

**The Returned and Services League of  
Australia (New South Wales Branch)  
ABN 78 368 138 161**

Special purpose financial report for the six  
months ended 30 June 2018

## The Returned and Services League of Australia (New South Wales Branch)

### 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
Responsible entities declaration	33
Independent auditor's report	34
Auditor independence declaration	37
President's declaration	38

## Statement of profit or loss and other comprehensive income

For the six-month period ended 30 June 2018

		6 months ended 30 June 2018	12 months ended 31 December 2017
	Notes	\$	\$
Dividends received		105,735	202,642
Donations received	22	-	201,014
Management fees		29,851	264,763
Gain on sale of investments		20,000	11,396
Grants		52,200	79,100
Hotel revenue	4.1	4,029,057	7,928,706
Interest income		118,196	287,380
Membership fees and subscriptions		801,975	979,750
Other income	4.2	479,037	148,249
Rental income		123,562	398,749
Sale of goods		26,134	152,529
<b>Total revenue</b>		<b>5,785,747</b>	<b>10,654,278</b>
Administration expenses		(371,976)	(400,949)
Bad debts		-	(6,056)
Communications and publications		(175,952)	(618,176)
Cost of goods sold		(46,654)	(185,505)
Client support payments		(31,591)	-
Depreciation expense	8	(26,697)	(34,473)
Donations made	22	(567,623)	(78,506)
Day clubs and district councils		(18,108)	(88,815)
Employee benefits expense		(2,672,430)	(4,494,338)
Events		(314,673)	(172,817)
Finance costs		(80,000)	(165,000)
Hotel related expenses		(1,314,200)	(2,466,233)
Impairment of Available-for-sale assets	16	(28,439)	(25,502)
Impairment of Investment properties		(2,407,636)	-
Inquiry and related costs		(156,030)	(1,219,934)
Loss on disposal of assets		(1,051)	(35,027)
Other employee related expenses		92,557	(393,692)
Other expenses		(22,031)	(131,581)
Professional fees		(535,052)	(426,503)
Property expenses		(205,607)	(351,640)
RSL National fees		(125,862)	(153,360)
State Councillors and President expenses		(30,509)	(184,567)
<b>Total expenses</b>		<b>(9,039,563)</b>	<b>(11,632,674)</b>
<b>Net deficit for the period</b>		<b>(3,253,816)</b>	<b>(978,396)</b>
<b>Other comprehensive income</b>			
Increase in the fair value of land and buildings	16	14,300,000	-
Net change in fair value of available-for-sale financial assets	16	207,002	265,018
<b>Other comprehensive income for the period</b>		<b>14,507,002</b>	<b>265,018</b>
<b>Total comprehensive surplus/(deficit) for the period</b>		<b>11,253,186</b>	<b>(713,378)</b>

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 30 June 2018

		30 June 2018	31 December 2017
	Notes	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,597,857	6,901,638
Trade and other receivables	6	2,060,542	409,333
Other financial assets	7	4,428,905	139,003
Inventories		127,810	67,159
<b>Total current assets</b>		<b>8,215,114</b>	<b>7,517,133</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	48,459,260	33,968,835
Investment properties	9	11,150,000	13,530,000
Available-for-sale investments	10	5,092,823	5,067,221
Other financial assets	7	657,484	729,335
<b>Total non-current assets</b>		<b>65,359,567</b>	<b>53,295,391</b>
<b>Total assets</b>		<b>73,574,681</b>	<b>60,812,524</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	12	3,397,782	1,871,314
Employee benefit liabilities	13	571,464	500,067
<b>Total current liabilities</b>		<b>3,969,246</b>	<b>2,371,381</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	13	23,550	124,708
Borrowings	14	4,000,000	4,000,000
Specific purpose obligations	15	83,825	100,000
<b>Total non-current liabilities</b>		<b>4,107,375</b>	<b>4,224,708</b>
<b>Total liabilities</b>		<b>8,076,621</b>	<b>6,596,089</b>
<b>Net assets</b>		<b>65,498,060</b>	<b>54,216,435</b>
<b>Equity</b>			
Accumulated funds		31,744,910	34,998,726
Reserves	16	33,753,150	19,217,709
<b>Total equity</b>		<b>65,498,060</b>	<b>54,216,435</b>

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

**Statement of changes in equity**  
For the six-month period ended 30 June 2018

	Accumulated funds	Available- for- sale investment reserve	Asset revaluation reserve	Total equity
	\$	\$	\$	\$
<b>At 1 January 2017</b>	<b>35,977,122</b>	<b>1,626,647</b>	<b>17,300,542</b>	<b>54,904,311</b>
Net deficit for the year	(978,396)	-	-	(978,396)
Other comprehensive income (Note 16)	-	265,018	-	265,018
Total comprehensive deficit for the year	(978,396)	265,018	-	(713,378)
Impairment of investments	-	25,502	-	25,502
<b>At 31 December 2017</b>	<b>34,998,726</b>	<b>1,917,167</b>	<b>17,300,542</b>	<b>54,216,435</b>
 <b>At 1 January 2018</b>	 <b>34,998,726</b>	 <b>1,917,167</b>	 <b>17,300,542</b>	 <b>54,216,435</b>
Net deficit for the six-month period	(3,253,816)	-	-	(3,253,816)
Other comprehensive income (Note 16)	-	207,002	14,300,000	14,507,002
Total comprehensive surplus for the six-month period	(3,253,816)	207,002	14,300,000	11,253,186
Impairment of investments	-	28,439	-	28,439
<b>At 30 June 2018</b>	<b>31,744,910</b>	<b>2,152,608</b>	<b>31,600,542</b>	<b>65,498,060</b>

