

## RSL WELFARE AND BENEVOLENT INSTITUTION

### *Statement by Principal Officer*


Declaration by the Principal Officer in respect of fundraising appeals under the Charitable Fundraising Act 1991.

In my opinion as Principal Officer

1. The accounts give a true and fair view of all income and expenditure of the RSL Welfare and Benevolent Institution with respect to fundraising appeals; and
2. The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
3. The provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
4. The internal controls exercised by RSL Welfare and Benevolent Institution are appropriate and effective in accounting for all income received.

On behalf of RSL Welfare and Benevolent Institution

Dated this 26th Day of February 2011

  
D.E.J. ROWE OAM  
PRINCIPAL OFFICER


# RSL WELFARE AND BENEVOLENT INSTITUTION

## *Statement Of Trustees*

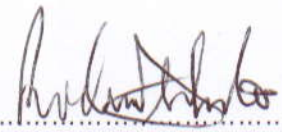
In the opinion of the Trustees of RSL Welfare and Benevolent Institution:-

1. The affairs of the Institution have been administered in accordance with the rules of the Institution.
2. The Financial Statements of the Institution for the year ended 31st December 2010 comprising the Statement of Financial Position, Statement of Comprehensive income, Statement of Cash Flows, Statement of Changes in Equity and notes present fairly the financial position of the Institution at 31st December 2010 and the results of its operations and its cash flows for the year ended on that date.
3. At the date of this statement there are reasonable grounds to believe that the Institution will be able to pay its debts as and when they fall due.

Dated this 26th Day of February 2011



D.E.J. ROWE OAM  
TRUSTEE



R.D. WHITE AM RFD  
TRUSTEE



C.P. PERRIN AFAM  
TRUSTEE

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2010**

	<u>Notes</u>	<u>2010</u> \$	<u>2009</u> \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	3,371,684	3,187,269
Receivables	4	70,856	121,694
<b>Total Current Assets</b>		<u>3,442,540</u>	<u>3,308,963</u>
<b>NON CURRENT ASSETS</b>			
Receivables	4	1,000,000	1,000,000
Plant and Equipment	5	400,026	35,636
Available-for-Sale Financial Assets	6	2,735,151	2,496,511
Other Financial Assets	7	143,604	200,000
Licence of Units, Rowland Village	10	110,500	212,500
<b>Total Non Current Assets</b>		<u>4,389,281</u>	<u>3,944,647</u>
<b>TOTAL ASSETS</b>		<u>7,831,821</u>	<u>7,253,610</u>
<b>CURRENT LIABILITIES</b>			
Payables	8	131,359	148,302
<b>Total Current Liabilities</b>		<u>131,359</u>	<u>148,302</u>
<b>NON CURRENT LIABILITIES</b>			
Trust Funds	9	444,032	233,258
<b>Total Non Current Liabilities</b>		<u>444,032</u>	<u>233,258</u>
<b>TOTAL LIABILITIES</b>		<u>575,391</u>	<u>381,560</u>
<b>NET ASSETS</b>		<u>7,256,430</u>	<u>6,872,050</u>
<b>Represented by :-</b>			
Accumulated Funds		6,762,526	6,396,385
Reserves	11	493,904	475,665
		<u>7,256,430</u>	<u>6,872,050</u>

