Returned & Services League of Australia (Queensland Branch)

ABN 79 902 601 713

Annual report for the year ended 31 December 2022

The directors present their report on the consolidated entity consisting of Returned & Services League of Australia (Queensland Branch) ("RSL Queensland") and its subsidiary Mates4Mates Limited (the "Group") for the year ended 31 December 2022.

Review of operations

In 2022, RSL Queensland Branch focused on foundational organisational improvements, including ensuring that our structures were suitable, our strategy was sound and that our delivery of key projects and initiatives were governed appropriately.

Governance capability was also enhanced through the implementation of a skill-based Board and the formation of the State Council of District Presidents, allowing for both the RSL Queensland Branch governance and the members' interests to be brought to the fore in the decision-making process.

Our services are continuing to grow and evolve through our connection with and empowerment of the veteran community. This is enabled through increasing the proportion we spend on our Charitable Objects from our Art Union surplus. This figure and real dollar values have increased over the last few years and in 2023 we seek to sustain this commitment to veterans and their families.

The economy has entered some difficult times, and this will impact not only on our commercial activities, but more importantly on our purpose, veterans and their families. We expect that whilst we find revenue raising may be challenging into 2023 we will also see an increase in demand for our services.

RSL Queensland's 2030 Strategy will guide the organisation for the next 10 years towards building and contributing to the Ex-Services Organisation ecosystem and expanding our impact and reach to veterans and their families. Now the strategy is set, RSL Queensland will focus on optimisation of the 2030 Strategy in 2023 and 2024. This optimisation phase will be underpinned by:

- Reviewing current and future operations, in consultation with the Board, that will engage and drive considered and important decision making across our governance structure
- Establish and continue to develop operational relationships across the broader RSL community with a focus on uniting with RSL State Branches and RSL National to determine the best way to unite the RSL at the operational level
- Ensure a balance of appropriate investment against opportunities that provide comprehensive outcomes for veterans and their families.

Governance Statement

RSL Queensland is committed to a high standard of corporate governance to ensure the organisation achieves its stated objectives in ways that are transparent, accountable and effective. Corporate governance arrangements are reviewed regularly by the Board.

All members of the Board are elected in accordance with the constitution and are RSL members and do not receive remuneration for their role. The Board has established a number of board committees who advise on key issues and operate under Board approved Terms of Reference.

Communication of RSL Queensland's affairs to members, the League, supporters and the public is widely undertaken. There is direct communication through regular newsletters and the provision of the annual report to members, as well as the ability to access the glossy annual report online at www.rslqld.org.

Board attendance

	Date of director appointment	Date of director resignation	No. of meetings eligible to attend	No. of meetings attended
Major General Stephen Day DSC, AM			14	14
Ms Gwynneth Taylor			14	13
Mr William Whitburn OAM			14	13
Mr Leslie Nash			14	14
Mr Ashley Naughton	28/10/2022		2	2
Mr Christopher Hamilton	28/10/2022		2	2
Mr Tony Orchard	28/10/2022		2	2
Mr Nicholas Gould	28/10/2022		2	2
Mr Barry Vains OAM		24/03/2022	3	3
Mr Dennis Pollard *		27/10/2022	12	12
Mr Garry Player *		27/10/2022	12	12
Mr Ian Hall OAM *		27/10/2022	12	12
Mr John Maschke		27/10/2022	12	11
Mr Kerry Gallagher AM *		27/10/2022	12	8
Mr Merv Brown OAM *		27/10/2022	12	10
Mr Pat Fairon *		27/10/2022	12	12
Mr Phillip Luzzi *	03/05/2022	27/10/2022	9	9
Mr Trevor Williamson OAM *		27/10/2022	12	12

* Left Board position because of the implementation of a skill-based Board and the formation of the State Council of District Presidents

Principal activities

During the year RSL Queensland's principal activity continued to be the commercial operation of the Art Union lotteries enabling maintained focus on its objectives and continuation of providing advocacy, commemoration, and welfare support to those current and ex-serving members of the Australian Defence Forces (the ADF) and their families, the RSL Queensland Sub Branch network and the wider Queensland community.

RSL Queensland built partnerships with RSL NSW, RSL Tasmania and RSL WA to deliver better outcomes for veterans in each state. These collaborations improve support options for the Australian veteran community through partnerships with other like-minded RSL entities. Mates4Mates Limited, a subsidiary of RSL Queensland, continued to provide important physical, psychological and social connection support to veterans across Australia and established new premises in Darwin, NT through the new Veteran and Family Wellbeing Centre.

There was no significant change in the nature of the activity of the Group during the year.

