



# Financials

Australian  
**Red Cross**

2015/2016

the  
**power of**  
humanity



Red Cross has supported community projects in Jobe and Yolanda's remote Queensland town for several years. Lately we've been working with budding filmmaker Jobe and other young people, helping them to express themselves in creative ways.

Australian Red Cross / Stephen Collins



# Contents

Introduction to financial statements	2
Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	5
Notes to the financial statements	6
Board members' declaration	43
Financial statements in accordance with the ACFID Code of Conduct	44
Auditor's independence declaration	48
Independent auditor's report	49

## About Australian Red Cross

As one of 190 National Societies in the International Red Cross and Red Crescent Movement, we are part of the world's largest humanitarian organisation.

For more than 100 years our aim has been to reduce human suffering and improve people's lives, no matter who they are or where they live. We are a voluntary organisation that is independent of government and holds no political, religious or cultural affiliations.

The Australian Red Cross Blood Service is a division of Australian Red Cross and is funded entirely by the governments of Australia. It plays a central role in the health systems of our nation.

More information on Australian Red Cross and our work over the 2015/2016 financial year can be found in *A year in review 2015/2016*, our main annual reporting publication. View the report online at [redcross.org.au/annualreport\\_2016](http://redcross.org.au/annualreport_2016).

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



Red Cross acknowledges the Traditional Owners of this land, their ancestors and Elders, past and present.

# Introduction to financial statements

**We are pleased to present the audited financial statements for the 12 months ended 30 June 2016.**

These financial statements of the Australian Red Cross Society incorporate both Humanitarian Services and 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

We have recorded a surplus of \$20.6 million for the 2015/2016 financial year. Of this, \$24.6 million relates to the government-funded Australian Red Cross Blood Service, while our programs to deliver humanitarian outcomes under Humanitarian Services recorded a deficit of \$4 million including depreciation and amortisation, and generated a positive operating cash flow of \$5.3 million.

The Blood Service surplus is attributed to the surplus from the capital program of \$18.5 million and surplus from the Main Operating Program of \$5.4 million. The capital program surplus is net of \$46.2 million in depreciation. These funds will be used for ongoing investment in the national infrastructure required to run the Blood Service.

Funds raised in Australia for international disasters amounted to \$1.4 million to support the humanitarian crisis in Syria and \$4.5 million to provide relief after Tropical Cyclone Winston in Fiji. These funds are being used to support the enormous task of rebuilding communities.

## Income and expenditure

Total income for the year was \$894 million, of which \$600.5 million relates to the funding provided for the operation of the Blood Service and \$293.5 million was generated through Humanitarian Services.

Support from the Australian community was invaluable, with over \$93 million donated for the purpose of improving the lives of the most vulnerable. Government funding of \$154.9 million (excluding National Blood Authority) has been used to run a range of programs and support services for communities in Australia and overseas. This government funding has been declining (\$252.8 million in 2015), representing the scaling back of our government-funded migrant support programs.

Our other sources of income, such as retail shops and disability employment services, continued to provide valuable contributions to further extend our capability to reach those most in need.

This year's total expenditure was \$873.4 million, of which \$569.1 million was funded by government contracts for the purpose of operating the Blood Service and \$297.5 million was directed to the delivery of humanitarian services in Australia and further afield.

## Statement of financial position

The health of our balance sheet improved over the last financial year despite being impacted by the reduction in government funding for our programs for people seeking asylum.

The Society's cash balance at 30 June 2016 of \$230.7 million is largely reserved for the restricted purposes of operating the Blood Service. During the year Humanitarian Services repaid all bank overdrafts and borrowings of \$10.6 million and the Blood Service increased its investments by \$37.7 million. Red Cross invests funds that are not immediately required in accordance with our ethical investment policy.

The net movement in our Humanitarian Services specific purpose funds of \$11.9 million represents the progress we are making on expending grant and appeal funding received in previous periods.

## Acknowledgements

We take this opportunity to again thank our donors, members, volunteers, blood donors, staff and supporters for their significant commitment and dedication to Red Cross, 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 and Divisional Advisory Boards for their expertise, dedication and support. Together we all bring the power of humanity to life.

**Judy Slatyer**

**Chief Executive Officer**

**Cameron Power**

**Acting Chief Financial Officer**

**Melbourne, 22 October 2016**

## Definitions

Where there is reference to the Society in our financials, this refers to the consolidation of the two divisions of Australian Red Cross. These two divisions are the Blood Service, which supplies the Australian community with safe, high quality blood and related products; and Humanitarian Services, which provides a range of services supporting vulnerable people and communities.

# Statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Revenue</b>			
Government grants	3(a)	723,986	793,336
Non-government grants	3(b)	4,299	3,474
Revenue from the sale of goods		26,031	24,460
Revenue from the rendering of services	3(c)	15,413	15,334
Donations, bequests and sponsorships	3(d)	89,495	106,793
Investment revenue	4(a)	11,125	12,093
Other revenue	4(b)	23,683	11,221
<b>Total revenue</b>		<b>894,032</b>	<b>966,711</b>
<b>Expenditure</b>			
Employee expenditure	6	(447,666)	(485,168)
Operating expenditure	6	(241,798)	(310,434)
Cost of services, sale of goods and consumables	6	(109,040)	(106,289)
Depreciation and amortisation	6	(55,771)	(61,048)
Interest and debt servicing costs	6	(6,552)	(7,247)
Net loss on assets	5	(12,585)	(5,267)
<b>Total expenditure</b>		<b>(873,412)</b>	<b>(975,453)</b>
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>20,620</b>	<b>(8,742)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial (loss)/gain on retirement benefit obligations	17	(1,281)	5,664
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net loss arising on investment revaluation	18	(2,246)	(1,232)
<b>Other comprehensive (deficit)/income for the year</b>		<b>(3,527)</b>	<b>4,432</b>
<b>TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17,093</b>	<b>(4,310)</b>

The accompanying notes on pages 6-42 form part of these financial statements.

# Statement of financial position

as at 30 June 2016

		2016	2015
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	21(a)	230,693	241,140
Trade and other receivables	7	23,781	26,616
Inventories	8	24,271	19,838
Other financial assets	9	110,341	73,108
Prepayments	10	7,571	10,073
<b>Total current assets</b>		<b>396,657</b>	<b>370,775</b>
<b>Non-current assets</b>			
Property, plant and equipment	11(a), 11(b)	375,810	388,613
Intangible assets	12	47,758	41,499
<b>Total non-current assets</b>		<b>432,568</b>	<b>430,112</b>
<b>Total assets</b>		<b>820,225</b>	<b>800,887</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	47,449	55,618
Borrowings	14	10,786	20,582
Provisions	15	72,316	69,358
Other liabilities	16	124,171	98,970
<b>Total current liabilities</b>		<b>254,722</b>	<b>244,528</b>
<b>Non-current liabilities</b>			
Borrowings	14	49,741	60,523
Provisions	15	17,813	17,553
Defined benefit superannuation plans	17	3,346	1,698
Other liabilities	16	4,285	3,360
<b>Total non-current liabilities</b>		<b>75,185</b>	<b>83,134</b>
<b>Total liabilities</b>		<b>329,907</b>	<b>327,662</b>
<b>NET ASSETS</b>		<b>490,318</b>	<b>473,225</b>
<b>EQUITY</b>			
Reserves	18	120,836	111,202
Specific purpose funds	19	40,056	51,958
Accumulated funds	20	329,426	310,065
<b>TOTAL EQUITY</b>		<b>490,318</b>	<b>473,225</b>

The accompanying notes on pages 6-42 form part of these financial statements.

# Statement of changes in equity

for the financial year ended 30 June 2016

	Notes	Humanitarian Services			Blood Service				Total
		Accumulated funds	Specific purpose funds	Investment revaluation reserve	Accumulated funds	Special reserve	Capital reserve	Investment revaluation reserve	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>YEAR ENDED 30 JUNE 2015</b>									
Balance as at 1 July 2014		99,131	47,515	3,215	204,834	57,973	64,867	-	477,535
Deficit for the year	20	(107)	-	-	(8,635)	-	-	-	(8,742)
Other comprehensive surplus/(deficit) for the year	18, 20	-	-	(894)	5,664	-	-	(338)	4,432
Transfers to/(from) specific purpose funds	19, 20	(4,443)	4,443	-	-	-	-	-	-
Transfers to/(from) other reserves	18, 20	-	-	-	13,621	723	(14,344)	-	-
<b>Balance as at 30 June 2015</b>		<b>94,581</b>	<b>51,958</b>	<b>2,321</b>	<b>215,484</b>	<b>58,696</b>	<b>50,523</b>	<b>(338)</b>	<b>473,225</b>
<b>YEAR ENDED 30 JUNE 2016</b>									
Net (deficit)/surplus for the year	20	(3,981)	-	-	24,601	-	-	-	20,620
Other comprehensive deficit for the year	18, 20	-	-	(1,008)	(1,281)	-	-	(1,238)	(3,527)
Transfers to/(from) specific purpose funds	19, 20	11,902	(11,902)	-	-	-	-	-	-
Transfers to/(from) other reserves	18, 20	-	-	-	(11,880)	6,816	5,064	-	-
<b>Balance as at 30 June 2016</b>		<b>102,502</b>	<b>40,056</b>	<b>1,313</b>	<b>226,924</b>	<b>65,512</b>	<b>55,587</b>	<b>(1,576)</b>	<b>490,318</b>

The accompanying notes on pages 6-42 form part of these financial statements.

The accumulated funds balances for both Humanitarian Services and the Blood Service include the eliminations of intercompany transactions amounting to \$4,790 thousand (FY15: \$3,700 thousand).

# Statement of cash flows

for the financial year ended 30 June 2016

Notes	2016	2015
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from donors, government and other sources	948,046	934,578
Payments to suppliers and employees	(840,752)	(976,711)
Interest and other costs of finance paid	(6,552)	(7,247)
<b>Net cash provided by/(used in) operating activities</b>	<b>100,742</b>	<b>(49,380)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangibles	(62,021)	(53,434)
Proceeds from disposal of property, plant and equipment	450	444
Net payments for purchase of investment securities	(39,453)	(56,091)
Dividends received	1,780	1,044
Interest received	8,629	10,627
<b>Net cash used in investing activities</b>	<b>(90,615)</b>	<b>(97,410)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,500	10,461
Repayment of borrowings	(18,292)	(12,809)
<b>Net cash used in financing activities</b>	<b>(16,792)</b>	<b>(2,348)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the financial year	237,354	386,579
Effects of exchange rate changes on the balance of cash held in foreign currencies	4	(87)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>230,693</b>	<b>237,354</b>

The accompanying notes on pages 6-42 form part of these financial statements.

