

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

ABN 63 008 488 097

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

**The Returned & Services League of Australia Limited
(A Company Limited By Guarantee)
ABN 63 008 488 097**

DIRECTORS REPORT

Your directors present this report on the company for the financial year ended 31 December 2018.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Directors (1 January to 31 December 2018)

Name	Position Held	Experience
R Dick	Chairman/National President	5 years, 2 months
P Aspinall	Director	2 years, 11 months
J Brown	Director	6 months
S Cameron CSC – to 28 May 2018	Director	2 years, 11 months
C Cates - to 16 July 2018	Director	7 months
B Horan – from 16 July 2018	Director	5 months
J King	Director/Interim Chairman	1 year, 9 months
T Roe – to 11 November 2018	Director	2 years
R Webster OAM	Director	1 year, 10 months
A Ferris – from 6 November 2018	Director	2 months
M Annett CSC	Alternate Director	7 months
J Davidson	Alternate Director	7 months
G Leitch	Alternate Director	1 year 7 months
J McCourt	Alternate Director	4 months
C Cates – from 16 July 2018	Alternate Director	5 months
RT Whitelaw – from 29 January to 16 July 2018	Alternate Director	7 months
D Prytulak – to 2 August 2018	Alternate Director	8 months
J Strachan – to 22 June 2018	Alternate Director	6 months

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Nick Mowat

Company Secretary (14 September 2018 to 31 December 2018)

DIRECTORS REPORT

Principal Activities

The principal activity of the company during the financial year were:

- The continued care and welfare of ex-service personnel;
- Representing the views and opinions of its members to governments, to the public generally and to organisations with interests similar to those of the RSL;
- Provision of representation before statutory Boards and Tribunals;
- The liaison with overseas ex-service organisations; and
- Overseeing the conditions of service of serving personnel in the Australian Defence Force.

No significant changes in the nature of the company's activities occurred during the financial year.

Operating Results

The deficit of the company for the year amounted to \$267,558 (2017 surplus: \$65,750).

Review of Operations

A review of operations of the company during the financial year indicated that there have been no significant changes to operations of the entity during the financial year.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs during the financial year.

After Balance Date Events

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

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends Paid or Recommended and Options

In accordance with the company's Constitution, the company is limited by guarantee and accordingly no shares or options have been issued. No dividends are paid by the company.

DIRECTORS REPORT

Indemnifying Officers or Auditor

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company against a liability incurred as a director to the extent permitted by the *Corporations Act 2001*.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

Meetings of Directors

During the financial year, seven meetings of directors were held. Attendance by each director were as follows:

Directors' Meetings		
	Number of meetings eligible to attend	Number of meetings attended
Directors –		
R Dick	4	4
P Aspinall	7	5
J Brown	3	3
S Cameron CSC	7	3
C Cates	3	3
B Horan	4	4
J King	7	7
T Roe	6	6
R Webster OAM	7	6
A Ferris	1	1
M Annett CSC	1	1
J Davidson	1	1
G Leitch	1	1
J McCourt	2	2
C Cates	NIL	NIL
RT Whitelaw	NIL	NIL
D Prytulak	NIL	NIL
J Strachan	NIL	NIL

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS REPORT

Australian Charities and Not-for-profits Commission Direction

In February 2018, the Australian Charities and Not-for-profits Commission (ACNC) directed the company to select a governance expert to:


- Undertake a Board review;
- Undertake a Governance review; and
- Prepare a written plan, in consultation with the company, to outline an action plan based on the findings from the Board and Governance reviews.

The company subsequently engaged KPMG to conduct the Board and Governance review and to prepare an action plan to remediate any issues. The company agreed to adopt the action plan and the ACNC agreed that the action plan was appropriate. The Company has commenced implementing each of the steps set out in the action plan.

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 31 December 2018 has been received and can be found on page 7 of the Financial Report.

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

Director


Dated this 18th day of September 2019.

