

RSL Welfare and Benevolent Institution
ABN 61 603 206 488
General purpose (RDR) financial report for the
year ended
31 December 2018

Contents

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Trustees' declarations	24
Independent auditor's report	25
Auditor independence declaration	28

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

		2018	2017
	Notes	\$	\$
Appeals	4.1	473,988	547,839
Administration fees		-	135,762
Bequests		336,384	6,701
Donations	4.2	1,044,009	828,084
Finance income		31,433	93,287
Grants		378,360	372,952
Gain on sale of assets		-	12,866
Net gain on sale of investments		-	28,398
Other income	4.3	223,055	150,757
Sale of goods		109	24,047
Total revenue		2,487,338	2,200,693
Administration expenses		(635,163)	(447,325)
Cost of goods sold		(183,832)	(218,109)
Depreciation and amortisation		(85,562)	(35,859)
Direct financial assistance	4.4	(667,522)	(599,781)
Employee benefit expenses	4.5	(1,435,671)	(2,031,404)
Employee related expenses		(40,906)	(99,502)
Grants		-	(63,948)
Impairment of assets		-	(9,091)
Inquiry and related costs		-	(482,515)
Insurance		(10,986)	(48,257)
Other expenses		(99,986)	(9,705)
Professional expenses	4.6	(408,467)	(315,144)
Rental expense		(73,293)	(89,226)
Travelling expenses		(14,850)	(59,276)
Total expenses		(3,656,238)	(4,509,142)
Net deficit for the year		(1,168,900)	(2,308,449)
Other comprehensive income			
Net (decrease) / increase in financial assets investments	13	(59,704)	18,180
Other comprehensive (deficit) / surplus for the year		(59,704)	18,180
Total comprehensive (deficit) for the year		(1,228,604)	(2,290,269)

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

Statement of financial position

As at 31 December 2018

		2018	2017
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	1,120,771	1,801,803
Trade and other receivables	6	156,759	280,609
Inventories		374,794	474,338
Total current assets		1,652,323	2,556,750
Non-current assets			
Property, plant and equipment	7	178,983	193,147
Intangibles	10	152,130	140,122
Financial assets	8	3,338,129	3,655,965
Total non-current assets		3,669,242	3,989,234
Total assets		5,321,566	6,545,984
Liabilities and equity			
Current liabilities			
Trade and other payables	11	952,301	871,738
Employee benefit liabilities	12	167,016	121,998
Specific purpose obligations		-	140,563
Total current liabilities		1,119,317	1,134,299
Non-current liabilities			
Employee benefit liabilities	12	49,997	30,829
Total non-current liabilities		49,997	30,829
Total liabilities		1,169,314	1,165,128
Net assets		4,152,252	5,380,856
Equity			
Accumulated funds		3,741,307	4,910,207
Fair value reserve of financial assets	13	410,945	470,649
Total equity		4,152,252	5,380,856

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2018

	Notes	Accumulated funds	Fair value reserve of financial assets	Total equity
		\$	\$	\$
At 1 January 2017		7,218,656	443,378	7,662,034
Net deficit for the year		(2,308,449)	-	(2,308,449)
Other comprehensive income	13	-	18,180	18,180
Total comprehensive deficit for the year		(2,308,449)	18,180	(2,290,269)
Impairment of investments		-	9,091	9,091
At 31 December 2017		4,910,207	470,649	5,380,856
 At 1 January 2018		 4,910,207	 470,649	 5,380,856
Net deficit for the year		(1,168,900)	-	(1,168,900)
Other comprehensive loss	13	-	(59,704)	(59,704)
Total comprehensive surplus for the year		(1,168,900)	(59,704)	(1,228,604)
At 31 December 2018		3,741,307	410,945	4,152,252

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

Statement of cash flows

For the year ended 31 December 2018

	Notes	2018	2017
Operating activities			
Receipts from appeals	17	473,988	547,839
Receipts from donations	17	1,044,009	828,084
Receipts from other income		953,108	619,677
Payments to suppliers and employees		(3,508,536)	(3,361,287)
Cash used in operating activities		(1,037,431)	(1,365,687)
Dividends received		150,239	70,542
Interest received		31,434	93,287
Net cash flows used in operating activities	5	(855,758)	(1,201,858)
Investing activities			
Proceeds from sale of property, plant and equipment		-	31,072
Purchase of property, plant and equipment		(33,731)	(164,023)
Purchase of software		(49,675)	(144,064)
Disposal proceeds of financial assets		362,432	67,478
Purchase of financial assets		(104,300)	-
Net cash flows from / (used) in investing activities		174,726	(209,537)
Financing activities			
Net cash flows from financing activities		-	-
Net decrease in cash and cash equivalents		(681,032)	(1,411,395)
Cash and cash equivalents at 1 January		1,801,803	3,213,198
Cash and cash equivalents at 31 December	5	1,120,771	1,801,803

Notes to the financial statements

For the year ended 31 December 2018

1. Entity information

The financial statements of RSL Welfare and Benevolent Institution (the "Trust") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Trustees on 8 May 2019.