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 1. PRINCIPAL ACTIVITIES AND REGISTERED OFFICE IN AUSTRALIA

Australian Red Cross Society undertakes a wide range of humanitarian activities to reduce vulnerability and improve lives 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: Humanitarian Services, which provides relief in times of crisis and care for people experiencing vulnerability 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' head office is at 155 Pelham Street, Carlton, Victoria and it operates from more than 360 sites, including retail stores and an office in capital cities of all states and territories in Australia. The delivery of humanitarian

services is funded principally through government grants, public donations (in particular regular monthly giving and bequests from generous Australians) and approved corporate/private donors. A network of 19,600 members support fundraising and advocacy efforts, while more than 20,700 volunteers assist us to deliver services to those most in need.

The Blood Service's head office is at 417 St Kilda Road, Melbourne, Victoria and it operates in all states and territories in Australia. The Blood Service operates four major blood processing centres, two major inventory and distribution hubs, plus approximately 100 fixed and mobile blood donor 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) which is administered by the National Blood Authority (NBA). In the event that the Blood Service ceases to perform services under the Deed, the Deed-funded 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 2016 was authorised for issue in accordance with a resolution of the Board on 22 October 2016.

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

### 2.1 Application of new and revised Accounting Standards

#### 2.1 Amendments to Australian Accounting Standards Board and interpretations that are mandatorily effective for the current year

In the current year, the Society has applied one amendment to the AASBs issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

The application of this amendment does not have any material impact on the disclosures or the amounts recognised in the financial statements.



# Notes to the financial statements

for the financial year ended 30 June 2016

## 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 statements, a number of standards and interpretations were in issue but not yet effective. These are listed below.

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 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from and AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The directors have considered the above pending standards and anticipate that the adoption of the new revenue and leasing standards may have a material impact on measurements and disclosure within the financial statements. Other pending standards are being considered, and while some further impacts are expected, they are unlikely to be material.

### 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 financial assets and liabilities, including derivatives, for which the fair value basis of accounting has been applied. Historical 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. These 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 (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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 balances and transactions between Humanitarian Services and the Blood Service, as well as 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).

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.

#### Derivative financial instruments

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.

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

#### (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. The entity is also registered as a deductible gift recipient for tax.

#### (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 training services have been provided to participants and the fee is receivable.

#### Grants

Government grants are received by the entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants also include income 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.

Grant income is recognised in accordance with AASB 1004 'Contributions' when:

- a) the entity 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 entity.

The expenditure, to which the grant relates, is expensed as incurred and may not correlate to the timing of grant receipts.

#### 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 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 purpose outlined in the Principles. If the annual surplus is more than \$5 million in any year then the surplus funding 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.

#### Capital funding

The arrangement with the Blood Service and the National Blood Authority (NBA) provides for capital funding comprising 10% of the funding for the Main Operating Program 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.

#### 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 transferred to the 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.

#### Donations, bequests and sponsorships

The Society receives part of its income from donations, either 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.

Bequests are recognised at the fair value of the benefit received when receipt of the amount is certain. Where required, bequests are recognised in accordance with the express terms of the will.

Sponsorship agreements entitle the sponsor to something of value in return for their support. Revenue is recognised when the Society gains control, economic benefits are probable and the amounts can be reliably measured.

#### (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; and other short-term, highly liquid investments with original maturities of three months or less that

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

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 when the related contractual rights or obligations exist, with cost including acquisition and related transaction costs on the trade date. 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 investment 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 and reference to similar instruments.

##### 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 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 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 derecognised 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, 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 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

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

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 are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where inventories are held for distribution or are to be consumed by the Society in providing services or aid at no or nominal charge, they are valued at the lower of cost and replacement cost.

#### Retail inventory

Retail inventory is valued at cost. No value is assigned to donated goods based on the lower of cost and net realisable value principle.

#### Blood inventory

Inventories held for distribution display the following three essential characteristics:

- (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 division incurred in the collection, processing and testing of blood.

The Blood Service distributes in Australia the supply of fractionated plasma products manufactured in Australia and imported finished product. 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.

Inventory at year end includes:

- (i) 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
- (ii) all work in progress held at the Blood Service.

Consumable inventory has been valued at weighted average cost. Fresh product volumes are physically counted and valued as individual units. The value of work in progress is calculated using the average daily quantity supplied during the June period. 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. The carrying value less impairment of trade receivables are assumed to approximate fair value due to their short-term nature.

#### (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 are recorded at historical cost, less any subsequent accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the item. Grant-funded assets are depreciated in accordance with the terms of the funding agreement.

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 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 (including leasehold buildings but excluding freehold land) 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 are reviewed at the end of each annual reporting period.

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

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

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Freehold buildings and renovations	5 - 40	2.5 - 20	40	2.5
Leasehold improvements	Shorter of lease period or useful life		Shorter of lease period or useful life	
Shop fit-outs	Shorter of lease period or useful life		-	-
<b>Plant and equipment:</b>				
Motor vehicles	5	20	4 - 10	10 - 25
Computer equipment	3	33.33	4	25
Plant, furniture, fittings and equipment	5	20	5 - 20	5 - 20

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 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.

#### (k) 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. The following estimated useful lives are used in the calculation of amortisation:

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Intangibles	2 - 10	10 - 50	10	10

#### (l) 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 against the borrowing.

All borrowings are initially recorded at cost, being the fair value of the consideration received net of issue costs associated

with the borrowing. After initial recognition, borrowings are subsequently measured at amortised cost using effective interest rate method. Amortised cost is calculated by taking into account any issue cost and discount premium on settlement.

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

#### (m) 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.

The carrying value of trade payables is assumed to approximate their fair value due to their short-term nature.

#### (n) 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. The future economic benefits of the Society's assets are not primarily dependent on their ability to generate net cash inflows. 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.

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

#### (o) Finance costs

Finance costs are recognised as an expense when incurred.

#### (p) 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.

#### (q) 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 the reporting date. Expected future payments are discounted using corporate bond yields. 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 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:

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

#### (r) 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

# Notes to the financial statements

for the financial year ended 30 June 2016

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of preparation (continued)

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 site restoration requirements on leased properties.

#### **(s) Judgements and estimates**

In the application of the Society's accounting policies, 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:

- (i) future increases in salaries, wages and on costs;
- (ii) experience of employee departures and period of service;
- and
- (iii) flow of anticipated leave

#### **Allowance for doubtful debts**

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

#### **Provision for site restoration**

The provision for the costs of site restoration represents the present value of the 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 restoration costs, a review of leases and future rentals. The unexpired terms of the leases range from one to 40 years.

#### **Property, plant and equipment**

Useful lives 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 of useful lives and residual value in a particular year will affect depreciation and amortisation 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.

#### **(t) 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.

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 3(a) GOVERNMENT GRANTS</b>		
<b>Society</b>		
- Commonwealth (i)	674,541	727,762
- State/Territory (ii)	49,445	65,574
	<b>723,986</b>	<b>793,336</b>
<b>(i) Commonwealth</b>		
- Humanitarian Services	127,022	207,270
- Blood Service	547,519	520,492
	<b>674,541</b>	<b>727,762</b>
<b>(ii) State/Territory</b>		
- Humanitarian Services	27,883	45,498
- Blood Service	21,562	20,076
	<b>49,445</b>	<b>65,574</b>
<b>Total government grants</b>	<b>723,986</b>	<b>793,336</b>
<b>Capital grants</b>		
- Blood Service	55,006	32,404
	<b>55,006</b>	<b>32,404</b>
<b>Non-capital grants</b>		
- Humanitarian Services	154,905	252,768
- Blood Service	514,075	508,164
	<b>668,980</b>	<b>760,932</b>
<b>Total government grants</b>	<b>723,986</b>	<b>793,336</b>
<b>Note 3(b) NON-GOVERNMENT GRANTS</b>		
- Humanitarian Services	4,299	3,474
<b>Total non-government grants</b>	<b>4,299</b>	<b>3,474</b>
<b>Note 3(c) REVENUE FROM RENDERING SERVICES</b>		
- Humanitarian Services	15,413	15,334
<b>Total revenue from rendering services</b>	<b>15,413</b>	<b>15,334</b>



# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 3(d) DONATIONS, BEQUESTS AND SPONSORSHIPS</b>		
<b>Humanitarian Services</b>		
<b>Donations and sponsorships</b>	62,772	65,385
<b>Appeals - international</b>		
Cyclone Pam (Vanuatu) Appeal	59	7,333
Ebola Outbreak Appeal	4	1,500
Nepal Earthquake Appeal	839	12,420
Syria Crisis Appeal	1,455	346
Tropical Cyclone Winston (Fiji) Appeal	4,546	-
Typhoon Haiyan (Phillipines) Appeal	99	141
<b>Bequests</b>	12,594	13,670
<b>Membership fee and fundraising</b>	2,546	1,565
<b>Raffle tickets</b>	4,581	4,433
<b>Total donations, bequests and sponsorships</b>	<b>89,495</b>	<b>106,793</b>

## Note 4(a) INVESTMENT REVENUE

<b>Interest revenue</b>		
Bank deposits - Humanitarian Services	765	1,561
Bank deposits - Blood Service	6,698	8,017
Available-for-sale investments - Humanitarian Services	1,166	993
Dividends from other entities and imputation credit - Humanitarian Services	993	1,466
Dividends from other entities and imputation credit - Blood Service	1,043	-
Other income	460	56
<b>Total investment revenue</b>	<b>11,125</b>	<b>12,093</b>

## Note 4(b) OTHER REVENUE

Blood Service	23,683	11,221
<b>Total other revenue</b>	<b>23,683</b>	<b>11,221</b>

## Note 5 GAINS AND (LOSSES)

<b>Humanitarian Services</b>		
Gains/(losses) on disposal of property, plant and equipment	478	(2,298)
Write off of intangible projects	(1,192)	(3,698)
Gains on disposal of investments	329	1,741
Impairment of available-for-sale financial assets <sup>1</sup>	(324)	-
Foreign exchange (losses)/gains	(50)	53
<b>Blood Service</b>		
Losses on disposal of property, plant and equipment	(411)	(1,102)
Impairment of property, plant and equipment	(11,440)	-
Gains/(losses) on disposal of investments	159	(1)
Impairment of available-for-sale financial assets <sup>1</sup>	(138)	-
Foreign exchange gains	4	38
<b>Total (losses) and gains</b>	<b>(12,585)</b>	<b>(5,267)</b>

<sup>1</sup> Where 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.

