000	$'000 (restated)	$'000 (restated)	$'000	$'000 (restated)
NOTE 11 (a) PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS						
YEAR ENDED 30 JUNE 2014						
Gross carrying amount						
Balance as at 30 June 2013						
- Humanitarian Services	80,856	8,051	28,001	-	18,575	135,483
- Blood Service	219,139	-	250,156	28,761	17,401	515,457
	299,995	**8,051**	**278,157**	**28,761**	**35,976**	**650,940**
Balance as at 30 June 2014						
- Humanitarian Services	91,424	5,573	24,649	16,999	8,226	146,871
- Blood Service	233,321	-	251,909	43,182	28,384	556,796
	324,745	**5,573**	**276,558**	**60,181**	**36,610**	**703,667**
Accumulated depreciation / amortisation						
Balance as at 30 June 2013						
- Humanitarian Services	(20,579)	(5,328)	(19,042)	-	-	(44,949)
- Blood Service	(47,652)	-	(114,396)	(16,772)	-	(178,820)
	(68,231)	**(5,328)**	**(133,438)**	**(16,772)**	**-**	**(223,769)**
Balance as at 30 June 2014						
- Humanitarian Services	(22,562)	(3,757)	(16,391)	(820)	-	(43,530)
- Blood Service	(60,205)	-	(131,514)	(23,528)	-	(215,247)
	(82,767)	**(3,757)**	**(147,905)**	**(24,348)**	**-**	**(258,777)**
Net Book Value as at 30 June 2013	**231,764**	**2,723**	**144,719**	**11,989**	**35,976**	**427,171**
Net Book Value as at 30 June 2014	**241,978**	**1,816**	**128,653**	**35,833**	**36,610**	**444,890**

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Intangible Assets	Work in Progress	Total
	$'000 (restated)	$'000	$'000 (restated)	$'000 (restated)	$'000	$'000 (restated)
NOTE 11 (b) PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS						
YEAR ENDED 30 JUNE 2013						
Gross carrying amount						
Balance as at 1 July 2012	306,003	7,808	235,196	24,047	31,012	604,066
Additions	8,637	-	15,034	4,694	32,326	60,691
Disposals	(1,573)	-	(12,072)	(172)	-	(13,817)
Transfers to/(from) work in progress	16,842	243	10,085	192	(27,362)	-
Transfers between asset categories	(29,914)	-	29,914	-	-	-
Balance as at 30 June 2013	**299,995**	**8,051**	**278,157**	**28,761**	**35,976**	**650,940**
Accumulated depreciation/amortisation						
Balance as at 1 July 2012	(54,581)	(4,380)	(113,782)	(9,410)	-	(182,153)
Depreciation/amortisation expense	(14,135)	(948)	(30,527)	(7,455)	-	(53,065)
Disposals	595	-	10,761	93	-	11,449
Transfers between asset categories	(110)	-	110	-	-	-
Balance as at 30 June 2013	**(68,231)**	**(5,328)**	**(133,438)**	**(16,772)**	**-**	**(223,769)**
Net Book Value as at 30 June 2013	**231,764**	**2,723**	**144,719**	**11,989**	**35,976**	**427,171**
Year ended 30 June 2014						
Gross carrying amount						
Balance as at 1 July 2013	299,995	8,051	278,157	28,761	35,976	650,940
Additions	14,475	83	6,329	7,389	42,045	70,321
Disposals	(845)	(2,561)	(14,188)	-	-	(17,594)
Transfers to/(from) work in progress	11,120	-	6,260	24,031	(41,411)	-
Balance as at 30 June 2014	**324,745**	**5,573**	**276,558**	**60,181**	**36,610**	**703,667**
Accumulated depreciation/amortisation						
Balance as at 1 July 2013	**(68,231)**	**(5,328)**	**(133,438)**	**(16,772)**	**-**	**(223,769)**
Depreciation/amortisation expense	(15,286)	(944)	(27,744)	(7,576)	-	(51,550)
Disposals	750	2,515	13,277	-	-	16,542
Balance as at 30 June 2014	**(82,767)**	**(3,757)**	**(147,905)**	**(24,348)**	**-**	**(258,777)**
Net Book Value as at 30 June 2014	**241,978**	**1,816**	**128,653**	**35,833**	**36,610**	**444,890**

	2014 $'000	2013 $'000
NOTE 12 TRADE AND OTHER PAYABLES		
SOCIETY		
Current		
Trade payables		
- Humanitarian Services	33,184	21,624
- Blood Service	25,154	27,429
Accruals and other payables		
- Humanitarian Services	7,138	6,418
- Blood Service	13,456	14,101
Goods and services tax payable		
- Humanitarian Services	7,543	8,708
- Blood Service	1,119	2,996
Revenue in advance		
- Humanitarian Services	90,803	98,169
	178,397	**179,445**

Trade payables also includes payments due to suppliers for key capital projects. Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables are non interest bearing and have an average term of 30 days. The continuous monitoring of cash flow ensures payables are paid within the credit timeframe.

Revenue in advance relates to Government Grants received in advance for the DIBP programs reflective of the funding agreement.

	Notes	2014 $'000	2013 $'000
NOTE 13 BORROWINGS			
SOCIETY			
Unsecured			
Current			
- Humanitarian Services		-	528
		-	**528**
Secured			
Current			
Bank loans			
- Humanitarian Services		-	-
- Blood Service		4,162	3,827
Finance lease liabilities (i)			
- Blood Service	22	5,031	5,184
Non-current			
Bank loans			
- Blood Service		31,712	35,873
Finance lease liabilities (i)			
- Blood Service	22	38,762	43,793
		79,667	**88,677**
Disclosed in the financial statements as:			
Current borrowings		9,193	9,539
Non-current borrowings		70,474	79,666
		79,667	**89,205**

(i) The lease liabilities are secured over the leased asset to which they relate. Further information about the finance lease arrangements can be found in note 22.

	Notes	2014 $'000	2013 $'000
Financing Facilities			
Unsecured bank overdraft facility:			
amount used		-	528
amount unused		8,000	4,472
- Humanitarian Services		**8,000**	**5,000**
Secured bank loan facility:			
amount used		35,874	39,700
amount unused		-	-
- Blood Service		**35,874**	**39,700**
Secured leasing facility:			
amount used	22	43,793	48,977
amount unused		-	-
- Blood Service		**43,793**	**48,977**
Credit card facility:			
- Humanitarian Services		1,500	1,500
- Blood Service		2,000	2,000
		3,500	**3,500**
amount used		2,362	2,026
amount unused		1,138	1,474
		3,500	**3,500**

The Society is not in default of the financing facilities.

	2014	2013
	$'000	$'000 (restated)
NOTE 14 PROVISIONS		
SOCIETY		
Current		
Employee benefits		
- Humanitarian Services	12,682	11,637
- Blood Service	52,643	49,458
Make good provisions		
- Humanitarian Services	813	223
- Blood Service	878	676
Non-current		
Employee benefits		
- Humanitarian Services	2,719	1,607
- Blood Service	8,380	8,842
Make good provisions		
- Humanitarian Services	3,639	3,394
- Blood Service	4,097	3,363
	85,851	**79,200**
Disclosed in the financial statements as:		
Current provisions	67,016	61,994
Non-current provisions	18,835	17,206
	85,851	**79,200**

The employee benefits provision contains provisions for annual leave, long service leave and rostered days off.

