



**Financials 2008/2009**



# Introduction to financial statements

We are pleased to present the audited financial statements for the financial year ended 30 June, 2009.

The following financial statements are intended to provide complete and reliable information as a means of responsible stewardship of funds contributed by donors and to ensure compliance with legislative and legal provisions.

## Result overview

Adverse global financial markets and environmental conditions have resulted in an increase in the need for our programs and services. This is reflected in the net deficit of \$7.4 million, an increase of 116% over 2008 as we continue to grow and work to meet the needs of vulnerable people.

This year record income of \$1.027 billion were achieved, driven primarily by the generosity of donors in response to the Victorian Bushfire Appeal of \$373 million. Specific details of the Victorian Bushfire Appeal are shown in note 3(b) of the financial statements.

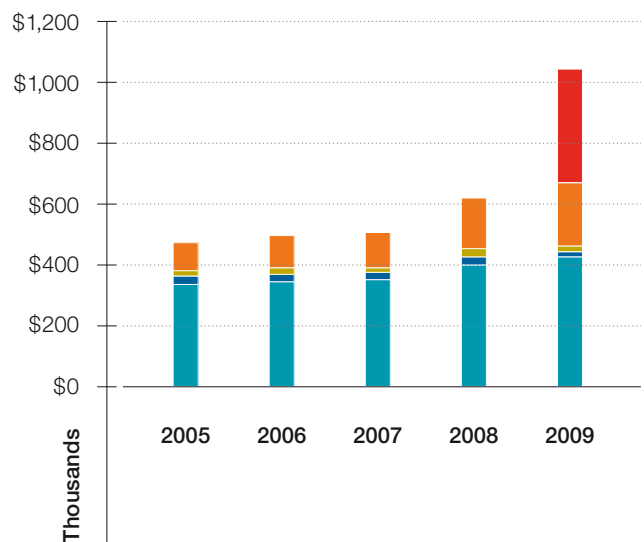
The overall income represents 18% compound growth since financial year 2005 or 73% increase on 2008.

The other main contributor to the favourable increase in income was government funding for the Australian Red Cross Blood Service's main operating and capital programs, which increased by \$50 million (2008: \$395 million to 2009: \$445 million). This represents an increase of 57% in income for financial year 2009 compared to 2005 – The Australian Red Cross Blood Service is fully funded by the Governments of Australia.

Expenditure for 2009 was \$1.035 billion, this represents 24% compound growth since financial year 2005 or 73% increase on 2008. This increase is due principally to a growth in the demand for services to Australian and overseas communities as we meet delivery requirements.

Funds disbursed to the Victorian Bushfire Appeal Fund Trust Account of \$373 million make up 36% of the increase in expenditure in financial year 2009.

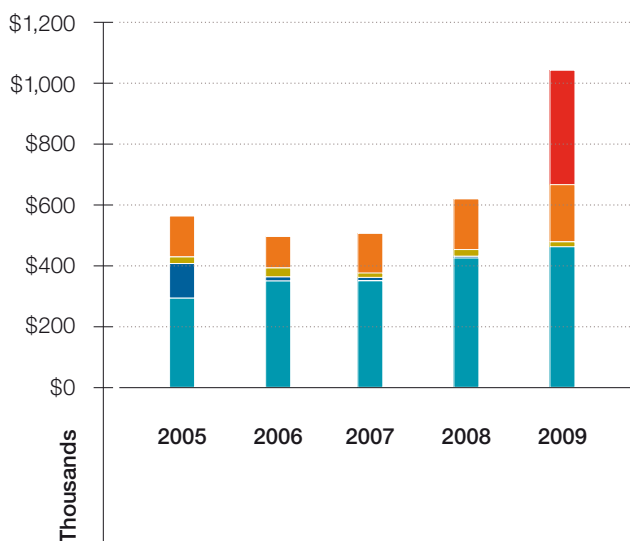
## Expenditure



- Victorian Bushfire Appeal
- Other Domestic Services
- Other International
- Tsunami
- Blood Services

Further details can be found in notes 3 (a) to 3 (e) of the financial statements.

## Income



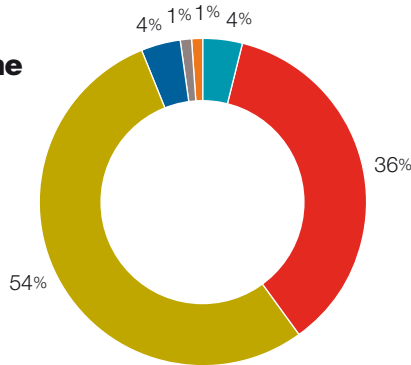
- Victorian Bushfire Appeal
- Other Domestic Services
- Other International
- Tsunami
- Blood Services

### Income by source

As illustrated in the pie chart below, our source of funding is received predominately from government grants for specific programs both in Australia and overseas. Government funding income in 2009 decreased to 54% compared to 79% in financial year 2008 due to the value of donations received from the Bushfire Appeal. However, when Bushfire Appeal results are excluded from total income received, government funding represents 83% of funding in financial year 2009. The Australian Red Cross Blood Service is fully funded by the Governments of Australia to the amount of \$445 million. Government funding of non-blood humanitarian Red Cross activities represented 49% in 2009.

Community support income of 4% represents money received from public donations, bequests and third party community fundraising. Exclusive of the Bushfire Appeal this represents a decrease of 4% on prior year (2008: 10% to 2009: 6%) and is mainly attributable to the cancellation of our annual fundraising appeal Red Cross Calling to enable Australian Red Cross Society to focus on raising funds for Victoria's bushfire victims.

### 2009 income by source



- Community support (excluding Victorian Bushfire Appeal)
- Victorian Bushfire Appeal
- Government grants
- Sale of goods / provision of services
- Investment income
- Other income

### Balance Sheet

Despite the economic climate of the past twelve months our balance sheet remains strong. Nevertheless, the following are notable impacts in financial year 2009:

- increased borrowings of \$32.9m used to finance the acquisition of property, plant and equipment and support non blood humanitarian services operational activities
- reduction in investments of \$19.8m of which \$6.0m relates to revaluation losses with the remainder of the reduction used to fund non blood humanitarian services operational activities
- in 2008, we reported a net position for defined benefit superannuation plans of \$0.8m. In 2009, this position has turned into a \$7.6m liability, driven largely by losses within superannuation plan assets stemming from market reductions in the investments brought about by the global financial crisis
- \$10.6m increase in cash held, which is attributable to government funding received for the Australian Red Cross Blood Service division which reported a \$27.1m increase in cash for the period.

Please refer to the Statement of Cash Flows in the financial accounts for further details.

### Acknowledgements

We would like to take this opportunity to thank our donors, members, volunteers, staff and governments for their significant assistance which enables us to continue to deliver a vast array of services to the vulnerable. This human element, which doesn't reflect in any one financial line item, makes the work of Australian Red Cross Society possible.

A specific note of appreciation to the volunteer members of the Board and sub committees of the Board for their expertise, dedication and support.

**Robert Tickner**  
Chief Executive Officer

**John O'Connor**  
Chief Financial Officer

## Statement by the CEO and CFO

We Robert Tickner and John O'Connor, being the Chief Executive Officer and Chief Financial Officer respectively of Australian Red Cross Society, do hereby declare that in our opinion the accompanying Income Statement, Balance Sheet, Statement of Recognised Income and Expense, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2009, as set out in these financial statements, are properly drawn up so as to present fairly the financial position of Australian Red Cross Society as at 30 June 2009 and the results of its operations for the year ended on that date, and comply with the provisions of the Royal Charters and the Rules of the Society.



**Robert Tickner**

Chief Executive Officer



**John O'Connor**

Chief Financial Officer

Melbourne  
29th October 2009

# Income Statement

for the financial year ended 30 June 2009

|  | Notes    | 2009              |                   |   | 2008              |                   |   |
|--|----------|-------------------|-------------------|---|-------------------|-------------------|---|
|  |          | Revenue<br>\$'000 | Expense<br>\$'000 | Net<br>Revenue /<br>(Expense)<br>\$'000 | Revenue<br>\$'000 | Expense<br>\$'000 | Net<br>Revenue /<br>(Expense)<br>\$'000 |
| <b>SOCIETY</b>                               |          |                   |                   |   |                   |                   |   |
| General Activities*                          |          | 137,922           | (165,600)         | (27,678)                                | 130,117           | (149,019)         | (18,902)                                |
| Specific Purpose Funds:                      |          |                   |                   |   |                   |                   |   |
| – Victorian Bushfire Appeal                  | 3 (b)    | 373,142           | (373,142)         | –                                       | –                 | –                 | –                                       |
| – Tsunami Appeal                             | 3 (c)    | 1,576             | (13,107)          | (11,531)                                | 2,679             | (24,350)          | (21,671)                                |
| – International Projects                     | 3 (d)    | 21,602            | (29,449)          | (7,847)                                 | 38,398            | (23,287)          | 15,111                                  |
| – Domestic                                   |          | 36,778            | (33,354)          | 3,424                                   | 17,346            | (9,968)           | 7,378                                   |
| Total Non Blood Humanitarian Services        |          | 571,020           | (614,652)         | (43,632)                                | 188,540           | (206,624)         | (18,084)                                |
| Blood Service                                | 3 (e)    | 456,491           | (418,658)         | 37,833                                  | 405,083           | (390,121)         | 14,962                                  |
| Total before Finance Costs                   |          | 1,027,511         | (1,033,310)       | (5,799)                                 | 593,623           | (596,745)         | (3,122)                                 |
| Finance Costs                                | 5        |                   | (1,635)           | (1,635)                                 |                   | (319)             | (319)                                   |
| <b>NET DEFICIT FOR THE YEAR</b>              | <b>4</b> |                   |                   | <b>(7,434)</b>                          |                   |                   | <b>(3,441)</b>                          |
| * After eliminating inter group transactions |          |                   |                   |   |                   |                   |   |
| <b>NON BLOOD HUMANITARIAN SERVICES</b>       |          |                   |                   |   |                   |                   |   |
| General Activities                           | 3 (a)    | 140,803           | (165,600)         | (24,797)                                | 132,728           | (149,019)         | (16,291)                                |
| Specific Purpose Funds:                      |          |                   |                   |   |                   |                   |   |
| – Victorian Bushfire Appeal                  | 3 (b)    | 373,142           | (373,142)         | –                                       | –                 | –                 | –                                       |
| – Tsunami Appeal                             | 3 (c)    | 1,576             | (13,107)          | (11,531)                                | 2,679             | (24,350)          | (21,671)                                |
| – International Projects                     | 3 (d)    | 21,602            | (29,449)          | (7,847)                                 | 38,398            | (23,287)          | 15,111                                  |
| – Domestic                                   | 3 (a)    | 36,778            | (33,354)          | 3,424                                   | 17,346            | (9,968)           | 7,378                                   |
| Total Non Blood Humanitarian Services        |          | 573,901           | (614,652)         | (40,751)                                | 191,151           | (206,624)         | (15,473)                                |
| Finance Costs                                | 5        |                   | (217)             | (217)                                   |                   | (66)              | (66)                                    |
| <b>NET DEFICIT FOR THE YEAR</b>              | <b>4</b> |                   |                   | <b>(40,968)</b>                         |                   |                   | <b>(15,539)</b>                         |

The accompanying notes on pages 10 to 48 form part of these financial statements.