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 6 EXPENDITURE</b>		
<b>Employee expenditure</b>		
<b>Wages and salaries</b>		
- Humanitarian Services	140,833	179,369
- Blood Service	266,498	259,884
<b>Post employment benefits</b>		
<b>Defined benefit plans</b>		
- Blood Service	367	594
<b>Defined contribution plans</b>		
- Humanitarian Services	12,213	13,378
- Blood Service	24,427	23,836
<b>Termination benefits</b>		
- Humanitarian Services	1,956	5,094
- Blood Service	1,372	3,013
<b>Total employee expenditure</b>	<b>447,666</b>	<b>485,168</b>
<b>Cost of services, sale of goods and consumables</b>		
<b>Cost of sales</b>		
- Humanitarian Services	3,012	3,541
<b>Cost of rendering training services</b>		
- Humanitarian Services	3,549	3,853
<b>Consumables</b>		
- Blood Service	102,479	98,895
<b>Total cost of services, sale of goods and consumables</b>	<b>109,040</b>	<b>106,289</b>
<b>Depreciation of property, plant and equipment</b>		
- Humanitarian Services	7,234	7,914
- Blood Service	40,944	45,753
<b>Amortisation of intangibles</b>		
- Humanitarian Services	2,296	2,326
- Blood Service	5,297	5,055
<b>Total depreciation of property, plant and equipment and amortisation of intangibles</b>	<b>55,771</b>	<b>61,048</b>
<b>Interest and debt servicing costs</b>		
- Humanitarian Services	1,263	1,206
- Blood Service	5,289	6,041
<b>Total interest and debt servicing costs</b>	<b>6,552</b>	<b>7,247</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 6 EXPENDITURE (CONTINUED)</b>		
<b>Operating expenditure</b>		
<b>Decrease/(increase) in inventory</b>		
- Humanitarian Services	53	51
- Blood Service	(3,413)	571
<b>Impairment of trade receivables</b>		
- Humanitarian Services	(64)	(52)
- Blood Service	36	-
<b>Operating lease rental expenditure - minimum lease payments</b>		
- Humanitarian Services	15,197	24,211
- Blood Service	24,843	22,177
<b>Other expenditure</b>		
- Humanitarian Services		
Partner and call centre expense	17,633	24,618
Occupancy expense	7,200	11,897
Client support costs	12,757	53,835
Travel and accommodation	5,644	7,986
Contribution to other partner societies	14,836	15,978
Telemarketing and advertising	9,438	8,584
Other operational costs	41,699	39,021
- Blood Service		
Overheads	93,612	99,208
Workers compensation costs	2,327	2,349
<b>Total operating expenditure</b>	<b>241,798</b>	<b>310,434</b>
<b>Note 7 TRADE AND OTHER RECEIVABLES</b>		
<b>Trade receivables</b>		
- Humanitarian Services	10,003	9,469
- Blood Service	1,151	2,657
<b>Allowance for doubtful debts</b>		
- Humanitarian Services	(177)	(299)
- Blood Service	(36)	-
<b>Total trade receivables</b>	<b>10,941</b>	<b>11,827</b>
<b>Other receivables</b>		
- Humanitarian Services	11,335	13,435
- Blood Service	1,500	1,354
<b>Goods and services tax receivable</b>		
- Humanitarian Services	5	-
<b>Total trade and other receivables</b>	<b>23,781</b>	<b>26,616</b>
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.		
<b>Ageing of past due but not impaired trade receivables</b>		
<b>Humanitarian Services</b>		
30-60 days	40	118
60-90 days	38	56
90-120 days	25	48
120+ days	111	200
<b>Total past due but not impaired trade receivables</b>	<b>214</b>	<b>422</b>
<b>Blood Service</b>		
30-60 days	29	41
60-90 days	14	25
90-120 days	13	23
120+ days	23	47
<b>Total past due but not impaired trade receivables</b>	<b>79</b>	<b>136</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 7 TRADE AND OTHER RECEIVABLES (CONTINUED)</b>		
<b>Movement in the allowance for doubtful debts</b>		
<b>Humanitarian Services</b>		
<b>Opening balance 1 July</b>	299	702
Impairment losses written back on receivables	(64)	(52)
Amounts written off as uncollectible	(58)	(351)
<b>Closing balance 30 June</b>	<b>177</b>	<b>299</b>
<b>Blood Service</b>		
<b>Opening balance 1 July</b>	-	-
Impairment (losses recognised)/written back on receivables	36	-
<b>Closing balance 30 June</b>	<b>36</b>	<b>-</b>
<b>Ageing of impaired trade receivables</b>		
<b>Humanitarian Services</b>		
0 - 30 days	48	82
30-60 days	4	20
60-90 days	10	9
90-120 days	13	9
120+ days	102	179
<b>Total impaired trade receivables</b>	<b>177</b>	<b>299</b>
<b>Blood Service</b>		
0 - 30 days	-	-
30-60 days	-	-
60-90 days	5	-
90-120 days	10	-
120+ days	21	-
<b>Total impaired trade receivables</b>	<b>36</b>	<b>-</b>
<b>Note 8 INVENTORIES</b>		
<b>Consumables</b>		
- Blood Service	6,796	6,191
<b>Finished goods</b>		
- Humanitarian Services	1,405	990
- Blood Service	15,114	11,733
<b>Work in progress</b>		
- Blood Service	956	924
<b>Total inventories</b>	<b>24,271</b>	<b>19,838</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 9 OTHER FINANCIAL ASSETS

### Available-for-sale financial assets

#### Current

Mortgage backed securities - Humanitarian Services	-	2,766
Term deposits - Humanitarian Services	8,523	7,501
Shares - Humanitarian Services	14,143	14,575
Shares - Blood Service	20,911	7,229

#### Managed funds

Listed managed funds - Humanitarian Services	626	1,006
Unlisted managed funds - Humanitarian Services	9,975	9,236

#### Bonds

Listed bonds - Blood Service	10,940	8,156
Listed bonds - Humanitarian Services	1,385	454
Unlisted bonds - Blood Service	38,809	17,614
Unlisted bonds - Humanitarian Service	5,029	4,571

<b>Total current other financial assets</b>	<b>110,341</b>	<b>73,108</b>
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### 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	Level 2	Level 3	Total
\$'000	\$'000	\$'000	\$'000

### YEAR ENDED 30 JUNE 2016

#### Available-for-sale financial assets

Term deposits	8,523	-	-	8,523
Bonds	12,325	43,838	-	56,163
Shares	35,054	-	-	35,054
Managed funds	626	9,975	-	10,601
<b>Total available-for-sale financial assets</b>	<b>56,528</b>	<b>53,813</b>	<b>-</b>	<b>110,341</b>

### YEAR ENDED 30 JUNE 2015

#### Available-for-sale financial assets

Term deposits	7,501	-	-	7,501
Bonds	8,610	22,185	-	30,795
Shares	21,804	-	-	21,804
Mortgaged backed investments	-	-	2,766	2,766
Managed funds	1,006	9,236	-	10,242
<b>Total available-for-sale financial assets</b>	<b>38,921</b>	<b>31,421</b>	<b>2,766</b>	<b>73,108</b>

There were no transfers between levels during the period.

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 10 PREPAYMENTS

### Current

Prepayments - Humanitarian Services	2,465	3,996
Prepayments - Blood Service	5,106	6,077
<b>Total prepayments</b>	<b>7,571</b>	<b>10,073</b>

Land, buildings and renovations	Shop fit-outs	Plant and equipment	Work in progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000

## Note 11(a) PROPERTY, PLANT AND EQUIPMENT

### YEAR ENDED 30 JUNE 2016

#### Gross carrying amount

##### Balance as at 30 June 2015

- Humanitarian Services	88,182	5,692	23,257	1,492	118,623
- Blood Service	244,382	-	245,022	33,148	522,552
<b>Total gross carrying amount</b>	<b>332,564</b>	<b>5,692</b>	<b>268,279</b>	<b>34,640</b>	<b>641,175</b>

##### Balance as at 30 June 2016

- Humanitarian Services	87,798	5,420	24,553	644	118,415
- Blood Service	262,186	-	251,643	35,875	549,704
<b>Total gross carrying amount</b>	<b>349,984</b>	<b>5,420</b>	<b>276,196</b>	<b>36,519</b>	<b>668,119</b>

#### Accumulated depreciation

##### Balance as at 30 June 2015

- Humanitarian Services	(24,369)	(4,466)	(17,010)	-	(45,845)
- Blood Service	(74,122)	-	(132,595)	-	(206,717)
<b>Total accumulated depreciation</b>	<b>(98,491)</b>	<b>(4,466)</b>	<b>(149,605)</b>	<b>-</b>	<b>(252,562)</b>

##### Balance as at 30 June 2016

- Humanitarian Services	(26,887)	(4,837)	(19,320)	-	(51,044)
- Blood Service	(88,066)	-	(153,199)	-	(241,265)
<b>Total accumulated depreciation</b>	<b>(114,953)</b>	<b>(4,837)</b>	<b>(172,519)</b>	<b>-</b>	<b>(292,309)</b>

<b>Net book value as at 30 June 2015</b>	<b>234,073</b>	<b>1,226</b>	<b>118,674</b>	<b>34,640</b>	<b>388,613</b>
<b>Net book value as at 30 June 2016</b>	<b>235,031</b>	<b>583</b>	<b>103,677</b>	<b>36,519</b>	<b>375,810</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

Land, buildings and renovations	Shop fit-outs	Plant and equipment	Work in progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000

## Note 11(b) PROPERTY, PLANT AND EQUIPMENT

### YEAR ENDED 30 JUNE 2015

#### Gross carrying amount

Balance as at 1 July 2014	324,745	5,573	283,590	21,776	635,684
Additions	709	-	-	44,125	44,834
Disposals	(3,767)	(70)	(35,499)	(7)	(39,343)
Transfers to/(from) work in progress	10,877	189	20,188	(31,254)	-
<b>Balance as at 30 June 2015</b>	<b>332,564</b>	<b>5,692</b>	<b>268,279</b>	<b>34,640</b>	<b>641,175</b>

#### Accumulated depreciation

Balance as at 1 July 2014	(82,767)	(3,757)	(147,905)	-	(234,429)
Depreciation	(17,686)	(751)	(35,230)	-	(53,667)
Disposals	1,962	42	33,530	-	35,534
<b>Balance as at 30 June 2015</b>	<b>(98,491)</b>	<b>(4,466)</b>	<b>(149,605)</b>	<b>-</b>	<b>(252,562)</b>
<b>Net book value as at 30 June 2015</b>	<b>234,073</b>	<b>1,226</b>	<b>118,674</b>	<b>34,640</b>	<b>388,613</b>