Movements in employee benefits provisions		
Humanitarian Services		
Opening balance 1 July	13,244	11,549
Provision recognised during the year	2,157	1,695
Closing balance 30 June	**15,401**	**13,244**
Blood Service		
Opening balance 1 July	58,300	53,683
Provision recognised during the year	2,723	4,617
Closing balance 30 June	**61,023**	**58,300**
Movements in make good provisions		
Humanitarian Services		
Opening balance 1 July	3,616	-
Provision recognised during the year	835	3,616
Closing balance 30 June	**4,451**	**3,616**
Blood Service		
Opening balance 1 July	4,039	4,285
Provision recognised/(derecognised) during the year	936	(246)
Closing balance 30 June	**4,975**	**4,039**

Notes to the financial statements for the year ended 30 June 2014

	2014	2013
	$'000	$'000
NOTE 15 OTHER LIABILITIES		
SOCIETY		
Current		
Lease incentive		
- Blood Service	543	431
Government grants refundable		
- Blood Service	40,394	8,908
Deferred government grants		
- Blood Service	46,122	51,111
Non-current		
Lease incentive		
- Blood Service	3,503	3,756
	90,562	**64,206**
Disclosed in the financial statements as:		
Current Other liabilities	87,059	60,450
Non-current Other liabilities	3,503	3,756
	90,562	**64,206**

Lease incentives are in relation to the Blood Service entering into (i) a 20-year operating lease for the principal site at Kelvin Grove, Brisbane; and (ii) an 11-year lease for the National Office in Melbourne. The current amount refers to amounts to be recognised in profit or loss within the 12 months after the reporting date. The non-current amounts will be recognised in the profit or loss of subsequent financial years.

Deferred government grants relate to the working capital advance received from the National Blood Authority (NBA) upon commencement of the Output Based Funding Model from 1 July 2013, less June 2014 revenue not received until July 2014. Government grants refundable relate to the expected return of funds to the NBA for surpluses in the reporting period.

NOTE 16 DEFINED BENEFIT SUPERANNUATION PLANS

Local Government Super (NSW): Local Government Super provides defined benefits whereby components of the final benefit are derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. The defined benefits scheme was closed to new members effective from 15 December 1992. The Local Government Superannuation Scheme was established on 1 July 1997 to specifically cater for the superannuation requirements of Local Government employees. LGSS Pty Ltd. (ABN 68 078 003 497) (AFSL383558) is the Trustee of the Local Government Superannuation Scheme (known as Local Government Super). Local Government Super is a resident regulated superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993.

Australian Red Cross Queensland Staff Retirement Fund (QLD): The fund, offering both defined benefit and a defined contribution plans, is a final average (3years) lump sum benefit arrangement providing benefits on death, disability, resignation and retirement. The defined benefit section provides benefits based on the length of service and final average salary. The defined contribution section receives fixed contributions and the employer's legal or constructive obligation is limited to these contributions. The fund commenced on 15 June 2006 as a successor fund transfer from the Australian Red Cross Qld Staff Superannuation Plan. This fund is a sub-fund of the AMP Superannuation Savings Trust which was established under a Trust Deed dated 1 July 1998. The Trustee is AMP Superannuation Limited.

The plans in Australia typically expose the Australian Red Cross to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk:

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependants of plan members (widow and orphan benefits) is re-insured by an external insurance company. No other post-retirement benefits are provided to these employees.

For Humanitarian Services, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2014 by Mr Jeff Humphries, Actuaries in Super and Mr Tony Griffin, Chief Operating Officer, Local Government Super.

For Blood Service the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2014 by: - Mr Jeff Humphries , Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD) - Mr Richard Boyfield, Partner, Representative of Mercer Consulting (Australia) Pty Ltd for Local Government Super (NSW).

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

	2014	2013
	$'000	$'000
PRINCIPAL ACTUARIAL ASSUMPTIONS:		
Humanitarian Services:		
Discount rate	3.54%	3.82%
Expected rate of salary increases	5.00%	4.33%
Blood Service:		
Discount rate	3.56%	3.80%
Expected rate of salary increases	4.22%	4.24%
Amounts recognised in the statement of profit or loss and other comprehensive income:		
Current service cost	1,131	1,333
Past service cost	-	(81)
Net interest cost	238	450
Components of defined benefit costs recognised in profit or loss	**1,369**	**1,702**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1,016)	(1,690)
Actuarial gains and losses arising from changes in financial assumption	707	(1,985)
Actuarial gains and losses arising from experience adjustments	477	(3,017)
Contributions by plan participants	(736)	(3,627)
Components of defined benefit costs recognised in other comprehensive income	**(568)**	**(10,319)**
Total	**801**	**(8,617)**

The current service cost and the net interest expense for the year are included in the staff expenses in the Statement of Profit or Loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

	Notes	2014 $'000	2013 $'000 (restated)
NOTE 16 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)			
Amounts recognised in the statement of financial position:			
Present value of funded obligations (a)	16(a)	26,733	25,498
Fair value of plan assets (b)	16(b)	(19,965)	(19,110)
Net liability arising from defined benefit plan obligation		**6,768**	**6,388**
Net liability in the statement of financial position split between:			
- Humanitarian Services		65	70
- Blood Service		6,703	6,318
		6,768	**6,388**
(a) Reconciliation of movement in the present value of the defined benefit obligations in the current year were as follows:			
Balance at beginning of the year		25,498	32,406
Current service cost		1,131	1,333
Interest on obligation		933	922
Remeasurement (gains)/losses			
- Actuarial gains and losses arising from changes in demographic assumptions		-	-
- Actuarial gains and losses arising from changes in financial assumptions		707	(1,985)
- Actuarial gains and losses arising from experience adjustments		477	(3,017)
Benefits paid (including expenses and taxes)		(2,013)	(4,161)
Balance at end of the year		**26,733**	**25,498**
(b) Reconciliation of movements in the fair value of the plan assets in the current year were as follows:			
Balance at beginning of the year		19,110	17,300
Interest income		695	472
Remeasurement (gains)/losses			
- Return on plan asset (excluding amounts included in net interest expense)		1,412	1,832
Contributions by the employer		679	3,539
Contributions from plan participants		82	128
Benefits paid (including expenses and taxes)		(2,013)	(4,161)
Balance at end of the year		**19,965**	**19,110**
The fair value of the plan assets at the end of the reporting period for each category, are as follows:			
Australian equities		4,366	4,548
International equities		5,094	4,901
Property		1,742	1,983
Australian fixed interest		2,217	1,616
International fixed interest		351	344
Cash		1,355	1,062
Other		4,840	4,656
Balance at end of the year		**19,965**	**19,110**

	2014 Humanitarian Services %	2014 Blood Service %	2013 Humanitarian Services %	2013 Blood Service % (restated)
NOTE 16 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)				
Other disclosures:				
The percentage contribution of each majority category of total plan assets comprises:				
Australian equities	24.7%	21.8%	24.7%	23.8%
International equities	23.6%	25.6%	23.6%	25.7%
Property	6.2%	8.8%	6.2%	10.5%
Australian fixed interest	14.7%	11.0%	14.7%	8.3%
International fixed interest	7.5%	1.6%	7.5%	1.7%
Cash	6.1%	6.8%	6.1%	5.5%
Other	17.2%	24.4%	17.2%	24.5%
	100.0%	**100.0%**	**100.0%**	**100.0%**

Sensitivity analysis for the present value of obligations is as follows:

		2014 $'000
No change	No change	6,193
Discount Rate	0.50%	5,951
Discount Rate	-0.50%	6,451
Salary Increase Rate	0.50%	6,394
Salary Increase Rate	-0.50%	6,001

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position

Sensitivity analysis for actuarial assumptions

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would (decrease)/increase by $0.449 million.
- If the expected salary growth increases/(decreases) by 0.5%, the defined benefit obligation would increase/(decrease) by $0.275 million.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Asset-Liability matching study

There were no asset-liability matching strategies adopted by the funds during the period.