# Balance Sheet

as at 30 June 2009

|                                      | Notes  | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--------------------------------------|--------|----------------|----------------|---------------------------------|----------------|
|                                      |        | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>ASSETS</b>                        |        |                |                |                                 |                |
| <b>CURRENT ASSETS</b>                |        |                |                |                                 |                |
| Cash and cash equivalents            | 19 (a) | 81,920         | 71,284         | 20,063                          | 36,522         |
| Trade and other receivables          | 6      | 18,023         | 10,422         | 15,729                          | 7,332          |
| Inventories                          | 7      | 44,794         | 34,708         | 2,141                           | 1,865          |
| Other financial assets               | 8      | 3,691          | 8,862          | 3,691                           | 8,862          |
| Other                                | 9      | 3,507          | 5,235          | 1,360                           | 2,431          |
| <b>TOTAL CURRENT ASSETS</b>          |        | <b>151,935</b> | <b>130,511</b> | <b>42,984</b>                   | <b>57,012</b>  |
| <b>NON-CURRENT ASSETS</b>            |        |                |                |                                 |                |
| Other financial assets               | 8      | 41,574         | 56,161         | 41,574                          | 56,161         |
| Property, plant and equipment        | 10     | 206,234        | 174,915        | 82,137                          | 74,145         |
| Defined benefit superannuation plans | 15     | –              | 1,059          | –                               | 75             |
| Other                                | 9      | –              | –              | –                               | –              |
| <b>TOTAL NON-CURRENT ASSETS</b>      |        | <b>247,808</b> | <b>232,135</b> | <b>123,711</b>                  | <b>130,381</b> |
| <b>TOTAL ASSETS</b>                  |        | <b>399,743</b> | <b>362,646</b> | <b>166,695</b>                  | <b>187,393</b> |
| <b>LIABILITIES</b>                   |        |                |                |                                 |                |
| <b>CURRENT LIABILITIES</b>           |        |                |                |                                 |                |
| Trade and other payables             | 11     | 60,108         | 54,475         | 17,007                          | 15,439         |
| Borrowings                           | 12     | 6,814          | 673            | 5,000                           | –              |
| Provisions                           | 13     | 39,824         | 37,626         | 7,880                           | 6,907          |
| Other                                | 14     | 2,232          | 1,760          | –                               | –              |
| <b>TOTAL CURRENT LIABILITIES</b>     |        | <b>108,978</b> | <b>94,534</b>  | <b>29,887</b>                   | <b>22,346</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |        |                |                |                                 |                |
| Payables                             | 11     | –              | –              | –                               | –              |
| Borrowings                           | 12     | 37,998         | 11,216         | 13,000                          | –              |
| Provisions                           | 13     | 12,773         | 8,865          | 864                             | 1,047          |
| Defined benefit superannuation plans | 15     | 7,635          | 252            | 191                             | –              |
| Other                                | 14     | 2,522          | 2,148          | –                               | –              |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |        | <b>60,928</b>  | <b>22,481</b>  | <b>14,055</b>                   | <b>1,047</b>   |
| <b>TOTAL LIABILITIES</b>             |        | <b>169,906</b> | <b>117,015</b> | <b>43,942</b>                   | <b>23,393</b>  |
| <b>NET ASSETS</b>                    |        | <b>229,837</b> | <b>245,631</b> | <b>122,753</b>                  | <b>164,000</b> |
| <b>EQUITY</b>                        |        |                |                |                                 |                |
| Reserves                             | 16     | 15,895         | 15,469         | 4,969                           | 4,969          |
| Specific purpose funds               | 17     | 48,947         | 66,889         | 48,947                          | 66,889         |
| Accumulated funds                    | 18     | 164,995        | 163,273        | 68,837                          | 92,142         |
| <b>TOTAL EQUITY</b>                  |        | <b>229,837</b> | <b>245,631</b> | <b>122,753</b>                  | <b>164,000</b> |

The accompanying notes on pages 10 to 48 form part of these financial statements.

# Statement of Recognised Income and Expense

for the financial year ended 30 June 2009

|  | Notes | SOCIETY         |                 | NON BLOOD HUMANITARIAN SERVICES |                 |
|--|-------|-----------------|-----------------|---------------------------------|-----------------|
|  |       | 2009<br>\$'000  | 2008<br>\$'000  | 2009<br>\$'000                  | 2008<br>\$'000  |
| Actuarial loss on defined benefit plans                | 15    | (8,360)         | (2,049)         | (279)                           | (71)            |
| Loss on available-for-sale investments taken to equity | 16    | –               | (6,414)         | –                               | (6,414)         |
| <b>Net expense recognised directly in equity</b>       |       | <b>(8,360)</b>  | <b>(8,463)</b>  | <b>(279)</b>                    | <b>(6,485)</b>  |
| Net deficit for the year                               |       | (7,434)         | (3,441)         | (40,968)                        | (15,539)        |
| <b>TOTAL RECOGNISED INCOME AND (EXPENSE)</b>           |       | <b>(15,794)</b> | <b>(11,904)</b> | <b>(41,247)</b>                 | <b>(22,024)</b> |

The accompanying notes on pages 10 to 48 form part of these financial statements.

# Statement of Changes in Equity

## for the financial year ended 30 June 2009

|  | Notes      | Accumulated funds<br>\$'000 | Specific purpose funds<br>\$'000 | Property fund reserve<br>\$'000 | Asset replacement reserve<br>\$'000 | ARCBS special reserve<br>\$'000 | General reserve<br>\$'000 | Fair value reserve<br>\$'000 | Total<br>\$'000 |
|--|------------|-----------------------------|----------------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------|------------------------------|-----------------|
| <b>SOCIETY</b>                               |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| <b>Year ended 30 June 2008</b>               |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| <b>Balance as at 1 July 2007</b>             |            | 166,106                     | 60,485                           | 2,773                           | 2,011                               | 13,388                          | 5,771                     | 7,001                        | 257,535         |
| Net deficit for the year                     |            | (3,441)                     | -                                | -                               | -                                   | -                               | -                         | -                            | (3,441)         |
| Net expense recognised directly in equity    |            | (2,049)                     | -                                | -                               | -                                   | -                               | -                         | (6,414)                      | (8,463)         |
| Transfers to / (from) fair value reserves    | 16, 18     | 587                         | -                                | 198                             | -                                   | -                               | (198)                     | (587)                        | -               |
| Transfer from / (to) special reserve         | 16, 18     | 2,888                       | -                                | -                               | -                                   | (2,888)                         | -                         | -                            | -               |
| Transfers to / (from) specific purpose funds | 16, 17, 18 | (818)                       | 6,404                            | -                               | (13)                                | -                               | (5,573)                   | -                            | -               |
| <b>Balance as at 30 June 2008</b>            |            | 163,273                     | 66,889                           | 2,971                           | 1,998                               | 10,500                          | -                         | -                            | 245,631         |
| <b>Year ended 30 June 2009</b>               |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| Net deficit for the year                     |            | (7,434)                     | -                                | -                               | -                                   | -                               | -                         | -                            | (7,434)         |
| Net expense recognised directly in equity    |            | (8,360)                     | -                                | -                               | -                                   | -                               | -                         | -                            | (8,360)         |
| Transfer from / (to) special reserve         | 16, 18     | (426)                       | -                                | -                               | -                                   | 426                             | -                         | -                            | -               |
| Transfers to / (from) specific purpose funds | 16, 17, 18 | 17,942                      | (17,942)                         | -                               | -                                   | -                               | -                         | -                            | -               |
| <b>BALANCE AS AT 30 June 2009</b>            |            | 164,995                     | 48,947                           | 2,971                           | 1,998                               | 10,926                          | -                         | -                            | 229,837         |
| <b>NON BLOOD HUMANITARIAN SERVICES</b>       |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| <b>Year ended 30 June 2008</b>               |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| <b>Balance as at 1 July 2007</b>             |            | 107,983                     | 60,485                           | 2,773                           | 2,011                               | -                               | 5,771                     | 7,001                        | 186,024         |
| Net deficit for the year                     |            | (15,539)                    | -                                | -                               | -                                   | -                               | -                         | -                            | (15,539)        |
| Net expense recognised directly in equity    |            | (71)                        | -                                | -                               | -                                   | -                               | -                         | (6,414)                      | (6,485)         |
| Transfers to / (from) fair value reserves    | 16, 18     | 587                         | -                                | 198                             | -                                   | -                               | (198)                     | (587)                        | -               |
| Transfers to / (from) specific purpose funds | 16, 17, 18 | (818)                       | 6,404                            | -                               | (13)                                | -                               | (5,573)                   | -                            | -               |
| <b>Balance as at 30 June 2008</b>            |            | 92,142                      | 66,889                           | 2,971                           | 1,998                               | -                               | -                         | -                            | 164,000         |
| <b>Year ended 30 June 2009</b>               |            |                             |                                  |                                 |                                     |                                 |                           |                              |                 |
| Net deficit for the year                     |            | (40,968)                    | -                                | -                               | -                                   | -                               | -                         | -                            | (40,968)        |
| Net expense recognised directly in equity    |            | (279)                       | -                                | -                               | -                                   | -                               | -                         | -                            | (279)           |
| Transfers to / (from) specific purpose funds | 16, 17, 18 | 17,942                      | (17,942)                         | -                               | -                                   | -                               | -                         | -                            | -               |
| <b>BALANCE AS AT 30 June 2009</b>            |            | 68,837                      | 48,947                           | 2,971                           | 1,998                               | -                               | -                         | -                            | 122,753         |

The accompanying notes on pages 10 to 48 form part of these financial statements.



# Statement of Cash Flows

for the financial year ended 30 June 2009

|  | Notes         | SOCIETY         |                 | NON BLOOD HUMANITARIAN SERVICES |                 |
|--|---------------|-----------------|-----------------|---------------------------------|-----------------|
|  |               | 2009<br>\$'000  | 2008<br>\$'000  | 2009<br>\$'000                  | 2008<br>\$'000  |
| <b>Cash flows from operating activities</b>  |               |                 |                 |                                 |                 |
| Receipts from donors, government and other sources                                 |               | 1,068,082       | 625,616         | 568,250                         | 181,269         |
| Payments to suppliers and employees  |               | (1,052,580)     | (585,520)       | (605,854)                       | (193,069)       |
| Interest and other costs of finance paid   |               | (2,042)         | (318)           | (624)                           | (66)            |
| <b>Net cash provided / (used in) by operating activities</b>                       | <b>19 (b)</b> | <b>13,460</b>   | <b>39,778</b>   | <b>(38,228)</b>                 | <b>(11,866)</b> |
| <b>Cash flows from investing activities</b>  |               |                 |                 |                                 |                 |
| Payments for property, plant and equipment   |               | (56,666)        | (70,050)        | (14,445)                        | (9,656)         |
| Payment for investment securities  |               | (5,241)         | (2,776)         | (5,241)                         | (2,776)         |
| Proceeds from sale of property, plant and equipment                                |               | 941             | 2,262           | 804                             | 2,100           |
| Proceeds on sale of investment securities  |               | 17,488          | 21,456          | 17,488                          | 21,456          |
| Dividends received   |               | 2,157           | 3,115           | 2,157                           | 3,115           |
| Interest received  |               | 6,303           | 8,083           | 3,156                           | 4,676           |
| <b>Net cash provided / (used in) by investing activities</b>                       |               | <b>(35,018)</b> | <b>(37,910)</b> | <b>3,919</b>                    | <b>18,915</b>   |
| <b>Cash flows from financing activities</b>  |               |                 |                 |                                 |                 |
| Proceeds from borrowings   |               | 34,117          | 32,615          | 18,000                          | -               |
| Repayment of borrowings  |               | (1,193)         | (21,061)        | -                               | -               |
| Net cash provided by financing activities  |               | 32,924          | 11,554          | 18,000                          | -               |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                      |               | <b>11,366</b>   | <b>13,422</b>   | <b>(16,309)</b>                 | <b>7,049</b>    |
| Cash and cash equivalents at the beginning of the financial year                   |               | 71,284          | 57,620          | 36,522                          | 29,018          |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |               | (730)           | 242             | (150)                           | 455             |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>                  | <b>19 (a)</b> | <b>81,920</b>   | <b>71,284</b>   | <b>20,063</b>                   | <b>36,522</b>   |

The accompanying notes on pages 10 to 48 form part of these financial statements.

# Notes to the financial statements

for the financial year ended 30 June 2009

## 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 Non Blood Humanitarian Services and Australian Red Cross Blood Service (Blood Service) divisions.

Blood Service's corporate office is at 464 St Kilda Road, Melbourne, Victoria with principal places of business in the capital cities of all States and Territories. The principal activity of Blood Service is the provision of quality blood products, tissues and related services for the benefit of the community. 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. 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).

Non Blood Humanitarian Services maintains principal places of business in each of the capital cities of all Australian States and Territories. The principal activity of Non Blood Humanitarian services is providing relief in times of crisis and care for the most vulnerable in Australia and around the world.

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

## 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 Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Society inclusive of Blood Service and Non Blood Humanitarian Service division. For disclosure purposes the Non Blood Humanitarian Service division has also been separately disclosed.

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 2009 was authorised for issue in accordance with a resolution of the Board on 29 October 2009.