Mission statement

RSL Queensland's 2030 strategic framework highlights its mission, strategic imperatives and enabling capabilities to meet the needs of veterans and their families.

RSL Queensland's mission is to provide care, commemoration and camaraderie to enable veterans and their families to live with dignity and respect.

To effectively achieve its mission, RSL Queensland will enhance the following capabilities:

- Communication - ability to clearly communicate our mission and endeavours to the veteran community and society at large.
- Commercial Resources - financial capacity and fit-for-purpose commercial structure to ensure that RSL Queensland meets its mission
- Capability - relevant skills, processes and technologies, effectively aligned in a way that sets up RSL Queensland for success

RSL Queensland's 2030 strategic goals to achieve its mission include:

- Strengthen our connection to veterans and the community (Connect)
- Service the holistic interest of veterans (Serve)
- Secure our commercial capacity and assets (Secure)
- Enable RSL Queensland and its ecosystem to achieve its mission (Enable)

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Operating results

The surplus from ordinary activities amounted to $11,709,626 (2021: $33,534,200) and the expenses supporting our charitable objects as a percentage of the Art Union surplus increased to 88.3% (2021: 64.9%).

Event since the end of the financial year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The directors expect that the Group will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which they wish to disclose at this time.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

During the financial year, Returned & Services League of Australia (Queensland Branch) paid a premium to insure the directors and secretaries of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 60-25 of the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012* is set out on page 5.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors.

Major General Stephen Day DSC, AM
State President/Director

Brisbane
4 May 2023

Auditor's Independence Declaration

As lead auditor for the audit of Returned & Services League of Australia (Queensland Branch) for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Returned & Services League of Australia (Queensland Branch) and the entities it controlled during the period.

Darren Jenns
Partner
PricewaterhouseCoopers

Brisbane
4 May 2023

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Returned & Services League of Australia (Queensland Branch)

ABN 79 902 601 713

Financial report - 31 December 2022

Contents

This financial report is the consolidated financial report of the consolidated entity consisting of Returned & Services League of Australia (Queensland Branch) and its subsidiary. The financial report is presented in the Australian dollar ($).

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, Australia.

Its registered office is:

283 St Pauls Terrace
Fortitude Valley, Queensland, 4006.

The financial report was authorised for issue by the directors on 4 May 2023. The directors have the power to amend and reissue the financial report.

Returned & Services League of Australia (Queensland Branch)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Notes	2022 $	2021 $
Revenue from contracts with customers	3	**224,316,702**	207,379,510
Other income	4(a)	**10,210,806**	5,933,868
Other gains/(losses) – net	4(b)	**(1,446,872)**	2,886,875
Lottery prizes, marketing and commission expenses		**(103,004,555)**	(90,469,968)
Employee benefits expense		**(67,208,944)**	(50,947,035)
Donations and welfare expenses	5(b)	**(16,729,236)**	(7,369,123)
IT and communications expenses		**(7,031,097)**	(5,388,401)
Depreciation and amortisation expense		**(6,406,840)**	(6,073,851)
Contractors and consultants		**(8,088,644)**	(10,570,882)
Property expenses		**(4,507,394)**	(4,057,813)
Meeting and travel expenses		**(1,738,846)**	(1,853,055)
Bank and merchant fees		**(1,864,537)**	(1,706,175)
Support services expenses		**(620,502)**	(409,016)
Other expenses		**(3,886,218)**	(3,679,234)
Finance costs	4(c)	**(284,197)**	(141,500)
Surplus for the year		**11,709,626**	33,534,200
Other comprehensive income			
Item that may be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income	20(a)	**(361,479)**	(59,266)
Other comprehensive (loss) for the year		**(361,479)**	(59,266)
Total comprehensive income for the year		**11,348,147**	33,474,934

