# RETURNED & SERVICES LEAGUE OF AUSTRALIA (QUEENSLAND BRANCH)
## ABN 79 902 601 713

# ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

# Contents to Annual Financial Report

# Consolidated statement of profit or loss and other comprehensive income
# For the year ended 31 December 2018

| | Notes | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **REVENUE** | | | |
| Welfare Related Income | | 248,144 | 460,219 |
| Members' Subscriptions | | 824 | 1,437 |
| Investment & Property Income | | 5,390,014 | 5,020,252 |
| Sales | | 120,755,940 | 114,540,872 |
| Other Income | | 570,803 | 410,640 |
| **TOTAL REVENUE** | | **126,965,725** | **120,433,420** |
| **EXPENSES** | | | |
| Cost of Sales | | 66,715,260 | 60,408,267 |
| Charities & Compliance Expenses | | 514,697 | 299,561 |
| Coordinator & Commission Expenses | | 1,865,225 | 1,721,466 |
| Depreciation and Amortisation Expense | | 2,989,803 | 2,538,651 |
| Impairment of Property | | 5,042,818 | - |
| Donations & Welfare Expenses | 3(a) | 14,399,492 | 13,211,477 |
| Employee Benefits Expenses | | 15,612,054 | 11,414,980 |
| Meeting & Travel Expenses | | 1,545,309 | 1,209,761 |
| National & District Capitations | | 177,833 | 171,644 |
| Property Expenses | | 1,580,547 | 1,129,954 |
| Other Expenses | 3(b) | 5,583,676 | 4,282,814 |
| **TOTAL EXPENSES** | | **116,026,714** | **96,388,575** |
| **NET SURPLUS** | | **10,939,011** | **24,044,845** |
| OTHER COMPREHENSIVE INCOME | | | |
| Net changes in the fair value of financial assets through other comprehensive income | | (54,662) | 1,225,836 |
| TOTAL COMPREHENSIVE INCOME | | 10,884,349 | 25,270,681 |

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

# Consolidated statement of financial position
# As at 31 December 2018

| | Notes | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash & Cash Equivalents | 4 | 36,996,498 | 53,315,537 |
| Other Financial Assets | 8 | 52,105,070 | 25,951,070 |
| Trade & Other Receivables | 5 | 3,073,900 | 2,395,529 |
| Inventories | 6 | 22,109,892 | 18,050,746 |
| Other Assets | 7 | 5,447,433 | 5,684,217 |
| **TOTAL CURRENT ASSETS** | | **119,732,793** | **105,397,099** |
| **NON-CURRENT ASSETS** | | | |
| Trade & Other Receivables | 5 | 2,849,685 | 3,516,103 |
| Inventories | 6 | 8,992,900 | 14,259,440 |
| Other Financial Assets | 8 | 22,731,941 | 20,360,266 |
| Property, Plant and Equipment | 9 | 30,643,842 | 37,457,937 |
| Intangible Assets | 10 | 18,893,275 | 10,657,648 |
| Investment Properties | 11 | 9,983,782 | 9,297,805 |
| Other Assets | 7 | 1,589,949 | 1,167,674 |
| **TOTAL NON-CURRENT ASSETS** | | **95,685,374** | **96,716,873** |
| **TOTAL ASSETS** | | **215,418,167** | **202,113,972** |
| **CURRENT LIABILITIES** | | | |
| Trade & Other Payables | 12 | 13,247,928 | 11,108,481 |
| Provisions | 13 | 1,513,653 | 1,236,297 |
| **TOTAL CURRENT LIABILITIES** | | **14,761,581** | **12,344,778** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 13 | 178,967 | 175,924 |
| **TOTAL NON-CURRENT LIABILITIES** | | **178,967** | **175,924** |
| **TOTAL LIABILITIES** | | **14,940,548** | **12,520,702** |
| **NET ASSETS** | | **200,477,619** | **189,593,270** |
| **EQUITY** | | | |
| Reserves | 14 | (31,508) | 3,074,975 |
| Accumulated Funds | | 200,509,127 | 186,518,295 |
| **TOTAL EQUITY** | | **200,477,619** | **189,593,270** |