Effects on future cash flows

Local Government Super's funding arrangements are reviewed at least every three years following their lease of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the Blood Service and the trustee. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review. Members of the Australian Red Cross Queensland Staff Retirement Fund contribute at the rate of 5% of salary. The residual contribution (including back service payments) is paid by the Blood Service. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on the expected return on the Fund's assets. The Blood Service carries the investment volatility risk and may be required to make additional contributions from time to time if assets do not cover members' vested benefits.

The average duration of the benefit obligation at 30 June 2014 is 10.4 years (2013: 10.5 years). This number can be analysed as follows:

- active members: 9.8 years (2013: 10.0 years);
- retired members: 13.4 years (2013: 13.8 years).

The Blood Service expects to make a contribution of $0.710 million (2013: $0.716 million) to the defined benefit plans during the next financial year.

	2014 $'000	2013 $'000
NOTE 16 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)		
Historic summary		
Defined benefit plan obligations	26,733	25,498
Plan assets	(19,965)	(19,110)
Deficit	**6,768**	**6,388**
Actual return on assets	**604**	**2,425**
Cumulative amount recognised in the other comprehensive income		
Cumulative amount of actuarial losses	9,603	9,823
Expected contributions and funding arrangements		
Expected employer contributions at 30 June	316	749

	Humanitarian Services	Blood Service		
	Investment revaluation reserve (i)	Special reserve (ii)	Capital reserve (iii)	Total
	$ '000	$ '000	$ '000	$ '000
NOTE 17 RESERVES				
Year ended 30 June 2013				
Balance as at 1 July 2012	61	48,165	43,315	91,541
Net gain arising on revaluation	3,951	-	-	3,951
Transfers to reserves from accumulated funds	-	6,913	11,817	18,730
Balance as at 30 June 2013	**4,012**	**55,078**	**55,132**	**114,222**
Year ended 30 June 2014				
Balance as at 1 July 2013	4,012	55,078	55,132	114,222
Net (loss) arising on revaluation	(797)	-	-	(797)
Transfers to reserves from accumulated funds	-	2,895	9,735	12,630
Balance as at 30 June 2014	**3,215**	**57,973**	**64,867**	**126,055**

(i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

(ii) The Blood Service's special reserve records retained surplus over which the Blood Service has restricted use. The majority of the balance is comprised of Commonwealth (NBA) funded reserves which include the Output Based Funding Model (OBFM) risk reserve (2014: $5.138 million, 2013: $5.000 million), corporate risk reserve (2014: $23.686 million, 2013: $18.185 million), unallocated prior year surpluses (2014: $6.192 million, 2013: $4.706 million) and proceeds on sale of assets (2014: $4.565 million, 2013: $4.906 million). The remainder of the balance consists of State government and other externally funded reserves.

The $2.895 million movement (2013: $6.913 million) comprises partly of (i) allocation of funds to the corporate risk reserve (2014: $5.000 million, 2013: $2.700 million) (ii) allocation of funds to the Output Based Funding Model (OBFM) risk reserve (2014: $0.138 million, 2013: $3.500 million), (iii) allocation of prior year surplus (2014: $1.486 million, 2013: $0.671 million); and less (iv) expenditure of $30.094 million (2013: $7.189 million) on registered special reserve initiatives.

(iii) Blood Service Capital Reserve records retained surplus less capital expenditure relating to various capital funded programs or funds received for the purpose of future capital expenditure.

	Humanitarian Services			
	Appeals	International Projects	Domestic Programs	Total
	$ '000	$ '000	$ '000	$ '000
NOTE 18 SPECIFIC PURPOSE FUNDS				
Year ended 30 June 2013				
Balance as at 1 July 2012	1,681	20,841	26,450	48,972
Transfers from accumulated funds	3,783	2,116	5,679	11,578
Balance as at 30 June 2013	**5,464**	**22,957**	**32,129**	**60,550**
Year ended 30 June 2014				
Balance as at 1 July 2013	5,464	22,957	32,129	60,550
Transfers (to)/from accumulated funds	(3,286)	4,586	(14,335)	(13,035)
Balance as at 30 June 2014	**2,178**	**27,543**	**17,794**	**47,515**

	Notes	2014 $'000	2013 $'000 (restated)
NOTE 19 ACCUMULATED FUNDS			
SOCIETY			
Balance at beginning of financial year		275,302	285,167
Surplus for the financial year		28,038	13,625
Actuarial gain on defined benefit superannuation plans	16	220	6,818
Transfers from/(to) specific purpose funds	18	13,035	(11,578)
Transfers to special reserve	17	(2,895)	(6,913)
Transfers to other reserves	17	(9,735)	(11,817)
Balance at end of financial year		**303,965**	**275,302**
HUMANITARIAN SERVICES			
Balance at beginning of financial year		83,965	95,714
Surplus/(loss) for the financial year		2,135	(350)
Actuarial (loss)/gain on defined benefit superannuation plans	16	(4)	179
Transfers from/(to) specific purpose funds	18	13,035	(11,578)
Balance at end of financial year		**99,131**	**83,965**
BLOOD SERVICE			
Balance at beginning of financial year		191,337	189,453
Surplus for the financial year		25,903	13,975
Actuarial gain on defined benefit superannuation plans	16	224	6,639
Transfers to special reserve	17	(2,895)	(6,913)
Transfers to other reserves	17	(9,735)	(11,817)
Balance at end of financial year		**204,834**	**191,337**

	Notes	2014 $'000	2013 $'000 (restated)
NOTE 20 CASH AND CASH EQUIVALENTS			
20(a) Reconciliation of cash and cash equivalents			
Cash			
- Humanitarian Services		149,974	124,243
- Blood Service		1,037	251
Term Deposits			
- Blood Service		235,568	206,647
		386,579	**331,141**
20(b) Reconciliation of surplus for the period to net cash flows from operating activities			
Net surplus		28,038	13,625
Depreciation and amortisation of non-current assets	6	51,550	53,065
Impairment on fair value of available for sale		-	(1,325)
Net foreign currency loss/(gain)		8	(13)
Net (gain)/loss on disposal of investments		(6,954)	127
Net (gain)/loss on disposal of property, plant and equipment		(1,244)	2,140
Investment interest recognised in profit or loss		(11,800)	(12,571)
Dividends recognised in profit or loss	4(a)	(1,109)	(619)
Non-monetary donations		-	(603)
Changes in assets and liabilities :			
Decrease in trade and other receivables		3,527	10,460
Increase in inventory	8	(4,892)	(2,643)
Increase in trade and other payables		6,164	4,128
Increase in revenue in advance		19,131	82,798
Increase in other operating liabilities		-	442
Increase in provisions		10,427	6,066
(Increase)/decrease in prepayments	10	(3,231)	1,490
Components of defined benefit recognised in profit or loss		639	(1,795)
Net cash provided by operating activities		**90,254**	**154,772**