# Notes to the financial statements

for the financial year ended 30 June 2009

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

### Adoption of new and revised Accounting Standards

In the current year, the Society has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

|   |   |
|---|---|
| AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' | Effective for annual reporting periods beginning on or after 1 January 2009 |
|   | Expected to be initially applied in financial year ending 30 June 2010      |
| AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'  | Effective for annual reporting periods beginning on or after 1 January 2009 |
|   | Expected to be initially applied in financial year ending 30 June 2010      |
| AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'  | Effective for annual reporting periods beginning on or after 1 July 2009    |
|   | Expected to be initially applied in financial year ending 30 June 2010      |
| AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'   | Effective for annual reporting periods beginning on or after 1 July 2009    |
|   | Expected to be initially applied in financial year ending 30 June 2010      |
| AASB 123 'Borrowing Costs', with amendment AASB 2007-6  | Effective for annual reporting periods beginning on or after 1 January 2009 |
|   | Expected to be initially applied in financial year ending 30 June 2010      |
| AASB Interpretation 15 'Agreements for the Construction of Real Estate'   | Effective for annual reporting periods beginning on or after 1 January 2009 |
|   | Expected to be initially applied in financial year ending 30 June 2010      |

We have not listed all of the issued but not yet effective Standards and Interpretations. Only those standards and interpretations that are relevant to Australian Red Cross Society have been listed above.

The Board anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of Australian Red Cross Society.

# Notes to the financial statements

for the financial year ended 30 June 2009

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

### 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.

In the application of the Society's accounting policies management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various 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.

The Society's financial statements are prepared by combining the financial statements of all the key divisions that comprise the entity. 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 each division.

In preparing the financial statements, all inter divisions 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 balance sheet date.

All foreign currency differences in the financial report are taken to the income statement. 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 balance sheet date. Exchange differences arising, if any, are taken to the 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 Balance Sheet.

Cash flows are included in the Cash Flow Statement 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.

#### 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 is credited to that special purpose fund within equity after first being recorded in the income statement (refer note 17).

#### 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.

#### Society – other grants and contributions

Grants income and other contributions are recognised when the Society obtains control of the contribution or right to receive the contribution and it is probable that the economic benefits comprising the contributions will flow to the Society.

# Notes to the financial statements

## for the financial year ended 30 June 2009

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

#### Society – 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 the income statement (refer note 17).

#### Blood Service – operating grant funding

From 1 July 2003, the National Blood Authority (NBA) coordinates, on behalf of the Commonwealth, State and Territory governments, national arrangements between the Blood Service and Governments for the supply of blood and blood related products and services. These arrangements were to be formalised under a Deed of Agreement (the 'Deed'). Under these terms, the NBA remitted funds to the Blood Service for its Main Operating Programme and other NBA-approved programmes. The Deed was signed by the Society and the NBA on 21 August 2006, and sets out the relationship between the parties, and the funding arrangements for the Blood Service over the next 3 years to 30 June 2009. A variation to the Deed was signed on 30 June 2009 to roll-over the current funding arrangements to 30 June 2010, whilst Blood Service and NBA are in negotiations in relation to future funding arrangements after 30 June 2010.

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. During the year, the Blood Service received capital funding from the NBA based on the cash flow commitments relating to capital expenditure.

Government grants are recognised as income 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.

#### (e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand, short-term deposits and bills, which are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (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

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment 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:

##### 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.

##### Available for sale financial assets

Available-for-sale financial assets include financial assets not included in the above category. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from the changes in fair value are taken direct to equity, except for impairment losses which are recognised in the income statement.

##### 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.

##### Financial liabilities

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

##### 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.



# Notes to the financial statements

## for the financial year ended 30 June 2009

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

#### Impairment

At each reporting date, the board members assess 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 the income statement. 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.

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 equity.

#### (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.

The Blood Service has the following categories of inventories:

##### Consumables

Consumables are used by the Blood Service in providing products and services, and are measured at the lower of cost and current replacement cost.

##### Inventories held for distribution

The Blood Service provides products and services in accordance with the Deed (refer note 2(d)). 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 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.

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

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

|   | NON BLOOD HUMANITARIAN SERVICES        |       | BLOOD SERVICE                          |       |
|---|--|-------|--|-------|
| <b>Freehold buildings and renovations</b> | 40 yrs                                 | 2.5%  | 40 yrs                                 | 2.5%  |
| <b>Leasehold improvements</b>             | Shorter of lease period or useful life |       | Shorter of lease period or useful life |       |
| <b>Shop fit-outs</b>                      | 5.7 yrs                                | 17.5% | –                                      | –     |
| <b>Plant and equipment</b>                |  |       |  |       |
| – Motor vehicles                          | 5 yrs                                  | 20.0% | 4 yrs                                  | 25.0% |
| – Computer equipment                      | 3 yrs                                  | 33.3% | 4 yrs                                  | 25.0% |
| – Plant and machinery                     | 5 yrs                                  | 20.0% | 10 yrs                                 | 10.0% |
| – Administrative equipment                | –                                      | –     | 5 yrs                                  | 20.0% |
| – Furniture and fittings                  | –                                      | –     | 10 yrs                                 | 10.0% |
| – Laboratory equipment                    | –                                      | –     | 8 yrs                                  | 12.5% |
| – Mobile collection equipment             | –                                      | –     | 10 yrs                                 | 10.0% |
| – Static collection equipment             | –                                      | –     | 8 yrs                                  | 12.5% |

# Notes to the financial statements

## for the financial year ended 30 June 2009

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

#### (k) Loans and borrowings

All loans and 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 loans and borrowings are subsequently measured at amortised cost using the effective interest 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 the income statement when the liabilities are derecognised and as well as through the amortisation process.

#### (l) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Society.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

#### (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 in profit or loss immediately.

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 in profit or loss immediately.

#### (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.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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.

Operating lease payments are recognised as an expense in the income statement 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 arising from services rendered by employees to balance date. 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 calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. 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.

# Notes to the financial statements

## for the financial year ended 30 June 2009

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

#### 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 Staff Retirement Fund.

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 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.

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 balance sheet 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 balance sheet 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 superannuation plans are recognised as an expense in the income statement as incurred.

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.

Based on the 30 June 2009 actuarial overview, Health Super had a surplus of \$15.06 million (30 June 2008: surplus \$23.95 million). The fund's actuary has determined the notional excess net assets attributable to the Blood Service's employees in the defined benefit scheme as at 30 June 2009 are \$0.06 million (30 June 2008: \$0.08 million). The surplus is the difference between assets, valued at fair market value, and liabilities. Liabilities are determined to be the greater of the actuarial present value of all future expected benefit payments accrued by members at the valuation date (present value of

accrued benefits), and the benefit that has vested to members at the valuation date (vested benefits). The fund's actuary has advised that the contribution rates will remain unchanged for the 2009-10 financial year.

#### (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.

Where the Society expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (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 the profit and loss 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 financial year ended 30 June 2009

| SOCIETY and NON BLOOD<br>HUMANITARIAN SERVICES                                | 2009              |                   |   | 2008              |                   |   |
|---|-------------------|-------------------|---|-------------------|-------------------|---|
|   | Revenue<br>\$'000 | Expense<br>\$'000 | Net<br>Revenue /<br>(Expense)<br>\$'000 | Revenue<br>\$'000 | Expense<br>\$'000 | Net<br>Revenue /<br>(Expense)<br>\$'000 |
| <b>Note 3 – Revenue and Expenses</b>  |                   |                   |   |                   |                   |   |
| <b>3(a) GENERAL AND DOMESTIC<br/>ACTIVITIES (excluding Bushfire Appeal)</b>   |                   |                   |   |                   |                   |   |
| Membership and Volunteers   | 1,524             | (7,635)           | (6,111)                                 | 1,233             | (5,909)           | (4,676)                                 |
| Services  | 82,513            | (110,120)         | (27,607)                                | 60,489            | (81,824)          | (21,335)                                |
| Retail  | 29,714            | (27,725)          | 1,989                                   | 27,051            | (24,818)          | 2,233                                   |
| Fundraising :   |                   |                   |   |                   |                   |   |
| Appeals, Donations and Sponsorships   | 26,719            | (15,140)          | 11,579                                  | 30,368            | (13,989)          | 16,379                                  |
| Legacies  | 13,431            | (1,423)           | 12,008                                  | 11,381            | (1,191)           | 10,190                                  |
| Total Fundraising*  | 40,150            | (16,563)          | 23,587                                  | 41,749            | (15,180)          | 26,569                                  |
|   | 153,901           | (162,043)         | (8,142)                                 | 130,522           | (127,731)         | 2,791                                   |
| Investments   | 3,174             | (255)             | 2,919                                   | 4,618             | (126)             | 4,492                                   |
| Rental properties   | 3,303             | (2,546)           | 757                                     | 3,176             | (1,665)           | 1,511                                   |
| Communications  | 1                 | (5,817)           | (5,816)                                 | 45                | (3,822)           | (3,777)                                 |
| Marketing   | 5,008             | (5,066)           | (58)                                    | 4,910             | (5,104)           | (194)                                   |
| Administration  | 11,330            | (8,940)           | 2,390                                   | 5,290             | (10,559)          | (5,269)                                 |
| Gain / (Loss) on disposal of fixed assets                                     | 660               | (130)             | 530                                     | 403               | (79)              | 324                                     |
| Gain / (Loss) on disposal of investments                                      | 204               | (1,985)           | (1,781)                                 | 1,110             | (1,365)           | (255)                                   |
| Depreciation  | -                 | (6,171)           | (6,171)                                 | -                 | (4,658)           | (4,658)                                 |
| Unrealised impairment loss on fair value of<br>available-for-sale investments | -                 | (3,610)           | (3,610)                                 | -                 | (1,714)           | (1,714)                                 |
| Unrealised impairment loss on held-to-<br>maturity investments                | -                 | (2,391)           | (2,391)                                 | -                 | (2,164)           | (2,164)                                 |
|   | 23,680            | (36,911)          | (13,231)                                | 19,552            | (31,256)          | (11,704)                                |
| <b>Total General and Domestic Activities<br/>(excluding Bushfire Appeal)</b>  | <b>177,581</b>    | <b>(198,954)</b>  | <b>(21,373)</b>                         | <b>150,074</b>    | <b>(158,987)</b>  | <b>(8,913)</b>                          |

\* Total Fundraising revenue for the financial year of \$40.1m (2008:\$41.7m) excludes amounts raised from the Victorian Bushfire Appeal (2009: \$373.1m, 2008: \$0) and Appeals specific to International projects (2009: \$2.9m, 2008: \$13.0m). Amounts raised for these activities are separately disclosed in notes 3 (b), (c) and (d) below.

## Notes to the financial statements

for the financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>3(b) VICTORIAN BUSHFIRE APPEAL</b>   |                |                |                                 |                |
| Donations   | 373,096        | -              | 373,096                         | -              |
| Interest revenue  | 46             | -              | 46                              | -              |
| <b>Total Revenue</b>  | <b>373,142</b> | -              | <b>373,142</b>                  | -              |
| Funds disbursed to the 2009 Victorian Bushfire Appeal Fund Trust Account                  | (373,142)      | -              | (373,142)                       | -              |
| <b>Funds yet to be disbursed to the 2009 Victorian Bushfire Appeal Fund Trust Account</b> | -              | -              | -                               | -              |

Australian Red Cross Society (Red Cross) in partnership with the Victorian Government and Australian Government on 08 February 2009 launched an appeal conducted by Red Cross called the Victorian Bushfire Appeal 2009 (the Appeal).

All monies received from the Appeal are transferred by Red Cross daily into the 2009 Victorian Bushfire Appeal Fund Trust Account established by the Department of Human Services pursuant to section 19(1) of the Financial Management Act 1994 for the disbursement in accordance with the stated Appeal Intent: "Funds raised will be used to provide assistance to individuals and communities in towns and suburbs affected by the 2009 Victorian bushfires. Red Cross will not deduct any costs from public donations to cover Appeal costs. All interest earned on donations will be invested back into the Appeal. Should the funds raised exceed the amount required to meet these needs, any excess funds will be used to assist in future disasters in Victoria."

The 2009 Victorian Bushfire Appeal Fund Advisory Panel (the Panel) jointly appointed by the Victorian Government and Red Cross, has been established to disburse funds in accordance with the Appeal Intent.

