

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

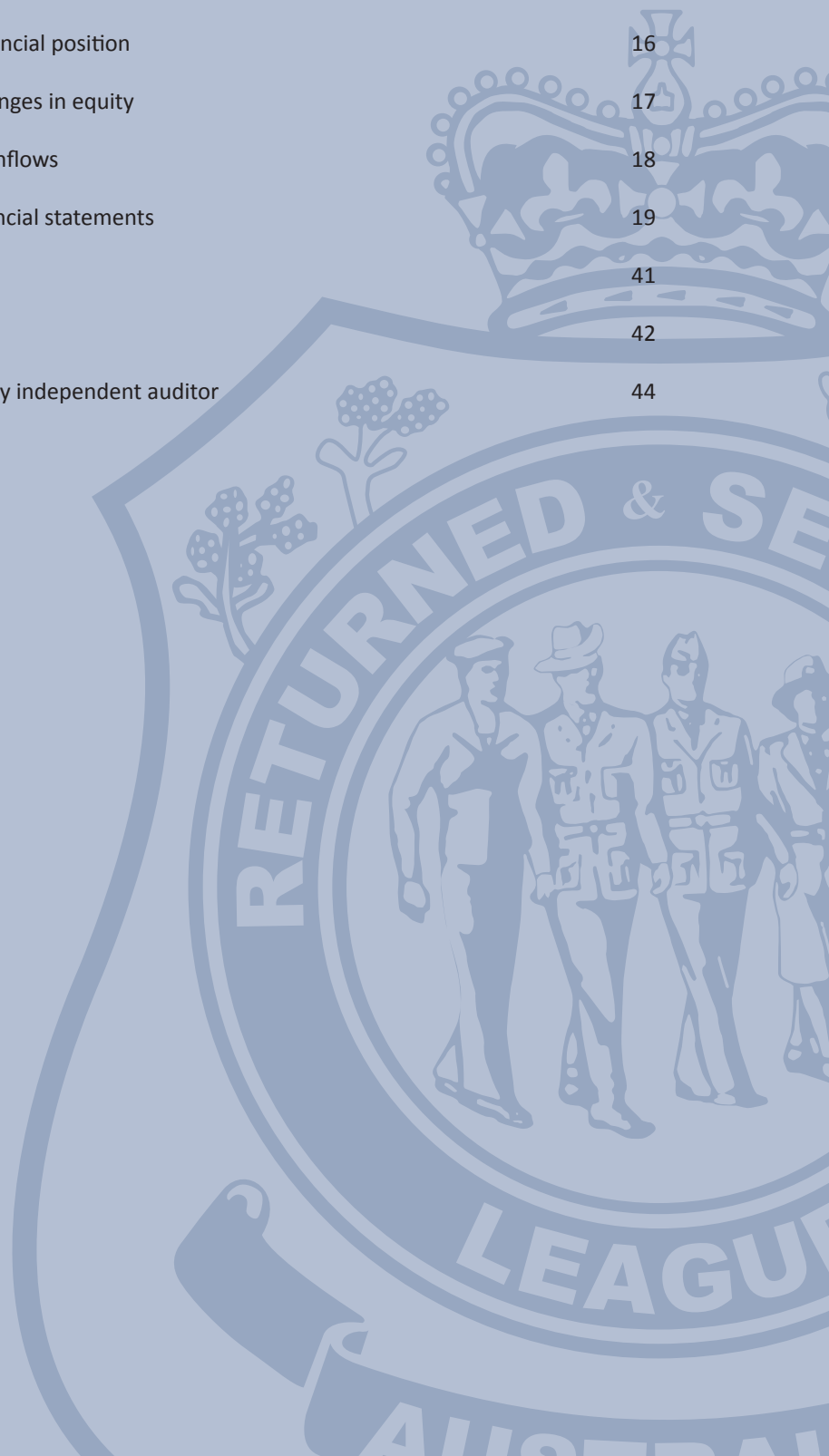


RETURNED & SERVICES
LEAGUE OF AUSTRALIA
QUEENSLAND BRANCH

ABN 79 902 601 713

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED			
	NOTES	2015 \$	2014 \$
REVENUE			
Welfare Related Income		1,103,396	84,088
Members' Subscriptions		5,261	246,046
Investment & Property Income		4,492,803	3,873,415
Sales		84,130,940	74,662,775
Other Income		482,662	844,402
TOTAL REVENUE		90,215,062	79,710,726
EXPENSES			
Cost of Sales		41,549,464	37,203,231
Charities & Compliance Expenses		911,664	675,114
Coordinator & Commission Expenses		1,388,368	1,924,451
Depreciation Expense		1,834,990	1,528,072
Donations & Welfare Expenses	3(a)	11,387,787	8,564,255
Employee Benefits Expenses		6,324,378	5,643,141
Meeting & Travel Expenses		1,479,171	1,047,095
National & District Capitulations		179,010	423,717
Property Expenses		1,766,795	1,772,951
Other Expenses	3(b)	3,145,612	3,287,028
TOTAL EXPENSES		69,967,239	62,069,055
NET SURPLUS		20,247,823	17,641,671
OTHER COMPREHENSIVE INCOME			
Net Changes in Fair Value of Available-for-Sale Financial Assets		213,920	358,910
TOTAL COMPREHENSIVE INCOME		20,461,743	18,000,581

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED			
	NOTES	2015 \$	2014 \$
CURRENT ASSETS			
Cash & Cash Equivalents	4	1,144,125	2,689,373
Other Financial Assets	5	53,444,896	36,497,055
Trade & Other Receivables	6	3,756,222	3,556,188
Inventories	7	14,925,823	15,457,153
Other Assets	8	815,206	-
TOTAL CURRENT ASSETS		74,086,272	58,199,769
NON-CURRENT ASSETS			
Trade & Other Receivables	6	8,002,101	8,436,897
Inventories	7	12,213,788	10,047,358
Available-for-Sale Financial Assets	9	17,724,947	16,668,383
Property, Plant and Equipment	10	24,887,060	21,719,867
Intangible Assets	11	519,043	397,301
Investment Properties	12	13,085,585	14,618,346
Other Assets	8	470,135	-
TOTAL NON-CURRENT ASSETS		76,902,659	71,888,152
TOTAL ASSETS		150,988,931	130,087,921
CURRENT LIABILITIES			
Trade & Other Payables	13	7,012,406	6,804,697
Provisions	14	864,446	724,984
TOTAL CURRENT LIABILITIES		7,876,852	7,529,681
NON-CURRENT LIABILITIES			
Provisions	14	215,421	123,325
TOTAL NON-CURRENT LIABILITIES		215,421	123,325
TOTAL LIABILITIES		8,092,273	7,653,006
NET ASSETS		142,896,658	122,434,915
EQUITY			
Reserves	15	1,767,402	1,553,482