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

# Consolidated statement of changes in equity
# For the year ended 31 December 2018

| | Notes | Consolidated | | |
|---|---|---|---|---|
| | | **Fair value through other comprehensive income reserve** | **Accumulated Funds** | **Total** |
| | | **$** | **$** | **$** |
| **Balance as reported 31 December 2016** | | **1,849,139** | **162,473,450** | **164,322,589** |
| Surplus for the year | | - | 24,044,845 | 24,044,845 |
| **Other comprehensive income** | | | | |
| Fair value adjustment for availabe-for-sale financial assets | | 1,225,836 | - | 1,225,836 |
| **Total comprehensive income for the year** | | **1,225,836** | **24,044,845** | **25,270,681** |
| **Balance as reported 31 December 2017** | | **3,074,975** | **186,518,295** | **189,593,270** |
| Adjustment on adoption of AASB 9 | 2(p) | (3,051,821) | 3,051,821 | - |
| **Adjusted balance at 1 January 2018** | | **23,154** | **189,570,116** | **189,593,270** |
| Surplus for the year | | - | 10,939,011 | 10,939,011 |
| **Other comprehensive income** | | | | |
| Fair value adjustment for available-for-sale financial assets | | (54,662) | - | (54,662) |
| **Total comprehensive income for the year** | | **(54,662)** | **10,939,011** | **10,884,349** |
| **Balance as reported 31 December 2018** | | **(31,508)** | **200,509,127** | **200,477,619** |

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

# Consolidated statement of cashflows
# For the year ended 31 December 2018

| | Notes | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Surplus for the year | | 10,939,011 | 24,044,845 |
| **Adjustments for:** | | | |
| Depreciation and amortisation | 9,10,11 | 2,989,803 | 2,538,651 |
| Gain on sale of assets | | (463,399) | (232,153) |
| Impairment of property | 9 | 5,042,818 | - |
| Provision for loans | | - | 1,180,010 |
| Provision for stock obsolescence | | 732,024 | 230,650 |
| Reversal of provision in investment properties | | (926,972) | - |
| Fair value loss on other financial assets carried at fair value through profit or loss | 3 | 1,475,559 | - |
| **Decrease / (Increase) in:** | | | |
| Trade & other receivables | | (827,406) | (70,157) |
| Inventories | | 475,370 | (5,913,728) |
| Other assets | | 36,725 | (1,720,218) |
| **(Decrease) / Increase in:** | | | |
| Trade & other payables | | 2,419,840 | 2,106,493 |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | **21,893,373** | **22,164,393** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant & equipment | 9 | (1,043,545) | (1,443,946) |
| Purchase of intangible assets | 10 | (9,126,065) | (8,433,232) |
| Proceeds from property, plant & equipment | | 1,448,265 | 2,224,487 |
| Additions to investment property | | (28,417) | - |
| Net movement of investments | | (30,278,103) | (1,004,976) |
| Repayment of loans | | 815,453 | 995,489 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(38,212,412)** | **(7,662,178)** |
| Net increase / (decrease) in cash held | | (16,319,039) | 14,502,215 |
| Cash at the beginning of the period | | 53,315,537 | 38,813,322 |
| **CASH AT THE END OF THE PERIOD** | 4 | **36,996,498** | **53,315,537** |

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

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 1. Corporate information

The financial statements of the Returned & Services League of Australia (Queensland Branch) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 17 April 2019.

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 group is a reporting entity, therefore the financial statements are general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial statements have been prepared to satisfy the requirements of 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).*

**Historical cost convention**

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

- Other financial assets are measured at fair value.

The methods used to measure the fair values of these assets are discussed in Note 8.

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

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Returned & Services League of Australia (Queensland Branch) and its subsidiaries, at 31 December 2018 ("the group"). Subsidiaries are entities (including structured entities) over which the Returned & Services League of Australia (Queensland Branch) has control. The group has control over an entity when the Returned & Services League of Australia (Queensland Branch) are exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

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

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

### (c) Significant accounting judgements, estimates and assumptions

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

### (d) Revenue recognition

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

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

**Sales**
Revenue from sales primarily comprises funds raised from sales of lottery tickets. Revenue is recognised once the lottery has closed and the lottery is drawn. Revenue for lotteries which have not been closed and drawn are treated as revenue received in advance and recognised as a liability.

