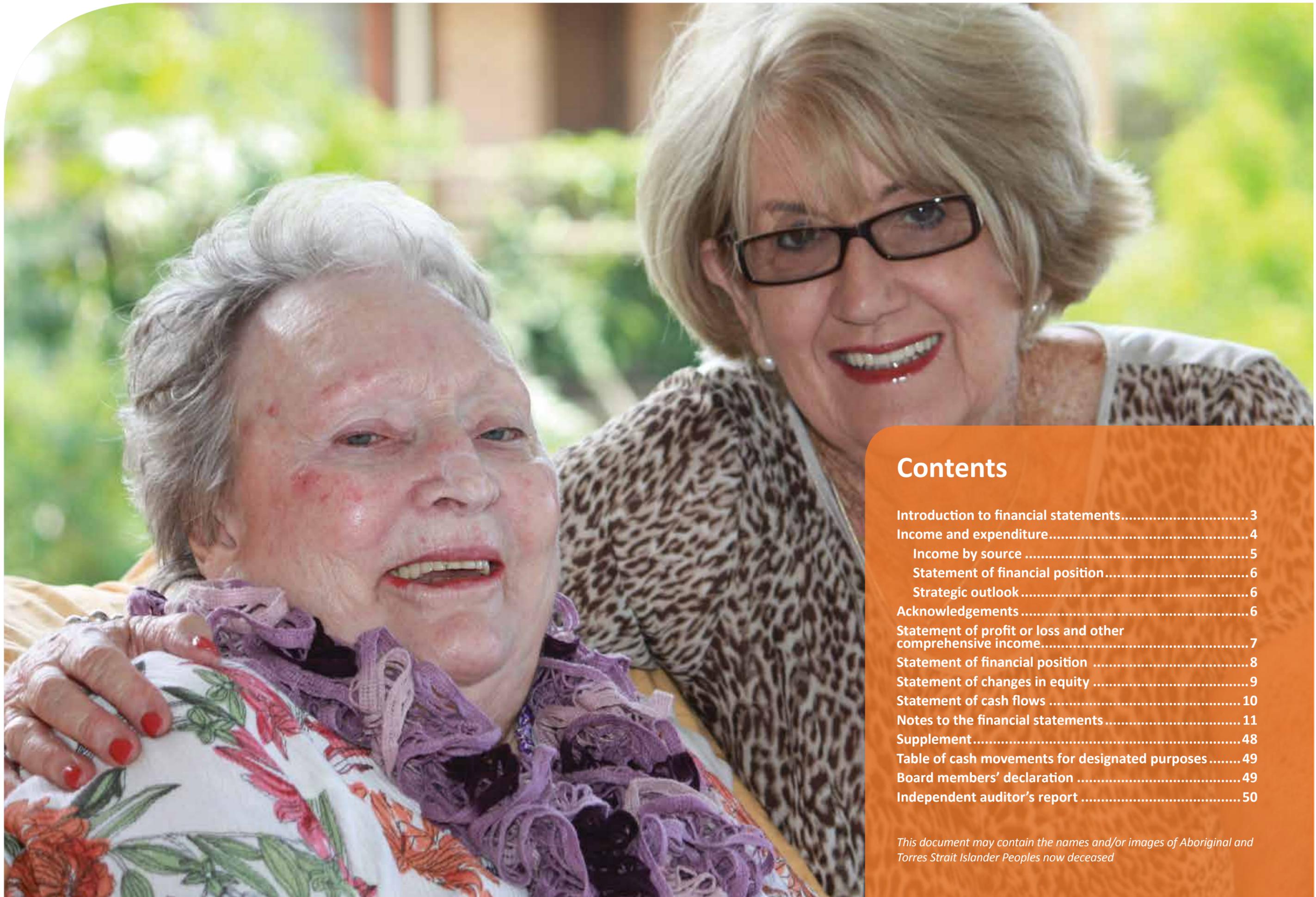


# Financials

2012/2013

the  
power of  
humanity





Red Cross volunteer Judy has been visiting Ivy at her aged care home for 19 years. Australian Red Cross/Bruce Wardley.

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*This document may contain the names and/or images of Aboriginal and Torres Strait Islander Peoples now deceased*

# Introduction to financial statements

We are pleased to present audited financial accounts for the 12 months to 30 June 2013.

These accounts report on the operation of Australian Red Cross Society (Red Cross), which incorporates both Humanitarian Services and Humanitarian Blood Services (Blood Service). We intend to provide transparent, reliable information that demonstrates our responsible stewardship of funds contributed by donors and governments, and confirms our compliance with legislative and legal provisions.

## Result overview

With a keen focus on achieving meaningful outcomes in our priority areas, Red Cross has continued to work towards improving the lives of vulnerable people by mobilising the power of humanity through members, volunteers, staff and supporters.

This year, we helped Australians prepare, respond and recover from two emergencies: flooding in Queensland and bushfires in Tasmania. We launched appeals for both events, and have allocated funds for recovery, however, the work involved in restoring these communities will continue for some time.

Our everyday Humanitarian Services also continued to grow, especially our work supporting people seeking asylum and moving from immigration detention into the community. This increase in demand resulting from additional clients was the single most significant factor driving the increase in both our income and expenditure.

With fewer international emergencies this year requiring Red Cross assistance, International Program work was reduced. Our existing development programs continued, and ensure we are well placed to respond to future international emergencies.

Generous support from the Australian community grew 58% to \$95.8 million from \$60.8 million last year, including more than \$20.0 million in response to disaster appeals. The 33% growth in community support for everyday work was underpinned by regular monthly gifts and bequests, which when combined, account for more than 60% of donation income. The Red Cross Board has continued to invest in developing these income areas to fund future growth. During the year, regular monthly giving increased 36% and bequests show 35% year-on-year growth.

Red Cross retail shops and College activities continued to provide a consistent presence for us in the community and a source of income for Red Cross.

The past year has been an outstanding success for the Blood Service. Despite a reduction in demand for red cells and subsequent fall in the whole blood collections needed this year, the Blood Service collected and delivered a record amount of 525 tonnes of plasma for processing into a range of life-saving products. The Blood Service also achieved

the best match of red cell inventory to patient needs ever, with supplies remaining within inventory sufficiency bands for 254 days. In October the Blood Service began processing all collections from South Australia at the Melbourne Processing Centre, a change that has not only driven significant improvements in efficiency and value for stakeholders but also stabilised inventory in that state while improving inventory availability of our products.

In an era of an ageing population coupled with an increasing demand for plasma, the Blood Service is striving to constantly improve donor management to maintain the sustainability of the donor panel to ensure demand is fulfilled. This broad effort includes commencing work on the implementation of a Donor Relationship Management System which provides staff with a central source of donor information to help personalise communications with them during every interaction.

Our accounts show a net surplus of \$27.3 million. For the year, the Blood Service's total surplus included a return to government of \$8.9 million and \$3.6 million of retained surplus from its Main Operating Program, which is fully government funded and non-cash accounting items such as a \$13.9 million increase of blood inventories and a \$6.0 million actuarial gain on obligations to retirement benefit plan obligations.

## Income and expenditure

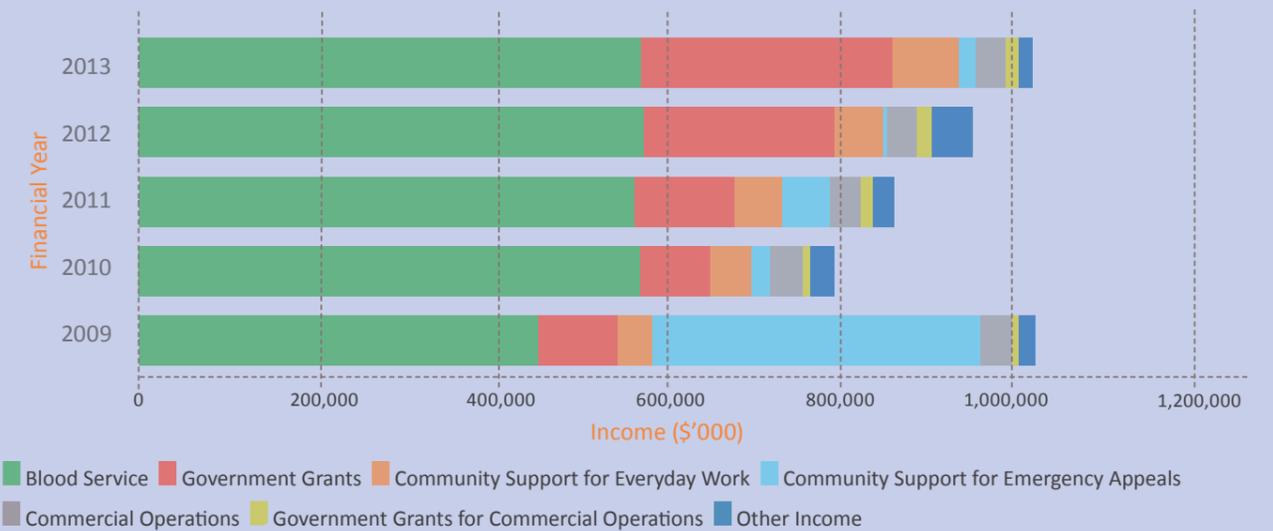
### Income

Total income for the 2013 financial year for Red Cross was \$1,023.7 million. The majority of this income was made available through government grants to support the Blood Service (\$556.5 million, or 54% of total income) and programs for people seeking asylum (\$207.3 million, or 20%).

Our supporters donated more than \$20.0 million to the Queensland Floods Appeal 2013 and Tasmanian Bushfires 2013 Appeal. Additionally, we saw a 25% increase in donations from the Australian community, bringing support from the public for our everyday work to \$75.6 million.

Overall, this year's total income increased by \$68.9 million on last year.

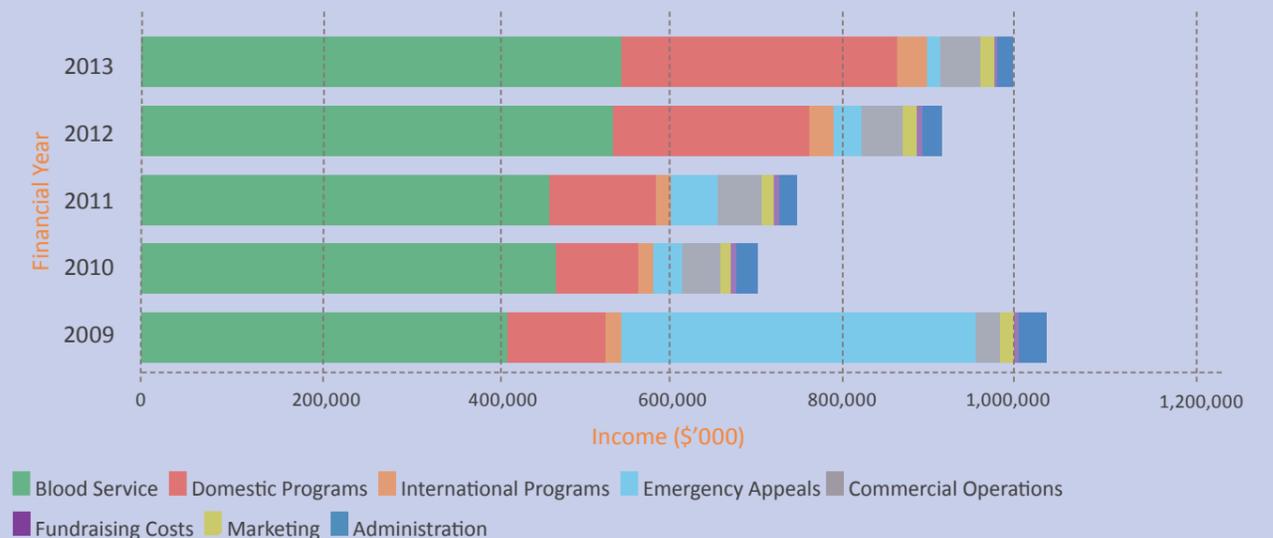
Funding for the majority of Humanitarian Services and programs comes from strategically sought government funds, up 33% this year to \$288.8 million.