Accumulated Funds		141,129,256	120,881,433
TOTAL EQUITY		142,896,658	122,434,915

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED		
	AVAILABLE- FOR-SALE FINANCIAL ASSET REVALUATION RESERVE \$	ACCUMULATED FUNDS \$	TOTAL \$
Balance as reported 31 December 2013	1,194,572	103,239,762	104,434,334
Total comprehensive income for the year			
Surplus for the year	-	17,641,671	17,641,671
Other comprehensive income			
Fair value adjustment for available-for-sale financial assets	358,910	-	358,910
	358,910	17,641,671	18,000,581
BALANCE AS REPORTED 31 DECEMBER 2014	1,553,482	120,881,433	122,434,915
Total comprehensive income for the year			
Surplus for the year	-	20,247,823	20,247,823
Other comprehensive income			
Fair value adjustment for available-for-sale financial assets	213,920	-	213,920
	213,920	20,247,823	20,461,743
BALANCE AS REPORTED 31 DECEMBER 2015	1,767,402	141,129,256	142,896,658

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED			
	NOTES	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		20,247,823	17,641,671
Adjustments for:			
Depreciation		1,834,990	1,528,072
Non cash items (incl employee provisions and loans)		545,755	141,465
Decrease/(Increase) in:			
Trade & other receivables		(171,850)	28,094
Inventories		(1,635,100)	9,291,683
Trade & other payables		207,709	(1,274,175)
Other assets		(1,090,394)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		19,938,933	27,356,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,862,535)	(8,631,523)
Sale/disposal of property, plant & equipment		2,271,371	311,045
Net movement of investments		(17,790,485)	(17,841,137)
Repayment of loans		414,044	410,938
Loans provided		(516,576)	(931,217)
NET CASH USED IN INVESTING ACTIVITIES		(21,484,181)	(26,681,894)
Net increase/(decrease) in cash held		(1,545,248)	674,916
Cash at the beginning of the period		2,689,373	2,014,457
CASH AT THE END OF THE PERIOD	4	1,144,125	2,689,373

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The financial statements of the Returned & Services League of Australia (Queensland Branch) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 24 March 2016.

Returned & Services League of Australia (Queensland Branch) operates under Letters Patent issued pursuant to the *Religious, Educational and Charitable Institutions Act 1861 (Qld)* and is domiciled in Queensland.

