

# **The Returned & Services League of Australia Limited**

ABN 63 008 488 097

## **Financial Statements**

For the Year Ended 31 December 2017

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

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For the Year Ended 31 December 2017

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# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Directors' Report

31 December 2017

The directors present their report on The Returned & Services League of Australia Limited for the financial year ended 31 December 2017.

### General information

#### Directors

The names of the directors in office at any time during or since the end of the year are:

<b>Names</b>	<b>Position</b>	<b>Experience</b>
R White AM RFD	Director/National President	2 years, 1 month
R Dick	Director/A/g Nat. Pres/Nat. President	4 years, 7 months
P Aspinall	National Director	1 year, 6 months
J Brown	National Director	6 months
S Cameron CSC	National Director	2 year, 6 months
P Eveille	National Director	3 years, 7 months
J Haines AM	National Director	9 months
T Hanna AM	National Director	5 years
B Horan	National Director	1 month
J King	National Director	10 months
D J McLachlan AO	National Director	14 years, 8 months
T Roe	National Director	1 year, 1 month
R Webster OAM	National Director	10 months

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

#### Significant changes in state of affairs

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

#### Principal activities and significant changes in nature of activities

The principal activities of The Returned & Services League of Australia Limited 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;
- the provision of representation before statutory Boards and Tribunals;
- the liaison with overseas ex-service organisations; and
- overseeing the condition of service of serving personnel in the Australian Defence Force.

#### Operating results

The profit of the Company amounted to \$ 65,750 (2016: \$ (245,526)).

# **The Returned & Services League of Australia Limited**

ABN 63 008 488 097

## **Directors' Report**

**31 December 2017**

### **Other items**

#### **Significant events - Gifts to the former National President**

At the 2017 Annual General Meeting held in September 2017, concerns were raised by members in regard to gifts made to the former National President of The Returned & Services League of Australia Limited. In October 2017, the Australian Charities and Not for Profits Commission (ACNC) issued a request for information to The Returned & Services League of Australia Limited in regard to the events concerning the gifting decision. In December 2017, representatives of the ACNC met with the Board and the CEO to discuss the gifting matter and other governance matters. As a result of that meeting, the ACNC advised that they were considering directing the Charity to appoint a governance expert. In December 2017, the Directors advised that they had received full financial restitution for the total value of the gifts previously provided to the National President and that a new by law was in development specifically relating to the giving and receiving of gifts.

#### **Events after the reporting date**

##### **Australian Charities and Not-for-profits Commission direction**

In February 2018, the Australian Charities and Not-for-profits Commission (ACNC) directed The Returned & Services League of Australia Ltd to select a Governance Expert to:

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

The Returned & Services League of Australia Ltd subsequently engaged KPMG to conduct the governance review and to prepare a Report, in order to assist The Returned & Services League of Australia Ltd to remediate a number of internal governance issues. The Returned & Services League of Australia Ltd has received the KPMG report and is considering the recommendations in order for it to comply with the ACNC directives. The Returned & Services League of Australia Ltd is required to comply with the ongoing operational requirements as set out in the ACNC Direction.

##### **Ernst & Young Forensic investigation 2009-2014**

In July 2018 the Board of Directors resolved to appoint Ernst & Young to conduct a forensic investigation for the 2009 – 2014 years. As at the date of this report, the outcome of the investigation is not yet known.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

# The Returned & Services League of Australia Limited

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## Directors' Report

31 December 2017

### Meetings of directors

During the financial year, 7 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
S Cameron CSC	7	5
T Hanna AM	5	2
D J McLachlan AO	2	2
R Dick	7	6
R White AM RFD	2	-
P Eveille	2	2
P Aspinall	7	6
J Haines AM	4	1
J Brown	3	2
B Horan	1	1
J King	5	5
T Roe	7	7
R Webster OAM	5	5

### Indemnification and insurance of officers and auditors

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.

### Auditor's independence declaration

The 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 2017 has been received and can be found on page 4 of the financial report.

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

Director: .....



Director: .....