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

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

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

**Asset sales**
The gain or loss on disposal of all non-current assets and other financial assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

### (e) Expenditure

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

### (f) Cash and cash equivalents

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

### (g) Inventories

Inventories comprise 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 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.

**Art union properties**
Art Union properties which have not been included in a lottery draw at 31 December 2018 are included in the consolidated statement of financial position as inventories and recorded at cost less provision for impairment.

### (h) Property, plant and equipment

**Basis of measurement of carrying amount**
Property, plant and equipment is stated at cost value less the associated accumulated depreciation and impairment.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

### Depreciation
Items of property, plant and equipment (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 as follows:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Buildings | 2.5% |
| Plant & Equipment | 10%-40% |
| Leasehold Improvements | 5% |
| Motor Vehicles | 12.5% - 20% |

### Disposal of assets
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 consolidated statement of profit or loss and other comprehensive income in the year the asset is disposed.

### (i) Intangible assets

### Basis of measurement of carrying amount
Intangible assets include computer software that are developed in house and capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Intangible assets are stated at cost less the associated accumulated depreciation and impairment.

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

| Class of Fixed Asset | Amortisation Rate |
|---|---|
| Intangible Assets | 10%-40% |

### Disposal of assets
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 the consolidated statement of profit or loss and other comprehensive income in the year the asset is disposed.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

### (j) Investment properties

**Basis of measurement of carrying amount**
Investment properties held for rental are measured and recorded at cost including transaction costs, less accumulated depreciation and impairment charges.

**Depreciation**
Investment properties (other than land) are depreciated over their useful lives to the 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 as follows:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Buildings | 2.5% |

**Disposal of assets**
An investment property is disposed when the property is no longer used in the operations of the group 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 the consolidated statement of profit or loss and other comprehensive income in the year the asset is disposed.

### (k) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument, and are measured at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss / other comprehensive income, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

From 1 January 2018, the group classified 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 group's business model for managing the financial assets and the contractual terms of the cash flows.

<u>Subsequent measurement financial assets</u>
***Financial assets at fair value through profit or loss***
These included investments in equity instruments and in managed funds. A gain or loss on these financial instruments is recognised in profit or loss and presented net in the consolidated statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in finance income.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

***Financial assets at fair value through other comprehensive income***
These included investment in corporate bonds and bank notes. They are held for collection of contractual cash flows and for selling the financial assets. Movements in the carrying amounts are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue 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. Interest income from these financial assets is included in finance income using effective interest rate method.

***Financial assets at amortised cost***
These included trade and other receivables, cash and cash equivalents and bank fixed-rate term deposits. They are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in the finance income using the effective interest rate method.

Impairment loss on financial assets
The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in risk. The carrying values of assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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

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

For trade receivables only, the group applied the simplified approach permitted by AASB 9, which requires expected lifetime losses (ECL) to be recognised from initial recognition of the receivables. The group has assessed the impact of the adoption of an ECL model under AASB 9 and identified that the impairment loss was immaterial.

### (l) Other assets

Other assets comprise prepaid expenditure for future Art Union draws based on the value of the use of the prepayment in relation to each Art Union and prepayments of other operating expenditure. Other assets are stated at cost.

### (m) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the group 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 which are undrawn at the end of the financial year.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

### (n) Employee benefits

Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave and long service leave, training expenses and contributions to superannuation plans.
Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Liabilities are measured at the amounts expected to be paid when the liabilities are settled.

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

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

### (o) 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 group 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 as the group 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 consolidated statement of cash flows on a gross basis.

### (p) Adoption of new and amended accounting standards
The group has adopted all the new and revised standards and interpretations issued by Australian Accounting Standards Board that are relevant to its operations and are effective for the current reporting period. The adoption of these new standards and interpretations did not have any material effect on the amounts recognised in the financial statements in the current or prior period, except as described below.