The RSL Welfare and Benevolent Institution is a trust constituted by Deed on 6 November 1964. The trustees of the Trust are the State President and two RSL NSW members as appointed from time to time.

The registered office and principal office of business of the Trust is ANZAC House, Level 5, 341 George Street, Sydney, NSW 2000.

The nature of the operations and principal activities of the Trust during the financial year were to provide Australian Defence Force veterans and their families with assistance with Department of Veterans' Affairs claims, advocacy at the Veterans' Review Board, and counselling support in times of crisis, and financial assistance.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Trust is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Trust are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

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

The financial report is presented in Australian (\$).

New and amended standards and interpretations

The Trust applied AASB 9 for the first time. The nature and effect of the changes as a result of the adoption of this new accounting standards is described below.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Trust applied AASB 9 retrospectively, with an initial application date of 1 January 2018 and adjusting the comparatives where necessary. The standard was applicable for Financial assets and trade receivable balances. Assessment of new standard resulted in immaterial differences.

There was no material impact on the statements of comprehensive income, financial position or cash flows as a result of the adoption of AASB 9.

Accounting Standards and Interpretations issued but not yet effective

Board of Management of RSL Welfare and Benevolent Institution are considering the new accounting standard changes for Revenue recognition (AASB 15), Leases (AASB 16) and Income for not-for-profit (AASB 1058). As the Trust is a not-for-profit, adoption of these new standards will not be required until the year commencing 1 January 2019 and the impact of the new standard implementation is not likely to be material.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

a) Current versus non-current classification

The Trust presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Trust classifies all other liabilities as non-current.

b) Fair value measurement

The Trust measures financial instruments such as financial assets at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability 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 for the asset or liability

The principal or the most advantageous market must be accessible by the Trust.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

d) Trade and other receivables

A receivable represents the Trust's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit losses. Trade receivables are due for settlement no more than 30 days from the date of recognition.

For trade receivables, the Trust applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost are assigned using the first in first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

f) Financial assets - initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI).

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at fair value through OCI (debt instruments)

The Trust measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Trust's debt instruments at fair value through OCI includes investments in quoted debt instruments included under non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Trust elected to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Trust benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Trust elected to classify irrevocably its non-listed equity investments under this category.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

g) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Trust depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Furniture and office equipment	10%
Plant and equipment	20%
Motor vehicle	20%
Leasehold improvements	17%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Impairment of non-financial assets

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Trust bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Trust's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Trust estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

i) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Employee benefit liabilities

General

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Long service leave and annual leave

The Trust does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Trust recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

Recognised as interest accrues, taking into account the yield on the financial asset. Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Income from investments

Revenue is recognised when the income is received.

Donations or appeals income

Revenue is recognised when monies are received by the Trust.

Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Trust will comply with all attached conditions.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

l) Taxes

Current income tax

The Trust is a charitable organisation for the purpose of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The Trust holds deductible gift recipient status.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

m) Specific purpose obligations

Specific purpose obligations represent funds received from individuals, estates or other parties for various purposes including: Scholarships or Youth sporting and other social activities. Such funds are held by the Trust to spend at its discretion for the purpose for which they originated. The Trust recognises the obligation to expend these funds as a provision, in some cases also maintaining a separate bank account. When the particular purpose for which the funds were contributed is completed, the obligation is extinguished, or the Trust decides that the funds can no longer be expended for the originally established purpose, any surplus funds are recognised as revenue. In addition, the Trust holds funds on behalf of other parties for specific memorials or commemoration purposes. These funds are held as an asset and a corresponding liability.

n) Comparatives

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Notes to the financial statements (continued)

For the year ended 31 December 2018

3. Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the financial statements (continued)

For the year ended 31 December 2018

4. Revenue and Expenses

4.1 Appeals

	2018	2017
	\$	\$
ANZAC day appeal	-	547,839
Poppy day appeal	473,988	-
	473,988	547,839

