

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
31 DECEMBER 2016



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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED  
31 DECEMBER 2016

		Consolidated	
	Notes	2016	2015
		\$	\$
<b>REVENUE</b>			
Welfare Related Income		415,059	1,103,396
Members' Subscriptions		8,798	5,261
Investment & Property Income		4,573,516	4,492,803
Sales		101,315,249	84,130,940
Other Income		494,871	482,662
<b>TOTAL REVENUE</b>		<b>106,807,493</b>	<b>90,215,062</b>
<b>EXPENSES</b>			
Cost of Sales		50,278,173	41,549,464
Charities & Compliance Expenses		534,973	911,664
Coordinator & Commission Expenses		1,081,016	1,388,368
Depreciation Expense		1,951,819	1,834,990
Impairment Investment Property		926,972	-
Donations & Welfare Expenses	3(a)	13,930,851	11,387,787
Employee Benefits Expenses		8,605,997	6,324,378
Meeting & Travel Expenses		1,380,347	1,479,171
National & District Capitulations		176,705	179,010
Property Expenses		1,444,232	1,766,795
Other Expenses	3(b)	5,152,214	3,145,612
<b>TOTAL EXPENSES</b>		<b>85,463,299</b>	<b>69,967,239</b>
<b>NET SURPLUS</b>		<b>21,344,194</b>	<b>20,247,823</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net Changes in Fair Value of Available-for-Sale Financial Assets		81,737	213,920
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>21,425,931</b>	<b>20,461,743</b>

*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** AS AT 31 DECEMBER 2016

		Consolidated	
	Notes	2016	2015
		\$	\$
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	4	38,813,322	29,580,136
Other Financial Assets	5	25,273,568	25,008,885
Trade & Other Receivables	6	1,548,574	3,756,222
Inventories	7	12,244,637	14,925,823
Other Assets	8	3,989,608	815,206
<b>TOTAL CURRENT ASSETS</b>		<b>81,869,709</b>	<b>74,086,272</b>
<b>NON-CURRENT ASSETS</b>			
Trade & Other Receivables	6	6,468,400	8,002,101
Inventories	7	14,382,473	12,213,788
Available-for-Sale Financial Assets	9	18,354,970	17,724,947
Property, Plant and Equipment	10	38,393,067	24,119,944
Intangible Assets	11	2,518,107	1,286,159
Investment Properties	12	11,156,029	13,085,585
Other Assets	8	1,594,049	470,135
<b>TOTAL NON-CURRENT ASSETS</b>		<b>92,867,095</b>	<b>76,902,659</b>
<b>TOTAL ASSETS</b>		<b>174,736,804</b>	<b>150,988,931</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	13	9,091,996	7,012,406
Provisions	14	1,082,557	864,446
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,174,553</b>	<b>7,876,852</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	239,662	215,421
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>239,662</b>	<b>215,421</b>
<b>TOTAL LIABILITIES</b>		<b>10,414,215</b>	<b>8,092,273</b>
<b>NET ASSETS</b>		<b>164,322,589</b>	<b>142,896,658</b>
<b>EQUITY</b>			
Reserves	15	1,849,139	1,767,402
Accumulated Funds		162,473,450	141,129,256
<b>TOTAL EQUITY</b>		<b>164,322,589</b>	<b>142,896,658</b>

*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 2016

	Consolidated		
	Available-for-sale financial asset revaluation reserve	Accumulated Funds	Total
	\$	\$	\$
Balance as reported 31 December 2014	1,553,482	120,881,433	122,434,915
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
Surplus for the year	-	20,247,823	20,247,823
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair value adjustment for available-for-sale financial assets	213,920	-	213,920
	213,920	20,247,823	20,461,743
<b>BALANCE AS REPORTED 31 DECEMBER 2015</b>	<b>1,767,402</b>	<b>141,129,256</b>	<b>142,896,658</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
Surplus for the year	-	21,344,194	21,344,194
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair value adjustment for available-for-sale financial assets	81,737	-	81,737
	<b>81,737</b>	<b>21,344,194</b>	<b>21,425,931</b>
<b>BALANCE AS REPORTED 31 DECEMBER 2016</b>	<b>1,849,139</b>	<b>162,473,450</b>	<b>164,322,589</b>