**AASB 9 – Financial Instrument**
The requirements of AASB 9 represent a significant change from AASB 139 Financial Instruments: Recognition and Measurement. The nature and effects of the key changes to the group's accounting policies resulting from the adoption of AASB 9 are summarised below:

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

***i) Classification and measurement of financial assets and financial liabilities***

On 1 January 2018 (the date of initial application of AASB 9), the group assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the carrying amount of financial assets but has resulted in classification changes on initial application at 1 January 2018 as shown below:

| | Note | Original measurement under AASB 139 | New measurement under AASB 9 | Closing balance 31 December 2017 (AASB 139) | Adoption of AASB 9 | Opening balance 1 January 2018 (AASB 9) |
|---|---|---|---|---|---|---|
| Financial assets | | | | | | |
| Trade and other receivables | 5 | Amortised cost | Amortised cost | 5,911,632 | - | 5,911,632 |
| Cash and cash equivalents | 4 | Amortised cost | Amortised cost | 53,315,537 | 408,269 | 53,723,806 |
| Other financial assets – bank fixed rate term deposits | 8 | Amortised cost | Amortised cost | 25,951,070 | 3,000,000 | 28,951,070 |
| Other financial assets – available-for-sale financial assets | 8 | FVOCI | N/A | 20,360,266 | (20,360,266) | - |
| Other financial assets at fair value through profit or loss (FVTPL) | 8 | N/A | FVTPL | - | 13,015,121 | 13,015,121 |
| Other financial assets at fair value through other comprehensive income (FVOCI) | 8 | N/A | FVOCI | - | 3,923,685 | 3,923,685 |
| Other financial assets at amortised cost | 8 | N/A | Amortised cost | - | 13,191 | 13,191 |
| | | | | 105,538,505 | - | 105,538,505 |

***ii) Transitional impact on implementation of AASB 9***

When adopting AASB 9, the group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification are recognised in opening retained earnings as at 1 January 2018.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

### (q) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been issued, but are not mandatory for financial years ended 31 December 2018. They have not been adopted in preparing the financial statements for the year ended 31 December 2018. The group 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 2019 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.

An initial assessment of the impact of AASB15 has indicated that it is unlikely to have any material impact on initial application.

**AASB 1058 – Income of Not-for-Profit Entities**

This new standard will apply for the first time to the 31 December 2019 year. AASB 1058 establishes principles and guidance when accounting for:

- Transactions where the consideration to acquire an asset is significantly less than the fair value, principally to enable a NFP to further its objectives, and
- The receipt of volunteer services.

AASB 1058 supersedes all current income recognition requirements for private sector not-for-profit entities (NFPs), and most of the requirements for public sector NFPs currently contained in AASB 1004 Contributions.

An initial assessment of the impact of AASB1058 has indicated that it is unlikely to have any material impact on initial application.

**AASB 16 – Leases**

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

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. This standard applies to reporting periods beginning on or after 1 January 2019.

On initial adoption of the standard, the group will be required to recognise a right of use asset and a corresponding lease liability measured at the present value of future lease payments on the balance sheet for all leases. A depreciation and finance charge will be recognised over the term of the lease.

If adopted at year end, it would have the effect of recognising a right of use asset and lease liability of approximately $1,930,000 with respect to leased premises and motor vehicle. The group intends to apply the modified retrospective approach on adoption of the standard and expects that there will be no material impact to opening retained earnings as at 1 January 2019. Future profit or loss is also not expected to be materially impacted by the adoption of this standard.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 2. Summary of accounting policies (continued)

### (r) Fair values

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

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

- Other financial assets

Certain property for which an impairment has been recognised has been measured at fair value on a non-recurring basis.

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

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

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

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.