### Expenditure

Red Cross spent \$996.4 million during the 2013 financial year. In line with our income, \$548.4 million (55% of our expenditure) was on the Blood Service. We spent \$364.4 million (37%) on other programs that deliver and grow Humanitarian Services in Australia and further afield.

Our expenditure grew from the previous financial year by \$80.9 million (9%), reflecting the increase in demand for services and programs supporting those seeking asylum.



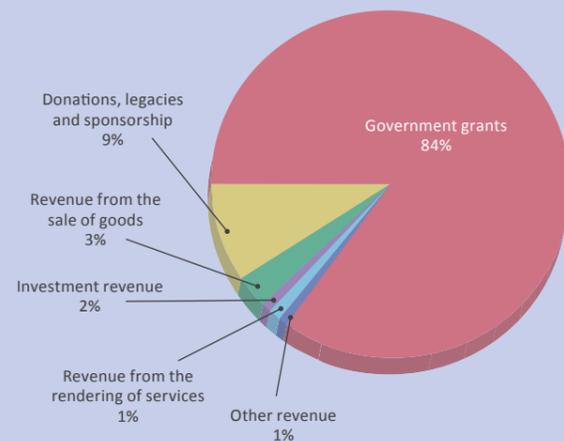
## Income by source

Government grants for the Blood Service (\$556.5 million) and Red Cross programs supporting people seeking asylum (\$207.3 million) continue to be our single largest source of income in the 2013 financial year.

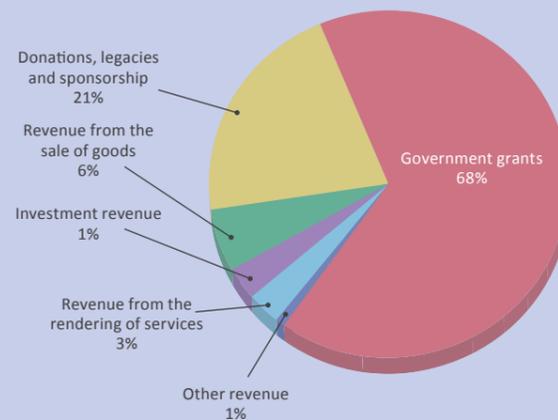
Vital public support for Red Cross everyday work continues to grow. Overall we saw a sizable increase of 36% in the value of regular monthly donations, which provide crucial sustained funding for our ongoing activities.

## Government support for the Blood Service and programs for people seeking asylum

### Society

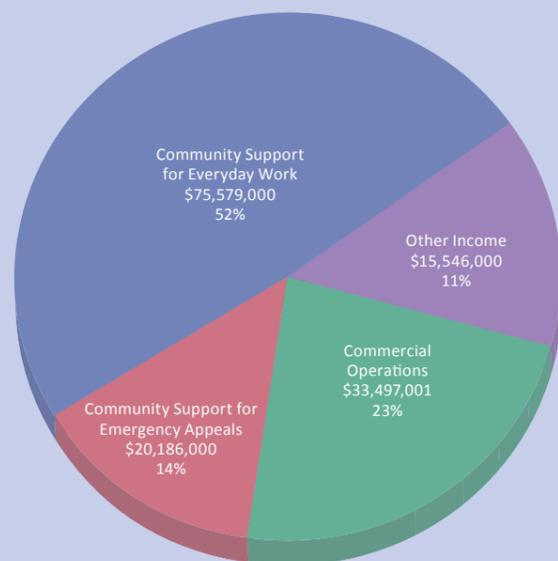


### Humanitarian Services



## Non-government funding by source

During the 2013 financial year, supporters donated almost \$76 million towards our everyday work. An additional \$33 million was spent in Red Cross shops and on training services. Further, Australians donated nearly \$20 million to our disaster and emergency appeals.



## Statement of financial position (Balance Sheet)

We continued working on our major capital investment project, with our national information technology assets upgrade. This four-year project improves the quality of information technology used in front-line programs, and will help us deliver programs more efficiently.

The Balance Sheet shows a large increase of \$105.8 million in cash holdings. Most of these funds are pre-allocated to specific purposes, such as advances received for our work with people seeking asylum. In addition, an amount of \$206.6 million is held in term deposits for the Blood Service, to maximise interest income at minimum risk, and ensure we have prompt access to the funds as required. Cash available for our everyday work relies heavily on the generous support of the Australian community. Please refer to the Statement of Cash Flows in the financial accounts for further details.

Specific Purpose Funds, in the Equity Section, represent Grant Income received by Humanitarian Services but not spent, to be held for future use according to the terms of each Grant. These funds have increased \$11.6 million (or 23%) in 2013. International Projects Specific Purpose Funds has increased by \$2.1 million. Domestic Humanitarian Services Specific Purpose Funds has increased by \$4.7 million, denoting Government Grants received but not yet spent.

## Strategic outlook

We continue in our drive to achieve our strategic goals in making a positive and lasting impact improving the lives of vulnerable people through work in our Humanitarian Service priority areas: strengthening national emergency preparedness, response and recovery; increasing international aid and development; championing international humanitarian law; addressing the impact of migration; working with Aboriginal and Torres Strait Islander peoples; overcoming social exclusion by providing bridges back into the community and tackling entrenched locational disadvantage. Red Cross is focused on sustained improvement in our programs and services, through measuring outcomes.

The Blood Service will continue to develop its processes and infrastructure in response to changing demand for blood products and services, and improve the experience for more than 600,000 donors who generously donate every year.

Red Cross is committed to working with the most vulnerable people and communities in Australia and further afield. Although we expect our support for people seeking asylum will continue well into the future, it is difficult at this stage to predict the effect of policy changes resulting from the change of government. Regardless of the level of demand, we will be there to support those in need.

## Acknowledgements

We take this opportunity to again thank our donors, members, volunteers, staff and supporters for their significant commitment and dedication to Red Cross, which enables us to continue delivering our programs and services to vulnerable people and communities. This critical human element, along with in-kind donations and pro-bono

support, which are not reflected in any single financial line item, makes the work of the Australian Red Cross Society possible.

We also thank the volunteer members of the Board, Committees of the Board and Divisional Advisory Boards for their expertise, dedication and support.

Robert Tickner  
Chief Executive Officer

Sandhya Chakravarty  
Chief Financial Officer

Melbourne  
October 2013

## Statement of profit or loss and other comprehensive income

for the year ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
<b>REVENUE</b>			
Government grants	3(a)	860,935	779,101
Non-government grants	3(b)	3,059	2,565
Revenue from the sale of goods		25,993	38,259
Revenue from the rendering of services	3(c)	13,580	6,827
Donations, legacies and sponsorships	3(d)	95,766	60,831
Investment revenue	4(a)	15,134	15,964
Other revenue	4(b)	10,506	24,454
Gains and (losses)	5	(1,184)	26,930
<b>Total revenue</b>		<b>1,023,790</b>	<b>954,932</b>
<b>EXPENDITURE</b>			
Employee expenses	6	(502,772)	(401,628)
Cost of services and sale of goods	6	(113,614)	(110,831)
Depreciation and amortisation	6	(51,615)	(44,128)
Interest and debt servicing costs	6	(9,157)	(7,345)
Other expenses	6	(319,310)	(351,590)
<b>Total expenditure</b>		<b>(996,468)</b>	<b>(915,523)</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>27,322</b>	<b>39,409</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on retirement benefit obligations	17	6,199	(8,808)
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) arising on investment revaluation	18	3,951	(1,619)
Other comprehensive income/(deficit) for the year		10,150	(10,427)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>37,472</b>	<b>28,982</b>

The accompanying notes on pages 11 to 47 form part of these financial statements.

## Statement of financial position

As at 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	21 (a)	331,141	225,340
Trade and other receivables	7	44,764	56,826
Inventories	8	70,901	56,629
Other financial assets	9	36,083	19,658
Other	10	5,491	6,005
Assets classified as held for sale	11	-	1,995
<b>TOTAL CURRENT ASSETS</b>		<b>488,380</b>	<b>366,453</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	9	7,820	19,403
Property, plant and equipment	12 (a), 12 (b)	425,004	421,913
<b>TOTAL NON-CURRENT ASSETS</b>		<b>432,824</b>	<b>441,316</b>
<b>TOTAL ASSETS</b>		<b>921,204</b>	<b>807,769</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	179,445	94,181
Borrowings	14	9,539	8,297
Provisions	15	61,771	56,445
Other	16	60,450	58,949
<b>TOTAL CURRENT LIABILITIES</b>		<b>311,205</b>	<b>217,872</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	79,666	88,624
Provisions	15	13,812	13,073
Defined benefit superannuation plans	17	6,388	15,187
Other	16	3,756	4,107
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>103,622</b>	<b>120,991</b>
<b>TOTAL LIABILITIES</b>		<b>414,827</b>	<b>338,863</b>
<b>NET ASSETS</b>		<b>506,377</b>	<b>468,906</b>
<b>EQUITY</b>			
Reserves	18	114,222	91,541
Specific purpose funds	19	60,550	48,972
Accumulated funds	20	331,605	328,392
<b>TOTAL EQUITY</b>		<b>506,377</b>	<b>468,906</b>

The accompanying notes on pages 11 to 47 form part of these financial statements

## Statement of changes in equity

for the year ended 30 June 2013

	Notes	Humanitarian Services			Blood Service			Total
		Accumulated funds	Specific purpose funds	Investment revaluation reserve	Accumulated funds	Special Reserve	Capital Reserve	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2012</b>								
<b>Balance as at 1 July 2011</b>		83,281	60,466	1,680	235,909	29,749	28,838	439,923
Net surplus for the year		1,148	-	-	38,261	-	-	39,409
Other comprehensive loss for the year	18, 20	(209)	-	(1,619)	(8,599)	-	-	(10,427)
Transfers to / (from) specific purpose funds	19, 18	11,494	(11,494)	-	-	-	-	-
Transfers to / (from) other reserves		-	-	-	(32,893)	18,416	14,477	-
<b>Balance as at 30 June 2012</b>		<b>95,714</b>	<b>48,972</b>	<b>61</b>	<b>232,678</b>	<b>48,165</b>	<b>43,315</b>	<b>468,905</b>
<b>Year ended 30 June 2013</b>								
Net surplus for the year		1,100	-	-	26,222	-	-	27,322
Other comprehensive gain for the year	18, 20	179	-	3,951	6,021	-	-	10,150
Transfers to / (from) specific purpose funds	19, 18	(11,578)	11,578	-	-	-	-	-
Transfers to / (from) other reserves	18	-	-	-	(18,730)	6,913	11,817	-
<b>Balance as at 30 June 2013</b>		<b>85,414</b>	<b>60,550</b>	<b>4,012</b>	<b>246,191</b>	<b>55,078</b>	<b>55,132</b>	<b>506,377</b>

The accompanying notes on pages 11 to 47 form part of these financial statements.