At 30 June 2009 \$2.9m in interest was earned and invested back into the 2009 Victorian Bushfire Appeal Fund Trust Account. At this time, \$301m was approved by the Panel for disbursement in accordance with the Appeal Intent of which \$141m has been distributed.

## Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY         |                 | NON BLOOD HUMANITARIAN SERVICES |                 |
|--|-----------------|-----------------|---------------------------------|-----------------|
|  | 2009<br>\$'000  | 2008<br>\$'000  | 2009<br>\$'000                  | 2008<br>\$'000  |
| <b>3(c) TSUNAMI APPEAL</b>               |                 |                 |                                 |                 |
| Donations                                | 3               | 2               | 3                               | 2               |
| Non-government grants                    | -               | 191             | -                               | 191             |
| Interest revenue                         | 1,573           | 2,486           | 1,573                           | 2,486           |
| <b>Total Revenue</b>                     | <b>1,576</b>    | <b>2,679</b>    | <b>1,576</b>                    | <b>2,679</b>    |
| Initial response and emergency relief    | -               | (52)            | -                               | (52)            |
| Rehabilitation and construction          | (11,406)        | (21,313)        | (11,406)                        | (21,313)        |
| Program management and co-ordination     | (77)            | (1,462)         | (77)                            | (1,462)         |
| Australian service delivery              | (323)           | (372)           | (323)                           | (372)           |
| Depreciation                             | (8)             | (35)            | (8)                             | (35)            |
| Administration costs                     | (1,293)         | (1,116)         | (1,293)                         | (1,116)         |
| <b>Total Expenses</b>                    | <b>(13,107)</b> | <b>(24,350)</b> | <b>(13,107)</b>                 | <b>(24,350)</b> |
| <b>Net deficit for the year</b>          | <b>(11,531)</b> | <b>(21,671)</b> | <b>(11,531)</b>                 | <b>(21,671)</b> |
| Funds carried forward from previous year | 25,767          | 47,438          | 25,767                          | 47,438          |
| Net deficit for the year                 | (11,531)        | (21,671)        | (11,531)                        | (21,671)        |
| <b>Unspent Funds at 30 June</b>          | <b>14,236</b>   | <b>25,767</b>   | <b>14,236</b>                   | <b>25,767</b>   |

Australian service delivery of \$0.3m (2008: \$0.4m) includes Australian based program support.

Administration costs of \$1.3m (2008: \$1.1m) include accounting and administration activities. At 30 June 2009 administration costs represented 5.9% of total revenues received to date.

Overarching Test: Australian Red Cross Society (Red Cross) has used an overarching test in relation to expenditure. This requires that in order for a cost to be classed as administration to the Asia Quake and Tsunamis Appeal the cost in its entirety must be a new cost incurred as a result of the tsunami occurring. Hence Red Cross has not, and will not, claim any portion of general overheads incurred in normal, non-tsunami, operations.

# Notes to the financial statements

for the financial year ended 30 June 2009

| SOCIETY and<br>NON BLOOD<br>HUMANITARIAN<br>SERVICES         | 2009  |  |   |  | 2008  |  |   |  |
|--|---|--|---|--|---|--|---|--|
|  | Developing<br>Countries<br>Aid Fund<br>Projects<br>\$'000 | AusAid<br>Funded<br>Projects<br>\$'000 | Overseas<br>Projects<br>Funded<br>by Other<br>Sources<br>\$'000 | Total<br>International<br>Projects<br>(excluding<br>Tsunami<br>Appeal)<br>\$'000 | Developing<br>Countries<br>Aid Fund<br>Projects<br>\$'000 | AusAid<br>Funded<br>Projects<br>\$'000 | Overseas<br>Projects<br>Funded<br>by Other<br>Sources<br>\$'000 | Total<br>International<br>Projects<br>(excluding<br>Tsunami<br>Appeal)<br>\$'000 |
| <b>3(d) INTERNATIONAL<br/>(excluding Tsunami<br/>Appeal)</b> |   |  |   |  |   |  |   |  |
| Donations  | 2,926   | 24                                     | 1   | 2,951  | 13,004  | -                                      | -   | 13,004   |
| Government<br>grants :                                       |   |  |   |  |   |  |   |  |
| AusAid   | -   | 17,988                                 | -   | 17,988   | -   | 23,778                                 | -   | 23,778   |
| Other  | -   | -                                      | -   | -  | -   | -                                      | 368   | 368  |
| Non-government<br>grants                                     | -   | -                                      | 288   | 288  | -   | -                                      | 656   | 656  |
| Interest revenue   | 125   | 242                                    | 8   | 375  | 199   | 385                                    | 8   | 592  |
| <b>Total Revenue</b>   | <b>3,051</b>  | <b>18,254</b>                          | <b>297</b>  | <b>21,602</b>  | <b>13,203</b>   | <b>24,163</b>                          | <b>1,032</b>  | <b>38,398</b>  |
| Humanitarian aid   | (8,792)   | (14,035)                               | (654)   | (23,481)   | (4,933)   | (13,450)                               | (610)   | (18,993)   |
| Health   | (78)  | (4,791)                                | (82)  | (4,951)  | (26)  | (3,675)                                | (82)  | (3,783)  |
| Water supply and<br>sanitation                               | (41)  | (964)                                  | -   | (1,005)  | (44)  | (447)                                  | -   | (491)  |
| Support to non-<br>government<br>organisations               | (6)   | (6)                                    | -   | (12)   | (1)   | (19)                                   | -   | (20)   |
| <b>Total Expenses</b>  | <b>(8,917)</b>  | <b>(19,796)</b>                        | <b>(736)</b>  | <b>(29,449)</b>  | <b>(5,004)</b>  | <b>(17,591)</b>                        | <b>(692)</b>  | <b>(23,287)</b>  |
| <b>Net surplus /<br/>(deficit) for the<br/>year</b>          | <b>(5,866)</b>  | <b>(1,542)</b>                         | <b>(439)</b>  | <b>(7,847)</b>   | <b>8,199</b>  | <b>6,572</b>                           | <b>340</b>  | <b>15,111</b>  |
| Funds carried<br>forward from<br>previous year               | 11,666  | 10,668                                 | 188   | 22,522   | 3,467   | 4,096                                  | (152)   | 7,411  |
| Net surplus /<br>(deficit) for the<br>year                   | (5,866)   | (1,542)                                | (439)   | (7,847)  | 8,199   | 6,572                                  | 340   | 15,111   |
| <b>Unspent Funds<br/>at 30 June</b>                          | <b>5,800</b>  | <b>9,126</b>                           | <b>(251)</b>  | <b>14,675</b>  | <b>11,666</b>   | <b>10,668</b>                          | <b>188</b>  | <b>22,522</b>  |

# Notes to the financial statements

for the financial year ended 30 June 2009

| SOCIETY and NON BLOOD HUMANITARIAN SERVICES         | 2009<br>\$'000                      | 2008<br>\$'000 |
|---|-------------------------------------|----------------|
| <b>INTERNATIONAL PROJECTS EXPENDITURE BY REGION</b> |                                     |                |
| Africa  | 5,357                               | 861            |
| Asia  | 32,817                              | 41,716         |
| Central and South America                           | 1,044                               | 574            |
| Europe  | 831                                 | 318            |
| Middle East   | 473                                 | 2,098          |
| Pacific   | 2,034                               | 2,070          |
| <b>Total</b>  | <b>3 (c) &amp; 3 (d)<br/>42,556</b> | <b>47,637</b>  |

### Expenditure by Region



## Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY          |                  |
|--|------------------|------------------|
|  | 2009<br>\$'000   | 2008<br>\$'000   |
| <b>3(e) BLOOD SERVICES</b>   |                  |                  |
| Government Grants  | 444,909          | 395,394          |
| Interest Revenue   | 3,147            | 3,407            |
| Other  | 8,435            | 6,282            |
| <b>Total Revenue</b>   | <b>456,491</b>   | <b>405,083</b>   |
| Operating Expenses   | (402,740)        | (369,954)        |
| Depreciation   | (18,768)         | (12,802)         |
| Impairment loss on fixed assets  | -                | (1,981)          |
| Reclassification of special reserves from / (to) special purpose funds | 2,840            | (5,291)          |
| Gain / (loss) on disposal of fixed assets                              | 10               | (93)             |
| <b>Total Expenses</b>  | <b>(418,658)</b> | <b>(390,121)</b> |
| <b>Total Blood Services</b>  | <b>37,833</b>    | <b>14,962</b>    |

|  | SOCIETY          |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|------------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000   | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>3(f) REVENUE</b>                    |                  |                |                                 |                |
| Revenue from the sale of goods         | 36,352           | 33,228         | 36,381                          | 33,228         |
| Revenue from the rendering of services | 6,081            | 6,945          | 6,101                           | 6,945          |
| Government grants                      | 543,519          | 471,248        | 98,610                          | 75,854         |
| Non-government grants                  | 2,743            | 2,228          | 2,743                           | 2,228          |
| Donations, Legacies and Sponsorships   | 414,876          | 54,664         | 414,876                         | 54,664         |
| Interest Revenue:                      |                  |                |                                 |                |
| Bank Deposits                          | 4,036            | 5,248          | 889                             | 1,841          |
| Available-for-sale investments         | 556              | 349            | 556                             | 349            |
| Held-to-maturity investments           | 1,632            | 2,486          | 1,632                           | 2,486          |
| Dividends from other entities          | 2,228            | 3,115          | 2,228                           | 3,115          |
| Rental Revenue:                        |                  |                |                                 |                |
| Investment properties                  | 3,298            | 3,163          | 3,298                           | 3,163          |
| Other Rental Revenue                   | 1,381            | 1,645          | 4,213                           | 4,256          |
| Other Revenue                          | 10,809           | 9,304          | 2,374                           | 3,022          |
| <b>Total Revenue</b>                   | <b>1,027,511</b> | <b>593,623</b> | <b>573,901</b>                  | <b>191,151</b> |

# Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY         |                 | NON BLOOD HUMANITARIAN SERVICES |                |
|--|-----------------|-----------------|---------------------------------|----------------|
|  | 2009<br>\$'000  | 2008<br>\$'000  | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 4 – Gains, (Losses) and Other Expenses</b>   |                 |                 |                                 |                |
| <b>4(a) GAINS AND LOSSES</b>   |                 |                 |                                 |                |
| Deficit for the year has been arrived at after crediting / (charging) the following gains and losses : |                 |                 |                                 |                |
| Gain on disposal of property, plant and equipment  | 670             | 403             | 660                             | 403            |
| Gain on disposal of investments  | 204             | 1,110           | 204                             | 1,110          |
| Foreign exchange gains   | -               | 1,069           | -                               | 1,069          |
|  | <b>874</b>      | <b>2,582</b>    | <b>864</b>                      | <b>2,582</b>   |
| Unrealised impairment loss on fair value of available-for-sale investments                             | (3,610)         | (1,714)         | (3,610)                         | (1,714)        |
| Unrealised impairment loss on held-to-maturity investments   | (2,391)         | (2,164)         | (2,391)                         | (2,164)        |
| Loss on disposal of property, plant and equipment  | (130)           | (172)           | (130)                           | (79)           |
| Loss on disposal of investments  | (1,985)         | (1,365)         | (1,985)                         | (1,365)        |
| Foreign exchange losses  | (730)           | (827)           | (150)                           | (614)          |
|  | <b>(8,846)</b>  | <b>(6,242)</b>  | <b>(8,266)</b>                  | <b>(5,936)</b> |
| <b>Total Gains / (Losses)</b>  | <b>(7,972)</b>  | <b>(3,660)</b>  | <b>(7,402)</b>                  | <b>(3,354)</b> |
| <b>4(b) OTHER EXPENSES</b>   |                 |                 |                                 |                |
| Deficit for the year includes the following expenses :   |                 |                 |                                 |                |
| Cost of sales  | (89,800)        | (88,670)        | (7,053)                         | (7,119)        |
| Inventory :  |                 |                 |                                 |                |
| Write-down of inventory to net realisable value  | (96)            | (340)           | (96)                            | (291)          |
| Impairment of trade receivables  | (44)            | (75)            | (44)                            | (75)           |
| Depreciation of non-current assets   | (24,947)        | (17,495)        | (6,179)                         | (4,693)        |
| Operating lease rental expenses :  |                 |                 |                                 |                |
| Minimum lease payments   | (17,133)        | (13,729)        | (7,182)                         | (5,628)        |
| Employee benefits expense :  |                 |                 |                                 |                |
| Wages and Salaries   | (288,875)       | (242,977)       | (77,178)                        | (64,553)       |
| Post employment benefits:  |                 |                 |                                 |                |
| Defined benefit plans  | (940)           | (966)           | (8)                             | (11)           |
| Defined contribution plans   | (23,027)        | (19,822)        | (7,091)                         | (5,751)        |
| Termination benefits   | (2,752)         | (3,777)         | (967)                           | (158)          |
|  | <b>(26,719)</b> | <b>(24,565)</b> | <b>(8,066)</b>                  | <b>(5,920)</b> |
| Impairment of work in progress   | -               | (1,981)         | -                               | -              |
| <b>Note 5 – Finance Costs</b>  |                 |                 |                                 |                |
| Interest on bank overdrafts and loans  | 217             | 66              | 217                             | 66             |
| Interest on obligations under finance leases   | 1,418           | 253             | -                               | -              |
|  | <b>1,635</b>    | <b>319</b>      | <b>217</b>                      | <b>66</b>      |

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 6 – Trade and Other Receivables</b> |                |                |                                 |                |
| Trade receivables                           | 17,704         | 9,438          | 15,233                          | 6,266          |
| Allowance for doubtful debts                | (50)           | (49)           | (50)                            | (49)           |
|   | 17,654         | 9,389          | 15,183                          | 6,217          |
| Goods and services tax recoverable          | -              | -              | 251                             | 811            |
| Other receivables                           | 369            | 1,033          | 295                             | 304            |
|   | <b>18,023</b>  | <b>10,422</b>  | <b>15,729</b>                   | <b>7,332</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.

