



**The Returned & Services League of Australia  
WA Branch Incorporated  
ABN 59 263 172 184**

**ANNUAL FINANCIAL REPORT**  
**For the year ended 30 June 2011**

# The Returned & Services League of Australia WA Branch Incorporated

## Contents Page

Income Statement.....	3
Statement of Comprehensive Income .....	3
Balance Sheet .....	4
Statement of Changes in Equity .....	5
Statement of Cash Flows .....	6
Notes to the Financial Statements.....	7
1. Reporting Entity.....	7
2. Basis of Preparation .....	7
3. Significant Accounting Policies.....	7
4. Determination of fair values.....	11
5. Revenue .....	12
6. Payments to Sub-Branches & National HQ .....	12
7. Operating Lease and Rental .....	12
8. ANZAC Day activities (grant-funded) .....	13
9. Projects (grant-funded).....	13
10. Cash and Cash Equivalents .....	13
11. Trade and Other Receivables .....	13
12. Loans Receivable.....	13
13. Property, Plant and Equipment .....	14
14. Financial Assets .....	14
15. Trade and Other Payables .....	14
16. Provisions.....	15
17. Other Liabilities.....	15
18. Operating Leases .....	15
19. Subsequent Events .....	15
20. Financial Instrument Risk Management .....	15
Directors' Declaration .....	16
Independent Audit Report.....	17

# The Returned & Services League of Australia WA Branch Incorporated

## Income Statement

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	5	42,239,605	1,658,339
Cost of Sales		(231,967)	(200,782)
Payments to Sub-Branches & National HQ	6	(465,415)	(109,321)
Employee Benefits Expenditure		(976,438)	(872,568)
Depreciation & Amortisation		(67,839)	(61,694)
Legal, Consultants & Contractors		(261,000)	(39,498)
Operating Lease & Rental	7	(27,485)	(3,167)
Travel		(28,853)	(32,390)
ANZAC Day activities (grant-funded)	8	(620,519)	-
Projects (grant-funded)	9	(435,474)	-
Other		(517,544)	(444,918)
Finance Costs		(3,709)	(3,193)
<b>Operating Surplus/(Loss) for the period</b>		<b>38,603,362</b>	<b>(109,192)</b>

*This Income Statement is to be read in conjunction with the notes accompanying the financial statements.*

## Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Operating Surplus/(Loss) for the period</b>		<b>38,603,362</b>	<b>(109,192)</b>
<b>Other comprehensive income:</b>			
Movement in Reserves		-	-
<b>Total comprehensive income for the year</b>		<b>38,603,362</b>	<b>(109,192)</b>
Total comprehensive income attributable to members of the Branch		<b>38,603,362</b>	<b>(109,192)</b>

*This Statement of Comprehensive Income is to be read in conjunction with the notes accompanying the financial statements.*

# The Returned & Services League of Australia WA Branch Incorporated

## Balance Sheet

As at 30 June 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	10	433,959	144,042
Trade & other receivables	11	8,216,440	26,657
Loans receivable	12	1,966,970	-
Inventories		37,598	36,635
Other		3,131	8,402
<b>Total Current Assets</b>		<b>10,658,098</b>	<b>215,736</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	13	779,583	657,669
Financial assets	14	692,117	778,285
Loans receivable	12	28,398,882	-
<b>Total Non-Current Assets</b>		<b>29,870,582</b>	<b>1,435,954</b>
<b>TOTAL ASSETS</b>		<b>40,528,680</b>	<b>1,651,690</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	15	324,483	136,752
Provisions	16	45,460	35,361
Other	17	108,544	37,025
<b>Total Current Liabilities</b>		<b>478,487</b>	<b>209,138</b>
<b>Non-Current Liabilities</b>			
Provisions	16	22,357	18,078
Other	17	38,577	38,577
<b>Total Non-Current Liabilities</b>		<b>60,934</b>	<b>56,655</b>
<b>TOTAL LIABILITIES</b>		<b>539,421</b>	<b>265,793</b>
<b>NET ASSETS</b>		<b>39,989,259</b>	<b>1,385,897</b>
<b>MEMBERS' EQUITY</b>			
Reserves		498,243	498,243
Retained earnings		39,491,016	887,654
<b>TOTAL MEMBERS' EQUITY</b>		<b>39,989,259</b>	<b>1,385,897</b>

*This Balance Sheet is to be read in conjunction with the notes accompanying the financial statements.*

**The Returned & Services League of Australia  
WA Branch Incorporated  
Statement of Changes in Equity  
For the year ended 30 June 2011**