## Statement of cash flows

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Receipts from donors, government and other sources		1,177,081	977,217
Payments to suppliers and employees		(1,013,153)	(943,308)
Interest and other costs of finance paid		(9,157)	(419)
<b>Net cash provided by operating activities</b>	21 (b)	<b>154,771</b>	<b>33,490</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(57,075)	(70,635)
Proceeds from sale of property, plant and equipment		1,232	33,029
Proceeds on sale of investment securities		1,038	2,937
Dividends received		619	623
Interest received		12,613	12,302
<b>Net cash used in investing activities</b>		<b>(41,573)</b>	<b>(21,744)</b>
<b>Cash flows from financing activities</b>			
Interest paid		-	(6,926)
Proceeds from borrowings		528	24,704
Repayment of borrowings		(7,939)	(23,449)
<b>Net cash used in financing activities</b>		<b>(7,411)</b>	<b>(5,671)</b>
<b>Net increase in cash and cash equivalents</b>		<b>105,788</b>	<b>6,075</b>
Cash and cash equivalents at the beginning of the financial year		225,340	219,265
Effects of exchange rate changes on the balance of cash held in foreign currencies		13	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	21 (a)	<b>331,141</b>	<b>225,340</b>

The accompanying notes on pages 11 to 47 form part of these financial statements.

## 1. Principal activities and registered office in Australia

Australian Red Cross Society undertakes a wide range of activities to improve the lives of vulnerable people by pursuing its humanitarian goals and objectives in Australia and overseas.

Australian Red Cross Society is an organisation incorporated by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies.

Australian Red Cross Society operates as two key divisions being Humanitarian Services, providing relief in times of crisis and care for the most vulnerable in Australia and around the world, and Humanitarian Blood, operating as the Australian Red Cross Blood Service (Blood Service) and providing quality blood products, tissues and related services for the benefit of the community.

Australian Red Cross Society is domiciled in Australia and its registered office and principal place of business is:

### Australian Red Cross Society

155 Pelham Street  
CARLTON VIC 3053  
Tel: (03) 9345 1800  
ABN 501 69 561 394

The Humanitarian Services division's head office is at 155 Pelham St, Carlton, Victoria and it maintains approximately 400 locations, encompassing retail store locations and an office in each of the capital cities of all States and Territories. The delivery of Humanitarian Services is funded principally through government grants, public donations (in particular regular monthly giving and bequest gifts from generous Australians in their Wills) and approved corporate/private donors and is defined according to seven key priority areas: strengthening national emergency preparedness, response and recovery; increasing international aid and development; championing international humanitarian law; addressing the impact of migration; working with Aboriginal and Torres Strait Islander peoples; overcoming social exclusion by providing bridges back into the community and tackling entrenched locational disadvantage. A network of nearly 20,000 members support fundraising and advocacy efforts and provide an important additional oversight to the organisation. There are more than 30,000 volunteers who also play a critical role in assisting us to deliver services to those most in need.

The Blood Service division's head office is at 417 St Kilda Road, Melbourne, Victoria and it maintains principal places of business in the capital cities of all States and Territories. The Blood Service operates five main processing and testing facilities, five other processing facilities plus a network of collection centres in metropolitan and regional areas across Australia. The Blood Service is funded for this activity by the Commonwealth, State and Territory governments under a Deed of Agreement (Deed) administered by the National Blood Authority (NBA). The work undertaken by the Blood Service is performed under a deed with the NBA. In the event that the Blood Service ceases to perform these services under the deed the net assets of the Blood Service

would be transferred to the NBA for no consideration. The financial statements of the Australian Red Cross Society, inclusive of the Australian Red Cross Blood Service have been prepared on the basis of the continuation of operations under the deed. As the Blood Service division of the Australian Red Cross Society is run independently from the Humanitarian Services division, any cessation of services under the deed is not anticipated to adversely impact the operations of the remainder of the Society.

## 2. Summary of significant accounting policies

### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprises the Humanitarian Services and Blood Service divisions, with separate disclosure where appropriate.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Society comply with International Financial Reporting Standards (IFRS), except for the requirements applicable to not-for-profit organisations.

The financial report of Australian Red Cross Society for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Board on 26 October 2013.

For the purpose of the financial report the entity is considered to be a not-for-profit entity.

## 2.1 Adoption of new and revised Accounting Standards

### 2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

#### Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.
	The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

### 2.2 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entries'	1 January 2014	30 June 2015

The future impact of the adoption of these standards on the Society has not yet been assessed.

## Notes to the financial statements for the year ended 30 June 2013

### 2.3 Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and liabilities, including derivatives, 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 financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated.

The Society's financial statements are prepared by combining the financial statements of Humanitarian Services and Blood Service. Consistent accounting policies are employed in the preparation of and presentation of the financial statements across the divisions.

The financial statements include the information and results of both divisions.

In preparing the financial statements, all inter-divisional balances and transactions, and unrealised profits arising within the entity are eliminated in full.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (a) Foreign currency

The functional and presentation currency of Australian Red Cross Society is Australian dollars (\$AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All foreign currency differences in the financial report are taken to profit or loss. As at the reporting date, the assets and liabilities of foreign operations whose functional currency is not \$AUD, are translated into the presentation currency of Australian Red Cross Society at the rate of exchange ruling at the reporting date. Exchange differences arising, if any, are taken to profit or loss.

#### (b) Income tax

The Society being a charitable organisation is exempt from income tax under subsection 50-5 of the Income Tax Assessment Act 1997.

#### (c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

or

ii. for receivables and payables which are recognised inclusive of GST.

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.

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

#### (d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured.

#### Rendering of services

Revenue is recognised when the contract outcome can be measured reliably, control of the right to be compensated for the service determined, and the stage of completion can be measured reliably.

#### Grants

Government grants are assistance by the government in the form of transfers of resources to the entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

Government grants are recognised as income when the entity obtains control or the right to receive a contribution. It is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the grant can be measured reliably. The expenditure to which the grant relates, is expensed as incurred and may not correlate to the timing of grant receipts.

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

#### Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Interest accruing on funds held for a special purpose within International Projects is credited to that special purpose fund within equity after first being recorded in profit or loss.

#### Dividends

Dividend revenue is recognised on a receivable basis.

#### Rental income

Rental income received from properties owned by the Society is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

## Notes to the financial statements for the year ended 30 June 2013

### Blood Service - output based funding

The Blood Service recognises income for the delivery of products to Approved Health Providers on an accrual basis representing the right to receive the contributions from the NBA.

### Blood Service – operating grant funding

The Blood Service also receives grants from the Commonwealth and State Governments for the provision of the National Transplantation Service of tissue typing, organ donor program and the bone marrow registry.

### Blood service - capital income

The arrangement with the NBA provides for capital funding up to 10% of the funding for the Main Operating Programme for the financial year.

Capital funding from government grants are recognised as revenue when the Blood Service obtains control of the contribution, or the right to receive the contribution, and it is probable that the economic benefits of the contribution will flow to the Blood service. Capital funding received in one year may be carried forward and expended in future years.

### Donations

The Society receives part of its income from donations, as cash or in kind. Amounts donated can be recognised as revenue only when the Society gains control, economic benefits are probable and the amounts can be measured reliably. The Society establishes controls to ensure that donations are recorded in the financial records, however at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, donations are recognised as revenue when they are recorded in the books and records of the Society. Donations received for specific purposes are transferred to a separate fund within equity after being first recorded in profit or loss.

### (e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

### (f) Non-derivative financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

#### Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Subsequent to initial recognition, financial assets are classified into the following categories depending on the nature and purpose of the financial asset and is determined at the time of initial recognition:

#### (i) Held-to-maturity investments

These investments have fixed maturities, and it is the Society's intention to hold these investments to maturity. This category includes government bonds and fixed interest securities. Any held-to-maturity investments held by the Society are stated at amortised cost using the effective interest method less impairment, with revenue recognised on an effective-yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

#### (ii) Available for sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from the changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, except for impairment losses which are recognised in profit or loss.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

#### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

#### Impairment

At each reporting date, the Society assesses whether there is objective evidence that a financial instrument has been impaired. In the case of 'available-for-sale' financial assets, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the allowance account are recognised in profit or loss.

## Notes to the financial statements for the year ended 30 June 2013

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the profit or loss in the period.

With the exception of available-for-sale for equity instruments, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investments revaluation reserve.

### Derecognition of financial assets

The Society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Society retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Society retains control), the Society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### Financial liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### (g) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Where inventories are held for distribution or are to be consumed by the Society in providing service or aid at no nominal charge, they are valued at the lower of cost and net replacement cost.

### Retail Inventory

Retail inventory is valued at cost plus an allocation of overhead incurred to prepare the inventory for sale. No value is assigned to donated goods based on the lower of cost and net realisable value.

### Inventories held for distribution – Blood Service

The Blood Service provides products and services in accordance with the Deed with the National Blood Authority. In the discharge of this agreement, the Blood Service is responsible for a range of activities, including collection, testing, processing, inventory management and distribution of blood and blood products. In this context, the Blood Service recognises blood and blood products as current assets, to be measured at lower of cost and current replacement cost. Cost comprises direct materials and direct labour of the operating units incurred in the collection and processing of blood. Inventories include blood and blood products at the Blood Service, and plasma stocks and fractionated products by the fractionator, CSL Ltd. Additionally, in relation to inventories held for distribution, the Blood Service has received legal advice that the ownership of blood and blood products produced by the Blood Service rests with the Blood Service.

### (h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

### (i) Non current assets held for sale

Non current assets classified as assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification.

### (j) Property, plant and equipment

Property, plant and equipment are stated at cost, less any subsequent accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the item.

## Notes to the financial statements for the year ended 30 June 2013

Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over the shorter of its expected useful life or period of the lease to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

### (j) Property, plant and equipment

The following estimated useful lives are used in the calculation of depreciation:

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Freehold buildings and renovations	5.7 - 40	2.5 – 17.5	40	2.5
Leasehold improvements	Shorter of lease period or useful life		Shorter of lease period or useful life	
Shop fit-outs	5.7	17.5	-	-
Plant and equipment:				
Motor vehicles	5	20	4	25
Computer equipment	3	33.3	4	25
Plant and machinery	2.3 - 5	20.0 - 43.4	5 - 10	10 - 20

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal and is included in profit or loss in the year of disposal.

### (k) Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

### (l) Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally due for settlement within 30 days of recognition.

### (m) Impairment

At each reporting date, the Society reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. As the future economic benefits of the Society's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, the Society would replace the asset's remaining future economic benefits. The 'value in use' is determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amounts of the asset (cash-generating unit) in prior years. A reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (n) Finance costs

Finance costs are recognised as an expense when incurred.

### (o) Leases

#### Finance leases

Finance leases, which transfer to the Society substantially all the risks and benefits incidental to ownership of the leased item and are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

#### Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

## Notes to the financial statements for the year ended 30 June 2013

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

### Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

### (p) Employee benefits

#### Short-term employee provisions

Provision is made for the Society's liability for employee benefits occurring to employees in respect of rostered days off, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably. Employee benefits that are 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.

#### Long-term employee provisions

The Society's net obligation in respect of long-term service benefits, other than defined benefit superannuation plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured as the present value of the estimated future cash flows to be made by the Society in respect of the services provided by employees up to the reporting date. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Society's obligations.

#### Defined benefit superannuation funds

The Society contributes to various staff retirement funds, both defined benefit and accumulation schemes, to provide members with benefits on death or retirement. The defined benefit funds operated by the Society are the Local Government Superannuation Scheme ("LGSS") in New South Wales, Australian Red Cross Staff Superannuation Plan and the Australian Red Cross Queensland Staff Retirement Fund.