*The accompanying notes form part of these financial statements.*

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

	<u>Note</u>	<u>2010</u> \$	<u>2009</u> \$
<b><u>INCOME</u></b>			
Donations: -			
RSL Central Council of Women's Auxiliaries		248,035	241,044
Sub-Branches		233,955	200,134
Clubs		2,000	2,696
<u>Less: Amounts to Outside Charities</u>	12	<u>(101,898)</u>	<u>(99,752)</u>
Anzac Day		155,000	130,000
Poppy Day		100,000	220,000
Hyde Park Inn		100,000	80,000
Sundry Donations		11,583	1,915
Interest		323,394	262,159
Dividends		76,287	69,928
Contribution (Membership Fees)		41,817	43,971
Grants		273,111	269,272
Sundry Income		1,039	4,421
		<u>1,464,323</u>	<u>1,425,788</u>
 <b><u>LESS: EXPENDITURE</u></b>			
Audit Fees		20,470	18,085
Administration Charges		101,640	96,800
Amortisation of Leasehold Improvements		29,498	-
Rent		20,911	21,477
Contractual Fees		93,855	98,426
Depreciation		21,347	17,856
Hospital Comforts		1,050	606
Insurance		18,115	15,040
Legal Fees		12,042	23,112
Long Service Leave		4,641	14,629
Management Fees		22,388	20,031
Postage, Printing & Stationery		24,978	27,232
Repairs and Maintenance		15,791	2,757
Salaries – Defence Community Division		173,897	145,543
Salaries – Claims Division		168,045	157,300
Salaries – Entitlement Training Division		83,880	80,406
Superannuation		38,333	34,295
Sundry Expenses		49,299	9,621
Telephone		10,306	9,592
Training and Development		349	3,220
Travelling		69,453	46,732
		<u>980,288</u>	<u>842,760</u>
<b><u>TOTAL EXPENDITURE</u></b>			
 <b><u>OPERATING SURPLUS</u></b>		 <u>484,035</u>	 <u>583,028</u>

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**  
(Continued)

	<b><u>2010</u></b>	<b><u>2009</u></b>
	\$	\$
<b><u>LESS: ALLOCATION OF FUNDS</u></b>		
Christmas Cheer	11,610	13,840
Relief Orders	77,623	69,430
Grants	7,702	9,447
Last Post Grants	36,870	44,789
<b><u>TOTAL ALLOCATION OF FUNDS</u></b>	<b>133,805</b>	<b>137,506</b>
<b><u>NET OPERATING SURPLUS</u></b>	<b>350,230</b>	<b>445,522</b>
<b><u>ADD: NON-OPERATING INCOME</u></b>		
Profit on Sale of Investments	20,851	26,762
Legal Fees recovered prior years	24,388	-
<b><u>TOTAL NON-OPERATING INCOME</u></b>	<b>45,239</b>	<b>26,762</b>
<b><u>NET SURPLUS</u></b>	<b>395,469</b>	<b>472,284</b>
<b><u>LESS: NON-OPERATING EXPENDITURE</u></b>		
Loss on Sale of Investments	11,455	-
Loss on Disposal of Assets	934	-
Reduction in the Fair Value of Available for Sale Financial Assets - unrealised	16,939	76,572
<b><u>TOTAL NON-OPERATING EXPENDITURE</u></b>	<b>29,328</b>	<b>76,572</b>
<b><u>SURPLUS</u></b>	<b>366,141</b>	<b>395,712</b>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>		
Change in fair value of available-for-sale financial assets	19,873	447,384
Net gains on disposals of available for sale financial assets	(1,634)	-
<b><u>OTHER COMPREHENSIVE INCOME FOR THE YEAR</u></b>	<b>18,239</b>	<b>447,384</b>
<b><u>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</u></b>	<b>384,380</b>	<b>843,096</b>

*The accompanying notes form part of these financial statements.*

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR YEAR ENDED 31ST DECEMBER 2010**

	<b><u>Accumulated Funds</u></b>	<b><u>Available-for-Sale Investment Reserve</u></b>	<b><u>Total</u></b>
At 1 January 2009	6,000,673	28,281	6,028,954
Net surplus for the year	395,712	-	395,712
<i>Other comprehensive income</i>			
Changes in the fair value of available-for-sale financial assets	-	447,384	447,384
Total comprehensive income for the year	395,712	447,384	843,096
<b>At 31 December 2009</b>	<b>6,396,385</b>	<b>475,665</b>	<b>6,872,050</b>
Net surplus for the year	366,141	-	366,141
<i>Other comprehensive income</i>			
Changes in the fair value of available-for-sale financial assets	-	19,873	19,873
Reclassification - net gains on disposal of available for sale	-	(1,634)	(1,634)
Total comprehensive income for the year	366,141	18,239	384,380
<b>At 31 December 2010</b>	<b>6,762,526</b>	<b>493,904</b>	<b>7,256,430</b>

