

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014



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 2014

CONSOLIDATED			
	NOTES	2014 \$	2013 \$
<b>REVENUE</b>			
Welfare Related Income		84,088	194,393
Members Subscriptions		246,046	274,452
Investment and Property Income		3,873,415	3,857,190
Sales		74,662,775	62,028,191
Other Income		844,402	635,703
<b>TOTAL REVENUE</b>		<b>79,710,726</b>	<b>66,989,929</b>
<b>EXPENSES</b>			
Cost of Sales		37,203,231	33,419,241
Charities & Compliance Expenses		675,114	615,810
Coordinator and Commission Expenses		1,924,451	1,950,462
Depreciation Expense		1,528,072	1,805,867
Donations and Welfare Expenses	3(a)	8,564,255	8,125,227
Employee Benefits Expenses		5,643,141	3,693,589
Meeting and Travel Expenses		1,047,095	935,353
National & District Capitulations		423,717	484,124
Property Expenses		1,772,951	1,492,559
Other Expenses	3(b)	3,287,028	2,684,258
<b>TOTAL EXPENSES</b>		<b>62,069,055</b>	<b>55,206,490</b>
<b>NET SURPLUS</b>		<b>17,641,671</b>	<b>11,783,439</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net Changes in Fair Value of Available-for-Sale Financial Assets		358,910	781,730
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>18,000,581</b>	<b>12,565,169</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2014

		CONSOLIDATED	
	NOTES	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	4	2,689,373	2,014,457
Other Financial Assets	5	36,497,055	24,092,278
Trade & Other Receivables	6	3,556,188	2,528,140
Inventories	7	15,457,153	15,989,278
<b>TOTAL CURRENT ASSETS</b>		<b>58,199,769</b>	<b>44,624,153</b>
<b>NON-CURRENT ASSETS</b>			
Trade & Other Receivables	6	8,436,897	8,923,095
Inventories	7	10,047,358	18,806,915
Available for Sale Financial Assets	8	16,668,383	10,873,113
Property, Plant and Equipment	9	21,719,867	17,682,632
Intangible Assets	10	397,301	601,053
Investment Properties	11	14,618,346	11,659,423
<b>TOTAL NON-CURRENT ASSETS</b>		<b>71,888,152</b>	<b>68,546,231</b>
<b>TOTAL ASSETS</b>		<b>130,087,921</b>	<b>113,170,384</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	12	6,804,697	8,078,875
Provisions	13	724,984	522,047
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,529,681</b>	<b>8,600,922</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	123,325	135,128
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>123,325</b>	<b>135,128</b>
<b>TOTAL LIABILITIES</b>		<b>7,653,006</b>	<b>8,736,050</b>
<b>NET ASSETS</b>		<b>122,434,915</b>	<b>104,434,334</b>
<b>EQUITY</b>			
Reserves	14	1,553,482	1,194,572
Accumulated Funds		120,881,433	103,239,762
<b>TOTAL EQUITY</b>		<b>122,434,915</b>	<b>104,434,334</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED			
	AVAILABLE FOR SALE REVALUATION RESERVE \$	ACCUMULATED FUNDS \$	TOTAL \$
<b>Balance as reported 31 December 2012</b>	<b>412,842</b>	<b>91,456,323</b>	<b>91,869,165</b>
Surplus	-	11,783,439	11,783,439
Fair value adjustment for available for sale financial assets	781,730	-	781,730
<b>Balance as reported 31 December 2013</b>	<b>1,194,572</b>	<b>103,239,762</b>	<b>104,434,334</b>
Surplus	-	17,641,671	17,641,671
Fair value adjustment for available for sale financial assets	358,910	-	358,910
<b>BALANCE AS REPORTED 31 DECEMBER 2014</b>	<b>1,553,482</b>	<b>120,881,433</b>	<b>122,434,915</b>

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

# CONSOLIDATED STATEMENT OF CASHFLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED			
	NOTES	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus		17,641,671	11,783,439
<b>Adjustments for:</b>			
Depreciation		1,528,072	1,805,867
Non cash items (incl employee provisions and loans)		141,465	661,066
<b>Decrease/(Increase) in:</b>			
Trade & other receivables		28,094	977,895
Inventories		9,291,683	(7,574,607)
Trade & other payables		(1,274,175)	1,442,412
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>27,356,810</b>	<b>9,096,072</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(8,631,523)	(8,702,801)
Sale/disposal of equipment		311,045	1,298,159
Net movement of investments		(17,841,137)	(515,962)
Repayment of loans		410,938	598,086
Loans provided		(931,217)	(828,440)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(26,681,894)</b>	<b>(8,150,958)</b>
Net increase/(decrease) in cash held		674,916	945,114
Cash at the beginning of the period		2,014,457	1,069,343
<b>CASH AT THE END OF THE PERIOD</b>	4	<b>2,689,373</b>	<b>2,014,457</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 1. CORPORATE INFORMATION

The financial statements of the Returned & Services League of Australia (Queensland Branch) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 9 April 2015.