The Society contributes to the defined benefit fund of Health Super, a multi-employer fund, and some employees will receive defined benefit post-employment benefits from this fund. Sufficient information is not available to account for Health Super as a defined benefit plan as each employer is exposed to actuarial risks associated with current and former employees of other entities. As a result there is no consistent and reliable basis for allocating the obligation, assets and costs to individual entities. Therefore the Society has adopted defined contribution accounting for these employees.

The cost of providing benefits is determined by a qualified actuary using the projected unit credit method, with actuarial valuations being carried out each reporting date. Actuarial gains and losses are recognised in full in the profit or loss in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is

amortised on a straight-line basis over the average period until the benefits become vested. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Society's net obligation in respect of defined benefit pension plans is calculated separately for each plan. The defined benefit obligations recognised in the Statement of Financial Position represent the present value of defined benefits obligations and assets, adjusted for unrecognised past service cost, net of the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plans.

The discount rate used in the calculation is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of the Society's obligations.

#### Defined contribution superannuation funds

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as incurred.

### (q) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (r) Derivative financial instruments

The Society uses derivative financial instruments, being foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing and recognition in other comprehensive income depends on the nature of the hedge relationship.

All foreign currency forward contracts existing during the financial year were not designated as hedges and therefore the changes in fair value of these contracts were recognised immediately in profit or loss.

### (s) Comparative amounts

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current financial year.

## Notes to the financial statements for the year ended 30 June 2013

### (t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

### (u) Judgements and Estimates

In the application of the Society's accounting policies, which are described below, the management are required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Long service leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

#### Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

#### Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 3(a) - GOVERNMENT GRANTS</b>		
<b>Society</b>		
- Commonwealth (i)	813,220	682,369
- State/Territory (ii)	47,715	96,732
	860,935	779,101
<b>(i) Commonwealth</b>		
- Humanitarian Services	273,955	203,857
- Blood Service	539,265	478,512
	813,220	682,369
<b>(ii) State/Territory</b>		
- Humanitarian Services	30,439	30,880
- Blood Service	17,276	65,852
	47,715	96,732
<b>Total Government Grants</b>	<b>860,935</b>	<b>779,101</b>
<b>Capital Grants</b>		
- Blood Service	51,596	60,108
	51,596	60,108
<b>Non-Capital Grants</b>		
- Humanitarian Services	304,394	234,737
- Blood Service	504,945	484,256
	809,339	718,993
<b>Total Government Grants</b>	<b>860,935</b>	<b>779,101</b>

	2013	2012
	\$'000	\$'000
<b>Note 3(b) - NON GOVERNMENT GRANTS</b>		
- Humanitarian Services	3,059	2,565
<b>Total Non Government Grants</b>	<b>3,059</b>	<b>2,565</b>

<b>Note 3(c) - REVENUE FROM THE RENDERING OF SERVICES</b>		
Training services	13,580	6,827
<b>Total Revenue From The Rendering Of Services</b>	<b>13,580</b>	<b>6,827</b>

<b>Note 3(d) - DONATIONS, LEGACIES AND SPONSORSHIPS</b>		
Donations and sponsorships	53,245	43,851
Appeals - Domestic		
Queensland Floods Appeal 2013	11,329	-
Tasmanian Bushfires 2013 Appeal	8,669	-
Legacies	16,720	12,309
Membership and volunteers	144	125
Other - Raffles	5,659	4,546
<b>Total Donations, Legacies and Sponsorships</b>	<b>95,766</b>	<b>60,831</b>

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 4(a) - INVESTMENT REVENUE</b>		
<b>Interest revenue</b>		
Bank deposits - Humanitarian	3,513	1,356
Bank deposits - Blood Service	8,179	9,643
Available-for-sale investments	14	40
Other loans and receivables	-	7
Held-to-maturity investments	907	1,245
Dividends from other entities	857	1,523
Investment properties	1,223	892
Other rental revenue	441	1,259
<b>Total Investment Revenue</b>	<b>15,134</b>	<b>15,964</b>

<b>Note 4(b) - OTHER REVENUE</b>		
Blood Service	10,506	24,454
<b>Total Other Revenue</b>	<b>10,506</b>	<b>24,454</b>

<b>Note 5. GAINS AND LOSSES</b>		
(Loss)/gain on disposal of property, plant and equipment	(2,228)	26,987
Loss on disposal of investments	(127)	(291)
Foreign exchange gain	539	652
Unrealised impairment gain/(loss) on held-to-maturity investments	632	(417)
<b>Total (losses) and gains</b>	<b>(1,184)</b>	<b>26,930</b>

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 6. EXPENSES</b>		
<b>Employee benefits</b>		
Wages and Salaries		
- Humanitarian Services	203,215	114,165
- Blood Service	252,921	246,930
Post employment benefits		
Defined benefit plans		
- Humanitarian Services	33	16
- Blood Service	(2,592)	(336)
Defined contribution plans		
- Humanitarian Services	13,097	10,748
- Blood Service	24,892	22,003
Termination Benefits		
- Humanitarian Services	1,166	360
- Blood Service	10,040	7,742
	<b>502,772</b>	<b>401,628</b>
<b>Cost of sales</b>		
- Humanitarian Services	4,235	5,014
<b>Cost of rendering services</b>		
- Humanitarian Services	5,700	3,401
- Blood Service	103,680	102,416
	<b>113,614</b>	<b>110,831</b>
<b>Depreciation</b>		
- Humanitarian Services	6,240	5,331
- Blood Service	45,375	38,797
	<b>51,615</b>	<b>44,128</b>
<b>Interest</b>		
- Humanitarian Services	1,687	419
- Blood Service	7,470	6,926
	<b>9,157</b>	<b>7,345</b>
<b>Other expenses</b>		
Write-down/(Write up) of inventory to net realisable value		
- Humanitarian Services	69	133
- Blood Service	(13,915)	100
Impairment of trade receivables		
- Humanitarian Services	474	221
Operating lease rental expenses - minimum lease payments		
- Humanitarian Services	19,911	14,679
- Blood Service	18,966	18,886
Other employee benefits		
- Blood Service	2,611	3,322
Other Expenses		
- Humanitarian Services		

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 6. EXPENSES Continued</b>		
- Partner call centre expense	20,228	17,667
- Occupancy expenses	24,050	18,962
- Other expenses	147,999	182,295
- Blood Service	98,917	95,325

	2013	2012
	\$'000	\$'000
<b>Note 7. - TRADE AND OTHER RECEIVABLES</b>		
<b>Society</b>		
Trade receivables		
- Humanitarian Services	40,079	51,986
- Blood Service	4,459	4,612
Allowance for doubtful debts		
- Humanitarian Services	(470)	(493)
	<b>44,067</b>	<b>56,105</b>
Other receivables		
- Humanitarian Services	697	721
<b>Total Society</b>	<b>44,764</b>	<b>56,826</b>

Trade receivables are non-interest bearing and are generally on 30 day terms. Where debts are assessed to be non-recoverable, these are written off.

	2013	2012
<b>Ageing of past due but not impaired trade receivables</b>		
30-60 days	3,432	785
60-90 days	946	493
90-120 days	212	208
120+ days	1,870	1,127
<b>TOTAL</b>	<b>6,461</b>	<b>2,614</b>

	2013	2012
<b>Movement in the allowance for doubtful debts</b>		
Opening balance 1 July	493	580
Impairment losses recognised on receivables	923	571
Amounts written off as uncollectible	(474)	(221)
Amounts recovered during the year	(472)	(437)
<b>Closing balance 30 June</b>	<b>470</b>	<b>493</b>
<b>Ageing of impaired trade receivables</b>		
120+ days	470	493
<b>Total</b>	<b>470</b>	<b>493</b>

Trade receivables are reviewed regularly for recoverability. Government and hospital debts are considered recoverable. Where debts are assessed to be non-recoverable from private patients, these are written off. The amount written off is not material and there is no requirement for an allowance for doubtful debts at the end of the reporting period.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 8. - INVENTORIES</b>		
<b>Society</b>		
Consumables		
- Blood Service	5,909	5,476
Finished goods		
- Humanitarian Services	1,492	1,568
- Blood Service	47,831	34,884
Work in progress		
- Blood Service	15,669	14,701
<b>Total Society</b>	<b>70,901</b>	<b>56,629</b>

Consumables inventory has been valued at weighted average cost, plasma inventory is valued at weighted average cost, and other blood products are valued at direct costs. Inventories write-up recognised as an expense during the year was \$14m (2012: \$0.1m write down).

## Notes to the financial statements for the year ended 30 June 2013

	Notes	2013	2012
		\$'000	\$'000
<b>Note 9. - OTHER FINANCIAL ASSETS</b>			
<b>Available-for-sale financial assets (Humanitarian Services)</b>			
<b>CURRENT</b>			
Mortgage backed securities		13,654	-
Cash management account		5,322	5,088
Shares		17,108	13,596
		36,083	18,684
<b>NON-CURRENT</b>			
Mortgage backed securities		7,820	-
		7,820	-
		<b>43,903</b>	<b>18,684</b>
<b>Held-to-maturity financial assets (Humanitarian Services)</b>			
<b>CURRENT</b>			
Amortised Cost – 1 July		974	2,480
Reclassified from non-current		3,777	(1,444)
Less funds received on maturity		300	-
Less principal repayments		-	(340)
Less movement in interest		(1)	(13)
Add impairment gain	4	(2,068)	291
Reclassified to current available for sale		(2,982)	-
<b>Amortised cost – 30 June</b>		<b>-</b>	<b>974</b>
<b>NON-CURRENT</b>			
Amortised Cost – 1 July		19,403	19,080
Reclassified to current		(3,777)	1,444
Less principal repayments		(574)	(396)
Add movement in interest		(4)	(17)
Less impairment (loss) / gain	4	3,443	(708)
Reclassified to current available for sale		(10,671)	-
Reclassified to non current available for sale		(7,820)	-
<b>Amortised cost – 30 June</b>		<b>-</b>	<b>19,403</b>
<b>Total Held-to-maturity financial assets</b>		<b>-</b>	<b>20,377</b>
<b>CURRENT</b>			
Mortgage backed securities		-	974
<b>NON-CURRENT</b>			
Mortgage backed securities		-	-
		-	974
<b>Disclosed in the financial statements as:</b>			
Current other financial assets		36,083	19,658
Non-current other financial assets		7,820	19,403
		<b>43,903</b>	<b>39,061</b>

Unrealised impairment (losses) / gains on investments held as 'available for sale' of \$3.9m has been transferred to equity. Investments classified as held to maturity in 2012 recorded an impairment of \$0.4m which was transferred to the Statement of comprehensive income.

## Notes to the financial statements for the year ended 30 June 2013

### Note 9. - OTHER FINANCIAL ASSETS (CONT)

#### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2013</b>				
Available-for-sale financial assets				
Shares	17,108	-	-	17,108
Mortgaged backed investments	-	21,474	-	21,474
	<b>17,108</b>	<b>21,474</b>	<b>-</b>	<b>38,581</b>
<b>Year ended 30 June 2012</b>				
Available-for-sale financial assets				
Shares	13,595	-	-	13,595
	<b>13,595</b>	<b>-</b>	<b>-</b>	<b>13,595</b>

There were no transfers between level 1 and 2 in the period.