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

## Statement of cash flows

For the six-month period ended 30 June 2018

	Notes	6 months ended 30 June 2018	12 months ended 31 December 2017
<b>Cash flow from operating activities</b>			
Membership fees and subscriptions		801,975	979,750
Payments to suppliers		(6,142,301)	(12,149,506)
Receipts from accommodation charges		4,029,057	8,721,577
Grants received		52,200	-
Receipts from other income		658,584	1,138,085
Dividends received		105,735	202,642
Interest received		101,049	287,380
Donations paid		(567,623)	-
Donations received		-	201,014
Interest paid		(80,000)	(165,000)
<b>Net cash used by operating activities</b>	5	<b>(1,041,324)</b>	<b>(784,058)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(217,122)	(99,822)
Purchase of financial instruments		(4,215,889)	-
Purchase of available for sale investments		-	(99,852)
Disposal of available for sale investments		98,700	28,621
Receipts of loans receivable		71,854	125,240
<b>Net cash used in investing activities</b>		<b>(4,262,457)</b>	<b>(45,813)</b>
<b>Cash flow from financing activities</b>			
Proceeds from Borrowings		-	-
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
Cash at beginning of the period		6,901,638	7,731,509
Net decrease in cash and cash equivalents		(5,303,781)	(829,871)
<b>Cash and Cash equivalents at 30 June</b>		<b>1,597,857</b>	<b>6,901,638</b>

## Notes to the financial statements

For the six months ended 30 June 2018

### 1. Entity information

The financial statements of The Returned and Services League of Australia (New South Wales Branch) (the "RSL NSW") for the six months ended 30 June 2018 were authorised for issue in accordance with a resolution of the members of the State Executive on 22 November 2018.

The Returned and Services League of Australia (New South Wales Branch) is an incorporated body with limited liability, incorporated and domiciled in Australia. Incorporation status was established by an Act of the Parliament of New South Wales. By virtue of its method of incorporation, RSL NSW is not a legal entity under *Corporations Act 2001*. The members of the State Executive are the President, Honorary Treasurer and two Vice Presidents.

The registered office and principal place of business of RSL NSW is ANZAC House, 245 Castlereagh Street, Sydney, NSW 2000.

The principal activities of RSL NSW during the financial year were to provide for the well-being, care, compensation and commemoration of serving and ex-serving Defence Force personnel and their dependants and promote Government and Community awareness of the need for a stable and progressive Australia.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

This special purpose financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report does not include the assets, liabilities and financial performance of the NSW sub-Branches and RSL LifeCare Ltd.

In the State Executive's opinion, RSL NSW is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The State Executive has determined that the accounting policies adopted are appropriate to meet their needs.

The financial report has been prepared on a historical cost basis, except investment properties, land and buildings and available-for-sale (AFS) financial assets that have been measured at fair value.

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

#### 2.2 New accounting standards and interpretations

##### Changes in accounting policies, new and amended standards and interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2018 do not materially impact the financial statements of RSL NSW.

##### Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by RSL NSW for the annual reporting six months ended 30 June 2018. The responsible entities have not early adopted any of these new or amended standards or interpretations. The responsible entities are in the process of assessing the impact of the applications of AASB 9 Financial Instruments (effective 1 January 2018), AASB 15 Revenue from Contracts with Customers (effective 1 January 2018), and AASB 16 Leases (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of RSL NSW.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a 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

RSL NSW classifies all other liabilities as non-current.

#### b) Fair value measurement

RSL NSW measures financial instruments such as available-for-sale investments at fair value at each balance sheet 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 RSL NSW.

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.

RSL NSW 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.



## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### b) Fair value measurement (continued)

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
- 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 on hand and at bank 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.

#### d) Inventories

Inventories comprise goods for resale and goods for distribution at no nominal consideration as part of RSL NSW's activities.

##### *Goods for resale*

Inventories of goods for resale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

##### *Goods held for distribution*

Inventories of goods purchased and held for distribution are carried at cost, adjusted when applicable for any loss of service potential.

#### e) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

###### *Initial recognition and measurement*

Financial assets are classified at initial recognition as loans and receivables and available-for-sale ("AFS") financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

###### *Subsequent Measurement*

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

- AFS financial assets
- Loans and receivables

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### e) Financial instruments - initial recognition and subsequent measurement (continued)

##### Subsequent measurement (continued)

###### *AFS financial assets*

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss and other comprehensive income in finance costs. Interest earned while holding AFS financial assets is reported as interest income using the EIR method.

RSL NSW evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, RSL NSW is unable to trade these financial assets due to inactive markets, RSL NSW may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

###### *Loans and receivables*

This category is the most relevant to RSL NSW. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

###### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a league of similar financial assets) is primarily derecognised (i.e., removed from RSL NSW's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- RSL NSW has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) RSL NSW has transferred substantially all the risks and rewards of the asset, or (b) RSL NSW has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### e) Financial instruments - initial recognition and subsequent measurement (continued)

##### Derecognition (continued)

When RSL NSW has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, RSL NSW continues to recognise the transferred asset to the extent of its continuing involvement. In that case, RSL NSW also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that RSL NSW has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that RSL NSW could be required to repay.