*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 2016

		<b>Consolidated</b>	
	Notes	2016	2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		21,344,194	20,247,823
<b>ADJUSTMENTS FOR:</b>			
Depreciation		1,951,819	1,834,990
Impairment of investment property		926,972	-
Non cash items (incl employee provisions and loans)		2,242,835	545,755
<b>DECREASE/(INCREASE) IN:</b>			
Trade & other receivables		26,432	(171,850)
Inventories		512,502	(1,635,100)
Trade & other payables		2,079,590	207,709
Other assets		(4,298,316)	(1,090,394)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>24,786,028</b>	<b>19,938,933</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(17,671,120)	(5,862,535)
Sale/disposal of property, plant & equipment		1,216,814	2,271,371
Net movement of investments		(812,969)	(5,840,485)
Repayment of loans		1,714,433	414,044
Loans provided		-	(516,576)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(15,552,842)</b>	<b>(9,534,181)</b>
Net increase/(decrease) in cash held		9,233,186	10,404,752
Cash at the beginning of the period		29,580,136	19,175,384
<b>CASH AT THE END OF THE PERIOD</b>	<b>4</b>	<b>38,813,322</b>	<b>29,580,136</b>

*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 2016

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 1. CORPORATE INFORMATION

The financial statements of the Returned & Services League of Australia (Queensland Branch) for the year ended 31 December

2016 were authorised for issue in accordance with a resolution of the Directors on 16 March 2017.

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 a reporting entity, therefore, the financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The financial statements 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)*.

### 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 2016 ("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.

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 of the organisation.

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (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.

### (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 2016 up to 23 December 2016, the date of the drawing of the final art union for the financial year. Any Art Union properties relating to draws after 23 December 2016, 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.

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 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 ASSET	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 ASSET	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.

### (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 ASSET	DEPRECIATION RATE
Buildings	2.5%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2016

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 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 Comprehensive Income.

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.

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (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 23 December 2016.

### (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 2016. They have not been adopted in preparing the financial statements for the year ended 31 December 2016. 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  
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## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 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.

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

### 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.

### (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 2016

## 3. EXPENSES

### (a) Donations and welfare

	2016	2015
	\$	\$
District and Sub Branch Grants	2,024,034	2,800,141
Veteran Services	3,026,818	2,115,690
Youth Development Program	505,228	506,107
RSL News	717,837	669,823
Mates4Mates	4,304,653	2,796,672
ANZAC & RSL Centenary	882,761	395,040
Solider Recovery Centre	5,830	-
Gallipoli Medical Research Foundation	1,000,000	1,250,000
Other Donations & Sponsorships	1,463,690	854,314
	<b>13,930,851</b>	<b>11,387,787</b>

### (b) Other expenses

	Notes	2016	2015
		\$	\$
IT/Communications Expenses		1,369,772	1,076,781
Event Expenses		80,589	277,677
Provision for Doubtful Debts		2,121,073	268,813
Insurance Expenses		197,732	195,207
Legal Expenses	3 ( c )	196,900	317,946
General Expenses		546,946	898,290
Loss on Disposal of Assets		639,202	110,898
		<b>5,152,214</b>	<b>3,145,612</b>

### (c) Legal expenses

	2016	2015
	\$	\$
Constitution	16,902	8,631
Facilities	9,873	65,445
General Matters	163,224	116,143
Merchandise	-	101,858
Sub Branches	4,007	3,930
Trademarks	1,827	19,886
Tribunal Matters	1,067	2,053
	<b>196,900</b>	<b>317,946</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 4. CASH AND CASH EQUIVALENTS

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

	2016	2015
	\$	\$
Cash at Bank	38,813,322	29,580,136
	<b>38,813,322</b>	<b>29,580,136</b>

## 5. OTHER FINANCIAL ASSETS

	2016	2015
	\$	\$
Cash on Deposit	25,273,568	25,008,885
	<b>25,273,568</b>	<b>25,008,885</b>

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 2.00% - 3.20% (2015: 2.20% - 3.20%). 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.