Other 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 less provision for non-recoverable loans.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 3. Expenses

### (a) Donations and welfare

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| District and Sub Branch Grants | 1,733,899 | 1,866,147 |
| Veteran Services | 4,122,131 | 2,800,929 |
| Youth Development Program | - | 10,253 |
| RSL News | 637,212 | 712,938 |
| Mates4Mates | 4,459,298 | 4,505,060 |
| ANZAC & RSL Centenary | 444,548 | 403,300 |
| Gallipoli Medical Research Foundation | 1,000,083 | 1,501,303 |
| Other Donations & Sponsorships | 2,002,321 | 1,411,547 |
| | **14,399,492** | **13,211,477** |

### (b) Other expenses

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| IT/Communications Expenses | 2,551,730 | 2,022,061 |
| Event Expenses | 180,432 | 377,906 |
| Provision for Doubtful Debts | (34,350) | 1,180,010 |
| Insurance Expenses | 224,833 | 313,129 |
| Legal Expenses | 330,209 | 294,598 |
| General Expenses | 985,302 | 346,140 |
| (Gain) / Loss on Disposal of Assets | (130,039) | (251,030) |
| Fair value loss on other financial assets carried at fair value through profit or loss | 1,475,559 | - |
| | **5,583,676** | **4,282,814** |

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 4. Cash and cash equivalents

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

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Cash at Bank | 35,535,856 | 53,315,537 |
| Cash held by investment manager | 1,460,642 | - |
| | **36,996,498** | **53,315,537** |

## 5. Trade and other receivables

The group's exposure to credit risk related to trade debtors and other receivables is disclosed in Note 15.

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **CURRENT** | | |
| Trade Debtors | 181,097 | 67,399 |
| Other Debtors & Prepayments | 2,042,218 | 1,366,114 |
| Loans to Related Parties - Secured | 850,585 | 962,016 |
| | **3,073,900** | **2,395,529** |
| **NON-CURRENT** | | |
| Loans to Related Parties – Secured | 6,818,203 | 7,522,225 |
| Provisions | (3,968,518) | (4,006,122) |
| | **2,849,685** | **3,516,103** |
| | | |
| **Total** | **5,923,585** | **5,911,632** |

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

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 5. Trade and other receivables (continued)

### Loans to Related Parties – Secured

| Loans to Sub Branches | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Bowen | 36,000 | 40,000 |
| Charters Towers | 1,142,950 | 1,142,950 |
| Mareeba | 1,984,654 | 1,984,654 |
| Sarina | 583,161 | 583,161 |
| Southport | 3,700,270 | 4,480,418 |
| Yeppoon | 221,753 | 253,058 |
| **Total Loans to Sub Branches *** | **7,668,788** | **8,484,241** |

* Total loans to sub branches include current and non-current loans

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

(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 loan has fully been provided for.

(c) **Mareeba**
The loan was established on 21st December 2011 and is secured by a mortgage over the property situated at 88 Byrnes St, Mareeba. The loan has fully been provided for.

(d) **Sarina**
The loan was established on 13th August 2013 and is secured by a mortgage over the property situated at 34 Central St, Sarina. The loan has fully been provided for.

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

(f) **Yeppoon**
The loan was established on 17th August 2015 and is secured by a general security agreement over the plant and equipment of the RSL Yeppoon Sub Branch. The loan has fully been provided for.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 6. Inventories

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **CURRENT** | | |
| Merchandise | 357,099 | 627,262 |
| Provision for Obsolescence - Merchandise | (350,801) | (545,749) |
| Art Union | 23,030,566 | 17,969,233 |
| Provision for Impairment - Art Union | (926,972) | - |
| | **22,109,892** | **18,050,746** |
| **NON-CURRENT** | | |
| Art Union | 8,992,900 | 14,259,440 |
| | **8,992,900** | **14,259,440** |

## 7. Other Assets

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **CURRENT** | | |
| Prepayments - Art Union | 4,677,274 | 5,254,836 |
| Prepayments - Other | 770,159 | 429,381 |
| | **5,447,433** | **5,684,217** |
| **NON-CURRENT** | | |
| Prepayments - Art Union | 1,589,949 | 1,167,674 |
| | **1,589,949** | **1,167,674** |

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 8. Other financial assets

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **CURRENT** | | |
| Bank fixed rate term deposits, at amortised cost | 52,097,205 | 25,951,070 |
| Financial assets at amortised cost | 7,865 | - |
| | **52,105,070** | **25,951,070** |
| **NON-CURRENT** | | |
| Available-for-sale financial assets | - | 20,360,266 |
| Financial assets at fair value through profit or loss | 16,126,647 | - |
| Financial assets at fair value through other comprehensive income | 6,605,294 | - |
| | **22,731,941** | **20,360,266** |

Bank fixed rate term deposits, including those managed by JB Were are made for varying periods, on average six months, depending on the group's cash requirements. These deposits earn interest at variable rates between 2.00% - 2.80% (2017: 2.00% - 3.00%). All monies are invested with A+ rated Australian banks.