	2013	2012
	\$'000	\$'000
<b>Note 10. - OTHER ASSETS</b>		
<b>Current</b>		
Prepayments - Humanitarian Services	1,448	3,489
Prepayments - Blood Service	4,043	2,516
	<b>5,491</b>	<b>6,005</b>

	2013	2012
	\$'000	\$'000
<b>Note 11. - ASSETS CLASSIFIED AS HELD FOR SALE</b>		
<b>Society</b>		
Land, buildings and renovations		
- Humanitarian Services	-	1,995
	<b>-</b>	<b>1,995</b>

The 2012 assets classified as held for sale include a hostel in Katherine, Northern Territory which was sold in the current year.

## Notes to the financial statements for the year ended 30 June 2013

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Work in Progress	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Note 12 (a) - PROPERTY, PLANT AND EQUIPMENT</b>					
<b>YEAR ENDED 30 JUNE 2013</b>					
<b>Gross carrying amount</b>					
Balance as at 1 July 2012					
- Humanitarian Services	74,913	7,808	22,456	10,757	115,934
- Blood Service	231,090	-	236,788	20,255	488,132
	<b>306,003</b>	<b>7,808</b>	<b>259,243</b>	<b>31,012</b>	<b>604,066</b>
Balance as at 30 June 2013					
- Humanitarian Services	77,128	8,051	28,111	18,575	131,866
- Blood Service	219,139	-	278,917	17,401	515,457
	<b>296,267</b>	<b>8,051</b>	<b>307,028</b>	<b>35,976</b>	<b>647,323</b>
<b>Accumulated depreciation</b>					
Balance as at 1 July 2012					
- Humanitarian Services	(17,372)	(4,380)	(17,557)	-	(39,309)
- Blood Service	(37,209)	-	(105,635)	-	(142,843)
	<b>(54,581)</b>	<b>(4,380)</b>	<b>(123,192)</b>	<b>-</b>	<b>(182,153)</b>
Balance as at 30 June 2013					
- Humanitarian Services	(19,129)	(5,328)	(19,042)	-	(43,500)
- Blood Service	(47,652)	-	(131,168)	-	(178,820)
	<b>(66,781)</b>	<b>(5,328)</b>	<b>(150,210)</b>	<b>-</b>	<b>(222,320)</b>
<b>Net Book Value as at 30 June 2012</b>	<b>251,422</b>	<b>3,428</b>	<b>136,051</b>	<b>31,012</b>	<b>421,913</b>
<b>Net Book Value as at 30 June 2013</b>	<b>229,486</b>	<b>2,723</b>	<b>156,819</b>	<b>35,976</b>	<b>425,004</b>

## Notes to the financial statements for the year ended 30 June 2013

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Work in Progress	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Note 12 (b) - PROPERTY, PLANT AND EQUIPMENT - SOCIETY</b>					
<b>Year ended 30 June 2012</b>					
Gross carrying amount					
Balance as at 1 July 2011	180,012	6,471	196,249	177,960	560,692
Additions	26,612	1,261	35,898	20,020	83,791
Disposals	(13,016)	(37)	(27,323)	(41)	(40,417)
Transfers to / (from) work in progress	112,395	113	54,419	(166,927)	-
Balance as at 30 June 2012	306,003	7,808	259,243	31,012	604,066
Accumulated depreciation					
Balance as at 1 July 2011	(46,593)	(3,607)	(111,678)	-	(161,878)
Depreciation expense	(14,858)	(801)	(28,469)	-	(44,128)
Disposals	6,870	28	16,955	-	23,853
<b>Balance as at 30 June 2012</b>	<b>(54,581)</b>	<b>(4,380)</b>	<b>(123,192)</b>	<b>-</b>	<b>(182,153)</b>
<b>Net Book Value as at 30 June 2012</b>	<b>251,422</b>	<b>3,428</b>	<b>136,051</b>	<b>31,012</b>	<b>421,913</b>
<b>Year ended 30 June 2013</b>					
Gross carrying amount					
Balance as at 1 July 2012	306,003	7,808	259,243	31,012	604,066
Additions	5,018	-	19,728	32,327	57,075
Disposals	(1,573)	-	(12,244)	-	(13,817)
Transfers to / (from) work in progress	16,842	243	10,277	(27,362)	-
Transfers between asset categories	(30,024)	-	30,024	-	-
Balance as at 30 June 2013	296,266	8,051	307,028	35,976	647,321
Accumulated depreciation					
Balance as at 1 July 2012	(54,581)	(4,380)	(123,192)	-	(182,153)
Depreciation expense	(12,685)	(948)	(37,982)	-	(51,615)
Disposals	596	-	10,855	-	11,451
Transfers between asset categories	(110)	-	110	-	-
<b>Balance as at 30 June 2013</b>	<b>(66,780)</b>	<b>(5,328)</b>	<b>(150,209)</b>	<b>-</b>	<b>(222,317)</b>
<b>Net Book Value as at 30 June 2013</b>	<b>229,486</b>	<b>2,723</b>	<b>156,819</b>	<b>35,976</b>	<b>425,004</b>

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 13. - TRADE AND OTHER PAYABLES</b>		
<b>Society</b>		
<b>CURRENT</b>		
Trade payables		
- Humanitarian Services	21,624	31,257
- Blood Service	27,429	26,072
Accruals and other payables		
- Humanitarian Services	6,418	505
- Blood Service	14,101	13,163
Goods and services tax payable		
- Humanitarian Services	8,708	3,485
- Blood Service	2,996	2,423
Revenue in advance		
- Humanitarian Services	98,169	17,276
	<b>179,445</b>	<b>94,181</b>

Trade payables also includes payments due to suppliers for key capital projects. Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables are non interest bearing and have an average term of 30 days. The continuous monitoring of cash flow ensures payables are paid within the credit timeframe.

Revenue in advance relates to Government Grants received in advance for the DIAC programs reflective of the funding agreement.

		2013	2012
	Notes	\$'000	\$'000
<b>Note 14. - BORROWINGS</b>			
<b>Society</b>			
<b>Unsecured</b>			
<b>Current</b>			
- Humanitarian Services		528	304
		<b>528</b>	<b>304</b>
<b>Secured</b>			
<b>Current</b>			
Bank loans			
- Humanitarian Services			
- Blood Service		3,827	3,515
Finance lease liabilities (i)			
- Blood Service	23	5,184	4,478
Non-current			
Bank Loans			
- Blood Service		35,873	39,700
Finance lease liabilities (i)			
- Blood Service	23	43,793	48,924
		<b>88,677</b>	<b>96,617</b>
Disclosed in the financial statements as:			
Current borrowings		9,539	8,297
Non-current borrowings		79,666	88,624
		<b>89,205</b>	<b>96,921</b>

(i) The lease liabilities are secured over the leased asset to which they relate. Further information about the finance lease arrangements can be found in note 23.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
Note 15. - PROVISIONS	\$'000	\$'000
Society		
<b>CURRENT</b>		
Employee benefits		
- Humanitarian Services	11,637	10,252
- Blood Service	49,458	45,243
Make good provisions		
- Blood Service	676	950
<b>NON-CURRENT</b>		
Employee benefits		
- Humanitarian Services	1,607	1,298
- Blood Service	8,842	8,440
Make good provisions		
- Blood Service	3,363	3,335
	<b>75,583</b>	<b>69,517</b>
Disclosed in the financial statements as:		
Current provisions	61,771	56,445
Non-current provisions	13,812	13,073
	<b>75,583</b>	<b>69,517</b>

The employee benefits provision contains provisions for annual leave, long service leave and rostered days off.

Movements in make good provisions	-	-
Opening balance 1 July	4,285	3,501
Provision (derecognised)/recognised during the year	(246)	784
<b>Closing balance 30 June</b>	<b>4,039</b>	<b>4,285</b>

The provision for costs of making good represents the present value of the management's best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leasehold properties. The estimate has been made on the basis of historical make good costs, a review of leases and future rentals. The unexpired terms of the leases range from two to twenty years.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
Note 16. - OTHER LIABILITIES	\$'000	\$'000
Society		
<b>CURRENT</b>		
Lease incentive		
- Blood Service	431	420
Government grants refundable		
- Blood Service	8,908	1,244
Deferred government grants		
- Blood Service	51,111	57,285
<b>NON-CURRENT</b>		
Lease incentive		
- Blood Service	3,756	4,107
	<b>64,206</b>	<b>63,056</b>
Disclosed in the financial statements as:		
Current other liabilities	60,450	58,949
Non-current other liabilities	3,756	4,107
	<b>64,206</b>	<b>63,056</b>

Lease incentives are in relation to the Blood Service entering into (i) a 20-year operating lease for the principal site at Kelvin Grove, Brisbane; (ii) a 20-year lease for the Parramatta property; and (iii) an 11-year lease for the National Office in Melbourne. The current amount refers to amounts to be recognised in profit or loss within the 12 months after the reporting date. The non-current amounts will be recognised in the profit or loss of subsequent financial years.

Deferred government grants relate to the working capital advance received from the National Blood Authority (NBA) upon commencement of the Output Based Funding Model from 1 July 2012, less June 2013 revenue not invoiced until July 2013. Government grants refundable relate to the expected return of funds to the NBA for surpluses in the reporting period.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	% / \$'000	% / \$'000
<b>Note 17. - DEFINED BENEFIT SUPERANNUATION PLANS</b>		
Principal actuarial assumptions:		
Discount rate	3.81%	3.04%
Expected return on plan assets	6.43%	6.54%
Expected rate of salary increases	4.33%	4.46%
<b>Amounts recognised in the Statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:</b>		
Current service cost	1,308	1,218
Member contributions	(128)	(129)
Interest cost	868	1,272
Expected return on plan assets	(1,026)	(1,275)
	<b>1,022</b>	<b>1,086</b>
<b>The amount included in the statement of financial position arising from the entity's obligations in respect of its defined benefit plans is as follows:</b>		
Present value of funded obligations (A)	25,498	33,158
Fair value of plan assets (B)	(19,110)	(17,971)
<b>Net liability in the Statement of financial position</b>	<b>6,388</b>	<b>15,187</b>
Net liability in the Statement of financial position split between:		
- Humanitarian Services	70	256
- Blood Service	6,318	14,931
	<b>6,388</b>	<b>15,187</b>
(A) Movements in the present value of the defined benefit obligations in the current year were as follows:		
Balance 1 July	33,158	26,727
Current service cost	1,308	1,218
Interest on obligation	868	1,272
Actuarial (losses)/gains on liabilities	(5,003)	7,116
Benefits paid (including expenses and taxes)	(4,833)	(3,175)
<b>Balance 30 June</b>	<b>25,498</b>	<b>33,158</b>
(B) Movements in the present value of the plan assets in the current year were as follows:		
Balance 1 July	17,971	19,985
Expected return on plan assets	1,026	1,275
Actuarial gain / (loss) on assets	1,279	(1,692)
Employer contributions	3,540	1,449
Contributions from plan participants	128	129
Benefits paid (including expenses and taxes)	(4,833)	(3,175)
<b>Balance 30 June</b>	<b>19,110</b>	<b>17,971</b>

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	% / \$'000	% / \$'000
<b>Note 17. - DEFINED BENEFIT SUPERANNUATION PLANS</b>		
<b>Other disclosures:</b>		
<b>The percentage contribution of each majority category of total plan assets comprises:</b>		
Australian equities	23.7%	25.6%
International equities	25.5%	23.6%
<b>Property</b>	<b>9.9%</b>	<b>11.1%</b>
Australian fixed interest	5.2%	7.3%
International fixed interest	2.3%	6.4%
Cash	5.7%	6.9%
Other	27.6%	19.1%
	100.0%	100.0%
<b>Historic summary</b>		
Defined benefit plan obligations	25,498	33,158
<b>Plan assets</b>	<b>(19,110)</b>	<b>(17,971)</b>
<b>Deficit</b>	<b>6,388</b>	<b>15,187</b>
Experience adjustments arising on plan liabilities	(4,724)	7,037
Experience adjustments arising on plan assets	1,278	(1,692)
<b>Actual return on assets</b>	<b>2,425</b>	<b>(221)</b>
Amounts recognised in the other comprehensive income		
<b>Actuarial (gains) / losses</b>	<b>(6,199)</b>	<b>8,808</b>
<b>Cumulative amount recognised in the other comprehensive income</b>		
Cumulative amount of actuarial losses	9,823	16,023
<b>Expected contributions and funding arrangements</b>		
Expected employer contributions at 30 June	749	1,321

The current contributions recommendation as set out in the report of the most recent actuarial valuation of the fund as at 30 June 2013, is 9.8% (2012: 15.2%) of salaries in respect of defined benefits.