	<b>Retained Earnings</b>	<b>ANZAC House Refurbishment Reserve</b>	<b>Bequest Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2010</b>				
Balance at 1 July 2009	996,846	476,990	21,253	1,495,089
Profit/(Loss) Attributable to Members	(109,192)	-	-	(109,192)
Balance at 30 June 2010	<u>887,654</u>	<u>476,990</u>	<u>21,253</u>	<u>1,385,897</u>
<b>2011</b>				
Balance at 1 July 2010	887,654	476,990	21,253	1,385,897
Profit/(Loss) Attributable to Members	38,603,362	-	-	38,603,362
Balance at 30 June 2011	<u>39,491,016</u>	<u>476,990</u>	<u>21,253</u>	<u>39,989,259</u>

*This Statement of Changes in Equity is to be read in conjunction with the notes accompanying the financial statements.*

**The Returned & Services League of Australia  
WA Branch Incorporated  
Statement of Cash Flows  
For the year ended 30 June 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus for the period</b>	38,603,362	(109,192)
Adjustments for:		
Depreciation and amortisation	69,217	61,692
Mortgage Interest Received	(512,717)	-
Loss/(Profit) on disposal of sale of property, plant and equipment	(39,002,825)	(541)
Adjustments for changes in:		
Trade and Other Receivables	(189,782)	68,783
Prepayments	5,270	(5,404)
Inventories	(962)	(3,037)
Trade and Other Payables	187,731	(96,008)
Employee Benefits	14,378	(5,230)
Other Liabilities	71,519	(125,781)
<b>Net cash (used in) Operating Activities</b>	<b>(754,809)</b>	<b>(214,718)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(215,870)	(57,809)
Proceeds from Sale of Property, Plant and Equipment	1,174,428	23,364
Net Cash from Investments	86,168	206,488
<b>Net cash from/(used in) Investing Activities</b>	<b>1,044,726</b>	<b>172,043</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>289,917</b>	<b>(42,675)</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>144,042</b>	<b>186,717</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>433,959</b>	<b>144,042</b>

*This Statement of Cash Flows is to be read in conjunction with the notes accompanying the financial statements.*

# The Returned & Services League of Australia WA Branch Incorporated

## Notes to the Financial Statements

### Notes to the Financial Statements

#### 1. Reporting Entity

The Returned & Services League of Australia WA Branch Incorporated (the 'Branch') is an association incorporated in Western Australia. The registered office is at 28 St George's Terrace, Perth, Western Australia. These financial statements of the Branch are as at, and for the year ending 30 June 2011. The Branch's primary purpose is to provide support for ex-service personnel.

#### 2. Basis of Preparation

##### (a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Associations Incorporations Act 1987*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. The following is a summary of the material accounting policies adopted by the Branch in the preparation of these financial statements. The accounting policies have been consistently applied unless otherwise stated.

The Financial Statements were authorised for issue to members on Tuesday 25th October 2011.

##### (b) Basis of Measurement

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The methods used to measure fair values are discussed further in note 4.

##### (c) Functional Currency

These financial statements are presented in Australian dollars, which is the functional currency of the Branch.

##### (d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 - Determination of Fair Values
- Note 13 - Property, Plant and Equipment
- Note 16 - Provisions (for Employee Benefits)

#### 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts may have been reclassified to conform to the current year's presentation.

# The Returned & Services League of Australia WA Branch Incorporated Notes to the Financial Statements

## (a) Financial Instruments

### **Non-Derivative Financial Instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Branch becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Branch's contractual rights to the cash flows from the financial assets expire or if the Branch transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date (i.e.: the date that the Branch commits itself to purchase or sell the asset). Financial liabilities are derecognised if the Branch's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Branch's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(g).

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

The Branch's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(d)), are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

#### *Investments at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Branch manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Branch's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

## (b) Property, Plant and Equipment

### **Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use; and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings

# The Returned & Services League of Australia WA Branch Incorporated

## Notes to the Financial Statements

### Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

### Leasehold Land

Leasehold land represents the Branch's interests in leased property. The Branch considers these rights to be indefinite unless otherwise noted. Leasehold land is recorded at cost and is not depreciated unless the life of the right to the lease is considered to be fixed. In this case, the leasehold land and improvements are depreciated over the term of the lease on a straight-line basis.