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Returned & Services League of Australia (Queensland Branch)
Consolidated balance sheet
As at 31 December 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**89,196,434**	152,616,609
Trade and other receivables	7	**2,844,235**	2,331,434
Inventories	8	**46,345,919**	42,344,615
Financial assets at amortised cost	9	**342,946**	82,583
Other assets	16	**12,668,209**	14,970,363
Total current assets		**151,397,743**	212,345,604
Non-current assets			
Inventories	8	**44,039,979**	24,072,094
Property, plant and equipment	10	**34,395,253**	29,862,060
Right-of-use assets	12	**5,469,314**	2,883,208
Investment properties	11	**8,832,299**	8,998,259
Intangible assets	13	**9,629,383**	12,882,185
Financial assets at fair value through profit or loss	14	**32,442,732**	18,675,224
Financial assets at fair value through other comprehensive income	15	**49,314,671**	7,956,052
Other assets	16	**3,203,800**	3,801,122
Total non-current assets		**187,327,431**	109,130,204
Total assets		**338,725,174**	321,475,808
LIABILITIES			
Current liabilities			
Trade and other payables	17	**10,278,114**	8,276,997
Contract liabilities	3(a)	**14,130,199**	13,395,074
Lease liabilities	12	**1,191,637**	1,939,460
Deferred revenue	18	**748,306**	810,533
Employee benefit obligations	19	**3,680,711**	3,327,571
Total current liabilities		**30,028,967**	27,749,635
Non-current liabilities			
Lease liabilities	12	**4,590,009**	1,123,715
Employee benefit obligations	19	**675,498**	519,905
Total non-current liabilities		**5,265,507**	1,643,620
Total liabilities		**35,294,474**	29,393,255
Net assets		**303,430,700**	292,082,553
EQUITY			
Other reserves	20(a)	**(431,384)**	(69,905)
Retained earnings	20(b)	**303,862,084**	292,152,458
Total equity		**303,430,700**	292,082,553

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Returned & Services League of Australia (Queensland Branch)
Consolidated statement of changes in equity
For the year ended 31 December 2022

	Other reserves $	Accumulated funds $	Total equity $
Balance at 1 January 2021	(10,639)	258,618,258	258,607,619
Surplus for the year	-	33,534,200	33,534,200
Other comprehensive income/(loss)	(59,266)	-	(59,266)
Total comprehensive (loss)/income for the year	**(59,266)**	**33,534,200**	**33,474,934**
Balance at 31 December 2021	**(69,905)**	**292,152,458**	**292,082,553**
Balance at 1 January 2022	(69,905)	292,152,458	292,082,553
Surplus for the year	-	11,709,626	11,709,626
Other comprehensive income/(loss)	(361,479)	-	(361,479)
Total comprehensive (loss)/income for the year	**(361,479)**	**11,709,626**	**11,348,147**
Balance at 31 December 2022	**(431,384)**	**303,862,084**	**303,430,700**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**2022 $**	2021 $
Cash flows from operating activities			
Surplus for the year		**11,709,626**	33,534,200
Depreciation and amortisation		**6,406,840**	6,073,851
Net loss on disposal of intangibles and plant and equipment		**349,462**	2,812,944
Fair value losses/(gains) on financial assets at fair value through profit or loss		**3,411,380**	(2,813,574)
Change in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		**(370,981)**	79,032
Increase in inventories		**(23,969,190)**	(9,356,008)
Decrease/(increase) in contract assets, prepayments and other operating assets		**2,733,986**	(115,780)
Increase in trade and other payables and contract liabilities		**2,673,702**	3,740,128
Increase in other operating liabilities		**532,720**	824,423
Net cash inflow from operating activities		**3,477,545**	34,779,216
Cash flows from investing activities			
Payments for property, plant and equipment		**(7,069,131)**	(3,823,657)
Transfers (to)/from investments		**(59,159,350)**	73,493,217
Payments for intangibles		**(51,108)**	(1,600,133)
Proceeds from sale of non-current assets		**774,890**	-
Net cash (outflow) inflow from investing activities		**(65,504,699)**	68,069,427
Cash flows from financing activities			
Principal elements of lease payments		**(1,393,021)**	(1,032,637)
Net cash (outflow) from financing activities		**(1,393,021)**	(1,032,637)
Net (decrease) increase in cash and cash equivalents		**(63,420,175)**	101,816,006
Cash and cash equivalents at the beginning of the financial year		**152,616,609**	50,800,603
Cash and cash equivalents at end of year	6	**89,196,434**	152,616,609

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of this consolidated financial report. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the Group consisting of Returned & Services League of Australia (Queensland Branch) and its subsidiary.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Collections Act 1966 (Qld)*, the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)* and the *Charitable Fundraising Act 1991 (NSW).* Returned & Services League of Australia (Queensland Branch) is a not-for-profit entity for the purpose of preparing the financial report.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial report of the Group complies with Australian Accounting Standards - Simplified Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

The financial report has been prepared on a historical cost basis, except for certain financial assets measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2022:

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141]*
- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.*

The adoption of these amendments did not have any impact on the current year or any prior year and is not likely to affect future years.

(iv) New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

(v) Critical accounting estimates

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report, are disclosed in note 2.

(vi) Comparatives

Comparatives have been reclassified, where appropriate, to enhance comparability.

(b) Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of Returned & Services League of Australia (Queensland Branch) ('parent entity') as at 31 December 2022 and the results of its subsidiary for the year then ended. Returned & Services League of Australia (Queensland Branch) and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 company.