RESPONSIBLE PERSONS' DECLARATION

The responsible persons' declare that in their opinion:

1. The financial statements and notes, as set out on pages 8 to 26:
 - (a) comply with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Accounting Standards as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the entity;
2. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director

Dated this 18th day of September 2019.



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Professional Standards Legislation

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 60.40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

AccountAbility

Anthony Wilson
Registered Company Auditor
Canberra, ACT
18 September 2019

The Returned & Services League of Australia Limited
(A Company Limited By Guarantee)
ABN 63 008 488 097

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
Revenue	2	1,205,038	1,648,784
Other revenue	3	-	219,105
Realised gain on held for sale securities		44,038	-
Employee benefits expense		(617,476)	(602,068)
Depreciation and amortisation	9	(42,653)	(14,584)
Administration expenses		(44,807)	(57,727)
Forensic examination expenses		-	(216,233)
Occupancy		(131,539)	(149,637)
Meeting and conference		(207,997)	(112,460)
Insurance		(6,263)	(13,317)
Legal		(71,290)	(5,185)
Accounting and audit		(41,422)	(34,526)
POW Grassroots Program		-	(12,962)
Welfare and disaster		-	(234,428)
Provision for doubtful debts or written off		(182,780)	(45,198)
Fund expenses		(39,471)	(54,502)
National President		(26,575)	(79,476)
Other expenses		(104,361)	(169,834)
		(267,558)	65,750
(Deficit)/surplus for the year			
Income tax expense		-	-
(Deficit)/surplus from continuing operations		(267,558)	65,750
Other comprehensive income			
Transfer of fund retained earnings		-	7,878,696
Total comprehensive income for the year		(267,558)	7,944,446

The accompanying notes form part of these financial statements

The Returned & Services League of Australia Limited
(A Company Limited By Guarantee)
ABN 63 008 488 097

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	NOTE	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	865,144	4,288,634
Trade and other receivables	6	309,618	260,947
Inventories		41	42
Other financial assets	7	7,564,135	4,414,277
Other current assets	8	<u>314,420</u>	<u>336,835</u>
TOTAL CURRENT ASSETS		9,053,358	9,300,735
NON-CURRENT ASSETS			
Property, plant and equipment	9	<u>67,681</u>	<u>87,333</u>
TOTAL NON-CURRENT ASSETS		67,681	87,333
TOTAL ASSETS		<u>9,121,039</u>	<u>9,388,068</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	57,815	37,673
Other financial liabilities		-	-
Provisions	11	<u>46,285</u>	<u>65,898</u>
TOTAL CURRENT LIABILITIES		104,100	103,571
NON-CURRENT LIABILITIES			
Iskia contracts	20	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		<u>104,100</u>	<u>103,571</u>
NET ASSETS		<u>9,016,939</u>	<u>9,284,497</u>
EQUITY			
Retained earnings		8,901,416	9,168,974
Reserves		115,523	115,523
TOTAL EQUITY		<u>9,016,939</u>	<u>9,284,497</u>

The accompanying notes form part of these financial statements

The Returned & Services League of Australia Limited
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Retained Earnings	Asset Replacement Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2017	1,224,528	40,869	74,654	1,340,051
Surplus from continuing operations	65,751	-	-	65,751
Other comprehensive income	7,878,696	-	-	7,878,696
Balance at 31 December 2017	<u>9,168,974</u>	<u>40,869</u>	<u>74,654</u>	<u>9,284,497</u>
Surplus from continuing operations	(267,558)	-	-	(267,558)
Other comprehensive income	-	-	-	-
Balance at 31 December 2018	<u>8,901,416</u>	<u>40,869</u>	<u>74,654</u>	<u>9,016,939</u>