	2016	2015
	\$	\$
<b>CURRENT</b>		
Trade Debtors	94,007	157,774
Other Debtors & Prepayments	1,269,348	1,232,016
Loans to Related Parties - Secured	3,011,331	3,621,176
Loans to Related Parties - Unsecured	-	22,231
Provisions	(2,826,112)	(1,276,975)
	<b>1,548,574</b>	<b>3,756,222</b>
<b>NON-CURRENT</b>		
Loans to Related Parties - Secured	6,468,400	8,000,239
Loans to Related Parties - Unsecured	-	1,862
	<b>6,468,400</b>	<b>8,002,101</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 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

#### Loans - Unsecured

	2016	2015
	\$	\$
Emu Park	-	12,746
Tin Can Bay	-	11,347
	-	<b>24,093</b>

#### Loans - Secured

	2016	2015
	\$	\$
Beerwah-Peachester	-	326,975
Bowen	40,000	40,000
Charters Towers	1,142,950	1,142,950
Dalby	-	1,281,109
Mareeba	1,984,654	1,896,436
Sarina	583,161	554,317
Southport	5,230,296	5,855,823
St George	218,440	229,937
Yeppoon	280,230	293,868
	<b>9,479,731</b>	<b>11,621,415</b>

#### (a) Tin Can Bay

The loan was established on 21st March 2007 and was fully repaid during the year

#### (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. During the year, the loan has fully been provided for.

#### (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. During the year, the property was sold and the loan settled.

#### (d) Emu Park

The loan was established on 17th January 2012 and was fully repaid

during the year.

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2016

## 6. TRADE AND OTHER RECEIVABLES (CONTINUED)

During the year, the loan has fully been provided for.

### (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. The commercial operation ceased during the year.

### (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) Beerwah-Peachester

The loan was established on 22nd May 2013 and was fully provided for at end of year 2015. During the year the loan amount was written off against the provision.

### (k) 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.

## 7. INVENTORIES

	2016	2015
	\$	\$
<b>CURRENT</b>		
Merchandise	833,644	891,978
Provision for Obsolescence	(315,099)	(118,467)
Art Union	11,726,092	14,152,312
	<b>12,244,637</b>	<b>14,925,823</b>
<b>NON-CURRENT</b>		
Art Union	14,382,473	12,213,788
	<b>14,382,473</b>	<b>12,213,788</b>

## 8. OTHER ASSETS

	2016	2015
	\$	\$
<b>CURRENT</b>		
Prepayments - Art Union	3,540,243	599,077
Prepayments - Other	449,365	216,129
	<b>3,989,608</b>	<b>815,206</b>
<b>NON-CURRENT</b>		
Prepayments - Art Union	1,594,049	470,135
	<b>1,594,049</b>	<b>470,135</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	\$	\$
Funds Managed by JBWere	18,354,970	17,724,947
	<b>18,354,970</b>	<b>17,724,947</b>

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 JBWere on behalf of the organisation. The total costs of funds invested through JBWere, at balance date, was \$16,505,831. The market value of investments, at balance date was \$18,354,970.

The resulting market value portfolio increase of \$1,849,139 has been brought to account. During the year, the realised loss on trading was \$38,238. Dividends received totalled \$567,194, including franking credits. The net increase in the market value of the portfolio during the year was \$81,737.

## 10. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Buildings - at cost	36,308,830	20,806,182
Accumulated Depreciation	(3,720,150)	(3,119,787)
	<b>32,588,680</b>	<b>17,686,395</b>
Plant & Equipment - at cost	6,014,209	3,921,832
Accumulated Depreciation	(1,758,292)	(1,333,814)
	<b>4,255,917</b>	<b>2,588,018</b>
Motor Vehicles - at cost	2,230,519	2,089,087
Accumulated Depreciation	(697,049)	(669,334)
	<b>1,533,470</b>	<b>1,419,753</b>
Work in Progress	15,000	2,425,778
	<b>15,000</b>	<b>2,425,778</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>38,393,067</b>	<b>24,119,944</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2016