2. SUMMARY OF ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

Returned & Services League of Australia (Queensland Branch) has determined that the organisation is not a reporting entity as there are no users dependent upon general purpose financial reports, therefore, the financial statements are special purpose financial statements that have been prepared to satisfy the requirements of the *Collections Act 1966 (Qld)* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)*.

These financial statements have been prepared in accordance with the requirements of the following Australian Accounting Standards:

- AASB 101 'Presentation of Financial Statements'
- AASB 107 'Statement of Cash Flows'
- AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'
- AASB 1048 'Interpretation and Applications of Standards'
- AASB 1054 'Australian Additional Disclosures'.

No other Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board have been applied.

HISTORICAL COST CONVENTION

The financial statements have been prepared on the basis of historical cost except for the following:

- Available-for-Sale Financial Assets are measured at fair value.

The methods used to measure the fair values of these assets are discussed in Note 9.

The concept of accruals accounting has been adopted in preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Returned & Services League of Australia (Queensland Branch) and its subsidiaries, at 31 December 2015 ("the group"). Subsidiaries are entities (including structured entities) over which the Returned & Services League of Australia (Queensland Branch) has control. The group has control over an entity when the Returned & Services League of Australia (Queensland Branch) are exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The Returned & Services League of Australia (Queensland Branch) has a single subsidiary, Mates4Mates Limited, of which the Returned & Services League of Australia (Queensland Branch) is the single member.

(C) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

(D) REVENUE RECOGNITION

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

DONATIONS

Donations collected, including cash and goods for resale, are recognised as revenue when the organisation gains control, economic benefits are probable and the amount of the donation can be measured reliably.

SALES OF GOODS

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale. Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured.

INVESTMENT INCOME

Investment income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method. Dividends from listed entities are recognised when the right to receive a dividend has been established.

RENTAL INCOME

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

ASSET SALES

The gain or loss on disposal of all non-current assets and Available for Sale Financial Assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(E) EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenses are recognised net of the amount of goods and services tax (GST) receivable from the Australian Taxation Office.

(F) CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(G) TRADE AND OTHER RECEIVABLES

Trade receivables, which comprise amounts due from sales of merchandise are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement are 30 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the organisation will not be able to collect the debts. Bad debts are written off when identified.

(H) INVENTORIES

Inventories comprise of goods for resale in the ordinary course of business and future art union properties.

GOODS FOR RESALE

Inventories of goods purchased for resale are valued at cost. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis.

ART UNION PROPERTIES

The Income Statement comprises of all income and direct expenditure relating to Art Unions drawn during 2015 up to 24 December 2015, the date of the drawing of the final art union for the financial year. Any Art Union properties relating to draws after 24 December 2015, are included in the Statement of financial position at the end of the year as inventories. Art union properties are recorded in the Statement of Financial Position at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(I) PROPERTY, PLANT AND EQUIPMENT

BASIS OF MEASUREMENT OF CARRYING AMOUNT

Property, plant and equipment is stated at cost value less the associated accumulated depreciation and impairment.

DEPRECIATION

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the organisation commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic life of the assets as follows:

CLASS OF FIXED ASSETS	DEPRECIATION RATE
Buildings	2.5%
Plant & Equipment	10% - 40%
Leasehold Improvements	5%
Motor Vehicles	12.5% - 20%

DISPOSAL OF ASSETS

An item of property, plant and equipment is disposed when the item is no longer used in the operations of the organisation or when the item has no sale value. Any gain or loss arising from disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

(J) INTANGIBLE ASSETS

BASIS OF MEASUREMENT OF CARRYING AMOUNT

Intangible assets include computer software and are stated at cost value less the associated accumulated depreciation and impairment.

DEPRECIATION

Intangible items are depreciated over their useful lives to the organisation commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic life of the assets as follows:

CLASS OF FIXED ASSETS	DEPRECIATION RATE
Intangible Assets	25% - 40%

DISPOSAL OF ASSETS

An intangible item is disposed when the item is no longer used in the operations of the organisation or when the item has no sale value. Any gain or loss arising from disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(K) INVESTMENT PROPERTIES

BASIS OF MEASUREMENT OF CARRYING AMOUNT

Investment properties held for rental are measured and recorded at cost including transaction costs, less accumulated depreciation and impairment charges.

DEPRECIATION

Investment properties (other than land) are depreciated over their useful lives to the organisation commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic life of the assets as follows:

CLASS OF FIXED ASSETS	DEPRECIATION RATE
Buildings	2.5%

DISPOSAL OF ASSETS

An investment property is disposed when the property is no longer used in the operations of the organisation or when the item has no sale value. Any gain or loss arising from disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

(L) FINANCIAL INSTRUMENTS

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the organisation commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below:

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-Sale Financial Assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period).