4.2 Donations

	2018	2017
	\$	\$
Corporate sponsorship and donations	22,426	178,527
RSL Central Council of Women's Auxiliaries	43,100	41,698
RSL sub-Branches	949,218	176,705
Sundry donations	29,265	431,154
	1,044,009	828,084

4.3. Other income

	2018	2017
	\$	\$
Sundry income	72,816	80,215
Dividend income	150,239	70,542
	223,055	150,757

Notes to the financial statements (continued)

For the year ended 31 December 2018

4. Revenue and Expenses (continued)

4.4. Direct financial assistance

	2018	2017
	\$	\$
Accommodation	115,717	104,977
Community and welfare events	150,839	39,582
Client Equipment	13,748	-
Education	9,310	39,488
Funerals	66,826	11,812
Household expenses	121,845	150,253
Medical	28,713	60,710
Miscellaneous	16,879	4,103
Motor vehicles	49,326	64,491
Travel	7,259	16,233
Utilities	87,060	108,132
	667,522	599,781

4.5 Employee benefit expenses

	2018	2017
	\$	\$
Annual leave	31,239	55,624
Long service leave	18,004	59,686
Salaries	1,266,643	1,758,865
Superannuation	119,785	157,229
	1,435,671	2,031,404

Employee benefits are incurred for administration and client support services as set out below:

	2018	2017
	\$	\$
Administration services	775,275	938,823
Client support services	660,396	1,092,581
	1,435,671	2,031,404

Notes to the financial statements (continued)

For the year ended 31 December 2018

4. Revenue and Expenses (continued)

4.6 Professional expenses

	2018	2017
	\$	\$
Audit fees	116,918	129,905
Consulting fees	206,026	29,850
Legal fees	85,523	155,389
	408,467	315,144

5. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	1,120,771	497,272
Term deposits	-	1,304,531
	1,120,771	1,801,803

For the purpose of the statement of cashflows, cash and cash equivalents comprise the above.

	2018	2017
	\$	\$
Cash flow reconciliation		
Reconciliation of net deficit to net cash flows from operations:		
Net deficit for the period	(1,168,900)	(2,308,449)
Adjustments for:		
Depreciation and amortisation	85,562	35,859
Gain on sale of property, plant and equipment	-	(12,866)
Gain on sale of financial assets	-	(28,398)
Impairment of financial assets	-	9,091
Other non-cash items	19,167	174,923
Changes in assets and liabilities:		
Decrease/(Increase) in trade and other receivables	123,850	257,666
Decrease/(Increase) in inventories	99,544	204,922
Increase in trade and other payables	80,563	457,069
Increase in employee benefits	45,018	8,325
Decrease in specific purpose obligations	(140,563)	-
Net cash flows used in operating activities	(855,758)	(1,201,858)

Notes to the financial statements (continued)

For the year ended 31 December 2018

6. Trade and other receivables

	2018	2017
	\$	\$
Trade receivables	41,438	108,120
Other receivables	1,152	-
Prepayments	24,671	40,735
Interest accrued	-	912
GST receivable	89,498	130,842
	156,759	280,609

7. Property, plant and equipment

	Plant and equipment	Furniture and fittings	Motor vehicle	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2018	157,668	8,616	62,992	-	229,276
Additions	27,227	-	-	6,504	33,731
Disposals	-	-	-	-	-
At 31 December 2018	184,895	8,616	62,992	6,504	263,007
Depreciation					
At 1 January 2018	32,361	1,213	2,555	-	36,129
Depreciation charge for the year	34,242	862	12,598	193	47,895
Disposals	-	-	-	-	-
At 31 December 2018	66,603	2,075	15,153	193	84,024
Net book value					
At 31 December 2018	118,292	6,541	47,839	6,311	178,983
At 31 December 2017	125,307	7,403	60,437	-	193,147

Notes to the financial statements (continued)

For the year ended 31 December 2018

8. Financial assets

	2018	2017
	\$	\$
Shares in listed companies	1,071,179	1,227,745
Listed property trusts	198,542	280,772
Mortgage and wholesale funds	441,906	418,421
Notes	1,626,502	1,729,027
	3,338,129	3,655,965

Financial assets at fair value through OCI

The trust has investments in listed securities. Fair values of these securities are determined by reference to published bid price quotations in an active market.

9. Fair value measurement

The following table provides the valuation details of the Trust's assets measured at fair value.