## Ageing of past due but not impaired trade receivables

|             |              |              |              |              |
|-------------|--------------|--------------|--------------|--------------|
| 30-60 days  | 631          | 1,221        | 372          | 1,033        |
| 60-90 days  | 438          | 441          | 425          | 201          |
| 90-120 days | 145          | 305          | 137          | 93           |
| 120+ days   | 421          | 343          | 225          | 309          |
| Total       | <b>1,635</b> | <b>2,310</b> | <b>1,159</b> | <b>1,636</b> |

## Movement in the allowance for doubtful debts

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Opening balance 1 July                      | 49        | 16        | 49        | 16        |
| Impairment losses recognised on receivables | 39        | 40        | 39        | 40        |
| Amounts written off as uncollectible        | (22)      | (2)       | (22)      | (2)       |
| Amounts recovered during the year           | (6)       | -         | (6)       | -         |
| Impairment losses reversed                  | (10)      | (5)       | (10)      | (5)       |
| Closing balance 30 June                     | <b>50</b> | <b>49</b> | <b>50</b> | <b>49</b> |

## Ageing of impaired trade receivables

|             |           |           |           |           |
|-------------|-----------|-----------|-----------|-----------|
| 60-90 days  | 6         | -         | 6         | -         |
| 90-120 days | 10        | 3         | 10        | 3         |
| 120+ days   | 34        | 46        | 34        | 46        |
| Total       | <b>50</b> | <b>49</b> | <b>50</b> | <b>49</b> |

## Note 7 – Inventories

|                  |               |               |              |              |
|------------------|---------------|---------------|--------------|--------------|
| Consumables      | 4,647         | 4,420         | -            | 55           |
| Finished goods   | 30,039        | 20,496        | 2,141        | 1,810        |
| Work in progress | 10,108        | 9,792         | -            | -            |
|                  | <b>44,794</b> | <b>34,708</b> | <b>2,141</b> | <b>1,865</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-down recognised as an expense during the year was \$nil (2008: \$0.05m).



# Notes to the financial statements

for the financial year ended 30 June 2009

| Notes                                      | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|----------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 8 – Other Financial Assets</b>     |                |                |                                 |                |
| <b>Available-for-sale financial assets</b> |                |                |                                 |                |
| <b>Current</b>                             |                |                |                                 |                |
| Mortgage backed securities                 | -              | 6,598          | -                               | 6,598          |
| Cash management account                    | 3,188          | -              | 3,188                           | -              |
|  | <b>3,188</b>   | <b>6,598</b>   | <b>3,188</b>                    | <b>6,598</b>   |
| <b>Non-current</b>                         |                |                |                                 |                |
| Mortgage backed securities                 | -              | 66             | -                               | 66             |
| Shares                                     | 17,390         | 29,633         | 17,390                          | 29,633         |
| Notes                                      | 1,037          | 451            | 1,037                           | 451            |
| Debentures                                 | -              | 88             | -                               | 88             |
|  | <b>18,427</b>  | <b>30,238</b>  | <b>18,427</b>                   | <b>30,238</b>  |
|  | <b>21,615</b>  | <b>36,836</b>  | <b>21,615</b>                   | <b>36,836</b>  |
| <b>Held-to-maturity financial assets</b>   |                |                |                                 |                |
| <b>Current</b>                             |                |                |                                 |                |
| <b>Amortised Cost – 1 July</b>             | 2,264          | 6,474          | 2,264                           | 6,474          |
| Less Funds received on maturity            | -              | (215)          | -                               | (215)          |
| Less Principal repayments                  | (1,745)        | (3,974)        | (1,745)                         | (3,974)        |
| Add / (Less) movement in interest          | (19)           | (17)           | (19)                            | (17)           |
| Less Impairment                            | 4              | (4)            | 3                               | (4)            |
| <b>Amortised cost – 30 June</b>            | <b>503</b>     | <b>2,264</b>   | <b>503</b>                      | <b>2,264</b>   |
| <b>Non-current</b>                         |                |                |                                 |                |
| <b>Amortised Cost – 1 July</b>             | 25,923         | 41,121         | 25,923                          | 41,121         |
| Less Funds received on maturity            | -              | (12,794)       | -                               | (12,794)       |
| Less Principal repayments                  | (275)          | (107)          | (275)                           | (107)          |
| Add / (Less) movement in interest          | (107)          | (137)          | (107)                           | (137)          |
| Less Impairment                            | 4              | (2,160)        | (2,394)                         | (2,160)        |
| <b>Amortised cost – 30 June</b>            | <b>23,147</b>  | <b>25,923</b>  | <b>23,147</b>                   | <b>25,923</b>  |
|  | <b>23,650</b>  | <b>28,187</b>  | <b>23,650</b>                   | <b>28,187</b>  |
| Disclosed in the financial statements as:  |                |                |                                 |                |
| Current other financial assets             | 3,691          | 8,862          | 3,691                           | 8,862          |
| Non-current other financial assets         | 41,574         | 56,161         | 41,574                          | 56,161         |
|  | <b>45,265</b>  | <b>65,023</b>  | <b>45,265</b>                   | <b>65,023</b>  |

During the year ended 30 June 2008, specific assets costing \$342,075 (market value \$290,382) previously classified as 'held-to-maturity' were reclassified 'available-for-sale'. The reclassification being based on the Society's change in intention and ability relating to these assets held.

During the year ended 30 June 2008, specific assets costing \$2,415,074 (market value \$1,270,961) previously classified as 'available-for-sale' were reclassified 'held-to-maturity'. The reclassification being based on the Society's change in intention and ability relating to these assets held.

Unrealised impairment losses on investments held as 'available-for-sale' of \$3.61m (2008: \$1.71m) have been transferred to the income statement.

Unrealised impairment losses on investments held as 'held-to-maturity' of \$2.39m (2008: \$2.16m) have been transferred to the income statement.

# Notes to the financial statements

for the financial year ended 30 June 2009

|                              | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|------------------------------|----------------|----------------|---------------------------------|----------------|
|                              | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 9 – Other Assets</b> |                |                |                                 |                |
| <b>Current</b>               |                |                |                                 |                |
| Prepayments                  | 3,507          | 5,235          | 1,360                           | 2,431          |

|  | Land, Buildings and Renovations<br>\$ '000 | Shop Fit-Outs<br>\$ '000 | Plant and Equipment<br>\$ '000 | Work in Progress<br>\$ '000 | Total<br>\$ '000 |
|--|--|--------------------------|--------------------------------|-----------------------------|------------------|
|--|--|--------------------------|--------------------------------|-----------------------------|------------------|

## Note 10 – Property, Plant and Equipment

### SOCIETY

#### Year ended 30 June 2008

#### Gross carrying amount

|  |                |              |                |               |                |
|--|----------------|--------------|----------------|---------------|----------------|
| Balance as at 1 July 2007              | 120,379        | 1,808        | 122,808        | 15,497        | 260,492        |
| Additions                              | 5,859          | 122          | 61,142         | 2,584         | 69,707         |
| Disposals                              | (1,199)        | -            | (5,733)        | (322)         | (7,254)        |
| Transfers to / (from) Work in Progress | 484            | 181          | (69)           | (596)         | -              |
| Impairment                             | -              | -            | -              | (1,981)       | (1,981)        |
| <b>Balance as at 30 June 2008</b>      | <b>125,523</b> | <b>2,111</b> | <b>178,148</b> | <b>15,182</b> | <b>320,964</b> |

#### Accumulated depreciation

|                                   |                 |                |                  |          |                  |
|-----------------------------------|-----------------|----------------|------------------|----------|------------------|
| Balance as at 1 July 2007         | (41,214)        | (1,208)        | (91,506)         | -        | (133,928)        |
| Depreciation Expense              | (4,001)         | (197)          | (13,297)         | -        | (17,495)         |
| Disposals                         | 1,142           | -              | 4,232            | -        | 5,374            |
| <b>Balance as at 30 June 2008</b> | <b>(44,073)</b> | <b>(1,405)</b> | <b>(100,571)</b> | <b>-</b> | <b>(146,049)</b> |

|  |               |            |               |               |                |
|--|---------------|------------|---------------|---------------|----------------|
| <b>Net Book Value as at 30 June 2008</b> | <b>81,450</b> | <b>706</b> | <b>77,577</b> | <b>15,182</b> | <b>174,915</b> |
|--|---------------|------------|---------------|---------------|----------------|

#### Year ended 30 June 2009

#### Gross carrying amount

|  |                |              |                |               |                |
|--|----------------|--------------|----------------|---------------|----------------|
| Balance as at 1 July 2008              | 125,523        | 2,111        | 178,148        | 15,182        | 320,964        |
| Additions                              | 15,572         | 496          | 25,557         | 16,406        | 58,031         |
| Disposals                              | (1,769)        | -            | (15,696)       | -             | (17,465)       |
| Transfers to / (from) Work in Progress | 6,589          | 7            | 7,096          | (13,800)      | (108)          |
| <b>Balance as at 30 June 2009</b>      | <b>145,915</b> | <b>2,614</b> | <b>195,105</b> | <b>17,788</b> | <b>361,422</b> |

#### Accumulated depreciation

|                                   |                 |                |                  |          |                  |
|-----------------------------------|-----------------|----------------|------------------|----------|------------------|
| Balance as at 1 July 2008         | (44,073)        | (1,405)        | (100,571)        | -        | (146,049)        |
| Depreciation Expense              | (6,560)         | (226)          | (18,161)         | -        | (24,947)         |
| Disposals                         | 1,577           | -              | 14,231           | -        | 15,808           |
| <b>Balance as at 30 June 2009</b> | <b>(49,056)</b> | <b>(1,631)</b> | <b>(104,501)</b> | <b>-</b> | <b>(155,188)</b> |

|  |               |            |               |               |                |
|--|---------------|------------|---------------|---------------|----------------|
| <b>Net Book Value as at 30 June 2009</b> | <b>96,859</b> | <b>983</b> | <b>90,604</b> | <b>17,788</b> | <b>206,234</b> |
|--|---------------|------------|---------------|---------------|----------------|