All available-for-sale financial assets are initially stated at cost, being the fair value of consideration given.

Purchases and sales of investments are recognised on trade date which is the date on which the organisation commits to purchase or sell the asset with unrealised gains or losses recognised in other income or other expenses the profit and loss.

The fair value of the available-for-sale financial assets is reviewed annually and any movements are to be accounted for in comprehensive income in the profit and loss and the revaluation reserve.

Interest and dividends generated from the available-for-sale financial assets are recognised in the profit and loss and statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The organisation's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(M) OTHER ASSETS

Other assets represent prepayments of expenses in relation to the operation of future art unions based on the value of the use of the prepayment in relation to each art union. Prepayments for other operating expenditure is represented at cost.

(N) IMPAIRMENT

The carrying values of assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of non financial assets is the higher of fair value less costs to sell and value in use.

Impairment exists when the carrying value of an asset exceeds the assets estimated recoverable amount. The asset is then written down to the assets recoverable amount.

(O) TRADE AND OTHER PAYABLES

Trade payables and other payables represent liabilities for goods and services provided to the organisation prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the payables is deemed to reflect fair value. The amounts also include any monies received for Art Unions drawn after 24 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(P) EMPLOYEE BENEFITS

Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave and long service leave, training expenses and contributions to superannuation plans.

Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The organisation pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the income statement when they are due.

(Q) TAXATION

INCOME TAX

No provision for income tax has been raised as the Returned & Services League of Australia (Queensland Branch) operates solely as a charitable non-profit organisation established to promote the interests and welfare of former and serving members of the Australian Defence Force and their dependants, to carry out commemorative and patriotic activities. Accordingly, the Returned & Services League of Australia (Queensland Branch) is registered as a Taxation Concession Charity (TCC) by the Australian Charities and Not-for-profits Commission (ACNC) and as such is not liable for income tax, whilst the organisation maintains such registration.

GOODS AND SERVICES TAX (GST)

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 which case the amount is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. Cash flows are included in the statement of cash flows on a gross basis.

(R) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations have been issued, but are not mandatory for financial years ended 31 December 2015. They have not been adopted in preparing the financial statements for the year ended 31 December 2015. The organisation is assessing the impact of the new standards:

AASB 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

This new revenue standard will apply for the first time to the 31 December 2018 year end and supersedes all existing revenue-related Accounting Standards and Interpretations. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

AASB 9 – FINANCIAL INSTRUMENTS

Amends the requirements for classification and measurement of financial assets and will apply for the first time to the 31 December 2018 year end. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

The organisation has not yet made an assessment of the impact of this standard and amendments.

AASB 16 – LEASES

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

The standard applies to reporting periods beginning on or after 1 January 2019.

(S) FAIR VALUES

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Available-for-Sale Financial Assets

Assets classified as held for sale are measured at fair value on a non-recurring basis.

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the organisation.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

Available-for-Sale Financial Assets are Level 1 assets per the Fair Value hierarchy. Due to their short term nature the carrying amount of trade and other receivables and payables are assumed to approximate their fair values. The carrying value of loans to sub branches are assumed to approximate their fair values because the impact of discounting is not significant. Loans to sub branches are measured at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. EXPENSES

(A) DONATIONS AND WELFARE

	2015 \$	2014 \$
District and Sub Branch Grants	2,800,141	664,931
Veteran Services	2,115,690	1,474,151
Youth Development Program	506,107	525,454
RSL News	669,823	837,363
Mates4Mates	2,796,672	3,178,635
ANZAC Centenary	395,040	797,005
Solider Recovery Centre	-	141,926
Gallipoli Medical Research Foundation	1,250,000	250,000
Other Donations & Sponsorships	854,314	694,790
	11,387,787	8,564,255

(B) OTHER EXPENSES

	NOTES	2015 \$	2014 \$
IT/Communications Expenses		1,076,781	756,158
Event Expenses		277,677	338,942
Provision for Doubtful Debts		268,813	(77,574)
Insurance Expenses		195,207	192,161
Legal Expenses	3 (c)	317,946	72,248
General Expenses		898,290	585,599
Loss on Disposal of Assets		110,898	1,419,494
		3,145,612	3,287,028

(C) LEGAL EXPENSES

	2015 \$	2014 \$
Constitution	8,631	41,716
Facilities	65,445	52,782
General Matters	116,143	112,849
Merchandise	101,858	(100,797)
Sub Branches	3,930	31,127
Trademarks	19,886	(67,246)
Tribunal Matters	2,053	1,817
	317,946	72,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. CASH AND CASH EQUIVALENTS

Cash at bank earns interest at floating rates based on daily deposit rates.