*The accompanying notes form part of these financial statements.*

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**STATEMENT OF CASH FLOWS FOR YEAR ENDED 31ST DECEMBER 2010**

	<u>Notes</u>	<u>2010</u> \$	<u>2009</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from - Donations		842,359	868,079
- Other		425,379	388,142
Interest		315,394	251,997
Payments to Suppliers and Employees		<u>(1,123,774)</u>	<u>(1,121,779)</u>
<b>Net Cash Provided By Operating Activities</b>	13(b)	<u>459,358</u>	<u>386,439</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of term deposit		-	(1,000,000)
Purchase of Plant and Equipment		(416,169)	(6,336)
Proceeds on disposal of/(payments for) investments		39,226	68,654
Proceeds Licence of Unit Rowland Village		102,000	-
Increase/(Decrease) in Trust Fund Investments		210,774	(6,080)
(Increase)/Decrease in Trust Funds Held		<u>(210,774)</u>	<u>6,080</u>
<b>Net Cash Used In Investing Activities</b>		<u>(274,943)</u>	<u>(937,682)</u>
 <b>NET INCREASE/(DECREASE) IN CASH HELD</b>		184,415	(551,243)
 <b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>3,187,269</u>	<u>3,738,512</u>
 <b>CASH AT THE END OF THE FINANCIAL YEAR</b>	13(a)	<u><u>3,371,684</u></u>	<u><u>3,187,269</u></u>

*The accompanying notes form part of these financial statements.*

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- The prescribed format of the Statement of Comprehensive Income contained in AASB101 “Presentation of Financial Statement” has not been adopted.
- The accounting for revenues from grants and other non-reciprocal contributions under AASB 1004 “Contributions” does not apply to not-for-profit organisations.
- AASB 136 “Impairment of Assets” value in use being determined as being the depreciated replacement cost of an asset instead of the present value of the future cashflows expected to be derived from the asset as required for for-profit entities. Revaluation disclosures under AASB 116 “Property, Plant and Equipment”

**Basis of Preparation**

The financial report is for the RSL Welfare and Benevolent Institution, as an individual entity. The RSL Welfare and Benevolent Institution is a trust constituted by Deed on the 6<sup>th</sup> November, 1964 and is domiciled in Australia. The trustees being the State President, State Honorary Treasurer and State Secretary for the time being.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets and liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Institution in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) INCOME TAX**

The Institution under its Trust Deed is a not for profit organisation and as such is exempt from income tax.



**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**(b) INVESTMENTS AND OTHER FINANCIAL ASSETS**

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the Institution commits to purchase, or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below:

*Available-for-sale financial assets*

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Shares in listed companies, listed property trusts, notes and mortgage and wholesale funds held by the Institution that are traded in an active market are classified as being available-for-sale financial assets.

After initial recognition, investments, which are classified as available for sale, are measured at fair value. Unrealised gains or losses on these investments are recognised in other comprehensive income in the Available-for-sale Investment Reserve. Where there is a significant or prolonged decline in the fair value of an available-for-sale asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in the profit or loss. On sale, the amount held in the Available-For-Sale Investment Reserves associated with that asset is recognised in profit or loss as a reclassification adjustment.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted on an active market. They are recognised at amortised cost.

*Funds held in trust*

Funds held in Trust are measured at cost and amounts are withdrawn from the investments to meet their specific purpose.

**(c) TRUST ACCOUNTS**

Trust income and expenditure is not included in the Statement of Comprehensive Income. Movements in trust account balances are set out in Note 9.