(c) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises other revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Lottery ticket sales

Revenue primarily comprises funds raised from sales of lottery tickets. Revenue is recognised at a point in time once the lottery has closed and the lottery is drawn. Revenue for lotteries which have not been closed and drawn are treated as a contract liability.

(ii) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the Group delivers a product to the customer.

(iii) 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.

(iv) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

1 Summary of significant accounting policies (continued)

(d) Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. Grants where there are specific performance obligations are treated as within the scope of AASB 15.

(e) 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 group. It is established to promote the interests and welfare of former and serving members of the Australian Defence Force and their dependants, in order 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 as the Group maintains such registration.

(f) Leases

The Group leases various premises and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- makes adjustments specific to the lease, eg term and security.

1 Summary of significant accounting policies (continued)

(f) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original 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.

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

1 Summary of significant accounting policies (continued)

(i) Trade receivables (continued)

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period.

(j) Inventories

(i) Goods

Inventories of goods purchased for resale are valued at cost less provision for obsolete inventory. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Recoverable amount is based on lower of cost and replaceable cost if the entity was deprived of the asset.

(ii) Art Union properties

Art Union properties which have not yet been included as a prize in a lottery draw at 31 December 2022 are included in the consolidated balance sheet as inventories. These are stated at the lower of net realisable value recorded as a cost less provision for impairment. Cost is assigned to an asset by specific identification including costs of acquisition, development costs, and any other costs incurred in bringing the inventory item to its present condition. Net realisable value considers the income an associated lottery draw would be estimated to make less estimated costs of running the draw.

The cost of Art Union properties acquired under contracts entered into but not yet settled as at balance date are not taken up as inventories, unless all contractual conditions have been fulfilled such that there is virtual certainty of completion to enable transfer of title and benefit to the property. Such costs are recognised as prepayments.

Should an Art Union property no longer be allocated to a future draw, it is held for resale with net realisable value the estimated selling price in the ordinary course of business.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

• Buildings	2.5%
• Plant and equipment	10% - 40%
• Leasehold improvements	5%
• Motor vehicles	12.5% - 20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

1 Summary of significant accounting policies (continued)

(l) Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. They are carried at cost including transaction costs, less accumulated depreciation and impairment charges.

The cost of properties acquired under contracts entered into but not yet settled as at balance date are not taken up as investment properties unless all contractual conditions have been fulfilled such that there is virtual certainty of completion to enable transfer of title and benefit to the property. Such costs are recognised as prepayments.

Investment properties (other than land) are depreciated over their useful lives to the Group 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 at 2.5%.

(m) Intangible assets

(i) Software

Software including cloud software

Software as a Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. On commencement of a new contract with a cloud-based provider, the Group will assess whether there is control surrounding the underlying software and whether this will provide a future economic benefit to the Group. Where the Group will obtain a future economic benefit and can restrict access to the software, an intangible asset will be recognised. All customisation and configuration relating to this asset will be capitalised where the implementation has been performed by the SaaS provider and the improvements are considered 'not distinct' within the software. The Group defines the configuration and customisation to be 'not distinct' when the adaptations to the software significantly enhance or modify the product and are no longer easily identifiable from the original software. Where the Group incurs costs surrounding a SaaS arrangement that do not result in the recognition of an intangible asset, the Group then considers who provided the configuration and customisation services and whether these services are 'distinct' or 'not distinct'. Where the services are provided by the SaaS supplier and are considered 'not distinct', the cost will be expensed over the contract term of the software. However, where the services are considered 'distinct', the costs will be expensed when the service is received. The Group will review the costs incurred relating to SaaS arrangements at the end of every reporting period to assess whether they meet the definition of an intangible asset. Any changes to the amortisation or deprecation rates that are applied will be treated as a change in accounting estimate. The Group has historically capitalised all configuration and customisation as an intangible asset in the consolidated balance sheet.

In-house software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

1 Summary of significant accounting policies (continued)

(m) Intangible assets (continued)

(i) Software (continued)

Directly attributable costs of materials, hardware and services used or consumed in generating the software have been recognised, including costs of employee benefits. Development costs not meeting these criteria for capitalisation are expensed as incurred and included in the ordinary business operations. Costs associated with maintaining software programmes are recognised as an expense as incurred. A software development pool has been used to allocate software expenditure that is incurred on developing (or on having developed) in-house software that is intended to be used solely for a taxable purpose. Software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses.

The Group amortises software with a limited useful life using the straight-line method at 10% - 40%.

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Bank fixed rate term deposits (note 9)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in other gains/(losses) in the consolidated statement of profit or loss and other comprehensive income.