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	2,588,018	17,686,395	1,419,753	2,425,778	24,119,944
Additions, at cost	2,223,535	15,783,676	554,160	(2,410,778)	16,150,593
Disposals, at Written Down Value	(69,477)	(243,385)	(231,291)	-	(544,153)
Depreciation Expense	(485,106)	(634,474)	(213,737)	-	(1,333,317)
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>4,256,970</b>	<b>32,592,212</b>	<b>1,528,885</b>	<b>15,000</b>	<b>38,393,067</b>

## 11. INTANGIBLE ASSETS

	2016	2015
	\$	\$
Intangibles - at cost	2,256,807	2,141,871
Accumulated Depreciation	(1,911,407)	(1,622,828)
Work in Progress	2,172,707	767,116
<b>TOTAL INTANGIBLES</b>	<b>2,518,107</b>	<b>1,286,159</b>

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

	Intangibles	Work in Progress	TOTAL
Carrying amount at the beginning of the year	519,043	767,116	1,286,159
Additions, at cost	114,936	1,405,591	1,520,527
Disposals, at Written Down Value	-	-	-
Depreciation Expense	(288,579)	-	(288,579)
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>345,400</b>	<b>2,172,707</b>	<b>2,518,107</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 12. INVESTMENT PROPERTIES

	2016	2015
	\$	\$
Investment Properties - at cost	13,368,654	14,138,654
Accumulated Depreciation	(1,285,653)	(1,053,069)
Provision for Impairment	(926,972)	-
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>11,156,029</b>	<b>13,085,585</b>

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

	INVESTMENT PROPERTIES
<b>CARRYING AMOUNT AT THE BEGINNING OF THE YEAR</b>	<b>13,085,585</b>
Additions, at cost	-
Disposals, at Written Down Value	(672,661)
Depreciation Expense	(329,923)
Provision for Impairment	(926,972)
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>11,156,029</b>

## 13. TRADE AND OTHER PAYABLES

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

	2016	2015
	\$	\$
Trade Creditors & Accruals	1,779,809	1,000,482
Trade Creditors & Accruals – Art Union	7,061,363	5,772,467
Ticket Sales in Advance	250,824	239,457
	<b>9,091,996</b>	<b>7,012,406</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 14. PROVISIONS

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

	2016	2015
	\$	\$
<b>CURRENT</b>		
Employee Benefits – Annual Leave	794,251	632,906
Employee Benefits – Long Service Leave	288,306	231,540
	<b>1,082,557</b>	<b>864,446</b>
<b>NON-CURRENT</b>		
Employee Benefits – Long Service Leave	239,662	215,421
	<b>239,662</b>	<b>215,421</b>

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.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 16. FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2016	2015
	\$	\$
Cash & cash equivalents	38,813,322	29,580,136
Other financial assets	25,273,568	25,008,885
Trade & other receivables	8,016,974	11,758,323
Available-for-sale financial assets	18,354,970	17,724,947
	<b>90,458,834</b>	<b>84,072,291</b>

### (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 JBWere 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 2016 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 \$63,219,579 (2015: \$53,444,896) in addition to receivables of \$8,016,974 (2015: \$11,758,323).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2016

## 17. COMMITMENTS AND CONTINGENCIES

### Capital expenditure commitments

At reporting date the organisation has entered into contracts relating to the purchase of properties, the construction of buildings and software development for the following, which have not been provided for in the financial statements and are payable during 2017:

- \$5,484,687 relating wholly to the operation of future Art Unions
- \$6,900 relating wholly to the redevelopment of the Warhaven Independent Living Units located in Cairns
- \$2,473,800 relating wholly to the Lotteries Transformation Project

### Operating expenditure commitments

At reporting date the

organisation has entered into a Memorandum of Understanding in 2015 with the Gallipoli Medical Research Foundation for \$5,000,000. The amount payable for the period of the next 3 years from 2017 to 2019 is \$1,000,000 a year.

### Contingencies

The organisation had no contingent liabilities as at 31 December 2016.

## 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:

	2016	2015
	\$	\$
Audit Services	57,990	56,250
Employment Advisory Services	24,797	73,162
Taxation Advisory Services	85,504	22,535
Other Services	49,731	4,005
	<b>218,022</b>	<b>155,952</b>

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.