**(d) EMPLOYEE BENEFITS**

Provision is made for the Institution's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Institution to an employee superannuation fund and are charged as expenses when incurred.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**(e) GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables on the Statement of Financial Position are shown inclusive of GST.

**(f) IMPAIRMENT**

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Institution is a not-for profit organisation.

**(g) CASH AND CASH EQUIVALENTS**

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

**(h) REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institution and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

*Interest*

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.

*Dividends*

Dividends are recognised when the Institution's right to receive payment is established.

*Donations*

Revenue is recognised when monies are received by the Institution. The ANZAC Day and Poppy Day donations, are donations received from the United Returned Soldiers Fund.

*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.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

**(Continued)**

**(h) REVENUE (Continued)**

*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 Institution will comply with all attached conditions.

**(i) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

*AASB 9 (issued December 2009)*

For annual reporting periods commencing on or after 1 January 2013, there has been a revision of AASB 9 – Financial Instruments. Due to the recent release of these amendments an assessment has not yet been made of the impact of these amendments.

*AASB 2010-3 (issued June 2010) – Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

For annual reporting periods commencing on or after 1 July 2010 there has been a revision of AASB 7 – Financial Instruments: Disclosures. There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.

*AASB 2010-4 (issued June 2010) – Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

For annual reporting periods commencing on or after 1 July 2011 there has been a revision of AASB 101 – Presentation of Financial Statements. There will be no impact on initial adoption of this amendment as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.

**(j) COMPARATIVE FIGURES**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(k) PLANT AND EQUIPMENT**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

*Depreciation*

Depreciation has been calculated at annual rates to write off each asset over its effective economic life to the Trust. The rates in use are 10% to 20% straight-line.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit and loss in the year that the item is derecognised.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**2. ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The Institution 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.

**(b) Critical judgments in applying the Institution's accounting principles**

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

<b>3. CASH AND CASH EQUIVALENTS</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	13,544	58,709
Short term deposits	3,358,140	3,128,560
	<u>3,371,684</u>	<u>3,187,269</u>

**(a) Cash at bank and on hand**

These are non- interest bearing

**(b) Short term deposits**

The deposits are bearing floating interest rates up to and not exceeding 6.35% (2009 – 6.8%). These deposits have maturities of up to 6 months.

<b>4. RECEIVABLES</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Prepayments and Accrued Income	<u>70,856</u>	<u>121,694</u>
<b>Non-Current</b>		
Term deposit	<u>1,000,000</u>	<u>1,000,000</u>

The term deposit is at a fixed interest rate of 5.95%, and is for a 3 year term which matures in May 2012.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

	<b><u>2010</u></b>	<b><u>2009</u></b>
	\$	\$
<b>5. PLANT AND EQUIPMENT</b>		
Furniture and Office Equipment	59,155	21,809
<u>Less:</u> Provision for Depreciation	(4,296)	(18,996)
	54,859	2,813
Plant and Equipment	115,838	120,448
<u>Less:</u> Provision for Depreciation	(80,399)	(87,625)
	35,439	32,823
Leasehold Improvements	339,226	-
<u>Less:</u> Provision for Amortisation	(29,498)	-
	309,728	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>400,026</b>	<b>35,636</b>

**(a). MOVEMENT IN CARRYING AMOUNTS**

<b>2010</b>	Furniture & Office Equipment	Plant & Equipment	Leasehold Improvements	Total
Balance 1 January 2010	2,813	32,823	-	35,636
Additions	56,597	20,346	339,226	416,169
Disposals	(560)	(374)	-	(934)
Depreciation/ Amortisation	(3,991)	(17,356)	(29,498)	(50,845)
Balance at 31 December 2010	54,859	35,439	309,728	400,026