#### f) 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 if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, RSL NSW 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 repairs and maintenance costs are recognised in profit or loss as incurred.

##### *Land and buildings*

Land and buildings (except for investment properties) are shown at fair value based on periodic, but at least triennial valuations by registered independent valuers with recognition where appropriate for subsequent cost of building improvements. Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

Plant and equipment	5%-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.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

#### h) Impairment of non-financial assets

RSL NSW 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, RSL NSW 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.

RSL NSW bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of RSL NSW'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, RSL NSW 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.

#### 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 RSL NSW prior to the end of the financial year that are unpaid and arise when RSL NSW 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

##### Wages and salaries

Liabilities for wages and salaries which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### j) Employee benefit liabilities (continued)

##### *Long service leave and annual leave*

RSL NSW does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. RSL NSW 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) Borrowings

RSL NSW's financial liabilities include borrowings. These are measured subsequently at amortised cost using effective interest rate method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to RSL NSW 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.

##### *Sale of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### *Rendering of services*

Revenue from rendering services is recognised in profit or loss at the reporting date.

##### *Rental income*

Rental income from tenants within the hotel is recognised in profit or loss on a straight-line basis over the term of the lease.

##### *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 sale of investments*

Revenue is recognised when the income is received.

##### *Dividends*

Dividends are recognised when RSL NSW's right to receive payment is established.



## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 2. Summary of significant accounting policies (continued)

#### l) Revenue recognition (continued)

##### **Donations**

Revenue is recognised when monies are received by RSL NSW.

##### **Subscriptions and fees**

Revenue is primarily recognised when received or receivable with allowances made for revenue received in advance of the provision of services at year-end.

##### **Administration services**

Revenue is recognised when the service has been performed by RSL NSW.

##### **Grants**

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

#### m) Taxes

RSL NSW under its constitution is a not for profit organisation and as such is exempt from income tax.

##### **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.

#### n) 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 RSL NSW to spend at its discretion for the purpose for which they originated. RSL NSW 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 RSL NSW decides that the funds can no longer be expended for the originally established purpose any surplus funds are recognised as revenue. In addition, RSL NSW holds funds on behalf of other parties for specific memorials or commemorations purposes. These funds are held as an asset and a corresponding liability.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 3. Significant accounting judgements, estimates and assumptions

The preparation of RSL NSW'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

RSL NSW makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities.

#### 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.

#### Revaluation of land and buildings

RSL NSW measures its land and buildings at revalued amounts, with changes in fair value being recognised in OCI. The land and buildings were valued by reference to transactions involving land and buildings of a similar nature, location and condition. RSL NSW engaged an independent valuation specialist to assess the fair values as at 30 June 2018 for the land and buildings. Further details on the revaluations are provided in note 8 and note 9.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 4. Revenue

#### 4.1 Hotel revenue

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Accommodation	3,923,643	7,715,878
Ancillary income	10,517	17,545
Catering	35,458	69,662
Conference room hire	59,439	125,621
	<b>4,029,057</b>	<b>7,928,706</b>

#### 4.2 Other income

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Bequests	-	82,824
Closed sub-Branches	25,198	-
Sundry income	453,839	65,425
	<b>479,037</b>	<b>148,249</b>

### 5. Cash and cash equivalents

	30 June 2018	31 December 2017
	\$	\$
Cash at bank and on hand	753,120	585,617
Short-term deposits	844,737	6,316,021
	<b>1,597,857</b>	<b>6,901,638</b>

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



## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 5. Cash and cash equivalents (continued)

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
<b>Cash flow reconciliation</b>		
Reconciliation of net deficit to net cash flows used in operations:		
<b>Net deficit for the period</b>	(3,253,816)	(978,396)
<b>Adjustments for:</b>		
Bad debt expense	-	6,056
Depreciation and amortisation	26,697	34,473
Loss on sale of property, plant and equipment	1,051	35,027
Gain on sale of available-for-sale financial assets	(20,000)	(11,396)
Impairment of Available for sale assets	28,439	25,502
Impairment of Investment properties	2,407,636	
Inventory write-off	-	85,590
Other non-cash items	(16,178)	(167,271)
<b>Changes in assets and liabilities:</b>		
Increase in trade and other receivables	(1,651,209)	(88,302)
(Increase)/decrease in inventories	(60,651)	139,650
Increase in trade and other payables	1,526,468	125,837
(Decrease)/increase in employee benefits	(29,761)	9,172
<b>Net cash flows from operating activities</b>	<b>(1,041,324)</b>	<b>(784,058)</b>

### 6. Trade and other receivables

	30 June 2018	31 December 2017
	\$	\$
<b>Current</b>		
Trade debtors	390,888	166,111
Sundry debtors	1,314,734	127,476
Prepayments and accrued income	354,920	115,746
	<b>2,060,542</b>	<b>409,333</b>