	2014 $'000	2013 $'000
NOTE 21 COMMITMENTS		
Capital Commitments - Society		
Commitments contracted for at reporting balance date but not provided for in the financial statements are payable as follows:		
Not longer than 1 year - Humanitarian Services	786	2,800
Not longer than 1 year - Blood Service	4,512	8,174
	5,298	**10,974**

	Minimum future lease payments		Present value of minimum future lease payments	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
NOTE 22 LEASES				
BLOOD SERVICE				
Finance lease liabilities				
Not later than 1 year	8,168	8,694	5,031	5,184
Later than 1 year and not later than 5 years	40,990	35,644	32,236	25,560
Later than 5 years	6,915	20,429	6,526	18,233
Minimum future lease payments	**56,073**	**64,767**	**43,793**	**48,977**
Less future finance charges	(12,280)	(15,790)	-	-
Present value of minimum lease payments	**43,793**	**48,977**	**43,793**	**48,977**
Included in financial statements as :				
Current borrowings			5,031	5,184
Non-current borrowings			38,762	43,793
			43,793	**48,977**

Blood Service leases various equipment and fit outs under finance leases. These expire within three to ten years and have a carrying value of $43.793 million (2013: $48.977 million). Under the terms of the leases, the Blood Service has the option to acquire the leased assets at the expiration date of the leases. The Blood Service's obligations under finance leases are secured by the lessor's title to the leased assets.

Upon completion of the Brisbane Processing Centre in Kelvin Grove in 2008, the constructed asset was used to underwrite a $32.473 million 10-year finance lease with a financial institution. As at 30 June 2014, the residual balance of this facility was $16.523 million (2013: $19.117 million). The lease repayments relating to this arrangement are funded by the Annual Capital Program.

In 2012, the Melbourne Processing Centre in West Melbourne was completed and the constructed asset was used to underwrite a $33.5 million 10-year finance lease. As at 30 June 2014, the residual balance of this facility was $27.27 million (2013: $29.86 million). The Blood Service receives special grant funding to cover the lease repayments under this arrangement.

Blood Service commitments for finance leases will be funded by the National Blood Authority (NBA) from the Main Operating Programme contained within the Deed of Agreement between the Blood Service and NBA. In the unlikely event the Deed of Agreement is not renewed, any future non-cancellable commitments will be covered by the NBA.

	2014 $'000	2013 $'000
NOTE 22 LEASES (CONTINUED)		
SOCIETY		
Non-cancellable operating lease commitments		
Not longer than 1 year	35,965	32,093
Longer than 1 year and not longer than 5 years	96,016	87,612
Longer than 5 years	118,057	126,018
	250,038	**245,723**
HUMANITARIAN SERVICES		
Non-cancellable operating lease commitments		
Not longer than 1 year	11,940	11,320
Longer than 1 year and not longer than 5 years	22,297	21,667
Longer than 5 years	10,611	11,314
	44,848	**44,301**
BLOOD SERVICE		
Non-cancellable operating lease commitments		
Not longer than 1 year	24,025	20,773
Longer than 1 year and not longer than 5 years	73,719	65,945
Longer than 5 years	107,446	114,704
	205,190	**201,422**

Blood Service commitments for non-cancellable operating leases will be funded by the National Blood Authority (NBA) from the Main Operating Programme contained within the Deed of Agreement between the Blood Service and NBA. In the unlikely event the Deed of Agreement is not renewed, any future non-cancellable commitments will be covered by the NBA. Humanitarian services commitment include property leases entered into as a result of their contract with the Federal Department of Immigration and Border Protection (DIBP). In the event the contract is terminated, any future non-cancellable commitments will be covered by DIBP.

NOTE 23 CONTINGENT LIABILITIES

There is a potential for claims to arise from viral / bacterial infections or blood-borne disease which are currently unidentified, or in circumstances where there are no test or screening procedures available to test for a virus / bacteria / disease state. In the event that commercial insurance does not cover financial exposure arising as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000, a national managed fund has been established with claims covered at the discretion of the National Blood Authority.

The Blood Service is entitled to seek, and the National Blood Authority may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre July 2000 transfusion-transmitted diseases.

Humanitarian Services has bank guarantees in place in relation to certain property leases. The value of these guarantees at 30 June 2014 was $320,000 (2013: $267,000). The Board is satisfied the guarantees will not be called upon and therefore no liability has been recorded in the statement of financial position.

	2014 $'000	2013 $'000
NOTE 24 FINANCIAL INSTRUMENTS		
(a) Categories of Financial instruments		
SOCIETY		
Financial assets		
Cash and cash equivalents	386,579	331,141
Trade and other receivables	47,004	48,926
Available-for-sale financial assets	16,509	43,903
Held-to-maturity financial assets	-	-
Financial liabilities		
Trade and other payables	178,397	179,445
Interest bearing loans and borrowings	79,667	89,205
HUMANITARIAN SERVICES		
Financial assets		
Cash and cash equivalents	149,974	124,243
Trade and other receivables	37,302	40,424
Available-for-sale financial assets	16,509	43,903
Held-to-maturity financial assets	-	-
Financial liabilities		
Trade and other payables	138,668	134,919
Interest bearing loans and borrowings	-	528
BLOOD SERVICE		
Financial assets		
Cash and cash equivalents	236,605	206,898
Trade and other receivables	9,702	8,502
Financial liabilities		
Trade and other payables	39,729	44,526
Interest bearing loans and borrowings	79,667	88,677

The Society's Board considers the above carrying amounts of financial assets and financial liabilities to approximate their fair values.

Notes to the financial statements for the year ended 30 June 2014

NOTE 24 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Society's financial instruments consist mainly of:

- deposits with banks;
- investments in equities, managed funds, bonds, debentures and other fixed interest securities;
- accounts receivable and payable, which arise directly from the Society's operations;
- derivatives, being forward foreign currency contracts, to manage currency risks.

It is, and has been throughout the financial year, the Society's policy that no trading in derivative financial instruments shall be undertaken. Similarly, it is not the Society's policy to trade in investments (i.e. to speculate and engage in short-term profit taking). All investments are held to generate income to further the Society's causes and as such are classified as 'available-for-sale' or 'held-to maturity'. Sales do occur however with selected investments which are described in the financial statements as 'available-for-sale', when the Society is advised to adjust its portfolio in relation to risk exposure and diversification as advised by its investment portfolio managers.

During the prior year a liquidity reserves policy was implemented, resulting in reclassifications of investments from non-current to current (refer to Note 9).