Corporate bonds and bank notes (note 15)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

1 Summary of significant accounting policies (continued)

(n) Investments and other financial assets (continued)

(iv) Equity instruments

Equity securities and managed funds (note 14)

The Group subsequently measures all equity investments at fair value. The Group's management has not elected to present fair value gains and losses on equity investments in other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the consolidated statement of profit or loss and other comprehensive income as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(v) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave are presented as current employee benefit obligations in the consolidated balance sheet. The liabilities for wages payable are presented as current other payables in the consolidated balance sheet.

(ii) Other long-term employee benefit obligations

The Group has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Contributions to the defined contribution section of the Group's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of significant accounting policies (continued)

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

(a) Significant estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of assets

The Group tests annually whether assets suffered any impairment, in accordance with the accounting policy stated in note 1(g), note 1(m) and note 1(n).

3 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time as follows:

	2022 **$**	2021 $
Sale of goods	**12,352**	18,882
Lottery ticket sales	**224,304,350**	207,360,628
	224,316,702	207,379,510

(a) Assets and liabilities related to contracts with customers

	2022 **$**	2021 $
Current other assets - contract costs	**12,668,209**	14,970,363
Non-current other assets - contract costs	**3,203,800**	3,801,122
Total contract costs	**15,872,009**	18,771,485
Contract liability - advance ticket sales	**(14,130,199)**	(13,395,074)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting year relates to carried-forward contract liabilities that were satisfied in a prior year:

	2022 **$**	2021 $
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Lottery ticket sales	**13,395,074**	12,414,757

(ii) Assets recognised from costs to obtain or fulfil a contract

The Group has recognised assets in relation to costs to obtain commission contracts and costs to fulfil contracts. This is presented within other assets in the consolidated balance sheet.

	2022 **$**	2021 $
Asset recognised from costs incurred to obtain or fulfil a contract	**15,872,009**	18,771,485
Amortisation recognised as cost to obtain contracts during the year	**18,174,364**	17,775,002
Amortisation recognised as cost to fulfil contracts during the year	**1,099,826**	1,462,399

4 Other income and expense items

(a) Other income

	2022 $	2021 $
Rental income	**2,515,426**	2,462,144
Interest income	**1,236,990**	374,817
Dividends	**1,428,377**	809,835
Donations	**455,951**	899,870
Grant income	**3,848,343**	871,599
Sundry income	**725,719**	515,603
	10,210,806	5,933,868

(b) Other gains/(losses)

	2022 $	2021 $
Net gain/(loss) on disposal of non-current assets and inventory	**1,097,121**	(743,654)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	**(3,411,380)**	2,813,574
Net impairment reversal	**867,387**	816,955
	(1,446,872)	2,886,875

(c) Finance costs

	Notes	2022 $	2021 $
Interest and finance charges paid/payable for lease liabilities	12	**(284,197)**	(141,500)
Finance costs expensed		**(284,197)**	(141,500)

5 Income and expenditure - fundraising appeals

This disclosure is made to provide clarity on sources of fundraising appeals and expenditure directly applied towards the charitable purpose and is a requirement of *NSW Charitable Fundraising Act (1991)*. It is also considered relevant to the members of the organisation to provide additional information on direct expenses towards charitable purpose as this is not readily available from the presentation of the consolidated statement of profit or loss and other comprehensive income.

(a) Details of aggregate gross income and total expenses directly related to fundraising appeals:

	2022 $	2021 $
Gross proceeds of fundraising appeals (as defined by the Act)	**224,553,296**	207,696,329
Cost of fundraising appeals	**(110,694,382)**	(97,475,131)
Gross surplus obtained from fundraising appeals	**113,858,914**	110,221,198

Fundraising appeals is primarily made up of the lottery operations. The cost of fundraising appeals includes payments made to traders where they have been engaged to assist with lottery ticket sales.

5 Income and expenditure - fundraising appeals (continued)

(b) Expenditure directly applied to the charitable purpose

	2022 **$**	2021 $
Donations and sponsorship	**(16,729,236)**	(7,369,123)
Veteran services and compliance	**(19,435,111)**	(14,303,810)
Welfare property expenditure	**(4,997,244)**	(3,756,066)
Total charitable expenditure	**(41,161,591)**	(25,428,999)

Other expenditure of an indirect or overhead nature which supports fundraising activity and the provision of charitable activities is not included in the above tables.