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 7. Other financial assets

	30 June 2018	31 December 2017
	\$	\$
<b>Current</b>		
Loans - secured	141,305	139,003
Short-term deposits	4,287,600	-
	<b>4,428,905</b>	<b>139,003</b>
<b>Non-current</b>		
Loans - secured	<b>657,484</b>	<b>729,335</b>

This represents the loan instalments receivable from two loans provided:

- (1) Loan amounting to \$1,282,500 to Tilligerry RSL Sports Club Ltd in December 2013 with maturity in 2021.
- (2) Loan amounting to \$110,979 to Norfolk Island RSL sub-Branch in December 2007 with maturity in 2027.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 8. Property, plant and equipment

	Land and buildings	Plant and equipment	Motor vehicle	Leasehold improvements	Capital Work In Progress	Total
	\$	\$	\$	\$	\$	
<b>Cost</b>						
At 1 January 2018	33,800,000	222,390	30,087	611,190	-	34,663,667
Additions	-	56,252	-	8,049	152,821	217,122
Revaluations	14,300,000	-	-	-	-	14,300,000
Disposals	-	(11,161)	-	-	-	(11,161)
<b>At 30 June 2018</b>	<b>48,100,000</b>	<b>267,481</b>	<b>30,087</b>	<b>619,239</b>	<b>152,821</b>	<b>49,169,628</b>
<b>Depreciation</b>						
At 1 January 2018	-	57,033	26,609	611,190	-	694,832
Depreciation charge for the period	-	22,951	3,478	268	-	26,697
Disposals	-	(11,161)	-	-	-	(11,161)
<b>At 30 June 2018</b>	<b>-</b>	<b>68,823</b>	<b>30,087</b>	<b>611,458</b>	<b>-</b>	<b>710,368</b>
<b>Net book value</b>						
<b>At 30 June 2018</b>	<b>48,100,000</b>	<b>198,658</b>	<b>-</b>	<b>7,781</b>	<b>152,821</b>	<b>48,459,260</b>
At 31 December 2017	33,800,000	165,357	3,478	-	-	33,968,835

Leasehold improvements relate to RSL NSW's tenancy at ANZAC House, 245 Castlereagh Street, Sydney and are fully depreciated as at 30 June 2018. The property, plant and equipment of the RSL sub-Branches are not part of RSL NSW's property, plant and equipment disclosed in this note.

#### Hyde Park Inn

The 2018 revaluation of the property was done by an independent valuer "Preston Rowe Paterson", a member of the Australian Property Institute. The valuer have adopted the "Direct Comparison" Method of Valuation and have completed an analysis of sales of comparable properties within the vicinity of the property and of comparable zoning.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 9. Investment Properties

	30 June 2018	31 December 2017
	\$	\$
262 Castlereagh Street, Sydney	10,600,000	13,000,000
Lot 452, Lemon Tree Passage Road, Tanilba Bay	550,000	530,000
	<b>11,150,000</b>	<b>13,530,000</b>

#### *262 Castlereagh Street, Sydney*

In 2015, RSL NSW purchased the property at 262 Castlereagh Street, Sydney for \$8,690,000 and incurred expenses in respect of a development application of \$782,179. The property was reclassified to investment property for the year ended 31 December 2016 to reflect its intended use. The property is intended to be held for rental return and capital appreciation.

The 2018 revaluation of the property was done by an independent valuer "Preston Rowe Paterson", a member of the Australian Property Institute as at 30 June 2018 and was valued as a mixed-use development site together with Hyde Park Inn on a "highest and best use" basis. No independent revaluation assessment of the property has been made during the year. The State Executive assess that the carrying value of the property approximates its market value as at 30 June 2018.

#### *Lot 452, Lemon Tree Passage Road, Tanilba Bay*

The 2018 revaluation of the land done by an independent valuer "Skinner Property Valuations", a member of the Australian Property Institute as at 30 June 2018 and was valued as freehold recreational land using the "Direct Comparison" method of valuation. No independent revaluation assessment of the property has been made during the year. The State Executive assess that the carrying value of the property approximates its market value as at 30 June 2018.

### 10. Available-for-sale investments

	30 June 2018	31 December 2017
	\$	\$
Listed property trusts	236,691	218,782
Mortgage and wholesale funds	586,706	560,306
Fixed interest listed	1,068,812	1,240,190
Shares in listed companies	3,200,614	3,047,943
	<b>5,092,823</b>	<b>5,067,221</b>

The fair value is determined by reference to published price quotations in an active market.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 11. Fair value measurement

The following table provides the valuation details of RSL NSW's assets measured at fair value:

	Date of valuation	\$
<b>Assets measured at fair value:</b>		
<b>Available-for-sale investments (Note 10)</b>		
Listed property trusts	30 June 2018	236,691
	31 December 2017	218,782
Mortgage and wholesale funds	30 June 2018	586,706
	31 December 2017	560,306
Fixed interest listed	30 June 2018	1,068,812
	31 December 2017	1,240,190
Shares in listed companies	30 June 2018	3,200,614
	31 December 2017	3,047,943
<b>Property, plant and equipment (Note 8)</b>		
Hyde Park Inn	30 June 2018	48,100,000
	31 December 2017	33,800,000
<b>Investment properties (Note 9)</b>		
262 Castlereagh Street, Sydney	30 June 2018	10,600,000
	31 December 2017	13,000,000
Lot 452, Lemon Tree Passage Road, Tanilba Bay	30 June 2018	550,000
	31 December 2017	530,000

The fair value of all available-for-sale investments determined by reference to published price quotation in an active market.