The method used to determine the employer contribution recommendations at the last actuarial review was the 'aggregate cost' funding method. This method involves determining a level contributions rate that, together with future member contributions and existing assets, is sufficient to meet the expected benefits and costs for existing members if the assumption used in the valuation are borne out of practice.

The Society has recognised a liability in the Statement of financial position in respect of its defined benefit superannuation arrangements. If a surplus exists in the plans, the Society may be able to take advantage of it in the form of a reduction in the required contributions, depending on the advice of actuaries.

## Notes to the financial statements for the year ended 30 June 2013

	Humanitarian Services		Blood Service		Total
	Investment revaluation reserve (i)	Special reserve (ii)	Capital Reserve (iii)		
	\$ '000	\$ '000	\$ '000	\$ '000	
<b>Note 18. - RESERVES</b>					
<b>Year ended 30 June 2012</b>					
Balance as at 1 July 2011	1,680	29,749	28,838		60,267
Net loss arising on revaluation	(1,619)	-	-		(1,619)
Transfers to reserves from accumulated funds	-	18,416	14,477		32,893
<b>Balance as at 30 June 2012</b>	<b>61</b>	<b>48,165</b>	<b>43,315</b>		<b>91,541</b>
<b>Year ended 30 June 2013</b>					
Balance as at 1 July 2012	61	48,165	43,315		91,541
Net gain arising on revaluation	3,951	-	-		3,951
Transfers to reserves from accumulated funds	-	6,913	11,817		18,730
<b>Balance as at 30 June 2013</b>	<b>4,012</b>	<b>55,078</b>	<b>55,132</b>		<b>114,222</b>

(i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

(ii) The Blood Service's special reserve records retained surplus over which the Blood Service has restricted use. The majority of the balance is comprised of Commonwealth (NBA) funded reserves which include the Output Based Funding Model (OBFM) risk reserve (2013: \$5.000 million, 2012: \$1.500 million), corporate risk reserve (2013: \$18.185 million, 2012: \$14.900 million), unallocated prior year surpluses (2013: \$4.706 million, 2012: \$4.035 million) and interest earned (2013: \$7.032 million, 2012: \$5.201 million). The remainder of the balance consists of State government and other externally funded reserves.

The \$6.913 million movement (2012: \$1.521 million) comprises partly of (i) allocation of funds to the corporate risk reserve (2013: \$2.700 million, 2012: \$5.000 million)

(ii) allocation of funds to the Output Based Funding Model (OBFM) risk reserve (2013: \$3.500 million, 2012: \$1.500 million), (iii) interest income earned from special reserves funds (2013: \$1.831 million, 2012: \$2.332 million); and less (iv) expenditure of \$7.189 million (2012: \$14.704 million) on registered special reserve initiatives.

(iii) Blood Service Capital Reserve records retained surplus less capital expenditure relating to various capital funded programs or funds received for the purpose of future capital expenditure.

	Humanitarian Services			
	Appeals	International Projects	Domestic Programs	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Note 19. - SPECIFIC PURPOSE FUNDS</b>				
<b>Year ended 30 June 2012</b>				
Balance as at 1 July 2011	3,909	40,802	15,755	60,466
Transfers (to) / from accumulated funds	(2,228)	(18,461)	9,195	(11,494)
Transfers (to) / from International and Domestic	-	(1,500)	1,500	-
<b>Balance as at 30 June 2012</b>	<b>1,681</b>	<b>20,841</b>	<b>26,450</b>	<b>48,972</b>
<b>Year ended 30 June 2013</b>				
Balance as at 1 July 2012	1,681	20,841	26,450	48,972
Transfers (to) / from accumulated funds	3,783	2,116	5,679	11,578
<b>Balance as at 30 June 2013</b>	<b>5,464</b>	<b>22,957</b>	<b>32,129</b>	<b>60,550</b>

## Notes to the financial statements for the year ended 30 June 2013

	Notes	2013	2012
		\$'000	\$'000
<b>Note 20. - ACCUMULATED FUNDS</b>			
<b>Society</b>			
<b>Balance at beginning of financial year</b>		328,392	319,190
Surplus for the financial year		27,322	39,409
Actuarial gain/(losses) on defined benefit superannuation plans	17	6,199	(8,808)
Transfers (to)/from specific purpose funds	19	(11,578)	11,494
Transfers to special reserve	18	(6,913)	(18,416)
Transfers to other reserves	18	(11,817)	(14,477)
<b>Balance at end of financial year</b>		<b>331,605</b>	<b>328,392</b>
<b>Humanitarian Services</b>			
<b>Balance at beginning of financial year</b>		95,714	83,281
Surplus for the financial year		1,100	1,148
Actuarial gain/(losses) on defined benefit superannuation plans	17	179	(209)
Transfers (to)/from specific purpose funds	19	(11,578)	11,494
<b>Balance at end of financial year</b>		<b>85,415</b>	<b>95,714</b>
<b>Blood Service</b>			
<b>Balance at beginning of financial year</b>		232,678	235,909
Surplus for the financial year		26,222	38,261
Actuarial gain/(loss) on defined benefit superannuation plans	17	6,021	(8,599)
Transfers to special reserve	18	(6,913)	(18,416)
Transfers to other reserves	18	(11,817)	(14,477)
<b>Balance at end of financial year</b>		<b>246,191</b>	<b>232,678</b>

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 21. - RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
<b>21(a) Reconciliation of cash and cash equivalents</b>		
Cash		
- Humanitarian Services	124,243	34,429
- Blood Service	251	232
Term deposits		
- Blood Service	206,647	190,679
	<b>331,141</b>	<b>225,340</b>
<b>21(b) Reconciliation of surplus for the period to net cash flows from operating activities</b>		
Net surplus	27,322	39,409
Depreciation of non-current assets	51,615	44,128
Impairment (gain)/loss on fair value of available for sale	(1,325)	417
Net foreign currency gains	(13)	
Net loss on disposal of investments	127	291
Net loss/(surplus) on disposal of property, plant & equipment	2,140	(28,994)
Interest paid on finance leases	7,470	6,926
Non operating interest income received and receivable	(12,571)	(12,161)
Non operating dividends received and receivable	(619)	(1,523)
Non-monetary donations	(603)	(1,201)
<b>Changes in assets and liabilities :</b>		
(Increase) / decrease in trade and other receivables	10,460	(25,005)
(Increase) / decrease in inventory	(14,272)	214
(Decrease) / increase in trade and other payables	4,128	16,940
Increase / (decrease) in prepaid government funds	75,328	(13,957)
Increase in other operating liabilities	442	170
Increase in provisions	6,066	9,567
Increase / (decrease) in prepayments	1,490	(1,368)
Gain on defined benefit funds	(2,413)	(363)
<b>Net cash provided by operating activities</b>	<b>154,771</b>	<b>33,490</b>

## Notes to the financial statements for the year ended 30 June 2013

		2013	2012
	Notes	\$'000	\$'000
<b>Note 21. - RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>			
<b>21 (c) Financing facilities</b>			
<b>Secured bank overdraft facility:</b>			
amount used	14	528	304
amount unused		4,472	2,696
- Humanitarian Services		5,000	3,000
<b>Secured bank loan facility:</b>			
amount used	14	39,700	43,215
amount unused		-	-
- Blood Service		39,700	43,215
<b>Secured leasing facility:</b>			
amount used	23	48,977	53,402
amount unused		-	-
- Blood Service		48,977	53,402
<b>Credit card facility:</b>			
amount used		2,026	1,205
amount unused		1,474	1,795
		3,500	3,000
- Humanitarian Services		1,500	1,000
- Blood Service		2,000	2,000
		3,500	3,000

The Society is not in default of any loan agreements in relation to the above facilities nor is it in default of any principal or interest payments.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 22. - COMMITMENTS</b>		
<b>Capital Commitments - Society</b>		
Commitments contracted for at reporting balance date but not provided for in the financial statements are payable as follows:		
Not longer than 1 year - Humanitarian Services	2,800	12,313
Not longer than 1 year - Blood Service	8,174	7,084
	<b>10,974</b>	<b>19,397</b>

	Minimum future lease payments		Present value of minimum future lease payments	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Note 23. - LEASES</b>				
<b>Blood Service</b>				
<b>Finance lease liabilities</b>				
Not later than 1 year	8,694	8,346	5,184	4,478
Later than 1 year and not later than 5 years	35,644	33,199	25,560	21,457
Later than 5 years	20,429	31,568	18,233	27,467
<b>Minimum future lease payments</b>	<b>64,767</b>	<b>73,113</b>	<b>48,977</b>	<b>53,402</b>
Less future finance charges	(15,790)	(19,711)	-	-
<b>Present value of minimum lease payments</b>	<b>48,977</b>	<b>53,402</b>	<b>48,977</b>	<b>53,402</b>
Included in financial statements as :				
Current borrowings			5,184	4,478
Non-current borrowings			43,793	48,924
			<b>48,977</b>	<b>53,402</b>

Blood Service leases various equipment and fit outs with a carrying value of \$48.977m (2012: \$53.402m) under finance leases expiring within three to ten years. Under the terms of the leases, Blood Service has the option to acquire the leased assets on expiry of the leases.

Upon completion of the Brisbane Processing Centre in Kelvin Grove in 2008, the constructed asset was used to underwrite a \$32.473m 10-year finance lease with a financial institution. As at 30 June 2013, the residual balance of this facility was \$19.117m (2012: \$21.209m). The lease repayments relating to this arrangement are funded by the Annual Capital Program.

In 2012, the Melbourne Processing Centre in West Melbourne was completed and the constructed asset was used to underwrite a \$33.5m 10-year finance lease. As at 30 June 2013, the residual balance of this facility was \$29.86m (2012: \$32.19m). The Blood Service receives special grant funding to cover the lease repayments under this arrangement.