6 Cash and cash equivalents

	2022 **$**	2021 $
Cash at bank and in hand	**80,526,990**	119,912,342
Cash held by investment manager	**8,669,444**	32,704,267
	89,196,434	152,616,609

(a) Interest rates

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

(b) Restricted cash

The cash and cash equivalents held by the Group disclosed above and in the consolidated statement of cash flows include $636,986 (2021: $986,299) which are held by Group on behalf of external parties or for other purposes such as guarantees and unspent government grants. These deposits are subject to restrictions and are therefore not available for general or discretionary use by the entities in the Group.

7 Trade and other receivables

	2022			2021		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Trade receivables	**371,265**	**-**	**371,265**	205,894	-	205,894
Loss allowance	**(37,283)**	**-**	**(37,283)**	(2,067)	-	(2,067)
	333,982	**-**	**333,982**	203,827	-	203,827
Other receivables	**63,879**	**-**	**63,879**	147,425	-	147,425
GST receivable	**1,283,323**	**-**	**1,283,323**	982,619	-	982,619
Prepayments	**1,163,051**	**-**	**1,163,051**	997,563	-	997,563
Loans to related parties (a)	**34,870**	**1,171,593**	**1,206,463**	2,019,924	1,207,939	3,227,863
Loss allowance	**(34,870)**	**(1,171,593)**	**(1,206,463)**	(2,019,924)	(1,207,939)	(3,227,863)
	2,844,235	**-**	**2,844,235**	2,331,434	-	2,331,434

7 Trade and other receivables (continued)

(a) Loans to related parties

	2022 $	2021 $
Loans to sub branches:		
Bowen	**28,000**	30,000
Yeppoon	**35,513**	70,259
Charters Towers	**1,142,950**	1,142,950
Mareeba	**-**	1,984,654
	1,206,463	3,227,863

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

Yeppoon
The loan was established on 17 August 2015 and is secured by a general security agreement over the plant and equipment of the RSL Yeppoon Sub Branch. The loan has been fully impaired.

Charters Towers
The loan was established on 24 May 2012 and is secured by a mortgage over the property situated at 8-10 Prior Street, Charters Towers. The loan has been fully impaired.

Mareeba
The loan was established on 21 December 2011 and was secured by a mortgage over the property situated at 88 Byrnes St, Mareeba. The loan has been fully impaired in the past and the property was sold during the year. The impact of this is included in note 4(b) as net impairment reversal.

8 Inventories

	2022			2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Art Union						
Art Union prize inventory	**46,698,255**	**44,039,979**	**90,738,234**	42,344,615	24,072,094	66,416,709
Provision for impairment - prize inventory	**(352,336)**	**-**	**(352,336)**	-	-	-
	46,345,919	**44,039,979**	**90,385,898**	42,344,615	24,072,094	66,416,709

9 Financial assets at amortised cost

	2022 Current $	**2022 Non-current $**	**2022 Total $**	2021 Current $	2021 Non-current $	2021 Total $
Bank fixed rate term deposits	**178,807**	**-**	**178,807**	13,677	-	13,677
Other financial assets	**164,139**	**-**	**164,139**	68,906	-	68,906
	342,946	**-**	**342,946**	82,583	-	82,583

Bank fixed rate term deposits, including those managed by Willis Towers Watson are made for varying periods, on average six months, depending on the group's cash requirements. These deposits earn interest at variable rates between 0.20% - 3.70% (2021: 0.1% - 1.07%). All monies are invested with A+ rated Australian banks.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

10 Non-current assets - Property, plant and equipment

Non-current	**Land and buildings $**	**Plant and equipment $**	**Motor vehicles $**	**Assets under construction $**	**Total $**
At 31 December 2021					
Cost	35,022,561	9,912,921	83,265	1,342,944	46,361,691
Accumulated depreciation and impairment	(13,289,556)	(3,148,300)	(61,775)	-	(16,499,631)
Net book amount	21,733,005	6,764,621	21,490	1,342,944	29,862,060
Year ended 31 December 2022					
Opening net book amount	21,733,005	6,764,621	21,490	1,342,944	29,862,060
Transfers to investment properties	-	(162,060)	-	-	(162,060)
Additions	1,600,000	5,460	-	5,463,671	7,069,131
Disposals	-	(300,326)	-	-	(300,326)
Transfers	-	2,758,411	-	(2,758,411)	-
Depreciation charge	(972,961)	(1,086,446)	(10,408)	-	(2,069,815)
Impairment loss	(3,737)	-	-	-	(3,737)
Closing net book amount	22,356,307	7,979,660	11,082	4,048,204	34,395,253
At 31 December 2022					
Cost	36,622,560	12,214,407	83,265	4,048,204	52,968,436
Accumulated depreciation and impairment	(14,266,253)	(4,234,747)	(72,183)	-	(18,573,183)
Net book amount	22,356,307	7,979,660	11,082	4,048,204	34,395,253