Hyde Park Inn, is valued on a "Direct Comparison" method of valuation by an independent valuer 262 Castlereagh Street, Sydney, is valued on a "Direct Comparison" method of valuation by an independent valuer Lot 452, Lemon Tree Passage Road, Tanilba Bay, is valued on a "Direct Comparison" method of valuation by an independent valuer.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

		30 June	31 December
12. Trade and other payables	Note	2018	2017
		\$	\$
<b>Current</b>			
Trade and other payables		2,446,179	1,071,986
Deposits in advance		890,492	545,260
RSL NSW Sub-Branch Support Fund	18	55,809	-
Subscriptions received in advance		5,302	254,068
		<b>3,397,782</b>	<b>1,871,314</b>

## 13. Employee benefit liabilities

	30 June 2018	31 December 2017
	\$	\$
<b>Current</b>		
Annual leave	315,097	293,773
Long service leave	256,367	206,294
	<b>571,464</b>	<b>500,067</b>
<b>Non-current</b>		
Long service leave	23,550	124,708
	<b>23,550</b>	<b>124,708</b>

## 14. Borrowings

	30 June 2018	31 December 2017
	\$	\$
<b>Non-current</b>		
Loan payable	4,000,000	4,000,000

Borrowings represents a loan from the Five Dock RSL sub-Branch obtained in July 2015. The loan is secured by a mortgage against 262 Castlereagh Street, Sydney. The principal is repayable after the expiration of the 5 year term of the loan.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 15. Specific purpose obligations

	30 June 2018	31 December 2017
	\$	\$
<b>Non-current</b>		
Youth councils	49,378	46,676
Scholarships	33,654	32,690
Memorial and commemoration provisions	793	20,634
	<b>83,825</b>	<b>100,000</b>

### 16. Reserves

	Available-for- sale investment reserve	Asset revaluation reserve	Total
	\$		\$
<b>As at 1 January 2017</b>	1,626,647	17,300,542	18,927,189
Increase/(decrease) in value of available-for-sale investments	265,018	-	265,018
Impairment of available-for-sale investments	25,502	-	25,502
<b>As at 31 December 2017</b>	<b>1,917,167</b>	<b>17,300,542</b>	<b>19,217,709</b>
Increase/(decrease) in value of available-for-sale investments	207,002	14,300,000	14,507,002
Impairment of available-for-sale investments	28,439	-	28,439
<b>As at 30 June 2018</b>	<b>2,152,608</b>	<b>31,600,542</b>	<b>33,753,150</b>

#### Nature and purpose of reserves

##### Available-for-sale financial assets

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (e.g., equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired, see accounting policy note 2(e) for details.

##### Asset revaluation reserve

The land and building of Hyde Park Inn is measured at fair value, with changes in fair value being recognised in OCI. RSL NSW engaged an independent valuation specialist to assess the fair value of the property as at 30 June 2018, see accounting policy note 2(f) for details.

Subsequent revaluations of the land and building of Hyde Park Inn are measured through the asset revaluation reserve.

## **Notes to the financial statements (continued)**

**For the six months ended 30 June 2018**

### **17. Commitments , contingencies and lease commitments**

#### **Capital Commitments**

RSL NSW did not have any capital commitments as at 30 June 2018 (31 December 2017: nil).

#### **Contingent liabilities**

RSL NSW did not have any other contingencies as at 30 June 2018 (31 December 2017: nil).

#### **Lease commitments**

RSL NSW does not have any lease commitments as at 30 June 2018 (31 December 2017: nil).

### **18. RSL NSW support fund**

The 2018 sub-Branch Support Fund is based on a resolution passed by State Council on 21 February 2018, directing certain sub-Branches to contribute a calculated amount to the Support Fund. This directive was to provide assistance to certain financially distressed sub-Branches. Details of the amounts received and paid to 30 June 2018, are as follows:



## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 18. RSL NSW support fund (continued)

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
sub-Branch Name	Amount Donated	Amount Donated
Ashfield RSL sub-Branch	2,980	-
Balgowlah-Seaforth-Clontarf RSL sub-Branch	36,217	-
Ballina RSL sub-Branch	38,538	-
Bass Hill RSL sub-Branch	3,300	-
Bathurst RSL sub-Branch	13,843	-
Brighton Le Sands RSL sub-Branch	42,228	-
Bronte RSL sub-Branch	9,342	-
Camden RSL sub-Branch	3,600	-
Campsie RSL sub-Branch	10,000	-
Canterbury Hurlstone Park RSL sub-Branch	37,472	-
Cardiff RSL sub-Branch	6,183	-
Castle Hill and District RSL sub-Branch	82,172	-
City of Newcastle RSL sub-Branch	15,043	-
City of Penrith RSL sub-Branch	35,862	-
City of Queanbeyan RSL sub-Branch	28,875	-
City of Wollongong RSL sub-Branch	5,194	-
Coogee Randwick Clovelly RSL sub-Branch	22,316	-
Cumberland RSL sub-Branch	161,472	-
Doyalson RSL sub-Branch	7,101	-
Enfield/Croydon Park RSL sub-Branch	15,157	-
Glen Innes RSL sub-Branch	4,727	-
Huskisson RSL sub-Branch	27,251	-
Ingleburn RSL sub-Branch	9,696	-
Kensington RSL sub-Branch	30,838	-
Matraville RSL sub-Branch	15,801	-
Merewether-Hamilton-Adamstown RSL sub-Branch	16,054	-
Merrylands RSL sub-Branch	7,898	-
Miranda RSL sub-Branch	1,249	-
Pelican Flat RSL sub-Branch	20,000	-
Ramsgate RSL sub-Branch	34,221	-
Redfern RSL sub-Branch	9,035	-
Rockdale RSL sub-Branch	18,941	-
Seven Hills Toongabbie Wentworthville RSL sub-Branch	44,550	-
Tamworth RSL sub-Branch	1,061	-
Toukley RSL sub-Branch	5,738	-
Wagga Wagga RSL sub-Branch	24,198	-
Wyong RSL sub-Branch	21,203	-
	<b>869,358</b>	-