### YEAR ENDED 30 JUNE 2016

#### Gross carrying amount

Balance as at 1 July 2015	332,564	5,692	268,279	34,640	641,175
Classification transfer	16	-	(16)	-	-
Transfer to intangible assets	-	-	-	(655)	(655)
Additions	674	1	374	47,252	48,301
Disposals	(1,417)	(400)	(7,445)	-	(9,262)
Transfers to/(from) work in progress	18,147	127	15,004	(33,278)	-
Impairment loss of property, plant and equipment <sup>1</sup>	-	-	-	(11,440)	(11,440)
<b>Balance as at 30 June 2016</b>	<b>349,984</b>	<b>5,420</b>	<b>276,196</b>	<b>36,519</b>	<b>668,119</b>

#### Accumulated depreciation

Balance as at 1 July 2015	(98,491)	(4,466)	(149,605)	-	(252,562)
Classification transfer	(16)	-	16	-	-
Depreciation expense	(17,635)	(722)	(29,821)	-	(48,178)
Disposals	1,189	351	6,891	-	8,431
<b>Balance as at 30 June 2016</b>	<b>(114,953)</b>	<b>(4,837)</b>	<b>(172,519)</b>	<b>-</b>	<b>(292,309)</b>
<b>Net book value as at 30 June 2016</b>	<b>235,031</b>	<b>583</b>	<b>103,677</b>	<b>36,519</b>	<b>375,810</b>

<sup>1</sup> During the year, a review was performed on expenditure related to the Laboratory Information Management Systems (LIMS) project due to the withdrawal of the core product by our software supplier. The Blood Service assessed future economic benefits available and as a result an impairment loss of \$11.44 million was recognised in the profit and loss.

2016	2015
\$'000	\$'000

## Note 12 INTANGIBLE ASSETS

### Carrying amounts of:

Software		
- Humanitarian Services	16,720	18,744
- Blood Service	18,742	14,265
Work in progress		
- Humanitarian Services	967	1,435
- Blood Service	11,329	7,055
<b>Total intangible assets</b>	<b>47,758</b>	<b>41,499</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

Software		Work in progress		Total
Humanitarian Services	Blood Service	Humanitarian Services	Blood Service	
\$'000	\$'000	\$'000	\$'000	\$'000

## Note 12 INTANGIBLE ASSETS (CONTINUED)

### YEAR ENDED 30 JUNE 2015

#### Gross carrying amount

Balance as at 1 July 2014	16,999	36,150	7,802	7,032	67,983
Additions to work in progress	-	-	2,276	6,786	9,062
Disposals/write off	-	(1,150)	(3,751)	-	(4,901)
Transfers to/(from) work in progress	4,892	6,763	(4,892)	(6,763)	-
<b>Balance as at 30 June 2015</b>	<b>21,891</b>	<b>41,763</b>	<b>1,435</b>	<b>7,055</b>	<b>72,144</b>

#### Accumulated amortisation

Balance as at 1 July 2014	(820)	(23,528)	-	-	(24,348)
Amortisation expense	(2,327)	(5,054)	-	-	(7,381)
Disposals	-	1,084	-	-	1,084
<b>Balance as at 30 June 2015</b>	<b>(3,147)</b>	<b>(27,498)</b>	<b>-</b>	<b>-</b>	<b>(30,645)</b>
<b>Net book value as at 30 June 2015</b>	<b>18,744</b>	<b>14,265</b>	<b>1,435</b>	<b>7,055</b>	<b>41,499</b>

### YEAR ENDED 30 JUNE 2016

#### Gross carrying amount

Balance as at 1 July 2015	21,891	41,763	1,435	7,055	72,144
Transfer from property, plant and equipment	-	-	655	-	655
Additions to work in progress	-	-	278	14,051	14,329
Disposals/write off	-	(7)	(1,129)	-	(1,136)
Transfers to/(from) work in progress	272	9,777	(272)	(9,777)	-
<b>Balance as at 30 June 2016</b>	<b>22,163</b>	<b>51,533</b>	<b>967</b>	<b>11,329</b>	<b>85,992</b>

#### Accumulated amortisation

Balance as at 1 July 2015	(3,147)	(27,498)	-	-	(30,645)
Amortisation expense	(2,296)	(5,297)	-	-	(7,593)
Disposals	-	4	-	-	4
<b>Balance as at 30 June 2016</b>	<b>(5,443)</b>	<b>(32,791)</b>	<b>-</b>	<b>-</b>	<b>(38,234)</b>
<b>Net book value as at 30 June 2016</b>	<b>16,720</b>	<b>18,742</b>	<b>967</b>	<b>11,329</b>	<b>47,758</b>



# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 13 TRADE AND OTHER PAYABLES

		2016	2015
	Notes	\$'000	\$'000
<b>Current</b>			
Trade payables			
- Humanitarian Services		10,553	17,687
- Blood Service		21,718	23,664
Accruals and other payables			
- Humanitarian Services		3,226	925
- Blood Service		10,401	13,342
Goods and services tax payable			
- Blood Service		1,551	-
<b>Total trade and other payables</b>		<b>47,449</b>	<b>55,618</b>

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.

## Note 14 BORROWINGS

### Current - unsecured

#### Humanitarian Services

- Bank overdrafts		-	3,786
- Bank loans		-	5,000
- Other loans		-	1,846
<b>Total unsecured current borrowings</b>		<b>-</b>	<b>10,632</b>

### Current - secured

#### Blood Service

- Bank loans (ii)		4,943	4,529
- Finance lease liabilities (i)	23	5,843	5,421

### Non-current - secured

#### Blood Service

- Bank loans (ii)		22,239	27,182
- Finance lease liabilities (i)	23	27,502	33,341

<b>Total secured borrowings</b>		<b>60,527</b>	<b>70,473</b>
<b>TOTAL BORROWINGS</b>		<b>60,527</b>	<b>81,105</b>
Disclosed in the financial statements as:			
Current borrowings		10,786	20,582
Non-current borrowings		49,741	60,523
<b>TOTAL BORROWINGS</b>		<b>60,527</b>	<b>81,105</b>

(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 23.

(ii) In 2011, the Society had entered into a 10-year loan agreement for the value of \$47.50 million to partially fund the building works of the Sydney Processing Centre in Alexandria.

The loan is secured by a fixed charge over the building works and equipment (including fixtures and fittings).

The Blood Service receives special grant funding to cover the loan repayments under this arrangement. The weighted average effective interest rate was 8.63%.

# Notes to the financial statements

for the financial year ended 30 June 2016

		2016	2015
Notes		\$'000	\$'000
<b>Note 14 BORROWINGS (CONTINUED)</b>			
<b>Financing facilities</b>			
<b>Unsecured bank overdraft facility:</b>			
amount used		-	3,786
amount unused		18,000	14,214
<b>Humanitarian Services</b>		<b>18,000</b>	<b>18,000</b>
<b>Secured bank loan facility:</b>			
amount used		27,182	31,711
<b>Blood Service</b>		<b>27,182</b>	<b>31,711</b>
<b>Unsecured cash advance facility:</b>			
amount used		-	5,000
amount unused		25,000	20,000
<b>Humanitarian Services</b>		<b>25,000</b>	<b>25,000</b>
<b>Secured leasing facility:</b>			
amount used	23	33,345	38,762
<b>Blood Service</b>		<b>33,345</b>	<b>38,762</b>
<b>Credit card facility:</b>			
- Humanitarian Services		1,500	1,500
- Blood Service		1,150	2,000
<b>Total credit card facility</b>		<b>2,650</b>	<b>3,500</b>
amount used		645	1,185
amount unused		2,005	2,315
<b>Total credit card facility</b>		<b>2,650</b>	<b>3,500</b>

The Society is not in default of the financing facilities.

## Note 15 PROVISIONS

### Current

#### Employee benefits

- Humanitarian Services		13,133	12,956
- Blood Service		56,216	53,444

#### Site restoration

- Humanitarian Services		2,602	2,190
- Blood Service		365	768

### Non-current

#### Employee benefits

- Humanitarian Services		2,707	2,845
- Blood Service		7,996	7,892

#### Site restoration

- Humanitarian Services		1,812	2,361
- Blood Service		5,298	4,455

<b>Total provisions</b>		<b>90,129</b>	<b>86,911</b>
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Disclosed in the financial statements as:

Current provisions		72,316	69,358
Non-current provisions		17,813	17,553
<b>Total provisions</b>		<b>90,129</b>	<b>86,911</b>

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

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 15 PROVISIONS (CONTINUED)

### Movements in employee benefits provisions

#### Humanitarian Services

Opening balance 1 July	15,801	15,401
Provision recognised during the year	39	400
<b>Closing balance 30 June</b>	<b>15,840</b>	<b>15,801</b>

#### Blood Service

Opening balance 1 July	61,336	61,023
Provision recognised during the year	2,876	313
<b>Closing balance 30 June</b>	<b>64,212</b>	<b>61,336</b>

### Movements in site restoration

#### Humanitarian Services

Opening balance 1 July	4,550	4,451
Provision (utilised)/recognised during the year	(137)	99
<b>Closing balance 30 June</b>	<b>4,413</b>	<b>4,550</b>

#### Blood Service

Opening balance 1 July	5,223	4,975
Provision recognised during the year	440	248
<b>Closing balance 30 June</b>	<b>5,663</b>	<b>5,223</b>

## Note 16 OTHER LIABILITIES

### Current

#### Lease incentive

- Blood Service <sup>1</sup>	735	371
- Humanitarian Services <sup>2</sup>	727	120

#### Government grants refundable

- Blood Service <sup>3</sup>	42,016	28,244
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#### Revenue in advance

- Blood Service <sup>4</sup>	77,508	69,485
- Humanitarian Services	3,185	750

### Non-current

#### Lease incentive

- Blood Service	4,285	3,360
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<b>Total other liabilities</b>	<b>128,456</b>	<b>102,330</b>
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### Disclosed in the financial statements as:

Current other liabilities	124,171	98,970
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Non-current other liabilities	4,285	3,360
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<b>Total other liabilities</b>	<b>128,456</b>	<b>102,330</b>
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<sup>1</sup> Lease incentives for the Blood Service are in relation to 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.

<sup>2</sup> Lease incentives for Humanitarian Services are in relation to the Humanitarian Services entering into a 10-year operating lease for the principal site at Casuarina, Northern Territory. 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.

<sup>3</sup> Government grants refundable relate to the expected return of funds to the NBA for surpluses in the reported period.