Dated this ..... day of ..... 2019

30th May

**The Returned & Services League of Australia Limited**

ABN 63 008 488 097

**Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Responsible Persons 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 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Vincent's Audit Pty Ltd**



**Phillip W Miller CA  
Director**

**Dated in Canberra on: 17 June 2019**

# The Returned & Services League of Australia Limited

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## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
Revenue	4 1,648,784	1,622,719
Other income	4(a) 219,105	77,295
Employee benefits expense	(602,113)	(785,793)
Depreciation and amortisation expense	(14,584)	(29,259)
Administration expenses	(58,750)	(112,801)
Forensic investigation expenses	(216,233)	(128,198)
Occupancy expenses	(149,638)	(126,410)
Meeting and conference expenses	(112,460)	(112,501)
Insurance	(13,317)	(21,232)
Legal expenses	(5,185)	(107,109)
Accounting and audit fees	(34,526)	(15,346)
POW Grassroots program expenses	(12,962)	-
Welfare and disaster expenses	(234,428)	-
Other expenses	5 (347,942)	(506,893)
<b>Profit before income tax</b>	<b>65,751</b>	<b>(245,528)</b>
Income tax expense	-	-
<b>Profit from continuing operations</b>	<b>65,751</b>	<b>(245,528)</b>
<b>Profit for the year</b>	<b>65,751</b>	<b>(245,528)</b>
<b>Other comprehensive income, net of income tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Transfer in retained earnings - Bastiaan Fund	29,985	-
Transfer in retained earnings - Jubilee Fund	436,624	-
Transfer in retained earnings - Tait & May Hayman Fund	5,292	-
Transfer in retained earnings - Mountbatten Fund	102,064	-
Transfer in retained earnings - Welfare and Disaster Fund	257,871	-
Transfer in retained earnings ISKIA Fund	6,681,442	-
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>		
<b>Other comprehensive income for the year, net of tax</b>	<b>7,513,278</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>7,579,029</b>	<b>(245,528)</b>

The accompanying notes form part of these financial statements.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Statement of Financial Position As At 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	4,248,741	862,237
Trade and other receivables	7	596,682	154,577
Inventories	8	41	41
Other financial assets	9	4,089,854	500,000
TOTAL CURRENT ASSETS		<u>8,935,318</u>	<u>1,516,855</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,540,076	116,703
TOTAL NON-CURRENT ASSETS		<u>3,540,076</u>	<u>116,703</u>
TOTAL ASSETS		<u>12,475,394</u>	<u>1,633,558</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	37,673	190,717
Employee benefits	14	65,898	33,625
Other financial liabilities	13	-	69,165
TOTAL CURRENT LIABILITIES		<u>103,571</u>	<u>293,507</u>
NON-CURRENT LIABILITIES			
Iskia contracts	12	3,452,743	-
TOTAL NON-CURRENT LIABILITIES		<u>3,452,743</u>	<u>-</u>
TOTAL LIABILITIES		<u>3,556,314</u>	<u>293,507</u>
NET ASSETS		<u>8,919,080</u>	<u>1,340,051</u>
<b>EQUITY</b>			
Reserves		115,523	115,523
Retained earnings		8,803,557	1,224,528
TOTAL EQUITY		<u>8,919,080</u>	<u>1,340,051</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 2017

2017

	Retained Earnings	Asset Revaluation Reserve	Asset Replacement Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>1,224,528</b>	<b>74,654</b>	<b>40,869</b>	<b>1,340,051</b>
Profit attributable to members of the entity	65,751	-	-	65,751
<b>Transactions with owners in their capacity as owners</b>				
Total other comprehensive income for the period	7,513,278	-	-	7,513,278
<b>Balance at 31 December 2017</b>	<b>8,803,557</b>	<b>74,654</b>	<b>40,869</b>	<b>8,919,080</b>

2016

	Retained Earnings	Asset Revaluation Reserve	Asset Replacement Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	1,470,054	74,654	40,869	1,585,577
Profit attributable to members of the entity	(245,526)	-	-	(245,526)
<b>Balance at 31 December 2016</b>	<b>1,224,528</b>	<b>74,654</b>	<b>40,869</b>	<b>1,340,051</b>

The accompanying notes form part of these financial statements.