# Notes to the financial statements (continued)

For the six months ended 30 June 2018

## 18. RSL NSW support fund (continued)

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Payments made to sub-Branches	Payments made	Payments made
Aberdeen RSL sub-Branch	(2,000)	-
Abermain RSL sub-Branch	(18,316)	-
Adaminaby RSL sub-Branch	(2,641)	-
Ariah Park RSL sub-Branch	(2,658)	-
Austinmer-Thirroul RSL sub-Branch	(14,906)	-
Balranald RSL sub-Branch	(4,477)	-
Baradine RSL sub-Branch	(6,458)	-
Barham & District RSL sub-Branch	(17,596)	-
Barraba RSL sub-Branch	(5,931)	-
Bingara RSL sub-Branch	(7,035)	-
Blackheath/Mt Victoria RSL sub-Branch	(20,976)	-
Blayney RSL sub-Branch	(7,549)	-
Bonalbo RSL sub-Branch	(5,324)	-
Boorowa RSL Sub Branch	(9,782)	-
Braidwood RSL sub-Branch	(16,838)	-
Branxton RSL sub-Branch	(24,947)	-
Bribbaree RSL sub-Branch	(4,054)	-
Bulahdelah RSL sub-Branch	(6,225)	-
Bundanoon RSL sub-Branch	(8,907)	-
Candelo RSL sub-Branch	(4,014)	-
Canowindra RSL sub-Branch	(5,722)	-
Chatsworth/Iluka RSL sub-Branch	(9,747)	-
Cobargo RSL sub-Branch	(11,767)	-
Coledale RSL sub-Branch	(10,370)	-
Collarenebri RSL sub-Branch	(5,850)	-
Collaroy RSL sub-Branch	(12,605)	-
Coolah RSL sub-Branch	(6,182)	-
Cooma/Monaro RSL sub-Branch	(10,202)	-
Crookwell RSL sub-Branch	(11,249)	-
Culburra Beach-Orient Point RSL sub-Branch	(15,328)	-
Culcairn RSL sub-Branch	(5,285)	-
Darlington Point/Coleambally RSL sub-Branch	(4,681)	-
Carried forward	(299,623)	-

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 18. RSL NSW support fund (continued)

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Payments made to sub-Branches	Payments made	Payments made
<b>Brought forward</b>	<b>(299,623)</b>	-
Delegate RSL sub-Branch	(8,180)	-
Dunedoo/Leadville RSL sub-Branch	(3,550)	-
Eden and District RSL sub-Branch	(13,155)	-
Estonian RSL sub-Branch	(2,851)	-
Eumungerie/Coboco RSL sub-Branch	(16,753)	-
Ganmain RSL sub-Branch	(7,456)	-
Gilgandra RSL sub-Branch	(8,238)	-
Gresford RSL sub-Branch	(6,460)	-
Greta RSL sub-Branch	(8,631)	-
Harrington-Crowdy Head RSL sub-Branch	(17,393)	-
Helensburgh RSL sub-Branch	(3,928)	-
Henty RSL sub-Branch	(3,984)	-
Hillston-Ivanhoe RSL sub-Branch	(7,676)	-
Jerilderie RSL sub-Branch	(4,431)	-
Kendall RSL sub-Branch	(7,062)	-
Kiama Jamberoo RSL sub-Branch	(22,969)	-
Lake Cargelligo RSL sub-Branch	(1,154)	-
Lockhart RSL sub-Branch	(4,463)	-
Lord Howe Island RSL sub-Branch	(5,858)	-
Lyndhurst RSL sub-Branch	(1,874)	-
Maltese Ex-Servicemen's Association RSL sub-Branch	(6,250)	-
Maritime Services Board RSL sub-Branch	(2,619)	-
Masonic RSL sub-Branch	(5,209)	-
Mendooran RSL sub-Branch	(2,769)	-
Merchant Navy RSL sub-Branch	(4,776)	-
Merriwa RSL sub-Branch	(11,823)	-
Molong RSL sub-Branch	(6,107)	-
Mosman RSL sub-Branch	(20,503)	-
<b>Carried forward</b>	<b>(515,745)</b>	-