The Chief Financial Officer is responsible for the treasury risk management. Instruments used to hedge foreign currency risk are organised through the Society's bankers.

The Blood Service's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Blood Service's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Blood Service. Financial risk management is carried out by a central treasury function under policies approved by the Board, with the Chief Financial Officer responsible for financial risk management. It is the Blood Service's policy to conduct its banking business, including instruments used to hedge risk, with high credit quality financial institutions.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market interest rates (interest rate risk), foreign exchange rates (currency risk) and market prices (price risk).

(c) (i) Foreign currency risk management

The Society is exposed to fluctuations in foreign currencies arising from purchase of goods and supply of aid in currencies other than the Society's functional currency ($AUD).

The Society accounts for these derivatives as fair value through the statement of comprehensive income. While these transactions are entered into to hedge specific contracts and are believed to be effective, the Society accounts for these derivatives as 'fair value through the statement of comprehensive income'.

The carrying amount of the Society's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2014 $'000	2013 $'000
ASSETS		
Cash		
USD	1,514	215
Swiss Franc	8	107
Indonesian Ruphiah	385	404
Other	637	287
	2,544	**1,013**

Foreign currency sensitivity analysis

The Society is mainly exposed to movements in exchange rates relating to US dollars, Swiss Franc and Indonesian Rupiah.
The following table details the Society's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	2014	2013
	$'000	$'000
NOTE 24 FINANCIAL INSTRUMENTS (CONTINUED)		
Profit or loss		
USD	151	21
Swiss Franc	1	11
Indonesian Ruphiah	38	40
Other Currencies	64	29

(c) (ii) Interest rate risk management

The Society is exposed to market interest rate fluctuations on its fixed and variable interest securities, as well as interest bearing borrowings. The Society accepts the risk as normal in relation to fixed interest financial assets, as they are held to generate investment on unused funds.

Financial lease liabilities are set at fixed rates for the term of the lease and are not subject to interest rate variability.

Interest rate sensitivity analysis

The following table summarises how the Society's surplus or deficit and equity would have been affected by changes in interest rates at reporting date.

		- 50 basis points	- 50 basis points	+ 100 basis points	+ 100 basis points
	Carrying amount	Surplus / (deficit)	Equity	Surplus / (deficit)	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	386,579	(1,933)	(1,933)	3,866	3,866
Available-for-sale investment	16,509	(83)	(83)	165	165
Financial liabilities					
Bank loans	35,874	-	-	-	-
Total increase/(decrease)	**438,962**	**(2,016)**	**(2,016)**	**4,031**	**4,031**

Sensitivity analysis does not apply to borrowings in 2014 as all loans have fixed interest rates for the term of the loans.

(c) (iii) Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society manages the risks associated with its investments in accordance with established and approved governance guidelines and principles set out and approved through the Board of the Society. Investments are managed at arms length by independent and fully qualified organisations under an agreed and approved mandate which stipulates diversification criteria based on asset classes and percentages within the total investment portfolio of each approved class. In addition, part of the risk assessment criteria are benchmarks regarding expected rates of return and ethical overlay restrictions.

NOTE 24 FINANCIAL INSTRUMENTS (CONTINUED)

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at year end.

At reporting date, if the equity prices had been 5% higher/lower:

- the surplus for the year ended 30 June 2014 would have been unaffected as the equity investments are classified as available for sale and any increment or decrement in the fair value, with the exception of impairment, is an adjustment to other comprehensive income.
- other comprehensive income for the year-ended 30 June 2014 would have increased/decreased by $673 thousand as a result of the change in the fair value of available for sale shares.

The society's sensitivity to equity prices has not changed significantly from the prior year.

(d) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter parties to the contract to meet their obligations.

The Society does not have any material credit risk exposures to any single receivable or group of receivables under financial instruments. The Society's largest receivable is from the Federal Department of Immigration and Border Protection (DIBP) which constitutes receipts in accordance with agreed terms.

(e) Liquidity risk management

The Society manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unutilised borrowing facilities are maintained.

The following table details the Society's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Society can be requested to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
NOTE 24 FINANCIAL INSTRUMENTS (CONTINUED)							
Year ended 30 June 2014							
Non-interest bearing	-	86,004	40,485	407	2,089	1,414	130,399
Finance lease liability	7.57%	405	818	3,809	32,235	6,526	43,793
Bank loan liability	8.63%	329	672	3,160	20,729	10,984	35,874
		86,738	**41,975**	**7,376**	**55,053**	**18,924**	**210,066**
Year ended 30 June 2013							
Non-interest bearing	-	230,710	8,980	323	1,723	2,033	243,769
Finance lease liability	8.63%	389	784	4,010	25,561	18,233	48,977
Bank loan liability	7.55%	310	1,145	2,900	19,013	16,860	40,228
		231,409	**10,909**	**7,233**	**46,297**	**37,126**	**332,974**

The following table details the Society's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Society anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2014							
Non-interest bearing	-	9,939	-	-	-	-	9,939
Variable interest rate instruments	3.43%	1,037	235,568	-	-	-	236,605
		10,976	**235,568**	**-**	**-**	**-**	**246,544**
Year ended 30 June 2013							
Non-interest bearing	-	8,502	-	-	-	-	8,502
Variable interest rate instruments	3.95%	251	206,647	-	-	-	206,898
		8,753	**206,647**	**-**	**-**	**-**	**215,400**

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

In August 2014, Humanitarian Services entered into a new contract with the Department of Immigration and Border Protection (DIBP) for at least the next four years, as a national provider of 'Status Resolution Support Services' (other than in Christmas Island). This means that Humanitarian Services will continue to deliver critical services to some of the most vulnerable people in our community. These services will continue to be provided under the transitional arrangement for the existing contract until 28 February 2015. However, by February 2015 it is currently expected that there will be a significant reduction in the total number of clients that will be supported through Red Cross Humanitarian Services and its partners. The combined effect of this reduction and a new program model will result in significant reduction in staff numbers. The new contract and expected volumes of work will reduce the overall value of this program in Humanitarian Services but it is not expected to have a material net profit or cash impact on the wider Society for the FY15 year.

NOTE 26 ECONOMIC DEPENDENCY

HUMANITARIAN SERVICES

A significant portion of revenue is received by way of recurrent grants from State and Commonwealth Governments.

BLOOD SERVICE

A significant portion of revenue is received by way of recurrent and capital grants from Commonwealth, State and Territory governments. As at the reporting date, terms of the Deed with the NBA have been extended to 30 June 2015. It is the Blood Service's expectation that future funding arrangements will remain substantially unchanged beyond this date. Therefore, these financial statements are prepared on a going concern basis.

NOTE 27 KEY MANAGEMENT PERSONNEL

Australian Red Cross Society Board comprises entirely of volunteers. No fees are paid for serving as a volunteer Board Member, but they may be reimbursed for reasonable travel and other expenses incurred in connection with the activity of the Society. The Blood Service Board comprises paid executive and non-executive Board Members sourced from a diverse range of medical and business disciplines.