The JB Were 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's exposure to interest rate risk for other financial assets are disclosed in Note 15.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 9. Property, plant and equipment

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Buildings - at cost | 36,257,630 | 35,857,643 |
| Accumulated Depreciation | (5,669,889) | (4,660,505) |
| Provision - Property Impairment | (5,042,818) | - |
| | **25,544,923** | **31,197,138** |
| Plant & Equipment - at cost | 7,204,458 | 6,609,754 |
| Accumulated Depreciation | (2,834,891) | (2,107,233) |
| | **4,369,567** | **4,502,521** |
| Motor Vehicles - at cost | 512,891 | 1,883,776 |
| Accumulated Depreciation | (261,719) | (618,913) |
| | **251,172** | **1,264,863** |
| Work in Progress | 478,180 | 493,415 |
| | **478,180** | **493,415** |
| **Total Property, plant and equipment** | **30,643,842** | **37,457,937** |

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

| | PLANT& EQUIPMENT | BUILDINGS | MOTOR VEHICLES | WORK IN PROGRESS | TOTAL |
|---|---|---|---|---|---|
| Carrying amount at the beginning of the year | 4,502,521 | 31,197,140 | 1,264,863 | 493,415 | **37,457,939** |
| Additions, at cost | 594,704 | 384,750 | 64,091 | - | **1,043,545** |
| Transfers, at cost | - | 15,235 | - | (15,235) | - |
| Disposals, at Written Down Value | - | - | (984,871) | - | **(984,871)** |
| Depreciation Expense | (727,658) | (1,009,384) | (92,911) | - | **(1,829,953)** |
| Provision - Property Impairment | - | (5,042,818) | - | - | **(5,042,818)** |
| **CARRYING AMOUNT AT THE END OF THE YEAR** | **4,369,567** | **25,544,923** | **251,172** | **478,180** | **30,643,842** |

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 10. Intangible assets

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Software - at cost | 21,276,727 | 3,343,929 |
| Accumulated amortisation | (3,141,475) | (2,251,037) |
| Work in Progress | 758,023 | 9,564,756 |
| **Total Intangibles** | **18,893,275** | **10,657,648** |

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

| | SOFTWARE | WORK IN PROGRESS | TOTAL |
|---|---|---|---|
| Carrying amount at the beginning of the year | 1,092,892 | 9,564,756 | **10,657,648** |
| Additions, at cost | 9,126,065 | - | **9,126,065** |
| Transfers, at cost | 8,806,733 | (8,806,733) | - |
| Amortisation Expense | (890,438) | - | **(890,438)** |
| **CARRYING AMOUNT AT THE END OF THE YEAR** | **18,135,252** | **758,023** | **18,893,275** |

## 11. Investment properties

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Investment Properties - at cost | 11,567,072 | 11,538,655 |
| Accumulated Depreciation | (1,583,290) | (1,313,878) |
| Provision for Impairment | - | (926,972) |
| **Total Investment properties** | **9,983,782** | **9,297,805** |

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 | **9,297,805** |
| Additions, at cost | 28,417 |
| Depreciation Expense | (269,412) |
| Reversal of provision for impairment | 926,972 |
| **CARRYING AMOUNT AT THE END OF THE YEAR** | **9,983,782** |

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 12. Trade and other payables

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

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Trade Creditors & Accruals | 4,735,921 | 3,723,311 |
| Trade Creditors & Accruals – Art Union | 8,368,226 | 7,147,838 |
| Ticket Sales in Advance | 143,781 | 237,332 |
| | **13,247,928** | **11,108,481** |

## 13. Provisions

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

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **CURRENT** | | |
| Employee Benefits – Annual Leave | 1,024,901 | 954,014 |
| Employee Benefits – Long Service Leave | 488,752 | 282,283 |
| | **1,513,653** | **1,236,297** |
| **NON-CURRENT** | | |
| Employee Benefits – Long Service Leave | 178,967 | 175,924 |
| | **178,967** | **175,924** |

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

## 14. Reserves

**Fair value through other comprehensive income reserve**
This reserve is used to record the movement in fair value of other financial assets carried at fair value through other comprehensive income under AASB 9 (previously financial assets at available-for-sale under AASB 139).