	2015 \$	2014 \$
Cash at Bank	1,144,125	2,689,373
	1,144,125	2,689,373

5. OTHER FINANCIAL ASSETS

	2015 \$	2014 \$
Cash on Deposit	53,444,896	36,497,055
	53,444,896	36,497,055

Short-term deposits are made for varying periods on average three months, depending on the organisation's cash requirements. These deposits earn interest at market rates.

The organisation's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 16.

Other financial assets earned interest at a variable rate between 1.95% - 3.20% (2014: 2.45% - 3.80%).

All monies invested with A+ rated Australian Banks.

6. TRADE AND OTHER RECEIVABLES

The organisation's exposure to credit risk related to trade debtors and other receivables is disclosed in Note 16.

	2015 \$	2014 \$
CURRENT		
Trade Debtors	157,774	524,019
Other Debtors & Prepayments	1,232,016	888,962
Loans to Related Parties - Secured	3,621,176	3,126,742
Loans to Related Parties - Unsecured	22,231	24,722
Provisions	(1,276,975)	(1,008,257)
	3,756,222	3,556,188
NON-CURRENT		
Loans to Related Parties – Secured	8,000,239	8,392,839
Loans to Related Parties - Unsecured	1,862	44,058
	8,002,101	8,436,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

PROVISION FOR DOUBTFUL DEBTS

Past experience indicates that no impairment allowance is necessary in respect of trade debtors 'not past due' and 'past due 0 – 30 days'.

LOANS TO SUB BRANCHES

	2015 \$	2014 \$
LOANS - UNSECURED		
Emu Park	12,746	23,195
Tin Can Bay	11,347	22,275
Kawana Waters	-	23,310
	24,093	68,780

	2015 \$	2014 \$
LOANS - SECURED		
Beerwah-Peachester	326,975	300,053
Bowen	40,000	89,430
Charters Towers	1,142,950	1,142,950
Dalby	1,281,109	1,097,835
Mareeba	1,896,436	1,896,436
Sarina	554,317	522,073
Southport	5,855,823	6,194,876
St George	229,937	275,928
Yeppoon	293,868	-
	11,621,415	11,519,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

(A) TIN CAN BAY

The loan was established on 21st March 2007.

(B) CHARTERS TOWERS

The loan was established on 24th May 2012 and is secured by a mortgage over the property situated at 8-10 Prior Street, Charters Towers. The commercial operation ceased in March 2013.

(C) DALBY

An agreement with the Sub Branch dated 6th February 2014, has converted the previous equity in the property to a loan and is secured by a mortgage over the property situated at 69 Drayton St, Dalby.

(D) EMU PARK

The loan was established on 17th January 2012.

(E) MAREEBA

The loan was established on 21st December 2011 and is secured by a mortgage over the property situated at 88 Byrnes St, Mareeba.

(F) SARINA

The loan was established on 13th August, 2013, and is secured by a mortgage over the property situated at 34 Central St, Sarina.

(G) SOUTHPORT

The loan was established on 23rd December, 2010, and is secured by a mortgage over the property situated at 36 Scarborough St, Southport.

(H) ST GEORGE

The loan was established on 23rd December, 2011 and is secured by a mortgage over the property situated at 108 Alfred St, St George.

(I) BOWEN

The loan was established 23rd July 2013, and is secured by a mortgage over the property situated at 38 Williams St, Bowen.

(J) KAWANA WATERS

The loan was established on 4th June 2014 and has been fully written off during the year.

(K) BEERWAH-PEACHESTER

The loan was established on 22nd May 2013 and was fully provided for at end of year 2015.

(L) YEPPOON

The loan was established on 17th August 2015, and is secured by a general security agreement over the plant and equipment of the sub branch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. INVENTORIES

	2015 \$	2014 \$
CURRENT		
Merchandise	891,978	1,393,347
Provision for Obsolescence	(118,467)	-
Art Union	14,152,312	14,063,806
	14,925,823	15,457,153
NON-CURRENT		
Art Union	12,213,788	10,047,358
	12,213,788	10,047,358

8. OTHER ASSETS

	2015 \$	2014 \$
CURRENT		
Prepayments - Art Union	599,077	-
Prepayments - Other	216,129	-
	815,206	-
NON-CURRENT		
Prepayments - Art Union	470,135	-
	470,135	-

9. AVAILABLE FOR SALE FINANCIAL ASSETS

	2015 \$	2014 \$
Funds Managed by JB Were	17,724,947	16,668,383
	17,724,947	16,668,383

The portfolio holds a variety of investments which generate a return based on income from those investments and changes in the market value of the investments. The organisation's investment portfolio can be redeemed on an at call basis at the market value of the investment at the date of redemption less certain fees and charges.