The accompanying notes form part of these financial statements

**The Returned & Services League of Australia Limited
(A Company Limited By Guarantee)
ABN 63 008 488 097**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	NOTE	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		984,903	998,328
Payments to suppliers and employees		(1,451,036)	(1,912,805)
Interest received		215,502	355,849
		<hr/>	<hr/>
Net cash generated by/(used in) operating activities	12	(250,631)	(558,628)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of financial assets		(3,149,858)	-
Proceeds from sale of property, plant and equipment		-	21,708
Purchase of property, plant and equipment		(23,001)	-
Transfers of fund investments		-	3,963,317
		<hr/>	<hr/>
Net cash generated by/(used in) investing activities		(3,172,859)	3,985,025
<i>Net increase/(decrease) in cash held</i>		(3,423,490)	3,426,397
Cash at beginning of the financial year		4,288,634	862,237
Cash at end of the financial year	5	<hr/> <u>865,144</u>	<hr/> <u>4,288,634</u>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for The Returned & Services League of Australia Limited as an individual entity, incorporated and domiciled in Australia. The Returned & Services League of Australia Limited is a company limited by guarantee.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards-Reduced Disclosure Requirements set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards-Reduced Disclosure Requirements ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

Accounting Policies

(a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Donations and bequests are recognised as revenue when received. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(b) Capitation

The company has an ongoing agreement with the State and Territory Chapters in regard to capitation revenue. Capitation revenue is recognised on notification from the States and Territories as to the number of new memberships, or membership renewals, for a financial period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Taxation

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(e) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair values as indicated, less, where applicable, any accumulated depreciation and impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same classes of assets shall be recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to the statement of comprehensive income.

As the revalued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets is depreciated on a declining-balance method basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Class of Fixed Asset	Depreciation Rate
Buildings and fitout	2.5% - 5.0%
Furniture and fittings	11.5% - 20.0%
Plant and equipment	20.0% - 33.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a diminishing-balance basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they occur.

(i) Financial Instruments

For the purposes of disclosure of financial assets and financial liabilities, such as marketable securities or other tradeable instruments, these are recognised when the entity becomes a party to the contractual provisions to the security or instrument. In the instance of an acquisition of listed shares, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity.

(h) Financial Instruments (Continued)

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(vi) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of noncash assets or liabilities assumed, is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the company estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

(j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Refer also Note 20.

(k) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated in to the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment of receivables and property, plant and equipment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets, covering both receivables and property, plant and equipment.

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

Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impact of new accounting standards applicable from 1 January 2018

The Directors have assessed that the impact of new accounting standards that came into effect from 1 January 2018 and future years, have not had or are unlikely to have a material impact on the company's financial statements. These standards include:

- *AASB 9 - Financial Instruments;*
- *AASB 15 - Revenue from Contracts with Customers; and*
- *AASB 16 – Leases.*

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
NOTE 2. REVENUE		
Revenue from continuing operations		
<i>Services revenue</i>		
Capitation fees	718,423	794,905
Business development	-	7,953
POW Grassroots Program	-	77,948
Administration fees	25,945	46,073
	744,368	956,879
<i>Finance income</i>		
Held to maturity income & other interest received	153,564	342,708
Interest received from Fund investments	61,938	15,140
Dividends	73,767	-
Gain on investments	44,038	-
	333,307	357,848
<i>Other revenue</i>		
Royalties	7,473	4,656
Modern Baking	149,785	186,547
Pooling recoveries	(11,386)	144,709
Other trading revenue	25,229	22,339
	171,401	
Total revenue from continuing operations	<u>1,205,038</u>	<u>1,648,784</u>
NOTE 3. OTHER INCOME		
Reimbursement for motor vehicle	-	24,940
Donations	-	125,000
Other	-	69,165
	<u>-</u>	<u>219,105</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Short Term Benefits	Total
	\$	\$
2018 Total compensation	235,581	235,581
2017 Total compensation	198,255	198,255
	2018 \$	2017 \$

NOTE 5. CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	865,144	4,288,634
	<u>865,144</u>	<u>4,288,634</u>