<sup>4</sup> Output funding net cash advance relates to the working capital advance received from the NBA upon commencement of the Output Based Funding Model from 1 July 2011, less June 2016 revenue not received until July 2016.

Revenue in advance also includes funds received relating to reciprocal grants, in accordance with the Blood Service revenue recognition policy, it is deferred until services are performed or conditions fulfilled. In the current reporting period, the Blood Service deferred \$6.46 million (2015: \$1.04 million) of funds received from the Australian Organ and Tissue Donation and Transplantation Authority for the design, build and implementation of an Australian Organ Matching system.

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 17 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 68078003497) (AFSL 383558) 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 defined contribution plans, is a final average (3 years) 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 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 the 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 2016 by Mr Jeff Humphries, Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD). No material adjustment was undertaken as at 30 June 2016 for Humanitarian Services.

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 2016 by Mr Jeff Humphries, Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD) and 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.

# Notes to the financial statements

for the financial year ended 30 June 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)</b>			
<b>Principal actuarial assumptions:</b>			
<b>Humanitarian Services:</b>			
Discount rate		3.32%	3.54%
Expected rate of salary increases		3.00%	5.00%
Anticipated rate of return on plan assets		6.40%	7.00%
<b>Blood Service:</b>			
Discount rate		3.30%	4.30%
Expected rate of salary increases		3.00%	4.00%
Anticipated rate of return on plan assets		6.40%	6.80%
<b>Amounts recognised in the statement of profit or loss and other comprehensive income:</b>			
Current service cost		932	1,006
Net interest cost		62	233
<b>Components of defined benefit costs recognised in profit or loss</b>		<b>994</b>	<b>1,239</b>
<b>Remeasurement on the net defined benefit liability:</b>			
Return on plan assets (excluding amounts included in net interest expense)		476	(1,052)
Actuarial gains arising from changes in demographic assumption		(4)	-
Actuarial losses and (gains) arising from changes in financial assumption		1,334	(1,846)
Actuarial gains arising from experience adjustments		(525)	(2,766)
<b>Components of defined benefit gain recognised in other comprehensive income</b>		<b>1,281</b>	<b>(5,664)</b>
<b>Contributions by plan participants (employer and members) in profit or loss</b>		<b>-</b>	<b>-</b>
<b>Total defined benefits costs/(gains)</b>		<b>2,275</b>	<b>(4,425)</b>
The current service cost and the net interest expense for the year are included in staff expenditure in the statement of profit or loss and other comprehensive income. The remeasurement of the net defined benefit liability is included in other comprehensive income.			
<b>Amounts recognised in the statement of financial position:</b>			
Present value of funded obligations (a)	17(a)	21,820	21,104
Fair value of plan assets (b)	17(b)	(18,474)	(19,406)
<b>Net liability arising from defined benefit plan obligation</b>		<b>3,346</b>	<b>1,698</b>
<b>Net liability in the statement of financial position split between:</b>			
- Humanitarian Services		65	65
- Blood Service		3,281	1,633
<b>Net liability arising from defined benefit plan obligation</b>		<b>3,346</b>	<b>1,698</b>
<b>(a) Reconciliation of movement in the present value of the defined benefit obligations in the current year were as follows:</b>			
Balance at beginning of the year		21,104	26,733
Current service cost		932	1,006
Interest on obligation		858	897
<b>Remeasurement (gains)/losses</b>			
- Actuarial gains arising from changes in demographic assumptions		(4)	-
- Actuarial losses and (gains) arising from changes in financial assumptions		1,334	(1,846)
- Actuarial gains arising from experience adjustments		(525)	(2,766)
Benefits paid (including expenses and taxes)		(1,879)	(2,920)
<b>Balance at end of the year</b>		<b>21,820</b>	<b>21,104</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

(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	19,406	19,965
Interest income	796	664
<b>Remeasurement (gains)/losses</b>		
- Return on plan asset (excluding amounts included in net interest expense)	(476)	1,052
Contributions by the employer	587	599
Contributions from plan participants	40	46
Benefits paid (including expenses and taxes)	(1,879)	(2,920)
<b>Balance at end of the year</b>	<b>18,474</b>	<b>19,406</b>

The fair value of the plan assets at the end of the reporting period for each category are as follows:

Australian equities	4,794	4,085
International equities	4,683	5,324
Property	1,672	1,530
Australian fixed interest	2,374	1,921
International fixed interest	775	164
Cash	2,402	1,535
Other	1,774	4,847
<b>Balance at end of the year</b>	<b>18,474</b>	<b>19,406</b>

2016	2016	2015	2015
Humanitarian Services	Blood Service	Humanitarian Services	Blood Service
%	%	%	%

Other disclosures:

The percentage contribution of each majority category of total plan assets comprises:

Australian equities	28.2%	23.7%	24.7%	21.6%
International equities	25.9%	24.8%	23.6%	28.1%
Property	7.7%	10.4%	6.2%	8.1%
Australian fixed interest	17.8%	7.9%	14.7%	10.2%
International fixed interest	7.0%	1.4%	7.5%	0.9%
Cash	13.4%	12.6%	6.1%	8.1%
Other	0.0%	19.2%	17.2%	23.1%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

### 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 occurring at the end of the 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 \$0.80 million (2015: \$0.68 million).

- If the expected salary growth increases/(decreases) by 0.5%, the defined benefit obligation would increase/(decrease) by \$0.46 million (2015: \$0.42 million).

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years other than the change in the bond rate used to calculate the employee liability obligations.

### 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 assessed at least every three years following the release of the triennial actuarial review. Following completion of the last review as at 30 June 2015, the Blood Service had sufficient assets to cover its liabilities, and no adjustments to funding have occurred. The Blood Service reviews its funding positions annually with funding arrangements adjusted as appropriate. 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 2016 is 9.91 years (2015: 8.72 years). This number can be analysed as follows:

- active members: 9.59 years (2015: 7.94 years);
- retired members: 11.50 years (2015: 12.20 years)

The Blood Service expects to make a contribution of \$0.55 million to the defined benefit plans during the next financial year.

	2016	2015
	\$'000	\$'000
<b>Historic summary</b>		
Defined benefit plan obligations	21,820	21,104
Plan assets	(18,474)	(19,406)
<b>Deficit</b>	<b>3,346</b>	<b>1,698</b>
<b>Actual return on assets</b>	<b>(476)</b>	<b>1,052</b>
<b>Cumulative amount recognised in the other comprehensive income</b>		
<b>Cumulative amount of actuarial losses</b>	<b>5,220</b>	<b>3,939</b>
<b>Expected contributions and funding arrangements</b>		
<b>Expected employer contributions at 30 June</b>	<b>553</b>	<b>544</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

Humanitarian Services	Blood Service			Total
Investment revaluation reserve (i)	Special reserve (ii)	Capital reserve (iii)	Investment revaluation reserve (i)	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

## Note 18 RESERVES

### YEAR ENDED 30 JUNE 2015

Balance as at 1 July 2014	3,215	57,973	64,867	-	126,055
Net (loss) arising on revaluation	(894)	-	-	(338)	(1,232)
Transfers to/(from) reserves to/(from) accumulated funds	-	723	(14,344)	-	(13,621)
<b>Balance as at 30 June 2015</b>	<b>2,321</b>	<b>58,696</b>	<b>50,523</b>	<b>(338)</b>	<b>111,202</b>
<b>YEAR ENDED 30 JUNE 2016</b>					
Balance as at 1 July 2015	2,321	58,696	50,523	(338)	111,202
Net (loss) arising on revaluation <sup>1</sup>	(1,008)	-	-	(1,238)	(2,246)
Transfers to reserves from accumulated funds	-	6,816	5,064	-	11,880
<b>Balance as at 30 June 2016</b>	<b>1,313</b>	<b>65,512</b>	<b>55,587</b>	<b>(1,576)</b>	<b>120,836</b>

(i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised net of any permanent impairment identified and reserved to the profit or loss.

(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 Government (NBA) funded reserves which include the Output Based Funding Model (OBFM) risk reserve (2016: \$5.44 million, 2015: \$5.27 million), corporate risk reserve (2016: \$30.24 million, 2015: \$29.31 million) and unallocated prior year surpluses (2016: \$6.55 million, 2015: \$6.52 million). The remainder of the balance consists of state government and other externally funded reserves.

The \$6.82 million movement (2015: \$0.72 million) comprises partly of (i) allocation of funds to the corporate risk reserve including interest earned (2016: \$0.94 million, 2015: \$5.62 million); (ii) allocation of additional R&D funding of \$0.36 million (2015: \$0.30 million); (iv) allocation of surplus funds as agreed with the NBA to a special reserve of \$5.00 million.

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

<sup>1</sup>Net loss arising on revaluation includes actual realised gain from disposal of investments of \$0.46 million (Humanitarian Services) and \$0.16 million (Blood Service).



# Notes to the financial statements

for the financial year ended 30 June 2016

Humanitarian Services			
Domestic appeals	International projects	Domestic programs	Total
\$ '000	\$ '000	\$ '000	\$ '000

## Note 19 SPECIFIC PURPOSE FUNDS

### YEAR ENDED 30 JUNE 2015

Balance as at 1 July 2014	2,178	27,543	17,794	47,515
Transfers (to)/from accumulated funds	(1,592)	5,370	665	4,443
<b>Balance as at 30 June 2015</b>	<b>586</b>	<b>32,913</b>	<b>18,459</b>	<b>51,958</b>

### YEAR ENDED 30 JUNE 2016

Balance as at 1 July 2015	586	32,913	18,459	51,958
Transfers (to)/from accumulated funds	(586)	(3,694)	(7,622)	(11,902)
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>29,219</b>	<b>10,837</b>	<b>40,056</b>

Specific purpose funds are unspent tied funds carried forward for the purpose of spending on specific activities or programs in the future.