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 *Australian Charities and Not For Profits Commission Act (ACNC Act 2012)*.

The report has 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 110 'Events after the End of the Reporting Period'
- AASB 1031 'Materiality'
- AASB 1048 'Interpretation and Application of Standards'
- AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities'.

### 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 8.

### (B) BASIS OF CONSOLIDATION

#### SUBSIDIARIES

The consolidated financial statements comprise the financial statements of the Returned & Services League of Australia (Queensland Branch) and its subsidiaries at 31 December 2014 ("the group"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is 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 2014

## 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.

### (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 when the organisation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

### 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 control of goods passes to the customer.

### 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.

### 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 2014

## 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

Cash and cash equivalents comprise of cash at bank and cash in hand.

### (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 2014 up to 24 December 2014, the date of the drawing of the final art union for the financial year. Any Art Union properties relating to draws after 24 December 2014, are included in the Statement of financial position at the end of the year as inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 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.

#### 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%
Intangible Assets	25-40%
Leasehold Improvements	5%
Motor Vehicles	12.5% - 20%

#### IMPAIRMENT

The carrying values of plant and equipment 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 plant and equipment 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.

#### 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) AVAILABLE FOR SALE FINANCIAL ASSETS

All investments and other 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. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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.

### (K) 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 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (L) 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 government 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.

### (M) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (N) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2014. They have not been adopted in preparing the financial statements for the year ended 31 December 2014. 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.

#### AASB 9 – FINANCIAL INSTRUMENTS

Amends the requirements for classification and measurement of financial assets. 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.

### (O) 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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

### (P) CHANGE IN ACCOUNTING POLICY

The accounting policies adopted are consistent with those of the previous financial year except as follows:

- Reclassification of Investment Properties from Property, Plant & Equipment.
- Reclassification of Intangible Assets from Property, Plant & Equipment.
- Reclassification of Art Union properties which are held for future art unions from Other Assets – Prepayments to Inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 3. EXPENSES

### (A) DONATIONS AND WELFARE

	2014 \$	2013 \$
District and Sub Branch Grants	664,931	1,004,686
Veteran Services	1,474,151	1,967,401
Youth Development Program	525,454	567,532
RSL News	837,363	607,629
Mates4Mates	3,178,635	3,095,293
ANZAC Centenary	797,005	-
Solider Recovery Centre	141,926	-
Other Donations and Sponsorships	944,790	882,686
	<b>8,564,255</b>	<b>8,125,227</b>

### (B) OTHER EXPENSES

	NOTES	2014 \$	2013 \$
IT/Communications Expenses		756,158	594,568
Event Expenses		338,942	358,288
Provision for Doubtful Debts		(77,574)	385,736
Insurance Expenses		192,161	169,320
Legal Expenses	3 ( c )	72,248	742,935
General Expenses		585,599	433,411
Loss on Disposal of Assets		1,419,494	-
		<b>3,287,028</b>	<b>2,684,258</b>

### (C) LEGAL EXPENSES

	2014 \$	2013 \$
Constitution	41,716	308,417
Facilities	52,782	83,870
General Matters	112,849	81,264
Merchandise	(100,797)	56,737
Sub Branches	31,127	148,510
Trademarks	(67,246)	55,201
Tribunal Matters	1,817	8,936
	<b>72,248</b>	<b>742,935</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 4. CASH AND CASH EQUIVALENTS

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

	2014 \$	2013 \$
Cash at Bank	2,689,373	2,014,457
	<b>2,689,373</b>	<b>2,014,457</b>

## 5. OTHER FINANCIAL ASSETS

	2014 \$	2013 \$
Cash on Deposit	36,497,055	24,092,278
	<b>36,497,055</b>	<b>24,092,278</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 15.

Other financial assets earned interest at a variable rate between 2.45% - 3.80% (2013: 3.70% – 5.18%).  
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 15.