# Notes to the financial statements (continued)

For the six months ended 30 June 2018

## 18. RSL NSW support fund (continued)

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Payments made to sub-Branches	Payments made	Payments made
<b>Brought forward</b>	<b>(515,745)</b>	-
Moss Vale RSL sub-Branch	(14,083)	-
Mungindi RSL sub-Branch	(12,855)	-
Nabiac RSL sub-Branch	(5,654)	-
Peak Hill RSL sub-Branch	(3,799)	-
Portland RSL sub-Branch	(4,592)	-
Pottsville District RSL sub-Branch	(27,979)	-
Quirindi RSL sub-Branch	(11,167)	-
Scone RSL sub-Branch	(4,632)	-
Shoalhaven Heads RSL sub-Branch	(25,342)	-
Snowy River RSL sub-Branch	(10,733)	-
Stuarts Point RSL sub-Branch	(7,456)	-
Taralga RSL sub-Branch	(12,063)	-
Taylors Arm RSL sub-Branch	(12,812)	-
Teachers RSL sub-Branch	(7,276)	-
The Rock RSL sub-Branch	(11,641)	-
Tingha RSL sub-Branch	(7,065)	-
Tomakin RSL sub-Branch	(5,270)	-
Ulmarra RSL sub-Branch	(4,049)	-
Ungarie RSL sub-Branch	(5,542)	-
Urbenville RSL sub-Branch	(18,170)	-
Urunga RSL sub-Branch	(5,515)	-
Walgett RSL sub-Branch	(5,715)	-
Weston RSL sub-Branch	(21,532)	-
Wirimah/Koorawatha RSL sub-Branch	(13,136)	-
Woodenbong RSL sub-Branch	(5,642)	-
Yamba RSL sub-Branch	(28,886)	-
Yenda RSL sub-Branch	(5,198)	-
<b>Paid to sub-Branches</b>	<b>(813,549)</b>	-
<b>Amount not yet distributed as at 30 June 2018</b>	<b>55,809</b>	-

## Notes to the financial statements (continued)

### For the six months ended 30 June 2018

#### 19. Related party information

	Description of transactions	Entity Type	6 months ended 30 June 2018	12 months ended 31 December 2017
<b>Revenue from</b>			\$	\$
ANZAC House Trust	Management fees	1	10	46,886
RSL Welfare & Benevolent Institution (WBI)	Management fees & Shared expenses	2	490,072	272,554
			<b>490,082</b>	<b>319,440</b>
			<b>6 months ended 30 June 2018</b>	<b>12 months ended 31 December 2017</b>
<b>Payments To</b>			\$	\$
ANZAC House Trust	Office Rent	1	134,062	235,828
RSL Welfare & Benevolent Institution (WBI)	BEST Grant & Shared expenses	2	106,258	135,668
			<b>240,320</b>	<b>371,496</b>
			<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Amounts owed by/(to) Related Parties</b>			\$	\$
ANZAC House Trust			(22,088)	118
RSL Welfare & Benevolent Institution (WBI)			242,208	21,296
			<b>220,120</b>	<b>21,414</b>

#### Entity Type

1. Trustee and Entity with significant influence over The Trust
2. Tenant of 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 NSW entered into an agreement with RSL LifeCare as at January 2018 to provide support for current serving veterans and also entered into an agreement with WBI to provide support for ex serving veterans. This arrangement was on the basis that services provided on behalf of RSL LifeCare and WBI would be reimbursed at cost. WBI also seconded its staff to RSL NSW from January 2018 to provide these services. All costs will be reimbursed by WBI and RSL LifeCare.

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 20. Auditors remuneration

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
The auditor of RSL NSW is Ernst & Young (Australia)		
<b>Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</b>		
An audit of the financial report of the entity	134,411	96,000
Accounting assistance	47,380	35,000
Forensic audit services	-	379,647
	<b>181,791</b>	<b>510,647</b>

### 21. State councillor and key management personnel compensation

The members of the State Council during the reporting period was as follows:

Name	Position
James Brown	President
Raymond James	Vice President, leave of absence 21 February 2018 until 29 March 2018
Michael Bainbridge	Vice President
Phillip Chin	State Treasurer
Sandra Lambkin	State Councillor
Bryan Slattery	State Councillor
Scott Seccombe	State Councillor
Gregory Makutu	State Councillor
Brad Copelin	State Councillor, resigned 17 January 2018

The State Councillors are not remunerated by RSL NSW, only certain expenses incurred on behalf of RSL NSW are reimbursed. These expenses amounted to \$30,538 (2017:\$184,567).

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

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 21. State councillor and key management personnel compensation (continued)

Name	Position						
Robyn Collins	General Manager						
Jeffrey O'Brien	State Secretary						
Rajeesh Nair	Chief Operating Officer						
Leanne Meyer	General Counsel						
Peter Gamblin	General Manager, Hyde Park Inn						
Nicholas Mowat	Company Secretary, appointed 5 February						
Andrew Horne	Chief Governance Officer, employment ended 1 February 2018						
<b>Former key management personnel (*)</b>							
Glenn Kolomeitz	Chief Executive Officer, resigned 3 May 2017						
(*) Fringe benefits tax component included in June 2018 results							
	<table><tr><th>6 months ended 30 June 2018</th><th>12 months ended 31 December 2017</th></tr><tr><td>\$</td><td>\$</td></tr><tr><td>736,377</td><td>1,241,673</td></tr></table>	6 months ended 30 June 2018	12 months ended 31 December 2017	\$	\$	736,377	1,241,673
6 months ended 30 June 2018	12 months ended 31 December 2017						
\$	\$						
736,377	1,241,673						
<b>Total compensation paid to key management personnel</b>							