<b>2009</b>	Furniture & Office Equipment	Plant & Equipment	Leasehold Improvements	Total
Balance 1 January 2019	1,755	45,442	-	47,197
Additions	1,786	4,550	-	6,336
Disposals	(41)	-	-	(41)
Depreciation	(687)	(17,169)	-	(17,856)
Balance at 31 December 2009	2,813	32,823	-	35,636

The RSL Welfare and Benevolent Institution carried out improvements to the area leased at ANZAC House. These improvements cost \$339,226 and are being written off over a period of five years and nine months.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

<b>6. AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b><u>2010</u></b>	<b><u>2009</u></b>		
	<b>\$</b>	<b>\$</b>		
Shares in Listed Companies	930,827	883,712		
Listed Property Trusts	211,631	236,846		
Notes	1,288,723	1,058,084		
Mortgage and Wholesale Funds	303,970	317,869		
	2,735,151	2,496,511		
 <b>7. OTHER FINANCIAL ASSETS</b>				
Mortgage Funds	143,604	200,000		
	143,604	200,000		
 <b>8. PAYABLES</b>				
Creditors	84,475	79,946		
Staff annual and long service leave	46,884	68,356		
	131,359	148,302		
 <b>9. MOVEMENT IN TRUST FUNDS</b>				
	<b>Balance</b>	<b>Grant/</b>	<b>Expenditure</b>	<b>Balance</b>
	<b>01.01.10</b>	<b>Donations/</b>		<b>31.12.10</b>
		<b>Interest</b>		
		<b>Received</b>		
R.S.L. Disaster Fund	118,770	105,500	15,368	208,902
Aged/Nursing Home Project	114,488	-	-	114,488
Volunteer Grants	-	120,000	-	120,000
Sundry Trusts	-	88,037	87,395	642
	233,258	313,537	102,763	444,032

**(a) RESTRICTED FUNDS**

Trust funds are amounts allocated and donated for a specific purpose and the use of those funds is restricted to that specific purpose.

**10. LICENCE OF UNITS, ROWLAND VILLAGE**

The RSL Welfare and Benevolent Institution purchased the Licence of four units at Rowland Village to provide welfare housing for ex-service personnel and their dependants. A condition of the licence is that a portion of the loan is gifted to Rowland Village over a period of five years. A total amount of \$113,500 has been gifted to the Village. If at some time in the future the RSL Welfare and Benevolent Institution sells the Licence then the Institution will receive 50% of any capital gain.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**11. RESERVES**

Available-for-Sale Investment Reserve – balance	475,665	28,281
1st January		
Change in fair value during the year	19,873	447,384
Net (gains) on disposals	(1,634)	-
Available-for-Sale Investment Reserve – balance	<u>493,904</u>	<u>475,665</u>
31st December	<u><u>493,904</u></u>	<u><u>475,665</u></u>

**12. GRANTS TO OUTSIDE CHARITIES**

This expenditure forms part of the general revenue account.

RSL Central Council of Women’s Auxiliaries	30,350	23,660
RSL LifeCare	71,548	76,092
	<u>101,898</u>	<u>99,752</u>
	<u><u>101,898</u></u>	<u><u>99,752</u></u>

**13. CASH FLOW INFORMATION**

(a) For the purposes of the Statement of Cash Flows, cash includes cash on hand, at bank and short term deposits.

Cash at Bank	13,294	58,459
Cash on Hand	250	250
Short Term Deposits	3,358,140	3,128,560
	<u>3,371,684</u>	<u>3,187,269</u>
	<u><u>3,371,684</u></u>	<u><u>3,187,269</u></u>