11 Investment properties

	2022 **$**	2021 $
Non-current assets - at cost		
Cost	**11,476,565**	11,314,506
Accumulated depreciation	**(2,644,266)**	(2,316,247)
	8,832,299	8,998,259

Movements:		
Carrying amount at the beginning of the year	**8,998,259**	9,277,839
Transfers from plant and equipment	**162,060**	-
Depreciation	**(328,020)**	(264,360)
Disposals	**-**	(15,220)
	8,832,299	8,998,259

12 Leases

(a) Amounts recognised in the balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2022 **$**	2021 $
Right-of-use assets		
Premises	**4,663,940**	1,721,358
Vehicles	**805,374**	1,161,850
	5,469,314	2,883,208

Additions to the right-of-use assets during the 2022 financial year were $4,383,012 (2021: $2,019,078). Modification reductions to the right-of-use assets during the 2022 financial year were $566,145 (2021: $nil).

	2022 **$**	2021 $
Lease liabilities		
Current	**1,191,637**	1,939,460
Non-current	**4,590,009**	1,123,715
	5,781,646	3,063,175

12 Leases (continued)

(a) Amounts recognised in the balance sheet (continued)

	2022 $	2021 $
Future lease payments in relation to lease liabilities as at period end are as follows:		
Within one year	**1,539,368**	1,527,479
Later than one year but not later than five years	**5,175,970**	1,745,325
Later than five years	**740,664**	83,033
	7,456,002	3,355,837
Future finance charges	**(1,674,356)**	(292,662)
Total lease liabilities	**5,781,646**	3,063,175

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Notes	2022 $	2021 $
Depreciation charge of right-of-use assets			
Premises		**1,095,395**	695,093
Vehicles		**429,990**	288,245
		1,525,385	983,338
Interest expense (included in finance cost)	4(c)	**284,197**	141,500

13 Intangible assets

	Software $	Work in progress $	Total $
At 31 December 2021			
Cost	20,798,177	766,110	21,564,287
Accumulated amortisation and impairment	(8,682,102)	-	(8,682,102)
Net book amount	12,116,075	766,110	12,882,185
Year ended 31 December 2022			
Opening net book amount	12,116,075	766,110	12,882,185
Additions	-	51,108	51,108
Disposals	(54,180)	(766,110)	(820,290)
Amortisation charge	(2,483,620)	-	(2,483,620)
Closing net book amount	9,578,275	51,108	9,629,383
At 31 December 2022			
Cost	20,481,811	51,108	20,532,919
Accumulated amortisation and impairment	(10,903,536)	-	(10,903,536)
Net book amount	9,578,275	51,108	9,629,383

14 Financial assets at fair value through profit or loss

	2022 $	2021 $
Equity securities and managed funds	**32,442,732**	18,675,224

The Willis Towers Watson 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 Group'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 Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

15 Financial assets at fair value through other comprehensive income

	2022 $	2021 $
Non-current assets		
Corporate bonds and bank notes	**49,314,671**	7,956,052
	49,314,671	7,956,052

The Willis Towers Watson 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 Group'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.

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

16 Other assets

	2022			2021		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Contract costs	**12,668,209**	**3,203,800**	**15,872,009**	14,970,363	3,801,122	18,771,485

17 Trade and other payables

	2022 $	2021 $
Trade payables and accruals	**10,278,114**	8,276,997

18 Deferred revenue

	2022 **$**	2021 $
Government grants	**748,306**	810,533

19 Employee benefit obligations

	2022 **Current** **$**	**Non-current** **$**	**Total** **$**	2021 Current $	Non-current $	Total $
Leave obligations	**3,680,711**	**675,498**	**4,356,209**	3,327,571	519,905	3,847,476

20 Other reserves and accumulated funds

(a) Other reserves

	2022 **$**	2021 $
Financial assets at fair value through other comprehensive income	**(431,384)**	(69,905)

Movements:

Financial assets at fair value through other comprehensive income		
Opening balance	**(69,905)**	(10,639)
Net gains/(losses) - gross	**(361,479)**	(59,266)
Balance 31 December	**(431,384)**	(69,905)

Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 15. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(b) Accumulated funds

Movements in accumulated funds were as follows:

	2022 **$**	2021 $
Balance 1 January	**292,152,458**	258,618,258
Surplus for the year	**11,709,626**	33,534,200
Balance 31 December	**303,862,084**	292,152,458

21 Contingencies

The Group had no contingent liabilities at 31 December 2022 (2021: nil).