## Notes to the financial statements

for the financial year ended 30 June 2009

|  | Land,<br>Buildings and<br>Renovations<br>\$ '000 | Shop<br>Fit-Outs<br>\$ '000 | Plant and<br>Equipment<br>\$ '000 | Work in<br>Progress<br>\$ '000 | Total<br>\$ '000 |
|--|--|-----------------------------|-----------------------------------|--------------------------------|------------------|
| <b>Note 10 – Property, Plant and Equipment (Continued)</b> |  |                             |                                   |                                |                  |
| <b>NON BLOOD HUMANITARIAN SERVICES</b>                     |  |                             |                                   |                                |                  |
| <b>Year ended 30 June 2008</b>                             |  |                             |                                   |                                |                  |
| <b>Gross carrying amount</b>                               |  |                             |                                   |                                |                  |
| Balance as at 1 July 2007                                  | 77,756   | 1,808                       | 20,917                            | 24                             | 100,505          |
| Additions  | 566  | 122                         | 6,041                             | 2,584                          | 9,313            |
| Disposals  | -  | -                           | (2,589)                           | (322)                          | (2,911)          |
| Transfers to / (from) Work in Progress                     | 155  | 181                         | 15                                | (351)                          | -                |
| <b>Balance as at 30 June 2008</b>                          | <b>78,477</b>                                    | <b>2,111</b>                | <b>24,384</b>                     | <b>1,935</b>                   | <b>106,907</b>   |
| <b>Accumulated depreciation</b>                            |  |                             |                                   |                                |                  |
| Balance as at 1 July 2007                                  | (14,312)   | (1,208)                     | (13,836)                          | -                              | (29,356)         |
| Depreciation Expense                                       | (1,702)  | (197)                       | (2,794)                           | -                              | (4,693)          |
| Disposals  | -  | -                           | 1,287                             | -                              | 1,287            |
| <b>Balance as at 30 June 2008</b>                          | <b>(16,014)</b>                                  | <b>(1,405)</b>              | <b>(15,343)</b>                   | <b>-</b>                       | <b>(32,762)</b>  |
| <b>Net Book Value as at 30 June 2008</b>                   | <b>62,463</b>                                    | <b>706</b>                  | <b>9,041</b>                      | <b>1,935</b>                   | <b>74,145</b>    |
| <b>Year ended 30 June 2009</b>                             |  |                             |                                   |                                |                  |
| <b>Gross carrying amount</b>                               |  |                             |                                   |                                |                  |
| Balance as at 1 July 2008                                  | 78,477   | 2,111                       | 24,384                            | 1,935                          | 106,907          |
| Additions  | 9,365  | 496                         | 5,339                             | 610                            | 15,810           |
| Disposals  | (214)  | -                           | (8,915)                           | -                              | (9,129)          |
| Transfers to / (from) Work in Progress                     | 1,615  | 7                           | 200                               | (1,930)                        | (108)            |
| <b>Balance as at 30 June 2009</b>                          | <b>89,243</b>                                    | <b>2,614</b>                | <b>21,008</b>                     | <b>615</b>                     | <b>113,480</b>   |
| <b>Accumulated depreciation</b>                            |  |                             |                                   |                                |                  |
| Balance as at 1 July 2008                                  | (16,014)   | (1,405)                     | (15,343)                          | -                              | (32,762)         |
| Depreciation Expense                                       | (2,307)  | (226)                       | (3,646)                           | -                              | (6,179)          |
| Disposals  | 38   | -                           | 7,560                             | -                              | 7,598            |
| <b>Balance as at 30 June 2009</b>                          | <b>(18,283)</b>                                  | <b>(1,631)</b>              | <b>(11,429)</b>                   | <b>-</b>                       | <b>(31,343)</b>  |
| <b>Net Book Value as at 30 June 2009</b>                   | <b>70,960</b>                                    | <b>983</b>                  | <b>9,579</b>                      | <b>615</b>                     | <b>82,137</b>    |

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | Notes | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|-------|----------------|----------------|---------------------------------|----------------|
|   |       | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 11 – Trade and Other Payables</b> |       |                |                |                                 |                |
| <b>Current</b>                            |       |                |                |                                 |                |
| Trade payables                            |       | 57,489         | 51,552         | 15,903                          | 14,606         |
| Accruals and other payables               |       | 1,104          | 833            | 1,104                           | 833            |
| Goods and services tax payable            |       | 1,515          | 2,090          | -                               | -              |
|   |       | <b>60,108</b>  | <b>54,475</b>  | <b>17,007</b>                   | <b>15,439</b>  |

Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables are non interest bearing and have average term of 30 days. The continuous monitoring of cash flow ensures payables are paid within the credit timeframe.

|   |    |               |               |               |          |
|---|----|---------------|---------------|---------------|----------|
| <b>Note 12 – Borrowings</b>               |    |               |               |               |          |
| <b>Secured – at amortised cost</b>        |    |               |               |               |          |
| <b>Current</b>                            |    |               |               |               |          |
| Bank loans (i)                            |    | 5,000         | -             | 5,000         | -        |
| Finance lease liabilities (ii)            | 21 | 1,814         | 673           | -             | -        |
| <b>Non-current</b>                        |    |               |               |               |          |
| Bank loans (i)                            |    | 13,000        | -             | 13,000        | -        |
| Finance lease liabilities (ii)            | 21 | 24,998        | 11,216        | -             | -        |
|   |    | <b>44,812</b> | <b>11,889</b> | <b>18,000</b> | <b>-</b> |
| Disclosed in the financial statements as: |    |               |               |               |          |
| Current borrowings                        |    | 6,814         | 673           | 5,000         | -        |
| Non-current borrowings                    |    | 37,998        | 11,216        | 13,000        | -        |
|   |    | <b>44,812</b> | <b>11,889</b> | <b>18,000</b> | <b>-</b> |

(i) The bank loans are secured by a mortgage over a property located in Sydney. The interest rate applicable is equal to Bank Bill Swap Bid Rate (BBSY) plus 1.00% per annum in respect of tranche 1 (\$10m) and 1.45% per annum on tranche 2 (\$8m). Tranche 1 of the loan has a maturity date of 12 June 2012 and tranche 2, 12 June 2014.

(ii) The lease liabilities are secured over the leased asset to which they relate.

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 13 – Provisions</b>               |                |                |                                 |                |
| <b>Current</b>                            |                |                |                                 |                |
| Employee benefits                         | 39,824         | 37,626         | 7,880                           | 6,907          |
| <b>Non-current</b>                        |                |                |                                 |                |
| Employee benefits                         | 9,318          | 6,857          | 864                             | 1,047          |
| Make good provisions                      | 3,455          | 2,008          | -                               | -              |
|   | <b>52,597</b>  | <b>46,491</b>  | <b>8,744</b>                    | <b>7,954</b>   |
| Disclosed in the financial statements as: |                |                |                                 |                |
| Current provisions                        | 39,824         | 37,626         | 7,880                           | 6,907          |
| Non-current provisions                    | 12,773         | 8,865          | 864                             | 1,047          |
|   | <b>52,597</b>  | <b>46,491</b>  | <b>8,744</b>                    | <b>7,954</b>   |

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

## Movements in make good provisions

|                                      |              |              |          |          |
|--------------------------------------|--------------|--------------|----------|----------|
| <b>Opening balance 1 July</b>        | 2,008        | 1,482        | -        | -        |
| Provision recognised during the year | 1,447        | 526          | -        | -        |
| <b>Closing balance 30 June</b>       | <b>3,455</b> | <b>2,008</b> | <b>-</b> | <b>-</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.

## Note 14 – Other Liabilities

|   |              |              |          |          |
|---|--------------|--------------|----------|----------|
| <b>Current</b>                            |              |              |          |          |
| Lease incentive                           | 215          | 112          | -        | -        |
| Government grants refundable              | 2,017        | -            | -        | -        |
| Deferred government grants                | -            | 1,648        | -        | -        |
| <b>Non-current</b>                        |              |              |          |          |
| Foreign currency contracts                | 435          | -            | -        | -        |
| Lease incentive                           | 2,087        | 2,148        | -        | -        |
|   | <b>4,754</b> | <b>3,908</b> | <b>-</b> | <b>-</b> |
| Disclosed in the financial statements as: |              |              |          |          |
| Current other liabilities                 | 2,232        | 1,760        | -        | -        |
| Non-current other liabilities             | 2,522        | 2,148        | -        | -        |
|   | <b>4,754</b> | <b>3,908</b> | <b>-</b> | <b>-</b> |

Lease incentives are in relation to Blood Service entering into (i) a twenty year operating lease for the principal site at Kelvin Grove, Brisbane and (ii) a five year lease for the Parramatta property. The current amount refers to amounts to be recognised in the income statement within twelve months after balance date. The non-current amounts will be recognised in the income statements of subsequent financial years.

## Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|----------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 15 – Defined Benefit Superannuation Plans</b>  |                |                |                                 |                |
| <b>Principal actuarial assumptions:</b>  |                |                |                                 |                |
| Discount rate  | 5.27%          | 5.78%          | 5.52%                           | 5.48%          |
| Expected return on plan assets   | 7.04%          | 7.03%          | 7.00%                           | 7.00%          |
| Expected rate of salary increases  | 4.62%          | 3.64%          | 6.00%                           | 3.00%          |
| <b>Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:</b>  |                |                |                                 |                |
| Current service cost   | 1,400          | 1,677          | 32                              | 42             |
| Member contributions   | (137)          | (157)          | (11)                            | (13)           |
| Interest cost  | 1,226          | 1,199          | 27                              | 27             |
| Expected return on plan assets   | (1,549)        | (1,753)        | (40)                            | (45)           |
|  | <b>940</b>     | <b>966</b>     | <b>8</b>                        | <b>11</b>      |
| <b>The amount included in the balance sheet arising from the entity's obligations in respect of its defined benefit plans is as follows:</b> |                |                |                                 |                |
| Present value of funded obligations  | 24,935         | 22,874         | 729                             | 478            |
| Fair value of plan assets  | (17,300)       | (23,681)       | (538)                           | (553)          |
| <b>Net (asset) / liability</b>   | <b>7,635</b>   | <b>(807)</b>   | <b>191</b>                      | <b>(75)</b>    |
| Comprising:  |                |                |                                 |                |
| Net (asset) in the balance sheet   | -              | (1,059)        | -                               | (75)           |
| Net liability in the balance sheet   | 7,635          | 252            | 191                             | -              |
| <b>Net (asset) / liability in the balance sheet</b>  | <b>7,635</b>   | <b>(807)</b>   | <b>191</b>                      | <b>(75)</b>    |

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 15 – Defined Benefit Superannuation Plans (Continued)</b>   |                |                |                                 |                |
| <b>Movements in the present value of the defined benefit obligations in the current year were as follows:</b> |                |                |                                 |                |
| <b>Balance 1 July</b>   | <b>22,874</b>  | <b>23,895</b>  | <b>478</b>                      | <b>518</b>     |
| Current service cost  | 1,402          | 1,677          | 32                              | 42             |
| Interest on obligation  | 1,226          | 1,199          | 27                              | 27             |
| Actuarial (gain) / loss on liabilities  | 2,735          | (1,523)        | 198                             | (62)           |
| Benefits paid (including expenses and taxes)  | (3,302)        | (2,374)        | (6)                             | (47)           |
| <b>Balance 30 June</b>  | <b>24,935</b>  | <b>22,874</b>  | <b>729</b>                      | <b>478</b>     |
| <b>Movements in the present value of the plan assets in the current year were as follows:</b>                 |                |                |                                 |                |
| <b>Balance 1 July</b>   | <b>23,681</b>  | <b>26,718</b>  | <b>553</b>                      | <b>653</b>     |
| Expected return on plan assets  | 1,549          | 1,753          | 40                              | 45             |
| Actuarial (loss) / gain on assets   | (5,625)        | (3,572)        | (81)                            | (133)          |
| Employer contributions  | 861            | 999            | 21                              | 22             |
| Contributions from plan participants  | 136            | 157            | 11                              | 13             |
| Benefits paid (including expenses and taxes)  | (3,302)        | (2,374)        | (6)                             | (47)           |
| <b>Balance 30 June</b>  | <b>17,300</b>  | <b>23,681</b>  | <b>538</b>                      | <b>553</b>     |
| <b>Other disclosures:</b>   |                |                |                                 |                |
| <b>The percentage contribution of each majority category of total plan assets comprises:</b>                  |                |                |                                 |                |
| Australian equities   | 27.3%          | 27.9%          | 26.6%                           | 24.5%          |
| International equities  | 24.0%          | 25.4%          | 20.9%                           | 24.5%          |
| Property  | 15.2%          | 14.9%          | 6.4%                            | 9.5%           |
| Australian fixed interest   | 6.1%           | 8.5%           | 10.4%                           | 12.5%          |
| International fixed interest  | 7.2%           | 7.7%           | 15.3%                           | 17.0%          |
| Cash  | 4.3%           | 2.7%           | 8.9%                            | 6.5%           |
| Other   | 15.9%          | 12.9%          | 11.5%                           | 5.5%           |
|   | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>                   | <b>100.0%</b>  |