The organisation's exposure to credit risk related to Available-for-Sale Financial Assets is disclosed in Note 16.

The Available-for-sale financial asset portfolio is managed by JB Were on behalf of the organisation. The total costs of funds invested through JB Were, at balance date, was \$15,957,544. During the year, the realised loss on trading was \$81,920. Dividends received totalled \$959,194, including franking credits. The market value of investments, at balance date was \$17,724,947. The resulting market value portfolio increase of \$1,767,403 has been brought to account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. PROPERTY, PLANT AND EQUIPMENT

	2015 \$	2014 \$
Buildings - at cost	20,806,182	21,341,179
Accumulated Depreciation	(3,119,787)	(2,526,185)
	17,686,395	18,814,994
Plant & Equipment - at cost	3,921,832	2,437,147
Accumulated Depreciation	(1,333,814)	(1,306,400)
	2,588,018	1,130,747
Motor Vehicles - at cost	2,089,087	1,754,124
Accumulated Depreciation	(669,334)	(730,813)
	1,419,753	1,023,311
Work in Progress	3,192,894	750,815
	3,192,894	750,815
TOTAL PROPERTY, PLANT AND EQUIPMENT	24,887,060	21,719,867

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

	PLANT & EQUIPMENT	BUILDINGS	MOTOR VEHICLES	WORK IN PROGRESS	TOTAL
Carrying amount at the beginning of the year	1,130,747	18,814,994	1,023,311	750,815	21,719,867
Additions, at cost	1,972,544	-	1,012,477	2,442,079	5,427,100
Disposals, at Written Down Value	(198,391)	(483,219)	(391,497)	-	(1,073,107)
Depreciation Expense	(316,882)	(645,380)	(224,538)	-	(1,186,800)
Carrying amount at the end of the year	2,588,018	17,686,395	1,419,753	3,192,894	24,887,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. INTANGIBLE ASSETS

	2015 \$	2014 \$
Intangibles - at cost	2,141,871	1,735,874
Accumulated Depreciation	(1,622,828)	(1,338,573)
TOTAL INTANGIBLES	519,043	397,301

Movements in the carrying amounts between the beginning and end of the current financial year:

	INTANGIBLES
Carrying amount at the beginning of the year	397,301
Additions, at cost	435,435
Disposals, at Written Down Value	-
Depreciation Expense	(313,693)
Carrying amount at the end of the year	519,043

12. INVESTMENT PROPERTIES

	2015 \$	2014 \$
Investment Properties - at cost	14,138,654	15,336,918
Accumulated Depreciation	(1,053,069)	(718,572)
TOTAL INVESTMENT PROPERTIES	13,085,585	14,618,346

Movements in the carrying amounts between the beginning and end of the current financial year:

	INVESTMENT PROPERTIES
Carrying amount at the beginning of the year	14,618,346
Additions, at cost	-
Disposals, at Written Down Value	(1,198,264)
Depreciation Expense	(334,497)
Carrying amount at the end of the year	13,085,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. TRADE AND OTHER PAYABLES

The organisation's exposure to risks related to trade creditors and other payables is disclosed in Note 16.

	2015 \$	2014 \$
Trade Creditors & Accruals	1,000,482	1,497,760
Trade Creditors & Accruals – Art Union	5,772,467	5,074,312
Ticket Sales in Advance	239,457	232,625
	7,012,406	6,804,697

14. PROVISIONS

The employee benefit liability recognised and included in the financial statements is as follows:

	2015 \$	2014 \$
CURRENT		
Employee Benefits – Annual Leave	632,906	491,541
Employee Benefits – Long Service Leave	231,540	233,443
	864,446	724,984
NON-CURRENT		
Employee Benefits – Long Service Leave	215,421	123,325
	215,421	123,325

Any accrued wages and salaries are included in the current trade payables balance.

15. RESERVES

AVAILABLE-FOR-SALE FINANCIAL ASSETS

This reserve is used to record the fair value of the Available-for-Sale Financial Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL INSTRUMENTS

(A) GENERAL OBJECTIVES, POLICIES AND PROCESSES

The organisation is exposed to risks that arise from its use of financial instruments. This note describes the organisation's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the organisation's exposure to financial instrument risks, objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Available for sale financial assets.