	2014 \$	2013 \$
<b>CURRENT</b>		
Trade Debtors	524,019	412,293
Other Debtors	888,962	1,106,261
Loans to Related Parties - Secured	3,126,742	2,073,358
Loans to Related Parties - Unsecured	24,722	21,964
Provisions	(1,008,257)	(1,085,736)
	<b>3,556,188</b>	<b>2,528,140</b>
<b>NON-CURRENT</b>		
Loans to Related Parties – Secured	8,392,839	8,879,386
Loans to Related Parties - Unsecured	44,058	43,709
	<b>8,436,897</b>	<b>8,923,095</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 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

	2014 \$	2013 \$
<b>LOANS - UNSECURED</b>		
Emu Park	23,195	33,162
Tin Can Bay	22,275	32,511
Kawana Waters	23,310	-
	<b>68,780</b>	<b>65,673</b>
	2014 \$	2013 \$
<b>LOANS - SECURED</b>		
Beerwah-Peachester	300,053	308,162
Bowen	89,430	40,000
Charters Towers	1,142,950	1,142,950
Dalby	1,097,835	241,049
Mareeba	1,896,436	1,940,147
Sarina	522,073	482,813
Southport	6,194,876	6,475,705
St George	275,928	321,918
	<b>11,519,581</b>	<b>10,952,744</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 6. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (A) TIN CAN BAY

The loan was established in March 2007 for the purpose of renovating the community hall.

### (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

This loan was advanced in order for the Sub Branch to complete renovations and expansion of the premises for welfare purposes.

### (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.

### (K) BEERWAH-PEACHESTER

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 7. INVENTORIES

	2014 \$	2013 \$
<b>CURRENT</b>		
Merchandise	1,393,347	1,290,427
Art Union	14,063,806	14,698,851
	<b>15,457,153</b>	<b>15,989,278</b>
<b>NON-CURRENT</b>		
Art Union	10,047,358	18,806,915
	<b>10,047,358</b>	<b>18,806,915</b>

## 8. AVAILABLE FOR SALE FINANCIAL ASSETS

	2014 \$	2013 \$
Bendigo Bank Limited (Step Up Preference Shares)	-	1,000,000
Funds Managed by JB Were	16,668,383	9,873,113
	<b>16,668,383</b>	<b>10,873,113</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 15.

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 \$15,114,901. During the year, the realised gain on trading was \$214,992. Dividends received totalled \$251,747, including franking credits. The market value of investments, at balance date was \$16,668,383. The resulting market value portfolio increase of \$1,553,482 has been brought to account.

Bendigo Bank shares returned a fully franked dividend of \$57,847. During the year, these shares were redeemed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 9. PROPERTY, PLANT AND EQUIPMENT

	2014 \$	2013 \$
Buildings - at cost	21,341,179	17,845,633
Accumulation Depreciation	(2,526,185)	(2,176,246)
	<b>18,814,994</b>	<b>15,669,387</b>
Leasehold improvements - at cost	-	445,545
Accumulated Depreciation	-	(303,912)
	<b>-</b>	<b>141,633</b>
Plant and Equipment - at cost	2,437,147	1,965,112
Accumulated Depreciation	(1,306,400)	(1,179,703)
	<b>1,130,747</b>	<b>785,409</b>
Art Union Assets - at cost	-	4,134
Accumulated Depreciation	-	(4,134)
	<b>-</b>	<b>-</b>
Motor Vehicles - at cost	1,754,124	1,651,004
Accumulated Depreciation	(730,813)	(564,801)
	<b>1,023,311</b>	<b>1,086,203</b>
Work in Progress	750,815	-
	<b>750,815</b>	<b>-</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>21,719,867</b>	<b>17,682,632</b>

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	LEASEHOLD IMPROVEMENTS	WORK IN PROGRESS	TOTAL
Carrying amount at the beginning of the year	785,409	15,669,387	1,086,203	141,633	-	17,682,632
Additions, at cost	543,877	3,641,099	277,977	-	750,815	5,213,768
Disposals, at Written Down Value	(27,200)	(71,644)	(87,296)	(121,187)	-	(307,327)
Depreciation Expense	(171,339)	(423,848)	(253,573)	(20,446)	-	(869,206)
Carrying amount at the end of the year	<b>1,130,747</b>	<b>18,814,994</b>	<b>1,023,311</b>	<b>-</b>	<b>750,815</b>	<b>21,719,867</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 10. INTANGIBLE ASSETS

	2014 \$	2013 \$
Intangibles - at cost	1,735,874	1,595,587
Accumulated Depreciation	(1,338,573)	(994,534)
<b>TOTAL INTANGIBLES</b>	<b>397,301</b>	<b>601,053</b>

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

	INTANGIBLES
Carrying amount at the beginning of the year	601,053
Additions, at cost	157,481
Disposals, at Written Down Value	(3,718)
Depreciation Expense	(357,515)
Carrying amount at the end of the year	<b>397,301</b>

## 11. INVESTMENT PROPERTIES

	2014 \$	2013 \$
Investment Properties - at cost	15,336,918	12,096,031
Accumulation Depreciation	(718,572)	(436,608)
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>14,618,346</b>	<b>11,659,423</b>

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	11,659,423
Additions, at cost	3,260,274
Disposals, at Written Down Value	-
Depreciation Expense	(301,351)
Carrying amount at the end of the year	<b>14,618,346</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 12. TRADE AND OTHER PAYABLES

The organisation's exposure to risks related to trade creditors and other payables is disclosed in Note 15.