	2016	2015
Notes	\$'000	\$'000

## Note 20 ACCUMULATED FUNDS

### Society

Balance at beginning of financial year		310,065	303,965
Surplus/(deficit) for the financial year		20,620	(8,742)
Actuarial (loss)/gain on defined benefit superannuation plans	17	(1,281)	5,664
Transfers from/(to) specific purpose funds	19	11,902	(4,443)
Transfers to special reserve	18	(6,816)	(723)
Transfers to other reserves	18	(5,064)	14,344
<b>Balance at end of financial year</b>		<b>329,426</b>	<b>310,065</b>

### Humanitarian Services

Balance at beginning of financial year		94,581	99,131
Deficit for the financial year		(3,981)	(107)
Transfers from/(to) specific purpose funds	19	11,902	(4,443)
<b>Balance at end of financial year</b>		<b>102,502</b>	<b>94,581</b>

### Blood Service

Balance at beginning of financial year		215,484	204,834
Surplus/(deficit) for the financial year		24,601	(8,635)
Actuarial (loss)/gain on defined benefit superannuation plans	17	(1,281)	5,664
Transfers to special reserve	18	(6,816)	(723)
Transfers (to)/from other reserves	18	(5,064)	14,344
<b>Balance at end of financial year</b>		<b>226,924</b>	<b>215,484</b>

# Notes to the financial statements

for the financial year ended 30 June 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Note 21 CASH AND CASH EQUIVALENTS</b>			
<b>21(a) Reconciliation of cash and cash equivalents</b>			
Cash			
- Humanitarian Services		31,955	42,277
- Blood Service		347	384
Term deposits			
- Humanitarian Services		5,000	-
- Blood Service		193,391	198,479
<b>Total cash and cash equivalents</b>		<b>230,693</b>	<b>241,140</b>
Bank overdrafts			
- Humanitarian Services		-	(3,786)
<b>Net cash and cash equivalents</b>		<b>230,693</b>	<b>237,354</b>
<b>21(b) Reconciliation of surplus/(deficit) for the year to cash flows from operating activities</b>			
Net surplus/(deficit)		20,620	(8,742)
Depreciation and amortisation of non-current assets	6	55,771	61,048
Impairment of property, plant and equipment	5	11,440	-
Impairment of available-for-sale financial assets	5	462	-
Net foreign currency (gains)	5	46	(91)
Gains on disposal of investments	5	(488)	(1,740)
Loss on disposal of property, plant and equipment and intangibles	5	1,125	7,098
Investment interest recognised in profit or loss		(8,629)	(10,627)
Dividends recognised in profit or loss		(2,036)	(1,466)
<b>Changes in assets and liabilities</b>			
Decrease in trade and other receivables		2,835	14,524
(Increase)/decrease in inventory		(4,433)	1,102
Decrease/(increase) in prepayments		2,502	(1,351)
Increase/(decrease) in trade, other payables and other liabilities		502	(30,283)
Increase in prepaid government funds		14,398	9,547
Increase/(decrease) in revenue in advance		3,042	(90,053)
Increase in provisions		3,218	1,060
Components of defined benefit recognised in profit or loss		367	594
<b>Net cash provided by/(used in) operating activities</b>		<b>100,742</b>	<b>(49,380)</b>
<b>21(c) Non-cash transactions</b>			
During the current year, Humanitarian Services had non-cash transactions of \$0.61 million which are not reflected in the statement of cash flow. This includes motor vehicles \$0.38 million and site restorations \$0.28 million.			

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 22 COMMITMENTS

### Capital commitments

Capital 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	97	121
Not longer than 1 year - Blood Service	9,314	13,707
<b>Total capital commitments</b>	<b>9,411</b>	<b>13,828</b>
<b>TOTAL COMMITMENTS</b>	<b>9,411</b>	<b>13,828</b>

Humanitarian Services commitment for 2016 includes buildings (\$26 thousand) and general & shop fitouts (\$71 thousand).

Blood Service commitment for 2016 includes \$3.20 million relating to premises related activities, \$2.89 million relating to DonorConnect and the Donor Relationship Management project, with the balance committed to various other business initiatives.

Minimum future lease payments		Present value of minimum future lease payments	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000

## Note 23 LEASES

### Finance lease liabilities

#### Blood Service

Not later than 1 year	8,168	8,168	5,843	5,422
Later than 1 year and not later than 5 years	29,535	32,822	25,504	26,813
Later than 5 years	2,035	6,915	1,998	6,527
<b>Minimum future lease payments</b>	<b>39,738</b>	<b>47,905</b>	<b>33,345</b>	<b>38,762</b>
Less future finance charges	(6,393)	(9,143)	-	-
<b>Total lease liabilities</b>	<b>33,345</b>	<b>38,762</b>	<b>33,345</b>	<b>38,762</b>

Included in financial statements as:

Current borrowings		5,843	5,421
Non-current borrowings		27,502	33,341
<b>Present value of minimum lease payments</b>		<b>33,345</b>	<b>38,762</b>

The Blood Service leases various equipment and fit-outs under finance leases. These expire within three to ten years and have a carrying value of \$33.35 million (2015: \$38.76 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 \$32.47 million 10-year finance lease with a financial institution. As at 30 June 2016, the residual balance of this facility was \$11.92 million (2015: \$14.30 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 \$33.50 million 10-year finance lease. As at 30 June 2016, the residual balance of this facility was \$21.43 million (2015: \$24.47 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 Program contained within the Deed of Agreement between the Blood Service and NBA.

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 23 LEASES (CONTINUED)</b>		
<b>Non-cancellable operating lease commitments</b>		
<b>Society</b>		
Not longer than 1 year	33,071	33,095
Longer than 1 year and not longer than 5 years	91,128	82,774
Longer than 5 years	99,704	103,650
	<b>223,903</b>	<b>219,519</b>
<b>Humanitarian Services</b>		
Not longer than 1 year	10,234	10,855
Longer than 1 year and not longer than 5 years	21,318	15,607
Longer than 5 years	5,217	10,846
	<b>36,769</b>	<b>37,308</b>
<b>Blood Service</b>		
Not longer than 1 year	22,837	22,240
Longer than 1 year and not longer than 5 years	69,810	67,167
Longer than 5 years	94,487	92,804
	<b>187,134</b>	<b>182,211</b>

Blood Service commitments for non-cancellable operating leases will be funded by the National Blood Authority (NBA) from the Main Operating Program contained within the Deed of Agreement between the Blood Service and NBA. In 2016 the Blood Service undertook a review of the methodology used to determine the commitments for minimum lease payments in relation to non-cancellable operating leases. As a result, the prior year's amount of \$200.05 million has been restated.

## Note 24 CONTINGENT ASSETS AND LIABILITIES

### 24.1 Contingent assets

A claim has been made with the freight provider for shipments of plasma that had been transported outside of temperature specifications. The plasma was not accepted by CSL Limited, and therefore the Blood Service is in negotiations with the freight provider and their insurance company to recover the related product costs of \$0.85 million. If this avenue fails, other alternatives for recovery remain available and Blood Service management are confident of recovery of the loss via one of these alternatives.

### 24.2 Contingent liabilities

There is a potential for claims to arise from viral/bacterial infections or blood-borne diseases 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 2016 was \$0.19 million (2015: \$0.17 million). The Board is satisfied the guarantees will not be called upon and therefore no liability has been recorded in the statement of financial position.

There are no other contingent liabilities or events identified which would be expected to have a material impact on the financial statements in the future.

# Notes to the financial statements

for the financial year ended 30 June 2016

	2016	2015
	\$'000	\$'000
<b>Note 25 FINANCIAL INSTRUMENTS</b>		
<b>(a) Categories of financial instruments</b>		
<b>Society</b>		
<b>Financial assets</b>		
Cash and cash equivalents	230,693	241,140
Trade and other receivables	23,781	26,616
Available-for-sale financial assets	110,341	73,108
<b>Financial liabilities</b>		
Trade and other payables	47,449	55,618
Interest-bearing loans and borrowings	60,527	81,105
<b>Humanitarian Services</b>		
<b>Financial assets</b>		
Cash and cash equivalents	36,955	42,277
Trade and other receivables	21,166	22,605
Available-for-sale financial assets	39,681	40,109
<b>Financial liabilities</b>		
Trade and other payables	13,779	18,612
Interest bearing loans and borrowings	-	10,632
<b>Blood Service</b>		
<b>Financial assets</b>		
Cash and cash equivalents	193,738	198,863
Trade and other receivables	2,615	4,011
Available-for-sale financial assets	70,660	32,999
<b>Financial liabilities</b>		
Trade and other payables	33,670	37,006
Interest bearing loans and borrowings	60,527	70,473

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

## (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 by its investment portfolio managers to adjust its portfolio in relation to risk exposure and diversification.

The Chief Financial Officer, Humanitarian Services, is responsible for the treasury risk management under the policies approved by the Board.

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, Blood Service, who is 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.

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 25 FINANCIAL INSTRUMENTS (CONTINUED)

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

	Foreign currency	AUD	Foreign currency	AUD
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
<b>Cash</b>				
US dollar	152	199	561	912
Swiss franc	-	-	140	196
Phillippine peso	-	-	6,184	178
Indonesian rupiah	-	-	87,502	9
Papua New Guinean kina	-	-	168	80
Burmese kyat	-	-	62,122	72
Solomon Islander dollar	-	-	399	66
Tongan pa'anga	-	-	66	41
Chinese yuan renminbi	-	-	185	39
Nepalese rupee	-	-	2,570	33
Euro & other currencies	-	-	19	28
Vietnamese dong	-	-	280,614	17
Ni-Vanuatu vatu	-	-	236	3
		<b>199</b>		<b>1,674</b>

### Foreign currency sensitivity analysis

The Society is mainly exposed to movements in exchange rates relating to US dollars, Swiss francs and Phillippine pesos.

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.

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$'000	\$'000

## Note 25 FINANCIAL INSTRUMENTS (CONTINUED)

### Profit or loss

US dollar	20	91
Swiss franc	-	20
Phillippine peso	-	18
Indonesian rupiah	-	1
Other currencies	-	38

### (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 income borrowings. The Society accepts the risk as normal in relation to fixed interest financial assets, as they are held to generate investment income 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.

	Carrying amount	- 50 basis points	- 50 basis points	+ 100 basis points	+ 100 basis points
		Surplus/(deficit)	Equity	Surplus/(deficit)	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and cash equivalents	230,693	(1,154)	(1,154)	2,307	2,307
Available-for-sale investment	110,341	(552)	(552)	1,103	1,103
<b>Financial liabilities</b>					
Bank loans - fixed interest rate	27,182	-	-	-	-
Finance leases	33,345	-	-	-	-
<b>Total increase/(decrease)</b>	<b>401,561</b>	<b>(1,706)</b>	<b>(1,706)</b>	<b>3,410</b>	<b>3,410</b>

Sensitivity analysis does not apply to bank loans with fixed interest rate.

### (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.

### 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 2016 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 2016 would have increased/decreased by \$0.50 million (2015: \$1.09 million) as a result of the change in the fair value of available-for-sale Australian equities.