### Depreciation

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Branch will obtain ownership or extension of the lease by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Leasehold Improvements 5 to 25 years
- Furniture and Equipment 3 to 20 years
- Mobile Plant & Vehicles 5 to 10 years
- Computing Equipment 2 to 5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

### (c) Leased Assets

Leases in terms of which the Branch assumes substantially all the risks and rewards of ownership, but not the legal ownership, are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Branch's balance sheet.

### (d) Impairment

The carrying amounts of the Branch's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

#### Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in the Income Statement. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the Income Statement at this point.

#### Non-financial assets

The carrying amounts of the Branch's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

# The Returned & Services League of Australia WA Branch Incorporated

## Notes to the Financial Statements

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised as profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value (less costs to sell). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Non-current assets held for sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Branch's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss is allocated to assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets, which continue to be measured in accordance with the Branch's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

## **(e) Employee Benefits**

### **Defined contribution superannuation funds**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### **Other long-term employee benefits**

The Branch's net obligation in respect of long-service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value.

### **Termination benefits**

Termination benefits are recognised as an expense when the Branch is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Branch has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### **Short-term benefits**

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Branch expects to pay as at reporting date including related on-costs, such as workers compensation insurance. Non-accumulating benefits, such as sick leave are expensed based on the net marginal cost to the Branch as the benefits are taken by the employees.

## **(f) Revenue**

### **Donations, Gifts and Government Grants**

Donations, gifts and government grants are recognised in the Income Statement when the Branch obtains control of the contribution or the right to receive it and it is probable that the contribution will flow

# The Returned & Services League of Australia WA Branch Incorporated

## Notes to the Financial Statements

to the entity and the amount can be measured reliably. Income on donations received 'in kind' is recognised at the fair value of the donation.

### **Membership revenue**

Membership revenue is recognised on receipt. Membership subscriptions were previously brought to account net of contributions to Sub-Branches and National HQ, which are now shown as separate expenses. Prior-year comparatives have been restated.

### **Interest revenue**

Interest revenue is recognised as it accrues.

### **(g) Finance income and expenses**

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value that are recognised in profit or loss. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised on the date that the Branch's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in the income statement using the effective interest method.

### **(h) Income Tax**

The Branch is a charitable institution and exempt from income tax under Division 50 of the Income Tax Assessment Act.

### **(i) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **(j) Land Held in Trust**

Land held in trust on behalf of sub-branches in the name of *The Returned & Services League of Australia WA Branch Incorporated* is not accounted for in the books of the Branch.

### **(k) Segment Reporting**

The Branch operates in one business segment, being activities undertaken to support ex-service personnel; and one geographical segment, Western Australia.

## **4. Determination of fair values**

A number of the Branch's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

# The Returned & Services League of Australia WA Branch Incorporated Notes to the Financial Statements

## (i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is measured on the first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## (ii) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is based on quoted market prices at the reporting date.

## 5. Revenue

		<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
Sales	(a)	587,392	478,040
Membership Subscriptions	(b)	327,916	357,911
Grants (tied)	(c)	1,218,328	310,884
Donations, Sponsorship, Bequests & un-tied grants		392,464	321,774
Raffle		19,984	21,842
Other		114,612	119,660
Interest Received on Investments		63,367	47,687
Gain on Sale of Assets	(d)	39,002,825	541
Mortgage Interest Received	(d)	512,717	-
		<b>42,239,605</b>	<b>1,658,339</b>

(a) In 2010 function, bar and catering sales were reduced due to shut-downs caused by a flooding incident prior to ANZAC Day 2010. 2011 shows a return to previous sales levels.

(b) Change in accounting practices in relation to membership revenue: membership subscriptions were previously brought to account net of contributions to Sub-Branches and National HQ, which are now shown as separate expenses. Prior-year comparatives have been restated.

(c) In 2011 an increase of \$583k relates to Grant funding for ANZAC Day commemorations. ANZAC Day activities were not previously consolidated into the Income Statement of the Branch.

\$436k relates to the following two grant-funded projects:

- RSL in the Community archive project; and
- Albany ANZAC Centenary project

(d) During the year ended 30 June 2011 the Branch undertook a re-structure resulting in the de-merger of the Branch and RACA (RSL WA Retirement & Aged Care Association) into two separate entities. As part of the re-structure, the Branch agreed to sell land and building assets to RACA for \$39m. These assets, although legally owned by the Branch, were not previously included in the Fixed Assets of the Branch. Consideration for the sale is part cash (\$8m to be received at settlement) and part deferred - being a loan (secured by a mortgage over the properties) of \$31m to be repaid at an interest rate of 5% over 12 years. Settlement occurred on 1st July 2011.