# The Returned & Services League of Australia Limited

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## Statement of Cash Flows For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	998,328	1,789,021
Payments to suppliers and employees	(1,912,805)	(1,969,182)
Interest received	355,849	68,069
Net cash provided by/(used in) operating activities	<u>(558,628)</u>	<u>(112,092)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	21,708	19,203
Purchase of property, plant and equipment	-	(34,545)
Transfers in of fund investments	3,923,424	-
Net cash provided by/(used in) investing activities	<u>3,945,132</u>	<u>(15,342)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase/(decrease) in cash and cash equivalents held	3,386,504	(127,434)
Cash and cash equivalents at beginning of year	862,237	989,671
Cash and cash equivalents at end of financial year	6 <u>4,248,741</u>	<u>862,237</u>

The accompanying notes form part of these financial statements.

# The Returned & Services League of Australia Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2017

The financial report covers The Returned & Services League of Australia Limited as an individual entity. The Returned & Services League of Australia Limited is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 31 December 2017 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;
- the provision of representation before statutory Boards and Tribunals;
- the liaison with overseas ex-service organisations; and
- overseeing the condition of service of serving personnel in the Australian Defence Force.

The functional and presentation currency of The Returned & Services League of Australia Limited is Australian dollars.

The financial report was authorised for issue by those charged with governance on the date of signing.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

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

#### (b) Leases

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.

#### (c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 2 Summary of Significant Accounting Policies

#### (c) Revenue and other income

##### Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

##### Commissions and donations

Commissions and donations and bequests are recognised as revenue when received.

##### Interest revenue

Interest is recognised using the effective interest method.

##### Capitations

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.

##### Other income

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

#### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

#### (e) Inventories

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

#### (f) Property, plant and equipment

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

# The Returned & Services League of Australia Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 2 Summary of Significant Accounting Policies

#### (f) Property, plant and equipment

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5 - 13 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

# The Returned & Services League of Australia Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 2 Summary of Significant Accounting Policies

#### (g) Financial instruments

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise unlisted securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

#### *Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 2 Summary of Significant Accounting Policies

#### (g) Financial instruments

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

### 3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - impairment of property, plant and equipment**

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 3 Critical Accounting Estimates and Judgements

#### Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

#### Key estimates - revenue recognition - long term contracts

The Company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

#### Key estimates - receivables

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

### 4 Revenue and Other Income

#### Revenue from continuing operations

	2017	2016
	\$	\$
Services revenue		
- capitation fees	794,905	790,698
- business development	7,953	108,154
- POW Grassroots program	77,948	-
- administration fees	46,073	51,637
	<u>926,879</u>	<u>950,489</u>
Finance income		
- held to maturity investments	327,618	-
- other interest received	36,036	68,069
<b>Total interest income</b>	<u>363,654</u>	<u>68,069</u>
Other revenue		
- royalties	4,656	96,948
- modern baking	186,547	186,110
- pooling - forensics	144,709	298,497
- other trading revenue	22,339	22,607
	<u>358,251</u>	<u>604,162</u>
<b>Total Revenue</b>	<u>1,648,784</u>	<u>1,622,720</u>



# The Returned & Services League of Australia Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 4 Revenue and Other Income

#### (a) Other Income

	2017	2016
	\$	\$
Other Income		
- reimbursement - motor vehicle	24,940	-
- other income	69,165	-
- donations	125,000	77,295
	<u>219,105</u>	<u>77,295</u>

### 5 Other expenses

Adaptive sports expenses	28,623	-
Sponsorships	13,636	-
Communication expenses	40,619	212,111
Fund expenses	54,502	-
Merchandising	55	18,457
Memorial expenses	3,246	1,500
NP expenses	79,459	127,479
Presentation expenses	3,414	4,082
Portfolio management fees	22,868	-
Subscriptions	3,915	5,100
Sundry expenses	4,314	183
Travel - domestic	45,013	130,928
Loss on disposal	3,078	7,053
- Bad debts	45,198	-
	<u>347,940</u>	<u>506,893</u>

### 6 Cash and Cash Equivalents

Cash at bank and in hand	4,248,741	862,237
	<u>4,248,741</u>	<u>862,237</u>

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 7 Trade and Other Receivables