The Board of Directors has overall responsibility for the determination of the organisation's risk management objectives and policies.

(B) CREDIT RISK

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligations resulting in the organisation incurring a financial loss. This usually occurs when debtors or counter parties to contracts fail to settle their obligations owing to the organisation.

The maximum exposure to credit risk at balance date, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Statement of Financial Position and is as follows:

	2015 \$	2014 \$
Cash & cash equivalents	1,144,125	2,689,373
Other financial assets	53,444,896	36,497,055
Trade & other receivables	11,758,323	11,993,085
Available-for-sale financial assets	17,724,947	16,668,383
	84,072,291	67,847,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Cash and cash equivalents and other financial assets

Cash and cash equivalents are deposited with the Commonwealth, Westpac, National Australia Bank, ANZ and Australian Defence Credit Union.

(ii) Trade and Other Receivables

Within trade and other receivables the largest debtors are loans to Sub Branches as outlined in Note 6.

Credit risk associated with trade and other receivables is monitored by the monthly review of trade debtor listings and loan balances.

(iii) Available-for-Sale Financial Assets

The organisation's Available-for-Sale Financial Assets are disclosed in Note 9. Investments are diversified and are exposed to defensive and growth assets to minimise the risk to the organisation.

The objective of the organisation investing in Available-for-Sale Financial Assets is a long term approach to support the maintenance and growth of the organisation's mission and strategic plan. Under the investment policy established by the organisation, risk of future losses is in part managed by setting guidelines that require the organisation's investments be diversified such that there is adequate exposure to both defensive and growth assets. The performance objective of the organisation's investment portfolio is to achieve diversification of income. To help implement the organisation's investment policy and manage the associated investment risk the organisation employs JB Were as an independent advisor, who manages the organisation's investments in line with the Board approved investment policy.

Risk is managed by monthly reviews of investment holdings, policy compliance, economic updates and reviewing the long term cash needs of the organisation. The Board monitors the quality of investments taking into consideration areas such as credit ratings, returns and investment objectives. As required under Australian accounting standards, a review of the carrying values of Available-for-Sale Financial Assets as at 31 December 2015 was performed to determine whether any impairment existed as at that date, with no changes for impairment required.

(iv) Interest Rate Risk

Interest rate risk arises from the use of interest bearing financial instruments. Interest rate risk is the risk that fair value for future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organisation monitors its interest rate exposure continuously. Total other financial assets at balance date that earned interest at a floating rate is \$53,444,896 (2014: \$36,497,055) in addition to receivables of \$11,758,323 (2014: \$11,993,085).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17. COMMITMENTS AND CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

At reporting date the organisation has entered into contracts relating to the purchase of properties and the construction of buildings for the following, which have not been provided for in the financial statements and are payable during 2016:

- \$3,459,344 relating wholly to the operation of future Art Unions
- \$12,946,716 relating wholly to the redevelopment of the Warhaven Independent Living Units located in Cairns.

OPERATING EXPENDITURE COMMITMENTS

At reporting date the organisation has entered into a Memorandum of Understanding with the Gallipoli Medical Research Foundation for \$4,000,000. The amount is payable for the period of the next 4 years from 2016 to 2019 at \$1,000,000 a year.

CONTINGENCIES

The organisation had no contingent liabilities as at 31 December 2015.

18. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO (including related entities), the auditor of the company:

	2015 \$	2014 \$
Audit Services	56,250	50,550
Employment Advisory Services	73,162	20,689
Taxation Advisory Services	22,535	-
Other Services	4,005	-
	155,952	71,239

BDO has provided advice and recommendations in a number of areas during the year. These services are provided by separate BDO business units to the audit section and are provided by BDO under the Accounting Professional Ethical Standards (APES) to ensure audit independence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

19. OPERATING LEASES

	2015 \$	2014 \$
Not later than 12 months	383,429	252,558
Later than 12 months but not later than 5 years	356,523	47,870
Greater than 5 years	-	-
	739,952	300,428

During the year, property lease agreements have been entered into for properties which are occupied by the Districts of the Returned & Services League of Australia (Queensland Branch). Mates4Mates also lease a property in Brisbane which is used for the Family Recovery Centre and Head Office. These agreements are under normal commercial terms and conditions.

20. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

The following were directors of the organisation at any time during the reporting period:

- Mr Stewart Cameron CSC (elected on 20th June 2015)
- Mr Terrence Meehan AM (end of term on 20th June 2015)
- Mr John Strachan OAM
- Mr Ewan Cameron
- Mr Vic Reading
- Mr Peter Ryan
- Mrs Wendy Taylor
- Mr Max Foot OAM
- Mr Roy Cunneen
- Mr Tony Ferris
- Mr Steve Sergeant
- Mr Bill Taylor (left office on 12th December 2015)
- Mr Peter Sterling (appointed 26th February 2015)
- Mr Pat Fairon (appointed 23rd June 2015).