## 15. Financial instruments

### (a) General objectives, policies and processes

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

There have been no substantive changes in the group'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.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 15. Financial instruments (continued)

The principal financial instruments from which financial instrument risk arises:

- Cash and cash equivalents;
- Other financial assets
- Trade and other receivables;
- Trade and other payables;

The Board of Directors has overall responsibility for the determination of the group'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 group incurring a financial loss. This usually occurs when debtors or counter parties to contracts fail to settle their obligations owing to the group.

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 consolidated statement of financial position and is as follows:

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Cash & cash equivalents | 36,996,498 | 53,315,537 |
| Other financial assets (current asset) | 52,105,070 | 25,951,070 |
| Trade & other receivables | 5,923,585 | 5,911,632 |
| Other financial assets (non-current asset) | 22,731,941 | 20,360,266 |
| | **117,757,094** | **105,538,505** |

(i) Cash and cash equivalents and other financial assets
Cash and cash equivalents are deposited with the Commonwealth, Westpac, National Australia Bank, ANZ, Australian Military Bank and the group's investment manager, JB Were.

(ii) Trade and Other Receivables
Within trade and other receivables, the largest debtors are Loans to Sub Branches as outlined in Note 5.

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

(iii) Other financial assets
The group's other financial assets are disclosed in Note 8. Investments are diversified and are exposed to defensive and growth assets to minimise the risk to the group.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 15. Financial instruments (continued)

The objective of the group investing in other financial assets is a long-term approach to support the maintenance and growth of the group's mission and strategic plan. Under the investment policy established by the group, risk of future losses is in part managed by setting guidelines that require the group's investments be diversified such that there is adequate exposure to both defensive and growth assets. The performance objective of the group's investment portfolio is to achieve diversification of income. To help implement the group's investment policy and manage the associated investment risk the group employs JB Were as an independent advisor, who manages the group'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 group. 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 other financial assets as at 31 December 2018 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 group monitors its interest rate exposure continuously. Total other financial assets at balance date that earned interest at a floating rate is $89,098,422 (2017: $82,619,049).

## 16. Commitments and contingencies

**Capital expenditure commitments**
At reporting date, the group has entered into contracts relating to the purchase of properties, which have not been provided for in the financial statements and are payable during 2019:

- $7,744,000 relating wholly to the operation of future Art Unions

**Operating expenditure commitments**
At reporting date, the group has the following commitments:
- Memorandum of Understanding in 2015 with the Gallipoli Medical Research Foundation for $5,000,000. The amount payable for 2019 is $1,000,000.
- Contribution to the Salvation Army for a veterans' homelessness program which terminates in June 2019. The amount payable is $400,000 a year.

**Contingencies**
The group had no contingent liabilities as at 31 December 2018.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 17. Remuneration of auditors

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

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Audit Services | 97,202 | 67,138 |
| Employment Advisory Services | - | 4,568 |
| Taxation Advisory Services | 102,754 | 99,231 |
| Other Services | 29,019 | - |
| | **228,975** | **170,937** |

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

## 18. Operating leases

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Not later than 12 months | 974,962 | 737,175 |
| Later than 12 months but not later than 5 years | 1,001,863 | 1,293,106 |
| | **1,976,825** | **2,030,281** |

## 19. Related parties and related-party transactions

### Key Management Personnel

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

Directors

- Mr Tony Ferris
- Mr Stewart Cameron CSC (ended June 2018)
- Mr John Strachan OAM
- Mr Barry Vains OAM
- Mr Bill Whitburn OAM
- Mr Donald Davey
- Mr Ewan Cameron
- Mr Ian Hall (appointed June 2018)
- Mr Max Foot OAM
- Mr Merv Brown (appointed March 2018)

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 19. Related parties and related-party transactions (continued)

- Mr Pat Fairon
- Mr Peter Sterling
- Ms Vivienne Stanbury
- Mrs Wendy Taylor
- Mr Roy Cunneen (ended June 2018)
- Mr Vic Reading (ended March 2018)

Executive

- Mr Luke Traini
- Mr Scott Denner
- Ms Joy Murray
- Ms Tracey Bishop
- Ms Maria Forgione
- Mr Simon Button
- Ms Marina Cameron

Total key management personnel compensation was $2,198,078 (2017: $2,394,282).