Blood Service commitments for finance leases will be funded by the National Blood Authority (NBA) from the Main Operating Programme contained within the Deed of Agreement between the Blood Service and NBA. In the unlikely event the Deed of Agreement is not renewed, any future non-cancellable commitments will be covered by the NBA.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Society</b>		
<b>Non-cancellable operating lease commitments</b>		
Not longer than 1 year	32,093	32,035
Longer than 1 year and not longer than 5 years	87,612	89,027
Longer than 5 years	126,018	257,546
	<b>245,723</b>	<b>378,608</b>
<b>Humanitarian Services</b>		
<b>Non-cancellable operating lease commitments</b>		
Not longer than 1 year	11,320	11,435
Longer than 1 year and not longer than 5 years	21,667	14,062
Longer than 5 years	11,314	890
	<b>44,301</b>	<b>26,387</b>
<b>Blood Service</b>		
<b>Non-cancellable operating lease commitments</b>		
Not longer than 1 year	20,773	20,600
Longer than 1 year and not longer than 5 years	65,945	74,965
Longer than 5 years	114,704	256,656
	<b>201,422</b>	<b>352,221</b>

Blood Service commitments for non-cancellable operating leases will be funded by the National Blood Authority (NBA) from the Main Operating Programme contained within the Deed of Agreement between the Blood Service and NBA. In the unlikely event the Deed of Agreement is not renewed, any future non-cancellable commitments will be covered by the NBA. Humanitarian Services services commitment include property leases entered into as a result of their contract with the Federal Department of Immigration and Citizenship (DIAC). In the event the contract is terminated, any future non-cancellable commitments will be covered by DIAC.

### Note 24. - CONTINGENT LIABILITIES

There is always potential for claims to arise from viral / bacterial infections or blood-borne disease which are currently unidentified, or in circumstances where there are no test or screening procedures available to test for a virus / bacteria / disease state. In the event that commercial insurance does not cover financial exposure arising as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000, a national managed fund has been established with claims covered at the discretion of the National Blood Authority.

The Blood Service is entitled to seek, and the National Blood Authority may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre July 2000 transfusion-transmitted diseases.

Humanitarian Services has a Bank Guarantee for contingent liabilities to the value of \$500 thousand. As at 30 June 2013, \$267 thousand (2012: \$177 thousand) of this facility had been used. The Board is satisfied the Guarantees will not be called upon and therefore no liability has been recorded in the Statement of financial position.

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Note 25. - FINANCIAL INSTRUMENTS</b>		
<b>(a) Categories of Financial instruments</b>		
<b>Society</b>		
<b>Financial assets</b>		
Cash and cash equivalents	331,141	225,340
Trade and other receivables	48,926	56,826
Available-for-sale financial assets	43,903	18,683
Held-to-maturity financial assets	-	20,377
<b>Financial liabilities</b>		
Trade and other payables	179,563	157,237
Interest bearing loans and borrowings	89,205	96,921
<b>Humanitarian Services</b>		
<b>Financial assets</b>		
Cash and cash equivalents	124,243	34,429
Trade and other receivables	40,424	52,234
Available-for-sale financial assets	43,903	18,683
Held-to-maturity financial assets	-	20,377
<b>Financial liabilities</b>		
Trade and other payables	134,919	52,543
Interest bearing loans and borrowings	528	304
<b>Blood Service</b>		
<b>Financial assets</b>		
Cash and cash equivalents	206,897	190,911
Trade and other receivables	8,502	4,592
<b>Financial liabilities</b>		
Trade and other payables	44,644	41,658
Interest bearing loans and borrowings	88,677	96,617

The Society's Board considers the above carrying amounts of financial assets and financial liabilities to approximate their fair values.

## Notes to the financial statements for the year ended 30 June 2013

### (b) Financial risk management objectives and policies

The Society's financial instruments consist mainly of:

- deposits with banks;
- investments in equities, managed funds, bonds, debentures and other fixed interest securities;
- accounts receivable and payable, which arise directly from the Society's operations;
- derivatives, being forward foreign currency contracts, to manage currency risks.

It is, and has been throughout the financial year, the Society's policy that no trading in derivative financial instruments shall be undertaken. Similarly, it is not the Society's policy to trade in investments (i.e. to speculate and engage in short-term profit taking). All investments are held to generate income to further the Society's causes and as such are classified as 'available-for-sale' or 'held-to maturity'. Sales do occur however with selected investments which are described in the financial statements as 'available-for-sale', when the Society is advised to adjust its portfolio in relation to risk exposure and diversification as advised by its investment portfolio managers.

During the prior year a liquidity reserves policy was implemented, resulting in reclassifications of investments from non-current to current (refer to Note 9).

The Chief Financial Officer is responsible for the treasury risk management. Instruments used to hedge foreign currency risk are organised through the Society's bankers.

The Blood Service's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Blood Service's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Blood Service. Financial risk management is carried out by a central treasury function under policies approved by the Board, with the Chief Financial Officer responsible for financial risk management. It is the Blood Service's policy to conduct its banking business, including instruments used to hedge risk, with high credit quality financial institutions.

### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market interest rates (interest rate risk), foreign exchange rates (currency risk) and market prices (price risk).

#### C - 1 Foreign currency risk management

The Society is exposed to fluctuations in foreign currencies arising from purchase of goods and supply of aid in currencies other than the Society's functional currency (\$AUD).

It is the Society's policy to negotiate the terms of hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. Hedge cover is considered on a transaction by transaction basis.

The Society accounts for these derivatives as fair value through the Statement of comprehensive income. While these transactions are entered into to hedge specific contracts and are believed to be effective, the Society accounts for these derivatives as 'fair value through the Statement of comprehensive income'.

The carrying amount of the Society's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

## Notes to the financial statements for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
<b>Assets</b>		
<b>Cash</b>		
US Dollars	215	1,605
EURO	-	260
Swiss Franc	107	619
Turkish Lira	-	985
Kenyan Shilling	-	920
Indonesian Rupiah	404	807
Other currencies	287	1,210
	<b>1,013</b>	<b>6,406</b>

### Foreign currency sensitivity analysis

The Society is mainly exposed to movements in exchange rates relating US Dollars, EURO and Swiss Franc.

The following table details the Society's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	2013	2012
	\$'000	\$'000
<b>Profit or loss</b>		
US Dollars	21	161
EURO	-	26
Swiss Franc	11	62
Turkish Lira	-	99
Kenyan Shilling	-	92
Indonesian Rupiah	40	81
Other currencies	29	121

## Notes to the financial statements for the year ended 30 June 2013

### C - 2 Interest rate risk management

The Society is exposed to market interest rate fluctuations on its fixed and variable interest securities, as well as interest bearing borrowings. The Society accepts the risk as normal in relation to fixed interest financial assets, as they are held to generate investment on unused funds.

Financial lease liabilities are set at fixed rates for the term of the lease and are not subject to interest rate variability.

### Interest rate sensitivity analysis

The following table summarises how the Society's surplus or deficit and equity would have been affected by changes in interest rates at reporting date.

		- 50 basis points	- 50 basis points	+ 100 basis points	+ 100 basis points
	Carrying amount	Surplus / (deficit)	Equity	Surplus / (deficit)	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and cash equivalents	331,141	(1,656)	(1,656)	3,311	3,311
Available-for-sale investment	43,903	(220)	(220)	439	439
<b>Financial Liabilities</b>					
Bank loans	40,228	-	-	-	-
<b>Total increase/(decrease)</b>	<b>415,272</b>	<b>(1,875)</b>	<b>(1,875)</b>	<b>3,750</b>	<b>3,750</b>

Sensitivity analysis does not apply to borrowings in 2013 as all loans have fixed interest rates for the term of the loans.

### C - 3 Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society manages the risks associated with its investments in accordance with established and approved governance guidelines and principles set out and approved through the Board of the Society. Investments are managed at arms length by independent and fully qualified organisations under an agreed and approved mandate which stipulates, diversification criteria based on asset classes and percentages within the total investment portfolio of each approved class. In addition, part of the risk assessment criteria are benchmarks regarding expected rates of return and ethical overlay restrictions.

### Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at year end.

At reporting date, if the equity prices had been 5% higher/lower:

- The surplus for the year ended 30 June 2013 would have been unaffected as the equity investments are classified as available for sale and any increment or decrement in the fair value, with the exception of impairment, is an adjustment to other comprehensive income

- Other comprehensive income for the year-ended 30 June 2013 would have increased/decreased by \$855 thousand as a result of the change in the fair value of available for sale shares

The Society's sensitivity to equity prices has not changed significantly from the prior year.

## Notes to the financial statements for the year ended 30 June 2013

### (d) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter parties to the contract to meet their obligations.

The Society does not have any material credit risk exposures to any single receivable or group of receivables under financial instruments. The Society's largest receivable is from the Federal Department of Immigration and Citizenship (DIAC) which constitutes receipts in accordance with agreed terms.

### (e) Liquidity risk management

The Society manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unutilised borrowing facilities are maintained.

The following table details the Society's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Society can be requested to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2013</b>							
Non-interest bearing	-	230,710	8,980	323	1,723	2,033	243,769
Finance lease liability	8.63%	389	784	4,010	25,561	18,233	48,977
Bank loan liability	7.55%	310	1,145	2,900	19,013	16,860	40,228
		<b>231,409</b>	<b>10,909</b>	<b>7,233</b>	<b>46,297</b>	<b>37,126</b>	<b>332,974</b>
<b>Year ended 30 June 2012</b>							
Non-interest bearing	-	151,521	1,314	315	1,437	2,670	157,257
Finance lease liability	7.53%	361	728	3,389	21,457	27,467	53,402
Bank loan liability	8.63%	295	860	2,664	17,461	22,239	43,519
		<b>152,177</b>	<b>2,902</b>	<b>6,368</b>	<b>40,355</b>	<b>52,376</b>	<b>254,178</b>

## Notes to the financial statements for the year ended 30 June 2013

The following table details the Society's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Society anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2013</b>							
Non-interest bearing	-	8,502	-	-	-	-	8,502
Variable interest rate instruments	5.67%	251	206,647	-	-	-	206,898
		<b>8,753</b>	<b>206,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,400</b>
<b>Year ended 30 June 2012</b>							
Non-interest bearing	-	7,128	-	-	-	-	7,128
Variable interest rate instruments	5.68%	232	190,679	-	-	-	190,911
		<b>7,360</b>	<b>190,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,039</b>

### Note 26. - EVENTS AFTER BALANCE SHEET DATE

Humanitarian Services mortgaged backed securities were managed by Oakvale Capital Investments Ltd for the financial year ended 30 June 2013. In July 2013 Oakvale Capital Investments Ltd went into administration. Humanitarian Services transferred all investments held with Oakvale to JBWere.

Subsequent to this there was an opportunity to sell certain mortgage investment parcels in July and August 2013. In doing so the funds were reinvested into alternative investments. This resulted in a net loss post year-end on sale amounting to \$160 thousand.

### Note 27. - ECONOMIC DEPENDENCY

#### HUMANITARIAN SERVICES

A significant portion of revenue is received by way of recurrent grants from State and Commonwealth Governments.

#### BLOOD SERVICE

A significant portion of revenue is received by way of recurrent and capital grants from Commonwealth, State and Territory governments. As at the reporting date, terms of the Deed with the NBA have been extended to 30 June 2014. It is the Blood Service's expectation that future funding arrangements will remain substantially unchanged beyond this date. Therefore, these financial statements are prepared on a going concern basis.

### Note 28. - KEY MANAGEMENT PERSONNEL

Australian Red Cross Society Board comprises entirely of volunteers reflective of its national membership. No fees are paid for serving as a volunteer Board Member, but they may be reimbursed for reasonable travel and other expenses incurred in connection with the activity of the Society. The Blood Service Board comprises paid external and internal Board Members sourced from a diverse range of medical and business disciplines.