## 19. OPERATING LEASES

	2016	2015
	\$	\$
Not later than 12 months	666,378	383,429
Later than 12 months but not later than 5 years	1,683,482	356,523
Greater than 5 years	-	-
	<b>2,349,860</b>	<b>739,952</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 19. OPERATING LEASES (CONTINUED)

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

### Subsidiaries

The Returned & Services League of Australia (Queensland Branch) has one subsidiary, Mates4Mates Limited.

### Key Management Personnel

The following persons were key management personnel of the Returned & Services League of Australia (Queensland Branch) during the financial year:

### Directors

- Mr Stewart Cameron CSC
- Mr John Strachan OAM
- Mr Ewan Cameron
- Mr Vic Reading

- Mr Peter Ryan (finished 2 November 2016)
- Mrs Wendy Taylor
- Mr Max Foot OAM
- Mr Roy Cunneen
- Mr Tony Ferris
- Mr Steve Sergeant (leave of absence from 27 June 2016)
- Mr Bill Whitburn OAM (appointed 27 June 2016)
- Mr Peter Sterling
- Mr Pat Fairon
- Mr Neil Burrows (appointed 26 May 2016)
- Mr Barry Vains (appointed 29 April 2016)

### Executive

- Mr Luke Traini
- Mr Scott Denner

- Mr Goran Avramovic
- Mrs Tracey Bishop
- Mr Chris Miers
- Mr Simon Button
- Mrs Julie Hoskison (finished 12 August 2016)
- Mrs Marina Cameron (appointed 4 October 2016)

Total key management personnel compensation was \$2,084,554 (2015: \$1,221,407).

### Transactions with Districts and National

Amounts paid during the year to Districts \$2,185,533 (2015: \$2,673,802) and National \$250,994 (2015: \$307,817).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 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	
	2016	2015
	\$	\$
Current Assets	81,560,798	73,511,376
Non-Current Assets	92,800,324	76,770,731
<b>TOTAL ASSETS</b>	<b>174,361,122</b>	<b>150,282,107</b>
Current Liabilities	9,868,165	7,689,663
Non-Current Liabilities	229,682	209,295
<b>TOTAL LIABILITIES</b>	<b>10,097,847</b>	<b>7,898,958</b>
Reserves	1,849,139	1,767,402
Accumulated Funds	162,414,136	140,615,747
<b>TOTAL EQUITY</b>	<b>164,263,275</b>	<b>142,383,149</b>
Net surplus for the year	21,798,389	20,233,270
Other comprehensive income	81,737	213,920
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>21,880,126</b>	<b>20,447,190</b>

## 22. EVENTS SUBSEQUENT TO REPORTING DATE

There are no subsequent events following 31 December 2016.

## 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 2016

## DIRECTORS' DECLARATION

For the year ended 31 December 2016

The directors have determined that the Returned & Services League of Australia (Queensland Branch) is a reporting entity and that these general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements:

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

1. The financial statements, comprising the consolidated statement of profit or loss

and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated 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 Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and*

*Not-for-profits Commission Regulation 2013; and*

- b. give a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the year ended on that date.
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 27th day of April, 2017



Mr Stewart Cameron CSC  
CHAIRMAN



Mr Barry Vains  
AUDIT AND RISK COMMITTEE

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Returned & Services League of Australia (Queensland Branch) (the registered entity) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, 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, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for opinion

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 *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and 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 ethical 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.

## Other information

The directors of the registered entity are responsible for the other information. The other information comprises the information in the registered entity's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

## Responsibilities of the directors' for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *ACNC Act* and the *Collections Act 1966 (Qld)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The directors of the registered entity are responsible for overseeing the registered entity's financial reporting process.

## 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 the 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 this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_files/ar1.pdf](http://www.auasb.gov.au/auditors_files/ar1.pdf).

This description forms part of our auditor's report.

#### **BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'A J Whyte', is written over a faint, larger 'BDO' logo.

A J Whyte  
Director

Brisbane, 27 April 2017