Assets measured at fair value:	Date of valuation	\$
Financial assets		
Shares in listed companies	31 December 2018	1,071,179
	31 December 2017	1,227,745
Listed property trusts	31 December 2018	198,542
	31 December 2017	280,772
Mortgage and wholesale funds	31 December 2018	441,906
	31 December 2017	418,421
Notes	31 December 2018	1,626,502
	31 December 2017	1,729,027

The fair value of all financial assets determined by reference to published price quotation in an active market.

Notes to the financial statements (continued)

For the year ended 31 December 2018

10. Intangibles

	2018
	\$
Cost	
At 1 January 2018	144,064
Additions	49,675
Disposals	-
At 31 December 2018	<u>193,739</u>
Amortisation	
At 1 January 2018	3,942
Amortisation charge for the year	37,667
Disposals	-
At 31 December 2018	<u>41,609</u>
Net book value	
At 31 December 2018	<u>152,130</u>
At 31 December 2017	<u>140,122</u>

Intangibles comprise third party off-the-shelf proprietary accounting and payroll software acquired by the Trust in 2017.

11. Trade and other payables

	2018	2017
	\$	\$
Trade and other payables	871,151	768,756
Grants received in advance	81,150	102,982
	<u>952,301</u>	<u>871,738</u>

12. Employee benefit liabilities

	2018	2017
	\$	\$
Current		
Annual leave	146,453	108,000
Long service leave	20,563	13,998
	<u>167,016</u>	<u>121,998</u>
Non-current		
Long service leave	49,997	30,829
	<u>49,997</u>	<u>30,829</u>

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Fair value reserves of financial assets

Nature and purpose of reserves

Fair value reserves of financial assets

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets (e.g. equities), are recognised in other comprehensive income and accumulated funds in a separate reserve within equity. Amounts are never recycled to profit or loss even when the associated assets are sold or impaired, see accounting policy note 2(f) for details.

	Fair value reserves of financial assets
	\$
As at 1 January 2017	443,378
Increase in fair value of financial assets	46,578
Net (gain) on disposal transferred to profit or loss	(28,398)
Net increase in financial assets	18,180
Impairment of financial assets	9,091
Other movements in reserve	9,091
As at 31 December 2017	470,649
Decrease in fair value of financial assets	(59,704)
Net (gain) on disposal transferred to profit or loss	-
Net decrease in financial assets investments	(59,704)
As at 31 December 2018	410,945

14. Commitment and contingencies

Operating lease commitments

The Trust did not have any operating lease commitments as at 31 December 2018 (2017: nil)

Capital commitments

The Trust did not have any capital commitments as at 31 December 2018 (2017: nil).

Contingent liabilities

The Trust did not have any other contingencies as at 31 December 2018 (2017: nil).

Notes to the financial statements (continued)

For the year ended 31 December 2018

15. Key management personnel compensation

The Trustees act in an honorary capacity and have not received and are not entitled to receive any remuneration either directly or indirectly from the Trust.

Geoffrey Evans	-	appointed 13 February 2017
James Brown	-	appointed 24 May 2017
Del Gaudry	-	appointed 17 October 2017

Key management personnel are persons who have authority and responsibility for planning, directing and controlling the activities of the Trust during the financial year. The key management personnel in office during the financial year were:

Robyn Collins	-	General Manager
Rajeesh Nair	-	Chief Operating Officer
Wayne Watson	-	Manager – Client Services
James Dallas	-	Manager – Claims and Advocacy
Jill Rocchi	-	Manager – Fundraising
Darren Coughlan	-	Finance Manager

Compensation of key management personnel of the Trust

	2018	2017
	\$	\$
Total compensation paid to key management personnel	490,267	404,216

Some key management personnel are employed by RSL NSW and RSL WBI is charged for their services.

16. Events after the reporting period

On 13th of June 2018 and as resolved at Trustee's meeting RSL WBI entered into an Employee Transfer and Services Agreement with RSL NSW which proposed that from 1 January 2019 (**the Effective Date**) all RSL WBI employees would be permanently transferred to RSL NSW and that from the Effective Date, RSL NSW would provide on behalf of the Trustees all services which up to that date had been provided by RSL WBI as part of the RSL DefenceCare business unit being complete welfare and pensions services for ex-Service personnel and their dependants who are in necessitous circumstances (**Services**).

From the Effective Date, RSL NSW became responsible for all ongoing employee costs in relation to the transferred employees.

Further, from the Effective Date, RSL WBI became responsible for paying a service fees including associated costs (head office costs and client services costs) to RSL NSW pursuant to the Employee Transfer and Services Agreement for the provision by RSL NSW of the Services.