## Notes to the financial statements for the year ended 30 June 2013

Board members	
SOCIETY	BLOOD SERVICE
Mr Michael Legge (President)	The Hon Dr David Hamill AM (Chairman)
Mr Ross Pinney (Deputy President)	Ms Jennifer Williams (Chief Executive)
Ms Jan West AM (Chair of Audit and Risk Committee)	Mr Nigel Ampherlaw (appointed February 2013)
Mr Alan Clayton (to October 2012)	Ms Sandhya Chakravarty
The Hon Dr David Hamill AM	Ms Hannah Crawford (appointed February 2013)
Mr Ian Anson	Dr David Graham
Mr John MacLennan	Ms Kelly Jones
Ms Tanya Hosch (appointed August 2012)	Associate Professor Larry McNicol
Ms Lyndal Herbert (appointed December 2012)	Mr Ross Pinney
Mr Chris Kwong - Youth Member	Prof John Zalcborg OAM (appointed February 2013)
Mr Deven Patel	Mr Graham Addison (to 31 March 2013)
Mr John Hood	Dr Anne Fletcher (to 31 December 2012)
Mr Sam Wong AM (appointed June 2013)	Mr James Swinden (to 31 December 2012)
Ms Margaret Piper AM (appointed August 2012)	
Ms Sue Vardon AO	
Mr John Pinney AM (appointed October 2012)	
Mr John D Dorrian (appointed August 2012)	
Ms Arati Waldegrave (to March 2013)	
Mr Michael Howarth (to December 2012)	
Key management personnel of the Society by division	
HUMANITARIAN SERVICES	BLOOD SERVICE
Mr Robert Tickner, Chief Executive Officer	Mr Peter McDonald, Executive Director, Corporate Strategy and Performance
Ms Sandhya Chakravarty, Chief Financial Officer	Dr Joanne Pink, Executive Director, Medical, Transplant and Quality Services
Mr Michael Raper, Director of Services and International Operations	Mr John Brown, Executive Director, Finance
Ms Jennifer Gibb, Director Marketing, Fundraising and Communications	Mr Mark Gardiner, Executive Director, Information Services (appointed January 2013)
Mr John Wills, Director Commercial Operations	Ms Anne Heyes, Executive Director, Human Resources
Dr Helen Durham, Director IHL and Strategy, Planning and Research	Ms Jacqui Caulfield, Executive Director, Manufacturing
Mr Chris Steinfort, Director Human Resources	Dr David Irving, Executive Director, Research and Development
Ms Di Jay, Executive Director, New South Wales (to April 2013)	Ms Janine Wilson, Executive Director, Donor Services
Ms Annie Harvey, Acting Executive Director, New South Wales (appointed April 2013)	Mr Paul Hermecz, Executive Director, Information Services (to October 2012)
Dr Ian Burke, Executive Director, Tasmania	*Excludes Chief Executive Officer who is listed above under the heading board members.
Mr Kevin Keeffe, Executive Director, Queensland	
Ms Toni Aslett, Executive Director, Victoria	
Mr Steve Joske, Executive Director, Western Australia	
Ms Helen Connolly, Executive Director, South Australia (appointed June 2013)	
Ms Joan Hughes, Executive Director, Australian Capital Territory	
Mr Peter Day, Chief Information Officer	
Ms Sandra Cannon, Executive Director Northern Territory	
Mr Noel Clement, Head of Australian Services	
Ms Kerry McGrath, Head of Community Programs (appointed April 2013)	
Ms Donna McSkimming Head of International Projects (to 30 June 2013)	

## Notes to the financial statements for the year ended 30 June 2013

The compensation of key management personnel included in the statement of comprehensive income is as follows:

	Short term		Long term	
	Salaries and fees	Super-annuation contributions	Long service leave	Total
	\$	\$	\$	\$
Note 28. - KEY MANAGEMENT PERSONNEL (CONT)				
Society				
Year ended 30 June 2013				
Total compensation	6,933,370	510,244	395,437	7,839,052
Year ended 30 June 2012				
Total compensation	7,144,228	518,303	852,686	8,515,217
Humanitarian Services				
Year ended 30 June 2013				
Total compensation	3,731,370	288,244	392,437	4,412,052
Year ended 30 June 2012				
Total compensation	3,665,928	269,303	381,986	4,317,217
Blood Service				
Year ended 30 June 2013				
Total compensation	3,202,000	222,000	3,000	3,427,000
Year ended 30 June 2012				
Total compensation	3,478,300	249,000	470,700	4,198,000

	SOCIETY	
	2013	2012
	\$	\$
Note 29. - AUDITORS' REMUNERATION		
Auditor of Australian Red Cross		
Audit of the financial report	315,900	314,744
Audit of acquittals in relation to specific purpose grants	194,341	153,000
Other non audit services; risk services and IT consulting	159,978	305,000
	<b>670,219</b>	<b>772,744</b>

The auditor of Australian Red Cross Society is Deloitte Touche Tohmatsu. Of the total remuneration of auditors, 'other non-audit services' relates to the consulting relating to the Laboratory Information Management System (LIMS) implementation and consulting relating to Financial, Assets and Inventory Management System (FAIMS) upgrade.

### Note 30. - RELATED PARTY DISCLOSURES

#### (a) Board members

The Board Members are disclosed in note 28. Certain members of the Board are in the employment of, or may have a beneficial interest in, professional services firms which derive income for services provided to the Society. The Society believes the terms and conditions of these transactions are to the advantage of the Society.

## Notes to the financial statements for the year ended 30 June 2013

### (b) Wholly-owned group

In states and territories where the Blood Service is located on Humanitarian Services premises, there are contractual arrangements for the sub-lease of premises between the respective operating units of the Blood Service and Humanitarian Services for the sharing of facilities and outgoings. The effect of the above transactions has been eliminated in full in the Society balances.

During the reporting period, net payments of \$2090 thousand (2012: \$608 thousand) transacted between the Blood Service and Humanitarian Services. The transactions largely relate to the Blood Service's occupancy of premises owned by Humanitarian Services, whereby there are contractual arrangements for the sub-lease of these facilities by the Blood Service. As at 30 June 2013, an aggregate of \$2067 thousand of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period. Inclusive in net payments is a workcover premium payment of \$972 thousand for 2012/13. There was no material debt between the Blood Service and Humanitarian Services at 30 June 2013.

### (c) Other related parties

The Society actively solicits support and assistance of volunteers and acquires goods and services from commercial enterprises of which some members are related parties or may have a beneficial interest. The Society believes that the terms and conditions of these transactions are favourable to the Society.

## Complying with ACFID Code of Conduct

The Australian Red Cross Society is a signatory to the Australian Council for International Development (ACFID) Code of Conduct, and as such has an obligation to provide the following supplementary information which demonstrates our adherence to the Code's financial standards.

The Income Statement and Table of Cash Movements for Designated Purposes provided below, represent a true reflection of the financial accounts for this year.

The information contained in this supplement should be read in conjunction with the financial statements and accompanying notes on pages 7 to 47.

## Income Statement

	SOCIETY	
	2013	2012
for the year ended 30 June 2013	\$'000	\$'000
<b>REVENUE</b>		
Donations and gifts <sup>1</sup>	79,046	48,522
Legacies and bequests	16,720	12,309
<b>Grants</b>		
• AusAID	23,907	23,897
• other Australian (including the Blood Service)	836,683	753,474
• other overseas	3,404	4,295
Investment income	15,134	14,706
Other income	48,896	97,729
<b>Total revenue</b>	<b>1,023,790</b>	<b>954,932</b>
<b>EXPENDITURE</b>		
International Aid and Development Programs expenditure		
• funds to international programs	30,268	53,188
• program support costs	4,076	5,241
• community education	1,001	1,097
Domestic programs (including Blood Service)	877,393	756,678
Fundraising costs <sup>2</sup>		
• public, government, multilateral and private	15,864	15,965
Retail and Red Cross College expenditure	46,052	53,734
Accountability and Administration <sup>3</sup>	21,814	29,620
<b>Total expenditure</b>	<b>996,468</b>	<b>915,523</b>
<b>Excess of revenue over expenditure from continuing operations</b>	<b>27,322</b>	<b>39,409</b>

<sup>1</sup>During the financial year \$603 thousand (2012: \$1,201 thousand) was recorded as non-monetary donations and gifts. In addition to those goods which are capable of reliable measurement, the organisation has received donated goods for sale in its retail outlets as well as volunteer hours in providing community services. These goods and services are of a nature for which a fair value cannot be reasonably determined and have not been recorded in these financial statements.

<sup>2</sup>Fundraising costs include both International and Domestic programs.

<sup>3</sup>Accountability and Administration costs include both International and Domestic programs. From the 2013 financial year onwards, marketing expenses are also included.

During the financial year there were no transactions (2013:nil) (2012:nil) in the Political or Religious Adherence Promotion program category.

## Table of Cash Movements for Designated Purposes

	CASH AVAILABLE AT BEGINNING OF YEAR	CASH RAISED DURING YEAR	CASH DISBURSED DURING YEAR	CASH AVAILABLE AT END OF YEAR
for the year ended 30 June 2013	\$'000	\$'000	\$'000	\$'000
<b>Designated Purpose :</b>				
Australian Volunteers for International Development (AusAID)	2,321	8,924	(8,192)	3,054
Partnership Agreement (AusAID)	1,354	8,290	(9,001)	642
East Africa Drought Appeal 2011	1,039	9	(786)	262
Asia Quake and Tsunami Appeal 2004	904	606	(1,736)	(226)
Pacific Tsunami (Samoa & Tonga) Appeal 2009	2,157	43	(464)	1,736
Japan and Pacific Disaster Appeal 2011	66	2	(60)	8
Pakistan Monsoon Flood Appeal 2010	1,272	32	(69)	1,235
NZ Earthquake Appeal 2011	133	4	(5)	132
Total for other purposes	216,093	1,175,214	(1,067,010)	324,298
<b>TOTAL</b>	<b>225,340</b>	<b>1,193,124</b>	<b>(1,087,323)</b>	<b>331,141</b>

## Board Members' declaration

### The Board Members declare that:

(a) in the Board's opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable;

(b) in the Board's opinion, the attached financial statements and notes thereto are in accordance with the Royal Charter, including compliance with accounting standards and presents fairly in all material respects the financial position and performance of the Society; and

(c) the Board has been given signed declarations by the Chief Financial Officer and the Chief Executive Officer regarding the integrity of the financial statements and that the Society's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Signed in accordance with a resolution of the Board.

On behalf of the Board



**Michael Legge**  
President of the Society

Melbourne  
26th October 2013

**Deloitte.**

Deloitte Touche Tohmatsu  
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### Independent Auditor's Report to the Members of the Australian Red Cross Society

We have audited the accompanying financial report of the Australian Red Cross Society, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies, Australian Council for International Development (ACFID) income statement, ACFID table of cash movements for designated purposes, other explanatory information, and the Board Member's declaration as set out on pages 7 to 49.

The financial report of the Australian Red Cross Society includes for disclosure purposes the separate disclosure of Humanitarian Services and Humanitarian Blood Services, as operating divisions of the Australian Red Cross Society, as detailed in Note 1 to the financial statements.

#### *The Responsibility of Board Members for the Financial Report*

The Board Members of the entity are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACFID Code of Conduct, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation 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 whether the financial report is free from material misstatement.

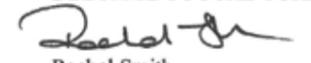
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 Board Members, 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.

#### *Opinion*

In our opinion the financial report of the Australian Red Cross Society presents fairly, in all material respects, the Australian Red Cross Society's financial position as at 30 June 2013 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the ACFID Code of Conduct.

  
DELOITTE TOUCHE TOHMATSU

  
Rachel Smith  
Partner  
Chartered Accountants  
Melbourne, 26 October 2013

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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