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

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 25 FINANCIAL INSTRUMENTS (CONTINUED)

### (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 at 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 to 3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>YEAR ENDED 30 JUNE 2016</b>							
Non-interest bearing	-	111,255	42,139	551	3,194	1,091	158,230
Finance lease liability	7.60%	470	950	4,423	25,504	1,998	33,345
Bank loan liability	8.63%	386	806	3,751	22,239	-	27,182
		<b>112,111</b>	<b>43,895</b>	<b>8,725</b>	<b>50,937</b>	<b>3,089</b>	<b>218,757</b>

<b>YEAR ENDED 30 JUNE 2015</b>							
Non-interest bearing	-	106,643	28,306	278	1,464	1,896	138,587
Finance lease liability	7.58%	437	882	4,103	26,813	6,527	38,762
Bank loan liability	7.09%	5,359	733	3,437	22,600	4,582	36,711
		<b>112,439</b>	<b>29,921</b>	<b>7,818</b>	<b>50,877</b>	<b>13,005</b>	<b>214,060</b>

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 to 3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>YEAR ENDED 30 JUNE 2016</b>							
Non-interest bearing	-	28,710	-	-	-	-	28,710
Fixed interest rate instruments	3.12%	-	178,000	7,767	45,176	10,219	241,162
Variable interest rate instruments	1.85%	8,738	-	-	-	-	8,738
		<b>37,448</b>	<b>178,000</b>	<b>7,767</b>	<b>45,176</b>	<b>10,219</b>	<b>278,610</b>
<b>YEAR ENDED 30 JUNE 2015</b>							
Non-interest bearing	-	17,321	-	-	-	-	17,321
Fixed interest rate instruments	3.09%	-	185,000	2,034	28,407	354	215,795
Variable interest rate instruments	2.04%	13,863	-	-	-	-	13,863
		<b>31,184</b>	<b>185,000</b>	<b>2,034</b>	<b>28,407</b>	<b>354</b>	<b>246,979</b>



# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 26 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period.

## Note 27 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. The current Deed between the NBA and Blood Service relates to the period 1 July 2016 to 30 June 2025.

## Note 28 KEY MANAGEMENT PERSONNEL

The members of the Australian Red Cross Society Board provide their services on a voluntary basis and receive no payment other than reimbursement for reasonable travel and other expenses incurred in connection with their roles. The Blood Service Board comprises executive and non-executive members who are remunerated. Members of the Society Board who also serve as a member of the Blood Service Board or a Blood Service committee are remunerated by the Blood Service.

Details of the remuneration of Board Members and Senior Leadership Team are outlined in the following tables. The following includes payments for short-term employee benefits, post-employment benefits, long-term employee benefits and termination benefits:

	Short-term employee benefits	Post-employment benefits	Long-term employee benefits	Termination benefits	Total
	Salaries and fees	Superannuation contributions	Long service leave		
	\$	\$	\$	\$	\$
<b>Society</b>					
<b>YEAR ENDED 30 JUNE 2016</b>					
Total compensation	7,830,763	579,344	32,452	437,956	8,880,515
<b>YEAR ENDED 30 JUNE 2015</b>					
Total compensation	8,252,185	637,920	(8,514)	403,908	9,285,499
<b>Humanitarian Services</b>					
<b>YEAR ENDED 30 JUNE 2016</b>					
Total compensation	4,024,763	304,344	90,452	437,956	4,857,515
<b>YEAR ENDED 30 JUNE 2015</b>					
Total compensation	4,453,185	362,920	105,486	403,908	5,325,499
<b>Blood Service</b>					
<b>YEAR ENDED 30 JUNE 2016</b>					
Total compensation	3,806,000	275,000	(58,000)	-	4,023,000
<b>YEAR ENDED 30 JUNE 2015</b>					
Total compensation	3,799,000	275,000	(114,000)	-	3,960,000

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.

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 28 KEY MANAGEMENT PERSONNEL (CONTINUED)

### Board Members

#### SOCIETY

**Mr Michael Legge** (President)  
**Mr Ross Pinney** (Deputy President)  
**Ms Jan West AM** (Chair of Audit and Risk Committee)  
**Ms Dianne Buckles**  
**Mr Charles Burkitt**  
**Mr John Dorrian**  
**The Hon Dr David Hamill AM**  
**Ms Lyndal Herbert**  
**Ms Anne Macarthur OAM**  
**Mr John MacLennan** (to October 2015)  
**Mr John Pinney AM**  
**Ms Margaret Piper AM**  
**Ms Pearl Li**  
**Ms Sue Vardon AO**  
**Mr Sam Wong AM**  
**Mr Sam Hardjono** (from October 2015)  
**Mr James Birch AM** (from February 2016)

#### BLOOD SERVICE

**Mr James Birch AM** (Chair from February 2016)  
**The Hon Dr David Hamill AM** (Chair to January 2016)  
**Ms Shelly Park** (Chief Executive from March 2016)  
**Ms Jennifer Williams** (Chief Executive to March 2016)  
**Mr Nigel Ampherlaw**  
**Mr Adrian Bootes** (to May 2016)  
**Ms Sandhya Chakravarty** (to June 2016)  
**Ms Hannah Crawford**  
**Ms Jenni Mack**  
**Associate Professor Larry McNicol**  
**Mr Ross Pinney**  
**Prof John Zalcborg OAM**

# Notes to the financial statements

for the financial year ended 30 June 2016

## Note 28 KEY MANAGEMENT PERSONNEL (CONTINUED)

### Senior Leadership Team

#### HUMANITARIAN SERVICES

##### Executive Team

**Ms Judy Slatyer** - Chief Executive Officer  
(from February 2016)

**Ms Jennifer Williams** - Interim Chief Executive Officer  
(from August 2015 to February 2016)

**Mr Robert Tickner** - Chief Executive Officer  
(to August 2015)

**Mr Cameron Power** - Acting Chief Financial Officer  
(from June 2016)

**Ms Sandhya Chakravarty** - Chief Financial Officer  
(to June 2016)

**Mr Michael Raper** - Director, Services and International Operations (to February 2016)

**Mr Noel Clement** - Director, Australian Services

**Ms Veronica Frost** - Chief Information Officer

**Ms Jennifer Gibb** - Director Marketing, Fundraising and Communications

**Ms Kerry McGrath** - Director, Community Programs

**Mr Chris Steinfort** - Director, Human Resources

**Mr Peter Walton** - Director, International Programs

**Mr Chris Wheatley** - Director, Strategy and Performance  
(from October 2015)

**Dr Phoebe Wynn-Pope** - Director, International Humanitarian Law and Movement Relations

##### Leadership Team\*

**Mr Peter Antal** - Acting Executive Director Northern Territory  
(from May 2016)

**Ms Leisa Bourne** - Acting Executive Director Queensland  
(from June 2016)

**Ms Jody Broun** - Executive Director New South Wales

**Dr Ian Burke** - Director, Commercial Operations  
(to July 2015)

**Ms Sandra Cannon** - Executive Director Northern Territory  
(to May 2016)

**Ms Helen Connolly** - Executive Director South Australia

**Ms Wenda Donaldson** - Executive Director ACT/SE NSW

**Ms Penny Harrison** - Executive Director Victoria

**Mr Steve Joske CSC** - Executive Director Western Australia

**Mr Kevin Keffe** - Executive Director Queensland  
(to June 2016)

**Mr Andrew Kenyon** - Acting Executive Director Northern Territory (from June 2016)

**Ms Barbara Livesey** - Head of Stakeholder Engagement and Strategic Growth

**Mr Bruce Moore** - General Counsel

**Mr Russell Penman** - Executive Director Tasmania

**Mr Tom Scarborough** - Director, Commercial Operations  
(from August 2015)

#### BLOOD SERVICE

**Ms Jennifer Williams** - Chief Executive Officer  
(to March 2016)

**Ms Shelly Park** - Chief Executive Officer  
(from March 2016)

**Mr John Brown** - Executive Director, Finance

**Ms Jacqui Caulfield** - Executive Director, Manufacturing

**Mr Mark Gardiner** - Executive Director, Information Services  
(to April 2016)

**Ms Anne Heyes** - Executive Director, Human Resources

**Mr Peter McDonald** - Executive Director, Strategy and Quality

**Dr Joanne Pink** - Executive Director, Clinical Services and Research

**Ms Janine Wilson** - Executive Director, Donor Services

\*In January 2016, there was a change to the leadership structure of Humanitarian Services. Under the new leadership structure, only the Executive Team is included in key management personnel.

# Notes to the financial statements

for the financial year ended 30 June 2016

2016	2015
\$	\$

## Note 29 AUDITORS' REMUNERATION

### Auditor of Australian Red Cross

Audit of financial report	344,000	337,000
Audit of acquittals in relation to specific purpose grants	117,740	132,510
Other non-audit services	92,000	100,000
<b>Total auditor's remuneration</b>	<b>553,740</b>	<b>569,510</b>

Other non-audit services relate to professional fees for Oracle E-Business software support (\$0.06 million) and consulting fees for the Supplier Relationship Management framework (\$0.04 million).

## Note 30 RELATED PARTY DISCLOSURES

### (a) Board Members

The Board Members are disclosed in note 28.

### (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 Services 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 \$1.05 million (2015: \$1.23 million) were 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 2016, an aggregate of \$1.50 million (2015: \$1.27 million) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period.

## 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 Australian Charities and Not-for-profits Commission Act 2012, including compliance with Australian Accounting Standards, and give a true and fair view of the financial position and performance of the Society; and the ACFID financial statements comply with the ACFID Code of Conduct; and
- (c) the Board has been given signed declarations by the Chief Executive Officer and the Acting Chief Financial Officer regarding the integrity of the financial statements and that the Society's risk management, and internal compliance and control systems are 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**

Sydney

22 October 2016

# Financial statements in compliance with ACFID Code of Conduct



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 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](http://acfid.asn.au/code-of-conduct/complaints), or for further information on the ACFID Code please see ACFID website [acfid.asn.au](http://acfid.asn.au). No complaints were made against Australian Red Cross within this financial year.

The financial statements below conform 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 6-42 of this full financial report, also available at [redcross.org.au/files/Financials\\_2016.pdf](http://redcross.org.au/files/Financials_2016.pdf).