22 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	2022 **$**	2021 $
Construction and purchase of property for future Art Unions	**8,210,519**	12,458,834
Property, plant and equipment	**720,278**	867,545
Property purchases - Darwin M4M hub	**-**	1,440,000

(b) Operating expenditure

The Group has the following operating commitments:

- the Group had an executed agreement with the Gallipoli Medical Research Foundation entered into on 18 December 2019 for $7,500,000. The terms of the agreement is 5 years and the amount payable in 2023 is $1,500,000.
- the Group had executed agreement with the Gallipoli Medical Research Foundation entered into on 9 February 2022 for $6,090,140. The terms of the agreement is 5 years and the amount payable in 2023 is $1,218,028. This project will establish and deliver an online learning service and provide clinical data analysis to determine health trends.

23 Related party transactions

(a) Key management personnel compensation

	2022 **$**	2021 $
Key management personnel compensation	**2,076,134**	3,536,851

(b) Transactions with other related parties

The following transactions occurred with related parties:

	2022 **$**	2021 $
Payments to Districts	**2,187,658**	2,001,106

In addition to the above the Group also incurred indirect costs of $2,816,203 (2021: $2,115,169) to support the operational costs of the Districts.

During the year, the parent entity made a contribution of $7,199,996 (2021: $5,199,996) to its wholly-owned subsidiary Mates4Mates Limited to support the organisation's operations in the delivery of veteran services. This contribution has been fully eliminated in the consolidated financial statements of the Group.

24 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

25 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity, Returned & Services League of Australia (Queensland Branch), and its related practices.

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	2022	2021
	$	$
Audit of financial statements	**136,340**	112,000
Other assurance services	**51,200**	73,000
Assistance with the preparation of the financial statements	**10,000**	10,000
	197,540	195,000

26 Parent entity financial information

(a) Summary financial information

The individual financial report for the parent entity, Returned & Services League of Australia (Queensland Branch), shows the following aggregate amounts:

	2022	2021
	$	$
Balance sheet		
Current assets	**149,019,048**	209,465,464
Non-current assets	**183,636,796**	108,471,902
Total assets	**332,655,844**	317,937,366
Current liabilities	**28,137,517**	26,196,186
Non-current liabilities	**5,220,498**	1,344,128
Total liabilities	**33,358,015**	27,540,314
Net assets	**299,297,829**	290,397,052
Shareholders' equity		
Reserves		
Financial assets at fair value through other comprehensive income	**(431,384)**	(69,905)
Retained earnings	**299,729,213**	290,466,957
	299,297,829	290,397,052
Profit for the year	**9,262,260**	33,597,780
Total comprehensive income	**8,900,781**	33,538,514

In the directors' opinion:

(a) the financial report and notes set out on pages 6 to 30 are in accordance with the *Collections Act 1966 (QLD)* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)* , including:

  (i) complying with Accounting Standards - Simplified Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Regulation 2013* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

(c) the consolidated statement of profit or loss and other comprehensive income gives a true and fair view of the all income and expenditure of the Group with respect to fundraising appeals, and

(d) the consolidated balance sheet gives a true and fair view of the state of affairs of the Group with respect to fundraising appeals, and

(e) the financial report and associated records of the Group have been properly kept during the year ended 31 December 2022 in accordance with the provisions of the *Charitable Fundraising Act 1991(NSW),* the regulations under the Act and the conditions attached to Group's authority, and

(f) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the directors.

Major General Stephen Day DSC, AM
Director

Brisbane
4 May 2023

Independent auditor's report

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

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Returned & Services League of Australia (Queensland Branch) (the Entity) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 31 December 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the declaration of the Directors.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* 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 ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Report on the requirements of the *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulation 2021 (NSW)*

We have audited the financial report of the Group as required by Section 24(1) of the *Charitable Fundraising Act 1991 (NSW)* (the Act). The directors of the Group are responsible for the preparation and presentation of the financial report in accordance with the Act and the *Charitable Fundraising Regulation 2021 (NSW)* (the Regulation). Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion, in all material respects:

(a) The financial report of the Group represents a true and fair view of the financial results of the fundraising appeals for the financial year ended 31 December 2022 and has been prepared in accordance with the Section 24(1) of the Act;

(b) The accounts and associated records of the Group have been properly kept, during the financial year ended 31 December 2022, in accordance with:

i. Sections 20(1), 22(1-2) and 24(1-3) of the Act; and

ii. Sections 14-1 and 17 of the Regulation;

(c) Money received as a result of fundraising appeal activities conducted by the Group during the financial year ended 31 December 2022 has been properly accounted for and applied in accordance with the Act and Regulation.

PricewaterhouseCoopers

Darren Jenns
Partner

Brisbane
4 May 2023