	2017	2016
	\$	\$
CURRENT		
Trade receivables	203,013	46,800
	<u>203,013</u>	<u>46,800</u>
Prepayments	33,669	33,669
Deposits on Iskia contracts	271,916	-
GST receivable	36,096	29,924
Other receivables	20,738	12,934
Rental bond	31,250	31,250
	<u>31,250</u>	<u>31,250</u>
<b>Total current trade and other receivables</b>	<u><b>596,682</b></u>	<u><b>154,577</b></u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 8 Inventories

CURRENT		
At cost:		
Inventories	41	41
	<u>41</u>	<u>41</u>
	<u>41</u>	<u>41</u>

### 9 Other Financial Assets

#### (a) Financial assets at fair value through profit or loss

CURRENT		
Other financial assets	1,004,664	500,000
	<u>1,004,664</u>	<u>500,000</u>

# The Returned & Services League of Australia Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 10 Property, plant and equipment

	2017	2016
	\$	\$
PLANT AND EQUIPMENT		
Capital works in progress		
Constitution Avenue	2,962,743	-
Fit-out	500,000	-
Total capital works in progress	<u>3,462,743</u>	<u>-</u>
Furniture, fixtures and fittings		
At cost	255,888	255,888
Accumulated depreciation	(208,737)	(203,292)
	<u>47,151</u>	<u>52,596</u>
Motor vehicles		
At cost	37,808	68,479
Accumulated depreciation	(12,062)	(11,545)
	<u>25,746</u>	<u>56,934</u>
Computer equipment		
At cost	104,663	104,663
Accumulated depreciation	(102,323)	(99,756)
	<u>2,340</u>	<u>4,907</u>
Library plaques		
At cost	11,877	11,877
Accumulated depreciation	(9,781)	(9,611)
	<u>2,096</u>	<u>2,266</u>
Total plant and equipment	<u>3,540,076</u>	<u>116,703</u>

**The Returned & Services League of Australia Limited**

ABN 63 008 488 097

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**10 Property, plant and equipment  
(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Library Plaques	Total
<b>Year ended 31 December 2017</b>						
Balance at the beginning of the year	-	52,596	56,934	4,907	2,266	116,703
Additions	3,462,743	-	-	-	-	3,462,743
Disposals	-	-	(24,786)	-	-	(24,786)
Depreciation	-	(5,445)	(6,402)	(2,567)	(170)	(14,584)
<b>Balance at the end of the year</b>	<b>3,462,743</b>	<b>47,151</b>	<b>25,746</b>	<b>2,340</b>	<b>2,096</b>	<b>3,540,076</b>

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 11 Trade and Other Payables

	2017	2016
	\$	\$
Current		
Trade payables	24,610	177,099
PAYG payable	13,063	13,618
	<u>37,673</u>	<u>190,717</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

### 12 Iskia Contracts

	2017	2016
	\$	\$
NON-CURRENT		
Constitution Avenue construction	2,952,743	-
Fit-out	500,000	-
	<u>3,452,743</u>	<u>-</u>

#### Constitution Avenue construction provision

A provision has been raised for the construction of a unit and commercial premises on land located at 81 Constitution Avenue Campbell ACT, including the fit-out costs of the premises. Construction of the unit and commercial premises is expected to be completed in 2021.

### 13 Other Financial Liabilities

CURRENT		
Income in advance	-	69,165
	<u>-</u>	<u>69,165</u>

### 14 Employee Benefits

Current liabilities		
Long service leave	34,073	17,546
Annual leave	31,825	16,079
	<u>65,898</u>	<u>33,625</u>

### 15 Reserves

#### (a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 16 Leasing Commitments

#### (a) Operating leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	131,988	131,988
- between one year and five years	395,964	527,952
	<u>527,952</u>	<u>659,940</u>

Operating leases are in place for commercial office space and normally have a term of 4 years.

### 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 outstandings and obligations of the Company. At 31 December 2017 the number of members was 7 (2016: 7).

### 18 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 198,255 (2016: \$ 226,051).

### 19 Contingencies

	2017	2016
	\$	\$
<b>Contingent Liabilities</b>		
KPMG Governance and Compliance review	198,000	-

### 20 Related Parties

Key management personnel - refer to Note 18.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

With the exception of the National President all Directors are Presidents or representatives of their own State Branch. RSL National has commercial dealings with each State Branch on common terms and conditions. Each Director has formally notified a Standing Conflict of Interest due to this relationship.