NOTE 6. TRADE AND OTHER RECEIVABLES

Trade receivables (gross)	417,714	203,013
<i>Less: Provision for doubtful debts</i>	(182,780)	-
Trade receivables (net)	224,934	203,013
Other receivables	47,371	37,196
Accrued revenue	37,314	20,738
	<u>309,618</u>	<u>260,947</u>

NOTE 7. FINANCIAL ASSETS

CURRENT		
<i>Held to maturity financial assets</i>		
Term deposits	7,564,135	4,414,277
	<u>7,564,135</u>	<u>4,414,277</u>

NOTE 8. OTHER CURRENT ASSETS

Prepayments		
- Other prepaid expenses	11,254	33,669
- Deposit for lease	31,250	31,250
- Deposits for property acquisition	271,916	271,916
	<u>314,420</u>	<u>336,835</u>

The Returned & Services League of Australia Limited
(A Company Limited By Guarantee)
ABN 63 008 488 097

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 9. PROPERTY PLANT AND EQUIPMENT

	Computer hardware	Furnishings	Motor vehicles	Office equipment	Plaques	Works in progress	TOTAL
As at 1 January 2018							
Gross book value	104,663	65,146	37,808	190,742	11,877	10,000	420,236
Accumulated depreciation	(102,323)	(50,792)	(12,062)	(157,945)	(9,781)	-	(332,903)
TOTAL as at 1 January 2018	2,340	14,354	25,746	32,797	2,096	10,000	87,333
Additions	3,911	-	-	8,340	-	10,750	23,001
Depreciation	6,251	9,000	6,402	20,000	1,000	-	42,653
Impairment recognised	-	-	-	-	-	-	-
TOTAL as at 31 December 2018	-	5,354	19,344	21,137	1,096	20,750	67,681
Total as at 31 December 2018 represented by:							
Gross book value	108,574	65,146	37,808	199,082	11,877	20,750	443,237
Accumulated depreciation	(108,574)	(59,792)	(18,464)	(177,945)	(10,781)	-	(375,556)
TOTAL as at 31 December 2018	-	5,354	19,344	21,137	1,096	20,750	67,681

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
NOTE 10. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors and accruals	53,728	24,608
Other payables	4,087	16,063
	<u>57,815</u>	<u>37,671</u>
NOTE 11. PROVISIONS		
Analysis of total provision		
	Annual Leave	Long Service Leave
Provisions		
Opening balance as at 1/1/2018	31,825	34,073
Net movement in balance	(9,337)	(10,277)
	<u>22,488</u>	<u>23,796</u>
Balance as at 31/12/2018		
Current	22,488	23,796
Non-Current	-	-
	<u>22,488</u>	<u>23,796</u>
	2018	2017
	\$	\$
NOTE 12. CASH FLOW RECONCILIATION		
<i>Cash as per:</i>		
Statement of financial position	5 865,144	4,288,634
Statement of cash flows	<u>865,144</u>	<u>4,288,634</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2018
\$

NOTE 12. CASH FLOW RECONCILIATION (continued)

*Reconciliation of surplus for the year to net cash
provided by / (used in) operating activities*

(Deficit)/Surplus for the year	<u>(267,558)</u>
<i>Adjustments for non-cash items</i>	
Depreciation	42,653
Unrealised gain/loss on investments	-
Adjustment to carrying value of PP&E	-
Gain/loss on disposal of PP&E	-
<i>Movements in assets and liabilities</i>	
Decrease/(increase) in receivables	(48,671)
Decrease/(increase) in prepayments/other assets	22,415
Increase/(decrease) in creditors and borrowings	20,144
Increase/(decrease) in employee provisions	(19,614)
	<u>(250,631)</u>

NOTE 13. EVENTS AFTER THE BALANCE DATE

There have been no events subsequent to the reporting date which require disclosure in the financial statements.