## Income statement

for the financial year ended 30 June 2016

	Humanitarian Services	Society	Humanitarian Services	Society
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>				
Donations and gifts <sup>1</sup>	76,901	76,901	93,123	93,123
Legacies and bequests	12,594	12,594	13,670	13,670
Grants				
- Department of Foreign Affairs and Trade	24,358	24,358	23,735	23,735
- other Australian	129,062	698,143	229,497	770,065
- other overseas	5,784	5,784	3,010	3,010
Investment income	3,384	11,125	4,076	12,093
Other income <sup>2</sup>	41,444	65,127	39,794	51,015
<b>Total revenue</b>	<b>293,527</b>	<b>894,032</b>	<b>406,905</b>	<b>966,711</b>
<b>EXPENDITURE</b>				
International aid and development programs expenditure				
- funds to international programs	41,728	41,728	42,995	42,995
- program support costs	3,428	3,428	4,364	4,364
- community education <sup>3</sup>	1,561	1,561	1,465	1,465
Domestic programs				
- Blood Service	-	575,904	-	568,441
- Migration support	51,413	51,413	158,619	158,619
- Social inclusion	38,929	38,929	37,917	37,917
- Locational disadvantage	37,296	37,296	34,317	34,317
- Disaster and emergency services	10,186	10,186	10,759	10,759
- Aboriginal & Torres Strait Islander programs	7,700	7,700	8,660	8,660
- Emergency appeals	349	349	1,379	1,379
- Other	4,867	4,867	4,928	4,928
Fundraising costs <sup>4</sup>				
- Public, government, multilateral and private	24,204	24,204	26,425	26,425
Retail and commercial activities	37,122	37,122	38,006	38,006
Accountability and administration <sup>5</sup>	38,725	38,725	37,178	37,178
<b>Total expenditure</b>	<b>297,508</b>	<b>873,412</b>	<b>407,012</b>	<b>975,453</b>
<b>(Deficiency)/excess of revenue over expenditure from continuing operations</b>	<b>(3,981)</b>	<b>20,620</b>	<b>(107)</b>	<b>(8,742)</b>

Figures for the 2015 financial year have been restated due to (i) grant funds returned being netted off to government grant income which were previously included under government grant income expenditure (ii) re-mapping of expenses related directly to programs which were previously included under administration.

<sup>1</sup>During the financial year nil (2015:nil) 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 this income statement. There has been no non-monetary expenditure included in the income statement.

<sup>2</sup>Other income includes revenue from retail activities and training services.

<sup>3</sup>Expenditure incurred for international humanitarian law is included in community education as per ACFID guidelines.

<sup>4</sup>Fundraising costs include both international and domestic programs. There have been no costs incurred for government, multilateral and private fundraising.

<sup>5</sup>Accountability and administration costs include internal expenses relating to finance, human resources, information technology, marketing and program administration. They also include a one-off cost of \$1.2 million relating to an information technology transformation investment.

During the financial year there were no transactions (2015:nil) in the international political or religious adherence promotion program category.

# Statement of financial position

as at 30 June 2016



	Humanitarian Services	Society	Humanitarian Services	Society
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	36,955	230,693	42,277	241,140
Trade and other receivables	16,392	23,781	19,062	26,616
Inventories	1,405	24,271	990	19,838
Other financial assets	39,681	110,341	40,109	73,108
Other	2,465	7,571	3,996	10,073
<b>Total current assets</b>	<b>96,898</b>	<b>396,657</b>	<b>106,434</b>	<b>370,775</b>
<b>Non-current assets</b>				
Property, plant and equipment	67,371	375,810	72,778	388,613
Intangible assets	17,687	47,758	20,179	41,499
<b>Total non-current assets</b>	<b>85,058</b>	<b>423,568</b>	<b>92,957</b>	<b>430,112</b>
<b>Total assets</b>	<b>181,956</b>	<b>820,225</b>	<b>199,391</b>	<b>800,887</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13,854	47,449	18,612	55,618
Borrowings	-	10,786	10,632	20,582
Provisions	15,735	72,316	15,146	69,358
Other	3,912	124,171	870	98,970
<b>Total current liabilities</b>	<b>33,501</b>	<b>254,722</b>	<b>45,260</b>	<b>244,528</b>
<b>Non-current liabilities</b>				
Borrowings	-	49,741	-	60,523
Provisions	4,519	17,813	5,206	17,553
Defined benefit superannuation plans	65	3,346	65	1,698
Other	-	4,285	-	3,360
<b>Total non-current liabilities</b>	<b>4,584</b>	<b>75,185</b>	<b>5,271</b>	<b>83,134</b>
<b>Total liabilities</b>	<b>38,085</b>	<b>329,907</b>	<b>50,531</b>	<b>327,662</b>
<b>NET ASSETS</b>	<b>143,871</b>	<b>490,318</b>	<b>148,860</b>	<b>473,225</b>
<b>EQUITY</b>				
Reserves	1,313	120,836	2,321	111,202
Specific purpose funds	40,056	40,056	51,958	51,958
Accumulated funds	102,502	329,426	94,581	310,065
<b>TOTAL EQUITY</b>	<b>143,871</b>	<b>490,318</b>	<b>148,860</b>	<b>473,225</b>

# Statement of cash flows

for the financial year ended 30 June 2016



	Humanitarian Services	Society	Humanitarian Services	Society
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Receipts from donors, government and other sources	296,005	948,046	327,666	934,578
Payments to suppliers and employees	(289,400)	(840,752)	(420,036)	(976,711)
Interest and other costs of finance paid	(1,263)	(6,552)	(1,206)	(7,247)
<b>Net cash provided by/(used in) operating activities</b>	<b>5,342</b>	<b>100,742</b>	<b>(93,576)</b>	<b>(49,380)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant, equipment and intangibles	(2,284)	(62,021)	(5,710)	(53,434)
Proceeds from disposal of property, plant and equipment	159	450	237	444
Net payments for purchase of investment securities	(575)	(39,453)	(22,753)	(56,091)
Dividends received	737	1,780	1,044	1,044
Interest received	1,931	8,629	2,554	10,627
<b>Net cash used in investing activities</b>	<b>(32)</b>	<b>(90,615)</b>	<b>(24,628)</b>	<b>(97,410)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1,500	1,500	10,461	10,461
Repayment of borrowings	(8,346)	(18,292)	(3,615)	(12,809)
<b>Net cash (used in)/provided by financing activities</b>	<b>(6,846)</b>	<b>(16,792)</b>	<b>6,846</b>	<b>(2,348)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,536)</b>	<b>(6,665)</b>	<b>(111,358)</b>	<b>(149,138)</b>
Cash and cash equivalents at the beginning of the financial year	38,491	237,354	149,974	386,579
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	4	(125)	(87)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>36,955</b>	<b>230,693</b>	<b>38,491</b>	<b>237,354</b>



# Table of cash movements for designated purposes



for the financial year ended 30 June 2016

	Cash available at beginning of year	Cash raised during year	Cash disbursed during year	Cash transfer	Cash available at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Designated purpose</b>					
DFAT - Australian Aid Program	10,878	26,091	(25,477)	(1,027)	10,465
Pakistan flood response appeal	470	-	(470)	-	-
Humanitarian blood projects	388	20	(136)	(245)	27
Typhoon Haiyan appeal	2,974	1,446	(2,286)	375	2,509
Syria appeal	142	1,389	(1,174)	38	395
Ebola appeal	124	294	(111)	(155)	151
Nepal earthquake appeal	7,688	1,036	(4,656)	1,378	5,447
Cyclone Pam (Vanuatu) appeal	3,802	64	(1,824)	314	2,356
Tropical Cyclone Winston 2016 appeal	-	4,477	(1,944)	(938)	1,595
<b>Total cash for designated purposes</b>	<b>26,466</b>	<b>34,817</b>	<b>(38,078)</b>	<b>(260)</b>	<b>22,945</b>
<b>Total cash for other non-designated purposes</b>	<b>210,888</b>	<b>925,588</b>	<b>(928,988)</b>	<b>260</b>	<b>207,748</b>
<b>TOTAL</b>	<b>237,354</b>	<b>960,405</b>	<b>(967,066)</b>	<b>-</b>	<b>230,693</b>

## Statement of changes in equity

for the financial year ended 30 June 2016

	Humanitarian Services			Blood Service				Society
	Accumulated funds	Specific purpose funds	Investment revaluation reserve	Accumulated funds	Special reserve	Capital reserve	Investment revaluation reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Year ended 30 June 2015</b>								
Balance as at 1 July 2014	99,131	47,515	3,215	204,834	57,973	64,867	-	477,535
Deficit for the year	(107)	-	-	(8,635)	-	-	-	(8,742)
Other comprehensive surplus/(deficit) for the year	-	-	(894)	5,664	-	-	(338)	4,432
Transfers to/(from) specific purpose funds	(4,443)	4,443	-	-	-	-	-	-
Transfers to/(from) other reserves	-	-	-	13,621	723	(14,344)	-	-
<b>Balance as at 30 June 2015</b>	<b>94,581</b>	<b>51,958</b>	<b>2,321</b>	<b>215,484</b>	<b>58,696</b>	<b>50,523</b>	<b>(338)</b>	<b>473,225</b>
<b>Year ended 30 June 2016</b>								
Net (deficit)/surplus for the year	(3,981)	-	-	24,601	-	-	-	20,620
Other comprehensive deficit for the year	-	-	(1,008)	(1,281)	-	-	(1,238)	(3,527)
Transfers to/(from) specific purpose funds	11,902	(11,902)	-	-	-	-	-	-
Transfers to/(from) other reserves	-	-	-	(11,880)	6,816	5,064	-	-
<b>Balance as at 30 June 2016</b>	<b>102,502</b>	<b>40,056</b>	<b>1,313</b>	<b>226,924</b>	<b>65,512</b>	<b>55,587</b>	<b>(1,576)</b>	<b>490,318</b>

The Board Members  
The Australian Red Cross Society  
155 Pelham Street  
CARLTON VIC 3053

22 October 2016

Dear Board Members,

### The Australian Red Cross Society

In accordance with the Division 60 of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the board members of The Australian Red Cross Society.

As lead audit partner for the audit of the financial statements of The Australian Red Cross Society for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



Rachel Smith  
Partner  
Chartered Accountants

## 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 2016, 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 statement of financial position, ACFID statement of cash flows, ACFID table of cash movements for designated purposes, other explanatory information, and the Board Member's declaration as set out on pages 3 to 47.

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 (Cth)* (the ACNC Act) and the ACFID Code of Conduct and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that 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 risk 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 and fair presentation of the financial report 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.

### *Opinion*

In our opinion the financial report of the Australian Red Cross Society is in accordance with Division 60 of the ACNC Act, including:

- (i) giving a true and fair view of the Australian Red Cross Society's financial position as at 30 June 2016 and of its performance and cash flows for the year ended on that date; and
- (ii) complying with the Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the ACFID Code of Conduct.

  
DELOITTE TOUCHE TOHMATSU

  
Rachel Smith  
Partner  
Chartered Accountants  
Melbourne, 22 October 2016

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T 1800 811 700 (free call)  
F 1800 855 240  
E [contactus@redcross.org.au](mailto:contactus@redcross.org.au)


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