## Notes to the financial statements (continued)

For the six months ended 30 June 2018

### 22. Fundraising activities

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Donations	-	201,014
Raffles	-	901
Net proceeds from sales of items	-	3,786
	-	<b>205,701</b>

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
<b>Funds were distributed as follows:</b>		
RSL sub-Branches	-	75,926
New England District Council	-	1,180
North Coast District Council	-	1,400
Donations Made	60,466	-
Invictus Games Contribution	507,157	-
<b>Total</b>	<b>567,623</b>	<b>78,506</b>

	6 months ended 30 June 2018	12 months ended 31 December 2017
	\$	\$
Total cost of fundraising	-	1,998
Gross income from fundraising	-	205,701
%	-	0.97%
Net proceeds of fundraising	-	203,703
Gross income from fundraising	-	205,701
%	-	99.03%
Total fundraising distributed	-	78,506
Gross income from fundraising	-	203,703
%	-	38.54%
Total donations made to sub-Branches	-	75,926
Total fundraising distributed	-	78,506
%	-	96.71%
Total donations other than sub-Branches	567,623	2,580
Total fundraising distributed	567,623	78,506
%	100%	3.29%





## Responsible Entities' declaration

I, James Brown, President of The Returned and Services League of Australia (New South Wales Branch) (RSL NSW) declare that:

1. RSL NSW suspended fundraising from 9 August 2017 and as at the date of making this declaration, fundraising has not recommenced. As a result, RSL NSW has not conducted any fundraising appeals and has not received or applied any income or incurred any expenditure with respect to fundraising appeals during the financial period being six months to 30 June 2018.
2. In my opinion:
  - (a) RSL NSW is not a reporting entity as defined in the Australian Accounting Standards;
  - (b) the financial statements and notes of RSL NSW are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and complying with the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
  - (c) there are reasonable grounds to believe RSL NSW will be able to pay its debts as and when they become due and payable.
3. I am authorised by the responsible entities to sign this declaration under section 60.15(2) of the ACNC Regulation.

James Brown  
President  
RSL NSW

Dated this 22<sup>nd</sup> day of November 2018

## Independent Auditor's Report to the Members of The Returned and Services League of Australia (New South Wales Branch)

### Qualified Opinion

We have audited the financial report, being a special purpose financial report, of The Returned and Services League of Australia (New South Wales Branch) (the "League"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the State Executive's declaration.

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

- a) giving a true and fair view of the League's financial position as at 30 June 2018 and of its financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 2, and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

### Basis for Qualified Opinion

In respect of the audit for the year ended 31 December 2017, we were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2016. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the statement of comprehensive income and the statement of cash flows for the year ended 31 December 2017. Our opinion on the financial report for the year ended 31 December 2017 was modified accordingly. Our opinion on the current year's financial report is also modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

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 League 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 qualified opinion.

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the State Executive's financial reporting responsibilities under the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Responsibilities of the State Executive's for the Financial Report

The State Executives of the League are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and is appropriate to meet the needs of the members. The State Executive's responsibility also includes such internal control as the State Executive's 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 State Executives are responsible for assessing the Leagues' 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 State Executive's either intend to liquidate the League 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 League's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the State Executive's.

- Conclude on the appropriateness of the State Executive's 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 League'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 League 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 State Executive's 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.



Ernst & Young



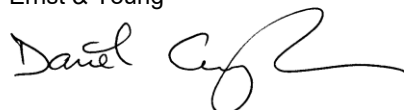
Daniel Cunningham  
Partner  
Sydney  
22 November 2018

## Auditor's Independence Declaration to the Members of The Returned and Services League of Australia (New South Wales Branch)

In relation to our audit of the financial report of The Returned and Services League of Australia (New South Wales Branch) for the six months ended 30 June 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  
22 November 2018



R S L N S W

### **President's declaration given under Charitable Fundraising Authority Condition 6(3)**

I, James Brown, President of The Returned and Services League of Australia (New South Wales Branch) (**RSL NSW**) declare that:

4. RSL NSW suspended fundraising from 9 August 2017 and as at the date of making this declaration, fundraising has not recommenced. As a result, RSL NSW has not conducted any fundraising appeals and has not received or applied any income or incurred any expenditure with respect to fundraising appeals during the financial period being six months to 30 June 2018.
5. In the circumstances, and to the relevant extent, in my opinion:
  - a. the income statement gives a true and fair view of the state of affairs of income and expenditure of RSL NSW with respect to fundraising appeals;
  - b. the balance sheet gives a true and fair view of the state of affairs of RSL NSW with respect to fundraising appeals;
6. As there has been no fundraising activity in the relevant financial period as a result of the fundraising ban, it is not possible to express an opinion on whether:
  - a. the provisions of the Act, the regulations under the Act and the conditions attached to the RSL NSW Charitable Fundraising Authority have been complied with; or
  - b. the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by RSL NSW from any fundraising appeal.

James Brown  
President  
RSL NSW

Dated this 22<sup>nd</sup> day of November 2018