	2014 \$	2013 \$
Trade Creditors & Accruals	1,497,760	1,622,872
Trade Creditors & Accruals – Art Union	5,074,312	6,172,959
Ticket Sales in Advance	232,625	283,044
	<b>6,804,697</b>	<b>8,078,875</b>

## 13. PROVISIONS

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

	2014 \$	2013 \$
<b>CURRENT</b>		
Employee Benefits – Annual Leave	491,541	434,156
Employee Benefits – Long Service Leave	233,443	87,891
	<b>724,984</b>	<b>522,047</b>
<b>NON-CURRENT</b>		
Employee Benefits – Long Service Leave	123,325	135,128
	<b>123,325</b>	<b>135,128</b>

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

## 14. 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 2014

## 15. 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:

	2014 \$	2013 \$
Cash and cash equivalents	2,689,373	2,014,457
Other financial assets	36,497,055	24,092,278
Trade and other receivables	11,993,085	11,451,235
Available for sale financial assets	16,668,383	10,873,113
	<b>67,847,896</b>	<b>48,431,083</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 15. 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 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 8. 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 2014 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 \$36,497,055 (2013: \$24,092,278) in addition to receivables of \$11,993,085 (2013: \$11,451,235).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 16. COMMITMENT 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 of \$4,618,190 which at balance date have not been provided for in the financial statements. The amounts are payable during 2015. These commitments relate wholly to the operation of future Art Unions as part of the Returned & Services League of Australia (Queensland Branch).

## 17. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

The following Returned & Services League of Australia (Queensland Branch) Board of Directors held office during the year:

T Meehan AM	J Strachan OAM	E Cameron	R Cunneen
M Foot OAM	A Kilgour AM	A Shepley	A Pickering
V Reading	N Burrows	P Forsyth	B Taylor
S Sergeant	W Taylor	T Ferris	P Ryan

### DIRECTORS' COMPENSATION

The directors act in an honorary capacity and receive no compensation for their services. During the year travel expenses incurred by the directors in fulfilling their role were reimbursed.

### TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES

During the year payments were made to Districts (\$985,062) and National (\$292,605).

Amounts receivable from director related entities at the reporting date are: National (\$371,983).

These services were provided under normal commercial terms and conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 18. 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	
	2014 \$	2013 \$
Current Assets	57,687,820	43,987,256
Non-Current Assets	71,731,397	68,511,573
<b>TOTAL ASSETS</b>	<b>129,419,217</b>	<b>112,498,829</b>
Current Liabilities	7,359,933	8,489,053
Non-Current Liabilities	123,325	135,128
<b>TOTAL LIABILITIES</b>	<b>7,483,258</b>	<b>8,624,181</b>
Reserves	1,553,482	1,194,572
Accumulated Funds	120,382,477	102,680,076
<b>TOTAL EQUITY</b>	<b>121,935,959</b>	<b>103,874,648</b>
Net Surplus for the year	17,702,401	11,223,753
Other comprehensive income	358,910	781,730
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>18,061,311</b>	<b>12,005,483</b>

## 19. EVENTS SUBSEQUENT TO REPORTING DATE

Grant paid to Gallipoli Medical Research Foundation of \$250,000 paid in 2015.

## 20. 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 2014

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:

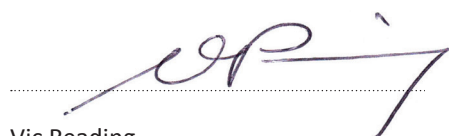
The directors of the Returned & Services League of Australia (Queensland Branch) declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *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 2014 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'/responsible entity's 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 13<sup>th</sup> day of April, 2015



Terry Meehan AM  
CHAIRMAN



Vic Reading  
STATE SECRETARY



Goran Avramovic  
CHIEF OPERATING OFFICER

## 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 2014, 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 is 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 2014, 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

BDO  


C J Skelton

Director

Brisbane, Dated 13 April 2015

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**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 2014, 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.

**C J Skelton**  
Director

**BDO Audit Pty Ltd**

Brisbane, 13 April 2015

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LEAGUE OF AUSTRALIA  
QUEENSLAND BRANCH