## 6. Payments to Sub-Branches & National HQ

Includes \$300k repayment of Grant/Loan to National HQ funded from the sale of the RSL Care assets. The balance is shown due to a change in accounting treatment of membership revenue: previously shown as net of capitation payments to Sub-Branches and National HQ. Gross membership revenue is now shown and capitation payments are shown separately. Prior-year comparatives have been restated.

## 7. Operating Lease and Rental

Includes set-up costs and rental of new premises at 8 Irwin Street for the Pensions and Welfare services.

# The Returned & Services League of Australia WA Branch Incorporated

## Notes to the Financial Statements

### 8. ANZAC Day activities (grant-funded)

The impacts of grant-funded ANZAC Day activities are included in the Income Statement for the first time in 2011. In prior years the costs relating to these activities were netted-off against the grant.

### 9. Projects (grant-funded)

Two major grant-funded projects commenced in July 2010:

- *RSL in the Community* archive project runs for 3 years at an estimated total cost of \$662k and is funded by Lotterywest.
- *Albany Centenary of ANZAC* project – phases 1 and 2 of the planning stage were funded by Lotterywest. Further funding for future activities is being sought from Local, State and Commonwealth Governments.

### 10. Cash and Cash Equivalents

	2011	2010
	\$	\$
Cash on Hand	7,823	3,800
Bank Balances	-	80,136
Call or Term Deposits	541,446	60,106
Bank Overdrafts used for Cash Management purposes	(115,310)	-
Cash or Cash Equivalents in Statement of Cash Flows	<b>433,959</b>	<b>144,042</b>

As at 30 June 2011 the Branch had term deposits invested ranging from 3 to 89 days (remaining) at interest rates of 6.25%. The Branch also held funds in "At Call" investment accounts attracting 4.75% interest.

### 11. Trade and Other Receivables

	2011	2010
	\$	\$
Trade Receivables	190,586	20,914
Sale of Assets	8,000,000	-
Other Receivables	25,854	5,743
	<b>8,216,440</b>	<b>26,657</b>

At 30 June 2011 Sale of Assets receivables represent the cash component of the sale of *RSL Care* assets to *RACA*. These funds were received at settlement in July 2011.

### 12. Loans Receivable

	2011	2010
	\$	\$
Current	1,966,970	-
Non-Current	28,398,882	-
	<b>30,365,852</b>	-

As at 30 June 2011 \$30.37m is the balance of the principal on the loan owing to the Branch by *RACA*. The initial loan was for \$31m and formed part of the \$39m consideration for the purchase of *RSL Care* assets owned by the Branch. The Branch holds a mortgage over the assets as collateral. The loan is scheduled to be repaid at 5% interest over 12 years (144 payments). *RACA* commenced repayments in March 2011.

# The Returned & Services League of Australia WA Branch Incorporated Notes to the Financial Statements

## 13. Property, Plant and Equipment

	Leasehold Land & Improve- ments	Motor Vehicles	Furniture & Equip	Computer Equip	Under Construc- tion	Total
<b>Cost or Deemed Cost</b>						
Balance at 1 July 2009	631,445	32,754	232,389	87,073	-	983,661
Acquisitions	-	33,114	24,696	-	-	57,810
Disposals	-	(28,509)	-	-	-	(28,509)
Transfers	-	-	-	-	-	-
Balance at 30 June 2010	631,445	37,359	257,085	87,073	-	1,012,962
Balance at 1 July 2010	631,445	37,359	257,085	87,073	-	1,012,962
Acquisitions	70,138	31,809	38,100	64,629	10,945	215,621
Disposals	-	(30,300)	-	-	-	(30,300)
Transfers	-	-	-	-	-	-
Balance at 30 June 2011	701,583	38,868	295,185	151,702	10,945	1,198,283
<b>Depreciation and Impairment Losses</b>						
Balance at 1 July 2009	85,223	6,674	134,373	73,017	-	299,287
Depreciation charge for the year	25,258	6,581	22,695	7,158	-	61,692
Impairment losses	-	-	-	-	-	-
Disposals	-	(5,686)	-	-	-	(5,686)
Balance at 30 June 2010	110,481	7,569	157,068	80,175	-	355,293
Balance at 1 July 2010	110,481	7,569	157,068	80,175	-	355,293
Depreciation charge for the year	26,806	5,596	26,184	10,631	-	69,217
Impairment losses	-	-	-	-	-	-
Disposals	-	(5,810)	-	-	-	(5,810)
Balance at 30 June 2011	137,287	7,355	183,252	90,806	-	418,700
<b>Carrying amounts</b>						
At 1 July 2009	546,222	26,080	98,016	14,056	-	684,374
At 30 June 2010	520,964	29,790	100,017	6,898	-	657,669
At 30 June 2011	564,296	31,513	111,933	60,896	10,945	779,583