TRANSACTIONS WITH DIRECTOR RELATED ENTITIES

During the year the following transaction occurred with director related entities:

Amounts paid to Districts \$2,673,802 (2014: \$985,062) and National \$307,817 (2014: \$292,605).

Amounts receivable from National are nil (2014: \$371,983).

These services were provided under normal commercial terms and conditions.

DIRECTORS' REMUNERATION

The Directors of the Returned & Services League of Australia (Queensland Branch) act in a voluntary capacity and receive no remuneration for their services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

21. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Returned & Services League of Australia (Queensland Branch). The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	PARENT	
	2015 \$	2014 \$
Current Assets	73,511,376	57,687,820
Non-Current Assets	76,770,731	71,731,397
TOTAL ASSETS	150,282,107	129,419,217
Current Liabilities	7,689,663	7,359,933
Non-Current Liabilities	209,295	123,325
TOTAL LIABILITIES	7,898,958	7,483,259
Reserves	1,767,402	1,553,482
Accumulated Funds	140,615,747	120,382,477
TOTAL EQUITY	142,383,149	121,935,959
Net surplus for the year	20,233,270	17,702,401
Other comprehensive income	213,920	358,910
TOTAL COMPREHENSIVE INCOME	20,447,190	18,061,311

22. EVENTS SUBSEQUENT TO REPORTING DATE

Following the end of year, a contract of sale dated 3 February 2016 has been signed on a property that has been previously held for use by the Art Union, located at 202/42 Duporth Avenue, Maroochydore, QLD.

23. ADDITIONAL INFORMATION

The registered office and principal place of business is:

283 St Pauls Terrace
Fortitude Valley
Brisbane QLD 4006

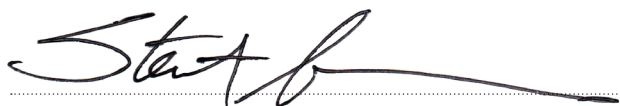
DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have determined that the Returned & Services League of Australia (Queensland Branch) is not a reporting entity and that these special purpose financial statements have been prepared in accordance with the accounting policies described in Note 1 to the financial statements:

The directors of the Returned & Services League of Australia (Queensland Branch) declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)* and:
 - a. comply with Accounting Standards as described in Note 1 to the financial statements and the *ACNC Regulations 2013*; and
 - b. give a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, 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 for and on behalf of The Board of Directors at Brisbane this 5th day of APRIL, 2016



Mr Stewart Cameron CSC
STATE PRESIDENT



Mr Tony Ferris
AUDIT RISK MANAGEMENT COMMITTEE

INDEPENDENT AUDITOR'S REPORT

To the Members of Returned & Services League of Australia (Queensland Branch)

We have audited the accompanying financial report, being a special purpose financial report of Returned & Services League of Australia (Queensland Branch) and Controlled Entity, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Returned & Services League of Australia (Queensland Branch) and the entity it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of Returned & Services League of Australia (Queensland Branch) are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2(a) to the financial report is appropriate to meet the requirements of the *Collections Act 1966 (Qld)* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and is appropriate to meet the needs of the members.

The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial report of Returned & Services League of Australia (Queensland Branch) and Controlled Entity has been prepared in accordance with the *Collections Act 1966 (Qld)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of Returned & Services League of Australia (Queensland Branch) and the consolidated entity's financial position as at 31 December 2015, and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2(a) and *Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Collections Act 1966 (Qld)* and the *ACNC Act*. As a result, the financial report may not be suitable for another purpose.

BDO Audit Pty Ltd



C J Skelton
Director

Brisbane, 4 April 2016

RETURNED & SERVICES LEAGUE OF AUSTRALIA (QUEENSLAND BRANCH)

AUDITOR'S DECLARATION OF INDEPENDENCE



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Australia

DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE BOARD OF DIRECTORS OF RETURNED & SERVICES LEAGUE OF AUSTRALIA (QUEENSLAND BRANCH)

As lead auditor of Returned & Services League of Australia (Queensland Branch) for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Australian professional accounting bodies.

This declaration is in respect of the Returned & Services League of Australia (Queensland Branch) and its controlled entity.

A handwritten signature in black ink, appearing to read 'C J Skelton', with a long horizontal flourish extending to the right.

C J Skelton
Director

BDO Audit Pty Ltd

Brisbane, 4 April 2016

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