**Transactions with Districts and National**

Amounts paid during the year to Districts $1,341,072 (2017: $1,907,344) and National $168,190 (2017: $178,801).

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 20. 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 | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Current Assets | 119,210,552 | 105,061,550 |
| Non-Current Assets | 95,685,374 | 96,681,146 |
| **TOTAL ASSETS** | **214,895,926** | **201,742,697** |
| Current Liabilities | 14,522,905 | 12,093,192 |
| Non-Current Liabilities | 168,983 | 165,933 |
| **TOTAL LIABILITIES** | **14,691,888** | **12,259,125** |
| Reserves | (31,508) | 3,074,975 |
| Accumulated Funds | 200,235,546 | 186,408,596 |
| **TOTAL EQUITY** | **200,204,038** | **189,483,571** |
| Net surplus for the year | 10,775,136 | 23,994,460 |
| Other comprehensive income | (54,662) | 1,225,836 |
| **TOTAL COMPREHENSIVE INCOME** | **10,720,474** | **25,220,296** |

## 21. Events subsequent to reporting date

There are no subsequent events following 31 December 2018.

# Notes to the consolidated financial statements
# For the year ended 31 December 2018

## 22. Income and expenditure - Fundraising Appeals

This disclosure is made under the NSW Charitable Fundraising Act (1991).

(i) Details of aggregate gross income and total expenses directly related to Fundraising Appeals:

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Gross proceeds of Fundraising Appeals (as defined by the Act) | 120,498,215 | 114,293,461 |
| Costs of Fundraising Appeals | (65,001,359) | (58,447,805) |
| **Net surplus obtained from Fundraising Appeals** | **55,496,856** | **55,845,656** |

Note: 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.

(ii) Expenditure directly applied to the Charitable Purpose

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Donations and sponsorships | (6,271,204) | (5,394,394) |
| Veteran Services and Compliance | (13,781,078) | (11,486,677) |
| Welfare Property expenditure | (3,350,254) | (2,527,603) |
| **Total Charitable Expenditure** | **(23,402,536)** | **(19,408,675)** |

Note: 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.

## 23. Additional information

The registered office and principal place of business is:

283 St Pauls Terrace
Fortitude Valley
Brisbane QLD 4006

## For the year ended 31 December 2018
## DIRECTORS' DECLARATION

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

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

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the *Collections Act 1966 (QLD)*, the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)* and:
   a. comply with Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013; and*
   b. give a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

3. 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.

4. The consolidated statement of financial position gives a true and fair view of the state of affairs of the group with respect to fundraising appeals.

5. The financial report and associated records of the group have been properly kept during the year ended 31 December 2018 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.

6. 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.

Signed for and on behalf of the Board of Directors at Brisbane this 17th day of April 2019

| | |
|---|---|
| ............................................ | ............................................ |
| Mr Tony Ferris | Mr Barry Vains |
| CHAIR | CHAIR, AUDIT AND RISK COMMITTEE |

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# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Returned & Services League of Australia (Queensland Branch) (the registered entity) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Responsibilities of directors for the Financial Report

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

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

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

**Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

## Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the NSW *Charitable Fundraising Act 1991* and the NSW *Charitable Fundraising Regulation 2015*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

**Opinion**

In our opinion:

(i) The financial report shows a true and fair view of the financial result of fundraising appeals conducted during the year ended 31 December 2018;

(ii) The accounting and associated records have been properly kept during the year in accordance with NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015;

(iii) Money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015; and

**(iv)** As at the date of this report, there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they fall due.

**BDO Audit Pty Ltd**

BDO

**Anthony Whyte**

Director

Brisbane, 17 April 2019