## 14. Financial Assets

	2011 \$	2010 \$
Bequest Fund Investments	637,769	600,227
Funds held in trust for closed Sub-Branches	39,211	39,211
Australian Forces Overseas Funds (AFOF)	15,137	15,137
Other Investments	-	123,710
	<b>692,117</b>	<b>778,285</b>

## 15. Trade and Other Payables

	2011 \$	2010 \$
Trade Payables	251,542	76,687
Other Payables	72,941	60,065
	<b>324,483</b>	<b>136,752</b>

# The Returned & Services League of Australia WA Branch Incorporated Notes to the Financial Statements

## 16. Provisions

	2011 \$	2010 \$
<b>Current</b>		
Provision for FBT	5,295	-
Provision for Employee Annual Leave	40,165	35,361
<b>Non-Current</b>		
Provision for Employee Long-Service Leave ( <i>pro-rata</i> )	22,357	18,078
	<b>67,817</b>	<b>53,439</b>

## 17. Other Liabilities

	2011 \$	2010 \$
<b>Current</b>		
Un-earned Grant Income	53,400	-
Funds held 'in trust' for other ESOs or purposes	46,463	27,783
Other un-earned income and general accruals	8,681	9,242
<b>Non-Current</b>		
Funds held 'in trust' for closed Sub-Branches	38,577	38,577
	<b>147,121</b>	<b>75,602</b>

## 18. Operating Leases

### Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	2011 \$	2010 \$
Less than one year	46,340	-
Between one and five years	27,583	-
More than five years	-	-
	<b>73,923</b>	<b>-</b>

The Branch leases office premises and equipment under operating leases of between 2 to 21 years. The lease for ANZAC House is for an annual "peppercorn" rental and this is not included in the above.

## 19. Subsequent Events

During the year ended 30 June 2011 the Branch undertook a re-structure resulting in the de-merger of the Branch and RACA (*RSL WA Retirement & Aged Care Association*) into two separate entities. As part of the re-structure, the Branch agreed to sell land and building assets to RACA for \$39m. Settlement occurred in July 2011. Consideration for the sale was part cash (\$8m received at settlement) and part deferred - being a loan (secured by a mortgage over the properties) of \$31m to be repaid at an interest rate of 5% over 12 years.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Branch, to affect significantly the operations of the Branch, the results of those operations, or the state of affairs of the Branch, in future financial years.

## 20. Financial Instrument Risk Management

The principal categories of financial instruments used by the Branch are:

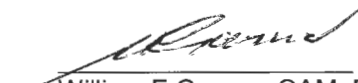
- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables.

# The Returned & Services League of Australia WA Branch Incorporated Directors' Declaration

In the opinion of the directors of *The Returned & Services League of Australia WA Branch Incorporated* ('the Branch'):

- (a) the financial statements and notes, set out on pages 3 to 15, present a true and fair view of the *Branch* as at 30 June 2011 and its financial performance for the year ended on that date, in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board; and
- (b) there are reasonable grounds to believe that the *Branch* will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Directors by:



William E Gaynor, OAM, RFD  
State President



Gary J Sutherland, OAM  
Acting CEO/State Secretary

Dated at Perth this 25th day of October 2011.

Grant Thornton Audit Pty Ltd  
ABN 94 269 609 023

10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

**T** +61 8 9480 2000  
**F** +61 8 9322 7787  
**E** info.wa@au.gt.com  
**W** www.grantthornton.com.au

**Independent Auditor's Report  
To the Members of The Returned & Services League of Australia WA  
Branch Incorporated**

We have audited the accompanying financial report of The Returned & Services League of Australia WA Branch Incorporated (the "Association"), which comprises the balance sheet as at 30 June 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors.

**Responsibility of the Directors for the financial report**

The Directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Associations Incorporation Act 1987 (WA), and the Association's Constitution. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

### **Auditor's Opinion**

In our opinion,

- a the financial report of The Returned & Services League of Australia WA Branch Incorporated
  - i presents fairly, in all material respects, the Association's financial position as at 30 June 2011 and of its performance and cash flows for the year then ended; and
  - ii complies with Australian Accounting Standards - Reduced Disclosure Requirements and the relevant legislation.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J W Vibert  
Director - Audit & Assurance

Perth, 25 October 2011