(b) Reconciliation of Net Cash provided by Operating Activities to Surplus

	<b><u>2010</u></b>	<b><u>2009</u></b>
	\$	\$
Surplus	366,141	395,713
Non-Cash Flows in Surplus:		
Depreciation	21,347	17,856
Amortisation of Leasehold Improvements	29,498	-
Reduction in the Fair Value of Available-for-Sale Financial Assets	16,939	76,572
Profit on Sale of Investments	(20,851)	(26,762)
Loss on Sale of Investments	11,455	-
Loss on Disposal of Equipment	934	41
Changes in assets and liabilities:		
Decrease/(Increase) in Receivables	50,838	(97,460)
Decrease in Inventories	-	3,144
(Decrease)/Increase in Employee Benefits	(21,472)	8,480
Increase in Creditors	4,529	8,855
	<u>459,358</u>	<u>386,439</u>
	<u><u>459,358</u></u>	<u><u>386,439</u></u>

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**14. FINANCIAL RISK MANAGEMENT**

*(a) Categories of Financial Instruments*

**Financial Assets**

Cash and Cash Equivalents	3,371,684	3,187,269
Available-for-sale Financial Assets	2,735,151	2,496,511
Mortgaged Funds	143,604	200,000
Other Loans and Receivables	1,054,514	1,027,443
	7,304,953	6,911,223

**Financial Liabilities**

Financial Liabilities at Amortised Cost	70,760	70,645
	70,760	70,645

*(b) General objectives, policies and processes*

The Institution is exposed to risks that arise from its use of financial instruments. This note describes the Institution's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantial changes in the Institution's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Institution's financial instruments consist mainly of deposits with banks, local money market instruments, investments and payables. The main risks the Institution is exposed to through its financial instruments are interest rate risk (see section f below), liquidity risk and credit risk.

The Trustees have overall responsibility for the determination of the Institution's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Trustees make investment decisions after considering advice received from professional advisors.

*(c) Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Institution incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Institution. The Institution has limited exposure to this risk.



**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**14. FINANCIAL RISK MANAGEMENT (Continued)**

There is no concentration of credit risk with respect to current and non-current receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	Note	<u>2010</u> \$	<u>2009</u> \$
Cash and Cash Equivalents	3	3,371,684	3,187,269
Mortgage Funds	7	143,604	200,000
Other Loans and Receivables		<u>1,054,514</u>	<u>1,027,443</u>
Total assets exposed to credit risk		<u>4,569,802</u>	<u>4,414,712</u>

There has been no history of default and all receivables are likely to be repaid within the expected terms. Cash is held with four Financial Institutions and 84% of cash and cash equivalents held with Australian Institutions are covered by the Australian Government Guarantee Scheme. Included with other loans and receivables is \$1m of funds held with one Australian Institution which is covered by the Australian Government Guarantee Scheme.

*(d) Liquidity Risk*

Liquidity risk is the risk that the Institution may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Institution is not significantly exposed to this risk as it has \$3,371,684 (\$3,187,269 – 2009) of cash and cash equivalents to meet these obligations when they fall due. Financial liabilities for 2010 totalled \$575,391 (\$381,560 – 2009).

The Institution manages liquidity risk by monitoring cash flows.

*(e) Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

*(f) Interest Rate Risk*

The Institution's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:-

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

14. FINANCIAL RISK MANAGEMENT (Continued)

2010

<u>FINANCIAL ASSETS</u>	<u>EFFECTIVE WEIGHTED AV. INT. RATE %</u>	<u>FLOATING INTEREST RATE</u>	<u>FIXED INTEREST MATURITIES</u>		<u>NON INTEREST BEARING</u>	<u>TOTAL</u>
			<u>1yr or less</u>	<u>1 to 5 yrs</u>		
Cash at bank and on hand	-				13,544	13,544
Receivables	-				54,514	54,514
Short Term Deposits	4.0%		896,955			896,955
Bank Term Deposits	5.7%		1,745,946	1,000,000		2,745,946
Commercial Bills	4.4%		715,240			715,240
Shares	-				930,827	930,827
Listed Property Trusts	-				211,630	211,630
Notes	4.4%	1,288,723				1,288,723
Mortgage and Wholesale Funds	4.8%	303,970				303,970
Mortgage Funds	4.5%		54,000	89,604		143,604
		1,592,693	3,412,141	1,089,604	1,210,515	7,304,953
<u>FINANCIAL LIABILITIES</u>						
Creditors	-	-	-	-	70,760	70,760
	-	-	-	-	70,760	70,760