NOTE 14. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or assets as at 31 December 2018 which require disclosure in the financial statements.

NOTE 15. RELATED PARTY TRANSACTIONS

During the financial year the directors did not receive any benefits other than reimbursement of travel expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 16. CAPITAL MANAGEMENT

The Board control the capital of the company to ensure that adequate cash flows are generated to fund operations. The Board is responsible for the overall risk management strategy.

The company's capital consists of financial liabilities, supported by financial assets.

The Board effectively manage the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The company does not have a formal policy on capital management and gearing ratios.

NOTE 17. MEMBERS' GUARANTEE

The company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2018 the number of members was 7 (2017: 7).

NOTE 18. COMMITMENTS OF CAPITAL

At the reporting date the company had commitments of capital for the acquisition and fitout of new commercial premises. These commitments are:

- | | |
|--|------------------|
| • Acquisition of Constitution Avenue (Iskia) | \$2,952,743; and |
| • Fitout of property | \$500,000. |

Refer also Note 20 Prior Period Adjustments.

The company has no other commitments of capital.

NOTE 19. COMPANY DETAILS

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

The Returned & Services League of Australia Limited
7-9 Geelong Street
Fyshwick ACT 2609.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 20. PRIOR PERIOD ADJUSTMENTS

In the preparation of the 2018 financial statements, adjustments have been made to previously reported balances:

1. Derecognition of assets and liabilities associated with the purchase of commercial property – assets and liabilities had been recognised in regards to the company’s acquisition and fitout of commercial property on Constitution Avenue. Given the stage in construction of the property the amounts have been de-recognised and have been treated as commitments of capital in accordance with AASB137 – *Provisions, Contingent Liabilities and Contingent Assets and Statement of Accounting Concepts 4*.
2. Recognition of fund retained earnings – in 2017 the retained earning balances for six funds were transferred into the company. A seventh fund balance, Australian Forces Overseas Fund, should have also been transferred.

Adjustments have been made to the 2017 balances for this financial report in accordance with AASB108 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

The adjustments to the 2017 balances are shown below:

	As reported in 2017 financial statements	Adjustments	Adjusted Balance
<i>Derecognition of assets and liabilities associated with the purchase of commercial property</i>			
Capital works in progress			
- Constitution Avenue	2,962,743	(2,952,743)	10,000
- Fit-out	500,000	(500,000)	-
Iskia Contracts			
- Constitution Avenue	2,952,743	(2,952,743)	-
- Fit-out	500,000	(500,000)	-
<i>Recognition of fund retained earnings</i>			
Cash and cash equivalents	4,248,741	39,892	4,288,633
Other financial assets	4,089,854	324,423	4,414,277
Transfer in retained earnings - Australian Forces Overseas Fund	-	364,315	364,315
Other comprehensive income for the year	7,513,278	364,315	7,878,694
Retained earnings – 31 December 2017	8,803,557	365,417	9,168,974



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of The Returned & Services League of Australia Limited, which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by Responsible Person.

In my opinion the financial report of The Returned & Services League of Australia Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of The Returned & Services League of Australia Limited in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the *Code*) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the *Code*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis my opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in external reports prepared by The Returned & Services League of Australia Limited and made available to members and the public, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of Directors' for the Financial Report

The directors' of The Returned & Services League of Australia Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors' determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors' are responsible for assessing The Returned & Services League of Australia Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intends to liquidate The Returned & Services League of Australia Limited or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing The Returned & Services League of Australia Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Returned & Services League of Australia Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Returned & Services League of Australia Limited.
- Conclude on the appropriateness of The Returned & Services League of Australia Limited use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Returned & Services League of Australia Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause The Returned & Services League of Australia Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with The Returned & Services League of Australia Limited regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including when considered necessary any significant deficiencies in internal control that I identify during my audit.

AccountAbility



Anthony Wilson
Registered Company Auditor
Canberra, ACT
18 September 2019