Notes to the financial statements (continued)

For the year ended 31 December 2018

17. Fundraising activities

During the year the Trust received income from:

	2018	2017
	\$	\$
Donations	1,044,009	828,084
Appeals	473,988	547,839
Total	1,517,997	1,375,923

Notes	2018	2017
	\$	\$
Funds utilised for charitable purposes:		
Client support	667,522	587,969
Salaries and wages	631,848	1,040,223
Last post grants	-	11,812
Total funds utilised for charitable purposes	1,299,370	1,640,004

	2018	2017
	\$	\$
Total cost of fundraising	598,469	204,615
Gross income from fundraising	1,517,997	1,375,923
%	39.42%	14.87%
Net proceeds of fundraising	919,528	1,171,308
Gross income from fundraising	1,517,997	1,375,923
%	60.58%	85.13%
Total funds utilised for charitable purposes	1,299,370	1,640,004
Total expenditure	3,656,238	4,509,142
%	35.54%	36.37%
Total funds utilised for charitable purposes	1,299,370	1,640,004
Net proceeds from fundraising	919,528	1,171,308
%	141.31%	140.01%

Notes to the financial statements (continued)

For the year ended 31 December 2018

18. Related party information

	Description of transactions	Entity Type	2018
Revenue from			\$
BEST Grants from DVA facilitated by RSL NSW	BEST Grants	1	207,637
RSL Auburn sub-Branch	Fee for payroll services		70,167
			277,804
			2018
Payments To			\$
RSL NSW	Shared service expenses	1	380,853
RSL sub-Branches	Fund raising services		84,149
ANZAC House Trust	Rental payment	2	79,645
			544,647
			2018
Amounts owed to Related Parties			\$
ANZAC House Trust			(7,420)
RSL NSW			(644,767)
			(652,187)

Entity Type

1. RSL NSW and The Trust share resources and have common management personnel
2. WBI is a co-occupier of premise sub-leased by The Trust. WBI and The Trust have a common natural person as a Trustee of WBI and a member of the Board of Management of The Trust.

RSL WELFARE AND BENEVOLENT INSTITUTION

RESPONSIBLE ENTITIES' DECLARATION

Responsible Entities' Declaration

We, the Trustees of The RSL Welfare and Benevolent Institution (**the Trust**) declare that in our opinion,

1. The statement of profit or loss and other comprehensive income gives a true and fair view of all income and expenditure of the Trust with respect to fundraising appeals for the financial year ended 31 December 2018;
2. The statement of financial position gives a true and fair view of the state of affairs of the Trust with respect to fundraising appeals conducted by the Trust;
3. The provisions of the *Charitable Fundraising Act 1991* (the **Act**) and the *Charitable Fundraising Regulation 2015* (the **Regulation**) and the conditions on the Trust's Charitable Fundraising Authority (**Authority Conditions**) have been complied with by the Trust for the period from 1 January 2018 to 31 December 2018.
4. The internal controls exercised by the Trust are appropriate and effective in accounting for all income received and applied from any fundraising appeals.
5. The financial statements and notes of the Trust satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* (the **ACNC Act**) and the *Australian Charities and Not-for-Profits Commission Regulation 2013* (the **ACNC Regulation**).
6. There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.


James Brown
Trustee

Dated this

8 May 2019

Independent Auditor's Report to the Trustees of RSL Welfare and Benevolent Institution

Qualified Opinion

We have audited the financial report of RSL Welfare and Benevolent Institution ("the Trust"), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Trustees' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Trust is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Qualified Opinion

Cash donations are a source of revenue for the Trust. The Trust has determined that it is impracticable to establish control over the collection of cash donations prior to entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the cash donations obtained by the Trust are complete.

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 Trust in accordance with 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 the Trustees for the Financial Report

The Trustees of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the Trustees 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 Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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* (the "Act") and the *NSW Charitable Fundraising Regulations 2015* (the "2015 regulations").

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:

- a) the financial report of the Trust has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2018, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. section 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
- b) the money received as a result of fundraising appeals conducted by the Trust during the financial year ended 31 December 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



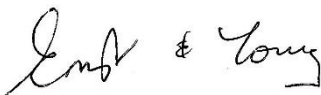
Ernst & Young



Daniel Cunningham
Partner
Sydney
8 May 2019

Auditor's Independence Declaration to the Members of The RSL Welfare and Benevolent Institution

In relation to our audit of the financial report of The RSL Welfare and Benevolent Institution for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Daniel Cunningham
Partner
8 May 2019