Detail of the remuneration of Board Members and Senior Leadership Team are outlined in the following tables:

	Total Society		Humanitarian Services		Blood Service	
Key Management Personnel Remuneration	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Nil	15	19	15	19	-	-
$1-$24,999	2	5	2	2	-	3
$25,000-$49,999	2	3	2	-	-	3
$50,000-$74,999	8	4	1	-	7	4
$75,000-$99,999	-	-	-	-	-	-
$100,000-$124,999	1	3	-	1	1	2
$125,000-$149,999	2	1	2	-	-	1
$150,000-$174,999	-	5	-	5	-	-
$175,000-$199,999	5	2	5	2	-	-
$200,000-$224,999	6	6	6	6	-	-
$225,000-$249,999	2	2	1	-	1	2
$250,000-$274,999	3	2	2	2	1	-
$275,000-$299,999	2	3	1	2	1	1
$300,000-$324,999	2	2	1	-	1	2
$325,000-$349,999	3	2	1	1	2	1
$350,000-$374,999	1	-	-	-	1	-
$375,000-$399,999	-	-	-	-	-	-
$400,000-$424,999	-	1	-	-	-	1
$425,000-$449,999	1	-	-	-	1	-
$575,000-$599,999	-	1	-	-	-	1
$600,000-$624,999	1	-	-	-	1	-

NOTE 27 KEY MANAGEMENT PERSONNEL (CONTINUED)

The greater personnel numbers in 2012/13 reflects the resignation of the Blood Service Chief Information Officer and the commencement, three months later, of his replacement with both included in total headcount. In addition, three Blood Service Board members retired and were replaced in 2012/13 with all six included in the headcount figures. The Blood Service Executive Director, Donor Services was also included in the headcount in 2012/13 but was on maternity leave for the full year of which a large proportion was unpaid.

	Short-term employee benefits	Post employment benefits	Long-term employee benefits		
	Salaries and fees	Superannuation contributions	Long service leave	Termination benefits	Total
	$	$	$	$	$
SOCIETY					
Year ended 30 June 2014					
Total compensation	7,547,814	573,342	99,986	-	8,221,142
Year ended 30 June 2013					
Total compensation	6,933,370	510,244	93,568	3,000	7,540,182
HUMANITARIAN SERVICES					
Year ended 30 June 2014					
Total compensation	4,047,890	320,887	99,986	-	4,468,763
Year ended 30 June 2013					
Total compensation	3,731,370	288,244	93,568	-	4,113,182
BLOOD SERVICE					
Year ended 30 June 2014					
Total compensation	3,499,924	252,455	-	-	3,752,379
Year ended 30 June 2013					
Total compensation	3,202,000	222,000	-	3,000	3,427,000

For the purposes of the above table, remuneration includes salaries and wages, paid annual leave and paid sick leave, non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services). Also included in remuneration is an amount relating to long-term employee benefits which have accrued, but not paid, to the employees during the period such as long-service leave.

BOARD MEMBERS

SOCIETY

Mr Michael Legge (President)	Ms Tanya Hosch
Mr Ross Pinney (Deputy President)	Mr Chris Kwong
Ms Jan West AM (Chair of Audit and Risk Committee)	Mr John MacLennan
Mr Ian Anson (to October 2013)	Mr Deven Patel
Ms Dianne Buckles (from October 2013)	Mr John Pinney AM
Mr John D Dorrian	Ms Margaret Piper AM
The Hon Dr David Hamill AM	Ms Sue Vardon AO
Ms Lyndal Herbert	Mr Sam Wong AM
Mr John Hood	

BLOOD SERVICE

The Hon Dr David Hamill AM (Chair)	Mr David Graham
Ms Jennifer Williams (Chief Executive)	Ms Kelly Jones
Mr Nigel Ampherlaw	Associate Professor Larry McNicol
Ms Sandhya Chakravarty	Mr Ross Pinney
Ms Hannah Crawford	Prof John Zalcberg OAM

NOTE 27 KEY MANAGEMENT PERSONNEL (CONTINUED)

SENIOR LEADERSHIP TEAM

HUMANITARIAN SERVICES

Mr Robert Tickner Chief Executive Officer	Ms Jennifer Gibb Director Marketing, Fundraising and Communications
Ms Sandhya Chakravarty Chief Financial Officer	Ms Annie Harvey Acting Executive Director New South Wales (April 2013 to May 2014)
Ms Toni Aslett Executive Director Victoria	Ms Joan Hughes Executive Director Australian Capital Territory (to February 2014)
Ms Jody Broun Executive Director New South Wales (appointed May 2014)	Mr Steve Joske Executive Director Western Australia
Dr Ian Burke Executive Director Tasmania/Director Commercial Operations	Mr Kevin Keeffe Executive Director Queensland
Ms Sandra Cannon Executive Director Northern Territory	Ms Andrea Lott Director Planning, Reporting, Research and Projects (appointed May 2014)
Mr Noel Clement Head of Australian Services	Ms Kerry McGrath Head of Community Programs
Ms Helen Connolly Executive Director South Australia	Mr Michael Raper Director of Services and International Operations
Mr Peter Day Chief Information Officer (to March 2014)	Mr Chris Steinfort Director, Human Resources
Ms Wenda Donaldson Executive Director, Australian Capital Territory (appointed June 2014)	Mr Peter Walton Head of International Program (appointed October 2013)
Dr Helen Durham Director IHL, Strategy, Planning and Research (to May 2014)	Mr Michael White Regional Manager Far North Queensland (Cairns) and Co-chair - Aboriginal and Torres Strait Islander Advisory Panel (appointed July 2013)
Ms Veronica Frost Chief Information Officer (appointed March 2014)	Mr John Wills, Director Commercial Operations (to May 2014)

BLOOD SERVICE

Ms Jennifer Williams Chief Executive	Mr David Irving Executive Director, Research and Development
Mr John Brown Chief Financial Officer	Mr Peter McDonald Executive Director, Corporate Strategy and Performance
Ms Jacqui Caulfield Executive Director, Manufacturing	Dr Joanne Pink Chief Medical Officer
Mr Mark Gardiner Chief Information Officer	Ms Janine Wilson Executive Director, Donor Services
Ms Anne Heyes Executive Director, Human Resources	

	SOCIETY	
	2014	2013
	$	$
NOTE 28 AUDITORS' REMUNERATION		
Auditor of Australian Red Cross		
Audit of the financial report	333,275	315,900
Audit of acquittals in relation to specific purpose grants	158,791	194,341
Other non-audit services; risk services and IT consulting	55,884	159,978
	547,950	**670,219**

The auditor of Australian Red Cross Society is Deloitte Touche Tohmatsu. Of the total remuneration of auditors, 'other non-audit services' relates to the consulting relating to the Laboratory Information Management System (LIMS) implementation and consulting relating to Financial, Assets and Inventory Management System (FAIMS) upgrade.

NOTE 29 RELATED PARTY DISCLOSURES

(a) Board members

The Board Members are disclosed in note 27.

(b) Wholly-owned group

In states and territories where the Blood Service is located on Humanitarian Services premises, there are contractual arrangements for the sub-lease of premises between the respective operating units of the Blood Service and Humanitarian for the sharing of facilities and outgoings. The effect of the above transactions has been eliminated in full in the Society balances.