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**14. FINANCIAL RISK MANAGEMENT (Continued)**

(f) *Interest Rate Risk (continued)*

**2009**

<b><u>FINANCIAL ASSETS</u></b>	<b><u>EFFECTIVE WEIGHTED AV. INT. RATE %</u></b>	<b><u>FLOATING INTEREST RATE</u></b>	<b><u>FIXED INTEREST MATURITIES</u></b>		<b><u>NON INTEREST BEARING</u></b>	<b><u>TOTAL</u></b>
			<b><u>1yr or less</u></b>	<b><u>1 to 5 yrs</u></b>		
Cash at bank and on hand	-				58,709	58,709
Receivables	-				27,443	27,443
Short Term Deposits	2.9%		879,066			879,066
Bank Term Deposits	5.8%		1,565,382	1,000,000		2,565,382
Commercial Bills	3.5%		684,112			684,112
Shares	-				883,711	883,711
Listed Property Trusts	-				236,846	236,846
Notes	3.5%	1,058,085				1,058,085
Mortgage and Wholesale Funds	3.4%	317,869				317,869
Mortgage Funds	6.3%		150,000	50,000		200,000
		1,375,954	3,278,560	1,050,000	1,206,709	6,911,223

**FINANCIAL  
LIABILITIES**

Creditors	-	-	-	-	70,645	70,645
	-	-	-	-	70,645	70,645

**Sensitivity Analysis**

<b>2010</b>	<b>Carrying Amount</b>	<b>Profit</b>	<b>+ 2% Other Comprehensive Income</b>	<b>Profit</b>	<b>-1% Other Comprehensive Income</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deposits and Commercial Bills	3,358,141	67,163	-	(33,581)	-
Mortgage & Wholesale Funds	303,970	6,079	-	(3,040)	-
Notes	1,288,723	25,774	-	(12,887)	-
First Mortgage	54,000	1,080	-	(540)	-
	<u>5,004,834</u>	<u>100,096</u>	<u>-</u>	<u>(50,048)</u>	<u>-</u>

The above analysis assumes all other variables remain constant.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**14. FINANCIAL RISK MANAGEMENT (Continued)**

<b>2009</b>	<b>Carrying Amount</b>	<b>Profit</b>	<b>+ 2% Other Comprehensive Income</b>	<b>Profit</b>	<b>-1% Other Comprehensive Income</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deposits and Commercial Bills	4,128,560	82,571	-	(41,286)	-
Mortgage & Wholesale Funds	317,869	6,357	-	(3,179)	-
Notes	1,058,085	21,162	-	(10,581)	-
First Mortgage	150,000	3,000	-	(1,500)	-
	<u>5,654,514</u>	<u>113,090</u>	<u>-</u>	<u>(56,546)</u>	<u>-</u>

The above analysis assumes all other variables remain constant.

*(g) Other Price Risks*

The Institution invests surplus cash in shares in listed companies, listed property trusts and notes, and in doing so it exposes itself to the fluctuations in price that are inherent in such a market.

The Institution's exposure to equity price risk is as follows:

<b>2010</b>	<b>ASX \$</b>
Listed securities	<u>2,431,180</u>

The Institution's most significant holding is in the Financial sector which accounts for 81.9% of its total investment in listed securities.

<b>2009</b>	<b>ASX \$</b>
Listed securities	<u>2,178,642</u>

The Institution's most significant holding is in the Financial sector which accounts for 82.4% of its total investment in listed securities.