# The Returned & Services League of Australia Limited

ABN 63 008 488 097

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 21 Significant Events

#### Gifts to the former National President

At the 2017 Annual General Meeting held in September 2017, concerns were raised by members in regard to gifts made to the former National President of The Returned & Services League of Australia Limited. In October 2017, the Australian Charities and Not for Profits Commission (ACNC) issued a request for information to The Returned & Services League of Australia Limited in regard to the events concerning the gifting decision. In December 2017, representatives of the ACNC met with the Board and the CEO to discuss the gifting matter and other governance matters. As a result of that meeting, the ACNC advised that they were considering directing the Charity to appoint a governance expert. In December 2017, the Directors advised that they had received full financial restitution for the total value of the gifts previously provided to the National President and that a new by law was in development specifically relating to the giving and receiving of gifts.

### 22 Events after the end of the Reporting Period

The financial report was authorised for issue on the date of signing by those charged with governance.

#### Australian Charities and Not-for-profits Commission direction

In February 2018, the Australian Charities and Not-for-profits Commission (ACNC) directed The Returned & Services League of Australia Ltd to select a Governance Expert to:

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

The Returned & Services League of Australia Ltd subsequently engaged KPMG to conduct the governance review and to prepare a Report, in order to assist The Returned & Services League of Australia Ltd to remediate a number of internal governance issues. The Returned & Services League of Australia Ltd has received the KPMG report and is considering the recommendations in order for it to comply with the ACNC directives. The Returned & Services League of Australia Ltd is required to comply with the ongoing operational requirements as set out in the ACNC Direction.

#### Ernst & Young Forensic Investigation 2009-2014

In July 2018 the Board of Directors resolved to appoint Ernst & Young to conduct a forensic investigation for the 2009 – 2014 years. As at the date of this report, the outcome of the investigation is not yet known.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 23 Statutory Information

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

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

**The Returned & Services League of Australia Limited**


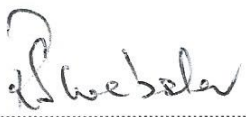
ABN 63 008 488 097

**Responsible Persons' Declaration**

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person .....  ..... Responsible person .....  .....

Dated this 30th day of May 2019



## Independent Audit Report to the Members of The Returned & Services League of Australia Ltd

### Report on the Audit of the Financial Report

#### Qualified Opinion

We have audited the financial report of The Returned & Services League of Australia Ltd (the registered entity), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other 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 responsible entities' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial report of The Returned & Services League of Australia Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2017 and of its financial performance for the year ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for Qualified Opinion

In October 2017, the Commissioner of the Australian Charities and Not for Profits Commission (ACNC) commenced an investigation into the Charity's compliance with the ACNC Act and ACNC Regulation. As a result of this investigation, on 14 February 2018 the Commissioner of the Australian Charities and Not for Profits Commission (ACNC) issued a direction to The Returned & Services League of Australia Ltd under Section 85-5(1)(b)(i) of the *Australian Charities and Not-for-profits Commission Act 2012*. The ACNC Direction required The Returned & Services League of Australia Ltd to select a Governance Expert to:

- Undertake a Board Review
- Undertake a Governance Review, and
- Prepare a written plan, in consultancy with the Charity, to outline an action plan based on the Board and Governance review findings.

The Returned & Services League of Australia Ltd subsequently engaged KPMG to conduct the governance review and to prepare a Report, in order to assist The Returned & Services League of Australia Ltd to remediate a number of internal governance issues. The Returned & Services League of Australia Ltd has received the KPMG report and is implementing the recommendations in order for it to comply with the ACNC directives. As at the date of this Report, The Returned & Services League of Australia Ltd is currently in the process of implementing the KPMG report recommendations in order to comply with the ongoing operational requirements as set out in the ACNC Direction.



We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity 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 our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

### **Responsibilities of Responsible Entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the registered entity'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 management either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vincent's Audit Pty Ltd

Phillip Miller

Director

Canberra, 17 June 2019