During the reporting period, net payments of $1,067 thousand (2013: $2,090 thousand) transacted between the Blood Service and Humanitarian Services. The transactions largely relate to the Blood Service's occupancy of premises owned by Humanitarian Services, whereby there are contractual arrangements for the sub-lease of these facilities by the Blood Service. As at 30 June 2014, an aggregate of $1,395 thousand (2013: $2,067 thousand) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period.

(c) Transactions with key management personnel

Peter Day was Chief Information Officer (from May 2013 to March 2014). During this time Mr Day was a Chief Executive Officer of Sentric Pty Ltd and Appleby Court Pty Ltd (of which Mr Day is a director and 50% shareholder) owned 45% of the ordinary shares in Sentric Pty Ltd. From September 2012 until March 2014, Sentric Pty Ltd was engaged as a provider of IT consulting services. In the period to March 2014 these services amounted to $2.9 million (2013: $620,000). The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with the general public on an arm's length basis.

Board Members' declaration

The Board Members declare that:

(a) in the Board's opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable;

(b) in the Board's opinion, the attached financial statements and notes thereto are in accordance with the Royal Charter and Australian Charities and Not-for-profits Commission Act 2012, including compliance with accounting standards and present fairly in all material respects the financial position and performance of the Society; and

(c) the Board has been given signed declarations by the Chief Financial Officer and the Chief Executive Officer regarding the integrity of the financial statements and that the Society's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Signed in accordance with a resolution of the Board.

On behalf of the Board

Michael Legge
President of the Society

Melbourne
18 October 2014

ACFID Compliance

ACFID MEMBER
acfid.asn.au

Australian Red Cross is a signatory to the Australian Council for International Aid and Development (ACFID) Code of Conduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations.

The ACFID Code of Conduct offers a mechanism to address concerns relating to signatories' conduct. Complaints against Australian Red Cross may be initiated by any member of the public and lodged with the ACFID Code of Conduct Committee at acfid.asn.au/code-of-conduct/complaints or for further information on the ACFID Code please see ACFID website acfid.asn.au.

As a signatory, Australian Red Cross is required to publish this complete set of ACFID financial statements according to their prescribed format and standards. These are also available at redcross.org.au/files/Financials_2014.pdf. Alternatively, call the Supporter Services Centre on 1800 811 700 to request a printed copy. For further information on the Code's requirements, please refer to the ACFID Code of Conduct Implementation Guidance available at acfid.asn.au.

Income Statement for the financial year ended 30 June 2014

The Income Statement discloses the revenue and expenses during the financial year ending 30 June 2014.

ACFID MEMBER acfid.asn.au	HUMANITARIAN SERVICES	SOCIETY	HUMANITARIAN SERVICES	SOCIETY
	2014	2014	2013	2013
	$'000	$'000	$'000 (restated)	$'000 (restated)
REVENUE				
Donations and gifts[1]	82,131	82,131	79,046	79,046
Legacies and bequests[2]	15,507	15,507	16,720	16,720
Grants				
• Department of Foreign Affairs and Trade	22,789	22,789	23,907	23,907
• other Australian	354,873	915,978	280,142	836,683
• other overseas	3,276	3,276	3,404	3,404
Investment income	4,771	12,879	6,955	15,134
Other income[3]	43,536	56,123	39,029	48,896
Total revenue	**526,883**	**1,108,683**	**449,203**	**1,023,790**
EXPENDITURE				
International Aid and Development Programs expenditure				
• funds to international programs	37,276	37,276	30,268	30,268
• program support costs	4,329	4,329	4,076	4,076
• community education	1,147	1,147	1,001	1,001
Domestic programs	370,076	925,973	329,027	889,639
Fundraising costs[4]				
• public, government, multilateral and private	27,043	27,043	15,864	15,864
Retail and Commercial activities	42,708	42,708	46,052	46,052
Accountability and Administration[5]	42,169	42,169	23,265	23,265
Total expenditure	**524,748**	**1,080,645**	**449,553**	**1,010,165**
EXCESS OF REVENUE OVER EXPENDITURE FROM CONTINUING OPERATIONS	**2,135**	**28,038**	**(350)**	**13,625**

This Income Statement conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report, also available at redcross.org.au/files/Financials_2014.pdf.

[1]During the financial year nil (2013: $603,000) was recorded as non-monetary donations and gifts. In addition to those goods which are capable of reliable measurement, the organisation has received donated goods for sale in its retail outlets as well as volunteer hours in providing community services. Significant contributions are also received by way of gifts in kind as pro bono support from corporate partners and volunteers. These goods and services are of a nature for which fair value cannot be reasonably determined and have not been recorded in these financial statements. There has been no non monetary expenditure included in the income statement.
[2]Legacies and bequests generated an additional $85,000, recorded as investment income in the above income statement. In the financial statements this income is classified as investment income.
[3]Other income includes revenue from retail activities and training services.
[4]Fundraising costs include both International and Domestic programs. There have been no costs incurred for Government, multilateral and private fundraising costs.
[5]Accountability, administration and marketing costs include both International and Domestic programs.

During the financial year there were no transactions (2013:nil) in the International Political or Religious Adherence Promotion program category.

Statement of Financial Position for the financial year ended 30 June 2014

The Statement of Financial Position (Balance Sheet) details the financial position and records the assets, liabilities and equity at 30 June 2014.

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	HUMANITARIAN SERVICES	SOCIETY	HUMANITARIAN SERVICES	SOCIETY	SOCIETY
	2014	2014	2013	2013	2012
	$'000	$'000	$'000 (restated)	$'000 (restated)	$'000 (restated)
ASSETS					
Current Assets					
Cash and cash equivalents	149,974	386,579	124,243	331,141	225,340
Trade and other receivables	34,980	41,140	39,168	44,764	56,826
Inventories	1,022	20,940	1,492	16,048	13,403
Other financial assets	13,465	13,465	36,083	36,083	19,658
Other	2,858	8,722	1,448	5,491	6,005
Assets classified as held for sale	-	-	-	-	1,995
Total Current Assets	**202,299**	**470,846**	**202,434**	**433,527**	**323,227**
Non-Current Assets					
Other financial assets	3,044	3,044	7,820	7,820	19,403
Property, plant and equipment	87,162	409,057	90,533	415,182	421,913
Intangible assets	16,179	35,833	-	11,989	-
Total Non-Current Assets	**106,385**	**447,934**	**98,353**	**434,991**	**441,316**
TOTAL ASSETS	**308,684**	**918,780**	**300,787**	**868,518**	**764,543**
LIABILITIES					
Current Liabilities					
Trade and other payables	138,905	178,397	134,801	179,445	94,181
Borrowings	-	9,193	528	9,539	8,297
Provisions	13,495	67,016	11,860	61,994	56,445
Other	-	87,059	-	60,450	58,949
Total Current Liabilities	**152,400**	**341,665**	**147,189**	**311,428**	**217,872**
Non-Current Liabilities					
Borrowings	-	70,474	-	79,666	88,624
Provisions	6,358	18,835	5,001	17,206	13,073
Defined benefit superannuation plans	65	6,768	70	6,388	15,187
Other	-	3,503	-	3,756	4,107
Total Non-Current Liabilities	**6,423**	**99,580**	**5,071**	**107,016**	**120,991**
TOTAL LIABILITIES	**158,823**	**441,245**	**152,260**	**418,444**	**338,863**
NET ASSETS	**149,861**	**477,535**	**148,527**	**450,074**	**425,680**
Equity					
Reserves	3,215	126,055	4,012	114,222	91,541
Specific purpose funds	47,515	47,515	60,550	60,550	48,972
Accumulated funds	99,131	303,965	83,965	275,302	285,167
TOTAL EQUITY	**149,861**	**477,535**	**148,527**	**450,074**	**425,680**

[1]The restatement of the 2012 and 2013 figures relates to the carrying value of inventory for Blood Service and property provisions for Humanitarian Services.