**Sensitivity Analysis**

<b>2010</b>	<b>Carrying Amount</b>	<b>+10% ASX Other Comprehensive Income</b>	<b>-5% ASX Other Comprehensive Income</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Share in listed companies	930,827	93,083	(46,541)
Listed property trusts	211,630	21,163	(10,582)
Notes	1,288,723	128,872	(64,436)
	<u>2,431,180</u>	<u>243,118</u>	<u>(121,559)</u>

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**14. FINANCIAL RISK MANAGEMENT (Continued)**

<b>2009</b>	<b>Carrying Amount</b>	<b>+10% ASX Other Comprehensive Income</b>	<b>-5% ASX Other Comprehensive Income</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Share in listed companies	883,711	88,371	(44,186)
Listed property trusts	236,846	23,685	(11,842)
Notes	1,058,085	105,808	(52,904)
	<u>2,178,642</u>	<u>217,864</u>	<u>(108,932)</u>

The above analysis assumes all other variables remain constant.

*(h) Fair Values*

The fair values of financial assets and liabilities approximates their carrying amount.

As of 1 July 2009, the company has adopted the amendments to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy

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

The following table presents the Company's assets and liabilities measured and recognised at fair value.

<b>2010</b>	<b>Level 1</b>
	<b>\$</b>
<b>Assets</b>	
Available-for-sale Financial Assets	<u>2,735,151</u>
<b>Total Assets</b>	<u>2,735,151</u>
<b>2009</b>	<b>Level 1</b>
	<b>\$</b>
<b>Assets</b>	
Available-for-sale Financial Assets	<u>2,496,511</u>
<b>Total Assets</b>	<u>2,496,511</u>

*(i) Foreign Exchange Risk*

The Institution is rarely exposed to foreign currency risk.

**RSL WELFARE AND BENEVOLENT INSTITUTION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

(Continued)

**15. COMMITMENTS FOR EXPENDITURE**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Not later than 1 year	5,086	21,477
Later than 1 year and not later than 5 years	-	5,369
	<u>5,086</u>	<u>26,846</u>

The current lease expires 17 March 2011 but there is an option to extend for a further 5 years.

**16. AUDITORS' REMUNERATION**

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>Audit Services</b>		
BDO Audit (NSW-VIC) Pty Ltd:		
- Audit and review of financial report	20,470	18,085
Total Remuneration for audit services	<u>20,470</u>	<u>18,085</u>

**17. KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel are not remunerated by the RSL Welfare and Benevolent Institution.

The key management personnel are the Trustees that were in position at anytime during the reporting period.

**18. EVENTS AFTER REPORTING DATE**

No events have occurred since the reporting date, which would have a material impact on the Financial Statements.

**19. FUNDRAISING ACTIVITIES**

During the year and the previous year the Institution did not engage in any fundraising appeals or activities.

**20. INSTITUTION INFORMATION**

The financial report is presented in Australian currency.

The address of the registered office and principal place of business is:

The RSL Welfare and Benevolent Institution  
 ANZAC House  
 245 Castlereagh Street  
 SYDNEY NSW 2000

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF RSL WELFARE AND BENEVOLENT INSTITUTION

### Report on the Financial Report

We have audited the accompanying financial report of RSL Welfare and Benevolent Institution ("the Institution"), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement of trustees.

#### *Trustees' Responsibility for the Financial Report*

The trustees are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Charitable Fundraising Act 1991, and for such internal control as the trustees' determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

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

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

### Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of RSL Welfare and Benevolent Institution as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

### Report on Other Legal and Regulatory Requirements

We also report that:

- a) The financial report shows a true and fair view of the financial results of fundraising appeals conducted during the year;
- b) The accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;
- c) Money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the regulations; and
- d) At the date of this report, there are reasonable grounds to believe that the Institution will be able to pay its debts as and when they fall due.

*BDO*

BDO Audit (NSW-VIC) Pty Ltd

*Alison Sheridan*

Alison Sheridan

Director

Sydney, 26 February 2011