This Statement of Financial Position conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report, also available at redcross org.au/files/Financials_2014.pdf.

Statement of Changes in Equity for the financial year ended 30 June 2014

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	HUMANITARIAN SERVICES			BLOOD SERVICE			
	ACCUMULATED FUNDS	SPECIFIC PURPOSE FUNDS	INVESTMENT REVALUATION RESERVE	ACCUMULATED FUNDS	SPECIAL RESERVE[3]	CAPITAL RESERVE	TOTAL
	$'000 (restated)	$'000	$'000	$'000 (restated)	$'000	$'000	$'000 (restated)
YEAR ENDED 30 JUNE 2013							
Balance as at 1 July 2012	95,714	48,972	61	189,453	48,165	43,315	425,680
Net (deficit)/surplus for the year	(350)	-	-	13,975	-	-	13,625
Other comprehensive income for the year	179	-	3,951	6,639	-	-	10,769
Transfers to / (from) specific purpose funds	(11,578)	11,578	-	-	-	-	-
Transfers to / (from) other reserves	-	-	-	(18,730)	6,913	11,817	-
BALANCE AS AT 30 JUNE 2013	**83,965**	**60,550**	**4,012**	**191,337**	**55,078**	**55,132**	**450,074**
YEAR ENDED 30 JUNE 2014							
Net (deficit)/surplus for the year	2,135	-	-	25,903	-	-	28,038
Other comprehensive income/(deficit) for the year	(4)	-	(797)	224	-	-	(577)
Transfers to / (from) specific purpose funds	13,035	(13,035)	-	-	-	-	-
Transfers to / (from) other reserves	-	-	-	(12,630)	2,895	9,735	-
BALANCE AS AT 30 JUNE 2014	**99,131**	**47,515**	**3,215**	**204,834**	**57,973**	**64,867**	**477,535**

The accumulated funds balances for both Humanitarian Services and Blood Service include eliminations of intercompany transactions amounting to $2.4 million (FY13: $1.1 million).

This Statement of Changes in Equity conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report, also available at redcross.org.au/files/Financials_2014.pdf.

Table of Cash Movements For Designated Purposes

for the financial year ended 30 June 2014

The Table of Cash Movements is a special requirement of the ACFID Code of Conduct, to help ensure accountability for income for specific International Aid and Development projects. The statement records the movements of the main appeals, grants and contracted amounts relating to International Aid and Development work during the year. Australian Red Cross declares that it has included any amount accounting for 10% or more of International Aid and Development income.

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	CASH AVAILABLE AT BEGINNING OF YEAR	CASH RAISED DURING YEAR	CASH DISBURSED DURING YEAR	CASH AVAILABLE AT END OF YEAR
	$'000	$'000	$'000	$'000
DESIGNATED PURPOSE				
Australian Volunteers for International Development (DFAT)	3,054	8,589	(5,559)	6,084
Partnership Agreement (DFAT)	642	1,085	(1,100)	627
East Africa Drought Appeal	262	14	(5)	271
Typhoon Haiyan appeal	-	13,865	(4,131)	9,734
Syria Appeal	188[1]	510	(378)	320
Asia Quake and Tsunami Appeal	(226)	-	226	-
Pacific Tsunami Appeal	1,736	25	(34)	1,727
Japan and Pacific Disaster Appeal	8	-	(8)	-
Pakistan Flood Response	1,235	4	(33)	1,206
New Zealand Earthquake	132	3	(2)	133
Total cash for designated purposes	**7,031**	**24,095**	**(11,024)**	**20,102**
Total cash for other non-designated purposes	**324,110**	**1,168,599**	**(1,126,232)**	**366,477**
TOTAL	**331,141**	**1,192,694**	**(1,137,256)**	**386,579**

[1]Funds raised for the Syria Appeal have been disclosed as cash for designated purposes. Previously the funds were disclosed under cash for non-designated purposes.

This Statement of Cash Movements for Designated Purposes conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 this full Financial Report, also available at redcross.org.au/files/Financials_2014.pdf.

Statement of Cash Flows for the financial year ended 30 June 2014

ACFID MEMBER

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	HUMANITARIAN SERVICES	SOCIETY	HUMANITARIAN SERVICES	SOCIETY
	2014	2014	2013	2013
	$'000	$'000	$'000 (restated)	$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from donors, government and other sources	518,808	1,149,270	544,108	1,177,082
Payments to suppliers and employees	(506,334)	(1,051,405)	(440,183)	(1,013,153)
Interest and other costs of finance paid	(863)	(7,611)	(1,687)	(9,157)
Net cash provided by operating activities	**11,611**	**90,254**	**102,238**	**154,772**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(20,835)	(69,217)	(19,043)	(57,075)
Proceeds from sale of property, plant and equipment	686	1,049	-	1,232
Net proceeds/payments on sale of investment securities	29,734	29,734	1,038	1,038
Dividends received	843	843	619	619
Interest received	3,692	11,800	4,434	12,613
Net cash used in investing activities	**14,120**	**(25,791)**	**(12,952)**	**(41,573)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	528	528
Repayment of borrowings	-	(9,011)	-	(7,939)
Net cash used in financing activities	**-**	**(9,011)**	**528**	**(7,411)**
Net increase in cash and cash equivalents	**25,731**	**55,452**	**89,814**	**105,788**
Cash and cash equivalents at the beginning of the financial year	124,243	331,141	34,429	225,340
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	(14)	-	13
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**149,974**	**386,579**	**124,243**	**331,141**

Deloitte.

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Independent Auditor's Report to the Members of the Australian Red Cross Society

We have audited the accompanying financial report of the Australian Red Cross Society, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies, Australian Council for International Development (ACFID) income statement, ACFID table of cash movements for designated purposes, other explanatory information, and the Board Member's declaration as set out on pages 3 to 48.

The financial report of the Australian Red Cross Society includes for disclosure purposes the separate disclosure of Humanitarian Services and Humanitarian Blood Services, as operating divisions of the Australian Red Cross Society, as detailed in Note 1 to the financial statements.

The Responsibility of Board Members for the Financial Report

The Board Members of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the ACFID Code of Conduct, and for such internal control as the Board Members 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion, the financial report of the Australian Red Cross Society has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Australian Red Cross Society's financial position as at 30 June 2014 and its financial performance for the year then ended on that date; and

(b) complying with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulations 2013* and the ACFID Code of Conduct.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Rachel Smith
Rachel Smith
Partner
Chartered Accountants
Melbourne, 18 October 2014

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215	kWh of electricity
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