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                         | 2008<br>\$'000 |
|---|----------------|----------------|--|----------------|
| <b>Note 15 – Defined Benefit Superannuation Plans (Continued)</b>                     |                |                |  |                |
| <b>SOCIETY</b>  |                |                |  |                |
| <b>Historic summary</b>   |                |                |  |                |
| Defined benefit plan obligations  | 24,935         | 22,874         | 23,895                                 | 24,610         |
| Plan assets   | (17,300)       | (23,681)       | (26,718)                               | (26,244)       |
| <b>(Surplus) / deficit</b>  | <b>7,635</b>   | <b>(807)</b>   | <b>(2,823)</b>                         | <b>(1,634)</b> |
| Experience adjustments arising on plan liabilities                                    | 2,572          | (1,431)        | 256                                    | (2,557)        |
| Experience adjustments arising on plan assets   | (5,625)        | (3,572)        | 1,101                                  | 1,274          |
| <b>NON BLOOD HUMANITARIAN SERVICES</b>  |                |                |  |                |
| <b>Historic summary</b>   |                |                |  |                |
| Defined benefit plan obligations  | 729            | 478            | 518                                    | 527            |
| Plan assets   | (538)          | (553)          | (653)                                  | (665)          |
| <b>(Surplus) / deficit</b>  | <b>191</b>     | <b>(75)</b>    | <b>(135)</b>                           | <b>(138)</b>   |
| Experience adjustments arising on plan liabilities                                    | 35             | 30             | (76)                                   | (1)            |
| Experience adjustments arising on plan assets   | (81)           | (133)          | 63                                     | 28             |
|   |                |                |  |                |
|   | <b>SOCIETY</b> |                | <b>NON BLOOD HUMANITARIAN SERVICES</b> |                |
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                         | 2008<br>\$'000 |
| <b>Actual return on assets</b>  | <b>(3,218)</b> | <b>928</b>     | <b>(41)</b>                            | <b>(88)</b>    |
| <b>Amounts recognised in the statement of recognised income and expense</b>           |                |                |  |                |
| Actuarial losses  | 8,360          | 2,049          | 279                                    | 71             |
| <b>Cumulative amount recognised in the statement of recognised income and expense</b> |                |                |  |                |
| Cumulative amount of actuarial (gains) / losses                                       | 8,713          | (353)          | 239                                    | 40             |
| <b>Expected contributions and funding arrangements</b>                                |                |                |  |                |
| Expected employer contributions at 30 June  | 1,541          | 848            | 15                                     | 18             |

The current contributions recommendation as set out in the report of the most recent actuarial valuation of the fund as at 30 June 2009, is 4.6% (2008: 4%) 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 an asset in the balance sheet 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 financial year ended 30 June 2009

|  | Property fund reserve (i)<br>\$ '000 | Asset replacement reserve (ii)<br>\$ '000 | ARCBS special reserve (iii)<br>\$ '000 | General reserve (iv)<br>\$ '000 | Fair value reserve (v)<br>\$ '000 | Total<br>\$ '000 |
|--|--------------------------------------|---|--|---------------------------------|-----------------------------------|------------------|
| <b>Note 16 – Reserves</b>              |                                      |   |  |                                 |                                   |                  |
| <b>SOCIETY</b>                         |                                      |   |  |                                 |                                   |                  |
| <b>Year ended 30 June 2008</b>         |                                      |   |  |                                 |                                   |                  |
| <b>Balance as at 1 July 2007</b>       | 2,773                                | 2,011                                     | 13,388                                 | 5,771                           | 7,001                             | 30,944           |
| Transfers (to) / from reserves         | 198                                  | -   | -                                      | (198)                           | -                                 | -                |
| Transfers to specific purpose funds    | -                                    | (13)                                      | -                                      | (5,573)                         | -                                 | (5,586)          |
| Transfers to accumulated funds         | -                                    | -   | (2,888)                                | -                               | (587)                             | (3,475)          |
| Valuation loss recognised              | -                                    | -   | -                                      | -                               | (6,414)                           | (6,414)          |
| <b>Balance as at 30 June 2008</b>      | <b>2,971</b>                         | <b>1,998</b>                              | <b>10,500</b>                          | <b>-</b>                        | <b>-</b>                          | <b>15,469</b>    |
| <b>Year ended 30 June 2009</b>         |                                      |   |  |                                 |                                   |                  |
| Transfers from accumulated funds       | -                                    | -   | 426                                    | -                               | -                                 | 426              |
| <b>Balance as at 30 June 2009</b>      | <b>2,971</b>                         | <b>1,998</b>                              | <b>10,926</b>                          | <b>-</b>                        | <b>-</b>                          | <b>15,895</b>    |
| <b>NON BLOOD HUMANITARIAN SERVICES</b> |                                      |   |  |                                 |                                   |                  |
| <b>Year ended 30 June 2008</b>         |                                      |   |  |                                 |                                   |                  |
| <b>Balance as at 1 July 2007</b>       | 2,773                                | 2,011                                     | -                                      | 5,771                           | 7,001                             | 17,556           |
| Transfers to / (from) reserves         | 198                                  | -   | -                                      | (198)                           | -                                 | -                |
| Transfers to specific purpose funds    | -                                    | (13)                                      | -                                      | (5,573)                         | -                                 | (5,586)          |
| Transfers to accumulated funds         | -                                    | -   | -                                      | -                               | (587)                             | (587)            |
| Valuation loss recognised              | -                                    | -   | -                                      | -                               | (6,414)                           | (6,414)          |
| <b>Balance as at 30 June 2008</b>      | <b>2,971</b>                         | <b>1,998</b>                              | <b>-</b>                               | <b>-</b>                        | <b>-</b>                          | <b>4,969</b>     |
| <b>Year ended 30 June 2009</b>         |                                      |   |  |                                 |                                   |                  |
| <b>Balance as at 30 June 2009</b>      | <b>2,971</b>                         | <b>1,998</b>                              | <b>-</b>                               | <b>-</b>                        | <b>-</b>                          | <b>4,969</b>     |

(i) The property reserve records capital surplus made on sale of freehold land and buildings.

(ii) The asset replacement reserve records funds set aside for future asset replacement.

(iii) Blood Service 'special reserve' records net income and expenditure relating to special activities of Blood Service, including fee-for-service activities.

(iv) The general reserve records funds set aside for unspecified future aid.

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

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | Notes | Tsunami Appeal<br>\$ '000 | International Projects<br>\$ '000 | Domestic Programs<br>\$ '000 | Total<br>\$ '000 |
|---|-------|---------------------------|-----------------------------------|------------------------------|------------------|
| <b>Note 17 – Specific Purpose Funds</b> |       |                           |                                   |                              |                  |
| <b>SOCIETY</b>                          |       |                           |                                   |                              |                  |
| Year ended 30 June 2008                 |       |                           |                                   |                              |                  |
| <b>Balance as at 1 July 2007</b>        |       | 47,438                    | 7,411                             | 5,636                        | 60,485           |
| Transfers from reserves                 | 16    | -                         | -                                 | 5,586                        | 5,586            |
| Transfers (to) / from accumulated funds |       | (21,671)                  | 15,111                            | 7,378                        | 818              |
| <b>Balance as at 30 June 2008</b>       |       | <b>25,767</b>             | <b>22,522</b>                     | <b>18,600</b>                | <b>66,889</b>    |
| Year ended 30 June 2009                 |       |                           |                                   |                              |                  |
| Transfers (to) / from accumulated funds |       | (11,531)                  | (7,847)                           | 1,436                        | (17,942)         |
| <b>Balance as at 30 June 2009</b>       |       | <b>14,236</b>             | <b>14,675</b>                     | <b>20,036</b>                | <b>48,947</b>    |
| <b>NON BLOOD HUMANITARIAN SERVICES</b>  |       |                           |                                   |                              |                  |
| Year ended 30 June 2008                 |       |                           |                                   |                              |                  |
| <b>Balance as at 1 July 2007</b>        |       | 47,438                    | 7,411                             | 5,636                        | 60,485           |
| Transfers from reserves                 | 16    | -                         | -                                 | 5,586                        | 5,586            |
| Transfers (to) / from accumulated funds |       | (21,671)                  | 15,111                            | 7,378                        | 818              |
| <b>Balance as at 30 June 2008</b>       |       | <b>25,767</b>             | <b>22,522</b>                     | <b>18,600</b>                | <b>66,889</b>    |
| Year ended 30 June 2009                 |       |                           |                                   |                              |                  |
| Transfers (to) / from accumulated funds |       | (11,531)                  | (7,847)                           | 1,436                        | (17,942)         |
| <b>Balance as at 30 June 2009</b>       |       | <b>14,236</b>             | <b>14,675</b>                     | <b>20,036</b>                | <b>48,947</b>    |

|  | Notes | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|-------|----------------|----------------|---------------------------------|----------------|
|  |       | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 18 – Accumulated Funds</b>                       |       |                |                |                                 |                |
| <b>Balance at beginning of financial year</b>            |       | 163,273        | 166,106        | 92,142                          | 107,983        |
| Deficit for the financial year                           |       | (7,434)        | (3,441)        | (40,968)                        | (15,539)       |
| Actuarial losses on defined benefit superannuation plans | 15    | (8,360)        | (2,049)        | (279)                           | (71)           |
| Transfers (to) / from specific purpose funds             | 17    | 17,942         | (818)          | 17,942                          | (818)          |
| Transfers (to) / from special reserve                    | 16    | (426)          | 2,888          | -                               | -              |
| Transfers from fair value reserve                        | 16    | -              | 587            | -                               | 587            |
| <b>Balance at end of financial year</b>                  |       | <b>164,995</b> | <b>163,273</b> | <b>68,837</b>                   | <b>92,142</b>  |

# Notes to the financial statements

for the financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                 |
|---|----------------|----------------|---------------------------------|-----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000  |
| <b>Note 19 – Reconciliation of Cash Flows Provided by Operating Activities</b>                    |                |                |                                 |                 |
| <b>19(a) Reconciliation of cash and cash equivalents</b>  |                |                |                                 |                 |
| Cash  | 20,750         | 37,052         | 20,063                          | 36,522          |
| Bank bills  | 61,170         | 34,232         | -                               | -               |
|   | <b>81,920</b>  | <b>71,284</b>  | <b>20,063</b>                   | <b>36,522</b>   |
| <b>19(b) Reconciliation of deficit for the period to net cash flows from operating activities</b> |                |                |                                 |                 |
| Net deficit   | (7,434)        | (3,441)        | (40,968)                        | (15,539)        |
| Depreciation of non-current assets  | 24,947         | 17,495         | 6,179                           | 4,693           |
| Impairment of non-current assets  | -              | 1,981          | -                               | -               |
| Impairment loss on fair value of available-for-sale investments                                   | 3,610          | 1,714          | 3,610                           | 1,714           |
| Impairment loss on fair value of held-to-maturity investments                                     | 2,391          | 2,164          | 2,391                           | 2,164           |
| Net foreign currency (gains) / losses   | 730            | (242)          | 150                             | (455)           |
| Net deficit on disposal of investments  | 1,781          | 255            | 1,781                           | 255             |
| Net surplus on disposal of property, plant & equipment  | (540)          | (231)          | (530)                           | (324)           |
| Interest income received and receivable   | (6,224)        | (8,083)        | (3,077)                         | (4,676)         |
| Dividends received and receivable   | (2,228)        | (3,115)        | (2,228)                         | (3,115)         |
| Non-monetary donations  | (375)          | -              | (375)                           | -               |
| <b>Changes in assets and liabilities:</b>   |                |                |                                 |                 |
| Decrease / (increase) in trade and other receivables  | (6,891)        | 7,417          | (8,904)                         | (1,246)         |
| Decrease / (increase) in inventory  | (10,084)       | 1,148          | (276)                           | (446)           |
| Increase / (decrease) in trade and other payables   | 6,087          | 18,256         | 2,172                           | 4,411           |
| Increase in provisions  | 6,541          | 5,171          | 790                             | 1,387           |
| (Increase) / decrease in prepayments  | 1,070          | (700)          | 1,070                           | (700)           |
| (Gain) / loss on defined benefit funds  | 79             | (11)           | (13)                            | 11              |
| <b>Net cash provided by / (used in) operating activities</b>                                      | <b>13,460</b>  | <b>39,778</b>  | <b>(38,228)</b>                 | <b>(11,866)</b> |

## Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|----------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 19 – Reconciliation of Cash Flows Provided by Operating Activities (Continued)</b> |                |                |                                 |                |
| <b>19(c) Financing facilities</b>  |                |                |                                 |                |
| <b>Secured bank overdraft facility:</b>  |                |                |                                 |                |
| amount used  | -              | -              | -                               | -              |
| amount unused  | 3,000          | 1,000          | 3,000                           | 1,000          |
|  | <b>3,000</b>   | <b>1,000</b>   | <b>3,000</b>                    | <b>1,000</b>   |
| <b>Secured bank loan facility:</b>   |                |                |                                 |                |
| amount used  | 18,000         | -              | 18,000                          | -              |
| amount unused  | 11,000         | -              | 11,000                          | -              |
|  | <b>29,000</b>  | <b>-</b>       | <b>29,000</b>                   | <b>-</b>       |
| <b>Secured leasing facility:</b>   |                |                |                                 |                |
| amount used  | 26,812         | 11,889         | -                               | -              |
| amount unused  | 5,188          | 20,111         | -                               | -              |
|  | <b>32,000</b>  | <b>32,000</b>  | <b>-</b>                        | <b>-</b>       |
| <b>Credit card facility:</b>   |                |                |                                 |                |
| amount used  | 981            | 786            | 171                             | -              |
| amount unused  | 2,019          | 1,214          | 829                             | -              |
|  | <b>3,000</b>   | <b>2,000</b>   | <b>1,000</b>                    | <b>-</b>       |

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 financial year ended 30 June 2009

|   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---|----------------|----------------|---------------------------------|----------------|
|   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 20 – Commitments</b>  |                |                |                                 |                |
| <b>(a) Capital Commitments</b>  |                |                |                                 |                |
| Commitments contracted for at balance date but not provided for in the financial statements are payable as follows: |                |                |                                 |                |
| Not longer than 1 year  | 119,752        | 11,992         | 335                             | 1,424          |
| Longer than 1 year and not longer than 5 years  | 99,783         | -              | -                               | -              |
|   | <b>219,535</b> | <b>11,992</b>  | <b>335</b>                      | <b>1,424</b>   |

Blood Service commitments for capital expenditure will be funded by the National Blood Authority (NBA) from the Capital Programme contained within the Deed of Agreement between Blood Service and NBA, with additional federal funding of \$120 million for the development of the Victoria and Tasmania principal sites. In the unlikely event the Deed of Agreement is not renewed, any future non-cancellable commitments will be covered by the NBA.

|  | Minimum future lease payments |                | Present value of minimum future lease payments |                |
|--|-------------------------------|----------------|--|----------------|
|  | 2009<br>\$'000                | 2008<br>\$'000 | 2009<br>\$'000                                 | 2008<br>\$'000 |
| <b>Note 21 – Leases</b>                        |                               |                |  |                |
| <b>SOCIETY</b>                                 |                               |                |  |                |
| <b>Finance lease liabilities</b>               |                               |                |  |                |
| Not later than 1 year                          | 3,565                         | 1,653          | 1,814  | 673            |
| Later than 1 year and not later than 5 years   | 14,210                        | 6,295          | 8,475  | 2,974          |
| Later than 5 years                             | 19,875                        | 10,716         | 16,523   | 8,242          |
| <b>Minimum future lease payments</b>           | <b>37,650</b>                 | <b>18,664</b>  | <b>26,812</b>                                  | <b>11,889</b>  |
| Less future finance charges                    | (10,838)                      | (6,775)        | -  | -              |
| <b>Present value of minimum lease payments</b> | <b>26,812</b>                 | <b>11,889</b>  | <b>26,812</b>                                  | <b>11,889</b>  |
| Included in financial statements as :          |                               |                |  |                |
| Current borrowings                             |                               |                | 1,814  | 673            |
| Non-current borrowings                         |                               |                | 24,998   | 11,216         |
|  |                               |                | <b>26,812</b>                                  | <b>11,889</b>  |

Blood Service leases various equipment and fit outs with a carrying value of \$28m (2007: \$29m) 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. These leases relate to:

**1) Equipment leases** - Blood Service leased one DNA analyser under finance lease, which expires July 2009. The carrying amount of the analysers is \$0.09m (2008: \$0.09m). On expiry of the leases, Blood Service will own the analyser.

**2) Property fit out lease at Kelvin Grove, Brisbane** - The fit out of the Kelvin Grove property was completed under a finance lease of \$32m with a financial institution. Blood Services drew down the first tranche of \$16m in 2007-08 with the second tranche of \$16m drawn down in 2008-09.

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 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 financial year ended 30 June 2009

|   | Minimum future lease payments |                | Present value of minimum future lease payments |                |
|---|-------------------------------|----------------|--|----------------|
|   | 2009<br>\$'000                | 2008<br>\$'000 | 2009<br>\$'000                                 | 2008<br>\$'000 |
| <b>Non-cancellable operating lease commitments</b>  |                               |                |  |                |
| Not longer than 1 year  | 18,432                        | 14,245         | 6,366  | 5,691          |
| Longer than 1 year and not longer than 5 years  | 65,252                        | 29,825         | 8,229  | 8,590          |
| Longer than 5 years   | 197,409                       | 40,902         | 2  | 132            |
|   | <b>281,093</b>                | <b>84,972</b>  | <b>14,597</b>                                  | <b>14,413</b>  |
| In respect of non-cancellable operating leases the following liabilities have been recognised : |                               |                |  |                |
| Non-cancellable operating lease receivables   |                               |                |  |                |
| Not longer than 1 year  | -                             | 29             | -  | 29             |
|   | <b>-</b>                      | <b>29</b>      | <b>-</b>                                       | <b>29</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 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.

### Note 22 – Contingent Liabilities

The potential for liabilities arising from litigation in relation to past transfusion-transmitted HIV (AIDS) is highly unlikely as a result of the implementation of indemnity arrangements. In the unlikely event of a claim not covered by the State and Territory arrangements, the Commonwealth, States and one Territory Government will indemnify the Society for any financial liability it may incur. Financial exposures after 1 July 2000 are indemnified through the National Managed Fund where they relate to transmission of blood-borne disease through transfusion subsequent to 1 July 2000.

Legal proceedings have continued against the Society arising out of contraction of Hepatitis C. The Society has denied liability in these proceedings. Financial exposure to claims for Hepatitis C up until 30 June 2000 are subject to commercial and Government indemnities and are dealt with under a variety of arrangements. Financial exposures arising since 1 July 2000 are indemnified through the National Managed Fund, where they relate to transmission of blood borne disease through transfusion subsequent to 1 July 2000.

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. The National Managed Fund has been established to meet any financial exposures that may be incurred from 1 July 2000 where the financial exposure arises as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000. State Governments and one Territory Government provide indemnity for blood-borne disease arising through such transmission occurring prior to 1 July 2000.

# Notes to the financial statements

for the financial year ended 30 June 2009

|  | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|----------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Note 23 – Financial Instruments</b>         |                |                |                                 |                |
| <b>(a) Categories of Financial instruments</b> |                |                |                                 |                |
| <b>Financial assets</b>                        |                |                |                                 |                |
| Cash and cash equivalents                      | 81,920         | 71,284         | 20,063                          | 36,522         |
| Trade and other receivables                    | 18,023         | 10,422         | 15,729                          | 7,332          |
| Available-for-sale financial assets            | 21,615         | 36,836         | 21,615                          | 36,836         |
| Held-to-maturity financial assets              | 23,650         | 28,187         | 23,650                          | 28,187         |
| <b>Financial liabilities</b>                   |                |                |                                 |                |
| Trade and other payables                       | 60,108         | 54,475         | 17,007                          | 15,439         |
| Interest bearing loans and borrowings          | 44,812         | 11,889         | 18,000                          | -              |
| Foreign currency contracts                     | 435            | -              | -                               | -              |

Australian Red Cross Society board considers the above carrying amounts of financial assets and financial liabilities to approximate their fair values.

## (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.

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.

## (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).

# Notes to the financial statements

for the financial year ended 30 June 2009

## Note 23 – Financial Instruments (Continued)

### (i) 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 profit and loss. 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 profit and loss'.

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

|                                   | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|-----------------------------------|----------------|----------------|---------------------------------|----------------|
|                                   | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Assets</b>                     |                |                |                                 |                |
| <b>Cash</b>                       |                |                |                                 |                |
| USD                               | 1,012          | 1,629          | 885                             | 929            |
| Euro                              | 1,305          | -              | -                               | -              |
| Swiss Franc                       | 1,392          | 6,130          | 1,392                           | 6,130          |
| Other                             | 574            | 1,933          | 574                             | 1,933          |
|                                   | <b>4,283</b>   | <b>9,692</b>   | <b>2,851</b>                    | <b>8,992</b>   |
| <b>Liabilities</b>                |                |                |                                 |                |
| <b>Forward exchange contracts</b> |                |                |                                 |                |
| Euro                              | 435            | -              | -                               | -              |



# Notes to the financial statements

for the financial year ended 30 June 2009

## Note 23 – Financial Instruments (Continued)

### 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.

|                       | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|-----------------------|----------------|----------------|---------------------------------|----------------|
|                       | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Profit or loss</b> |                |                |                                 |                |
| USD                   | 101            | 163            | 89                              | 93             |
| EURO                  | 370            | 239            | -                               | -              |
| Swiss Franc           | 139            | 613            | 139                             | 613            |
| <b>Other equity</b>   |                |                |                                 |                |
| USD                   | -              | -              | -                               | -              |
| EURO                  | -              | -              | -                               | -              |
| Swiss Franc           | -              | -              | -                               | -              |

The following table details the forward foreign currency contracts outstanding as at reporting date:

|                              | Average Exchange Rates |              | Foreign Currency |                | Contract Value |                | Fair Value     |                |
|------------------------------|------------------------|--------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                              | 2009<br>2009           | 2008<br>2008 | 2009<br>FC'000   | 2008<br>FC'000 | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000 | 2008<br>\$'000 |
| <b>Outstanding contracts</b> |                        |              |                  |                |                |                |                |                |
| <b>Buy EURO</b>              |                        |              |                  |                |                |                |                |                |
| More than 1 year             | 0.476                  | -            | 1,140            | -              | 2,392          | -              | 1,957          | -              |

### (ii) 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. Bank loan facilities are based on a variable interest rate.

# Notes to the financial statements

## for the financial year ended 30 June 2009

### Note 23 – Financial Instruments (Continued)

#### 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 | + 50 basis points   | + 50 basis points |
|--|-----------------|---------------------|-------------------|---------------------|-------------------|
|  | Carrying amount | Surplus / (deficit) | Equity            | Surplus / (deficit) | Equity            |
|  | \$'000          | \$'000              | \$'000            | \$'000              | \$'000            |
| <b>SOCIETY</b>                         |                 |                     |                   |                     |                   |
| <b>Financial assets</b>                |                 |                     |                   |                     |                   |
| Cash and cash equivalents              | 81,920          | (344)               | (344)             | 344                 | 344               |
| Held-to-maturity investments           | 23,650          | (200)               | (200)             | 200                 | 200               |
| Available-for-sale investment          | 21,615          | (75)                | (75)              | 75                  | 75                |
| <b>Financial Liabilities</b>           |                 |                     |                   |                     |                   |
| Bank loans                             | 18,000          | 24                  | 24                | (24)                | (24)              |
| <b>Total increase/(decrease)</b>       |                 | <b>(595)</b>        | <b>(595)</b>      | <b>595</b>          | <b>595</b>        |
| <b>NON BLOOD HUMANITARIAN SERVICES</b> |                 |                     |                   |                     |                   |
| <b>Financial assets</b>                |                 |                     |                   |                     |                   |
| Cash and cash equivalents              | 20,063          | (106)               | (106)             | 106                 | 106               |
| Held-to-maturity investments           | 23,650          | (200)               | (200)             | 200                 | 200               |
| Available-for-sale investment          | 21,615          | (75)                | (75)              | 75                  | 75                |
| <b>Financial Liabilities</b>           |                 |                     |                   |                     |                   |
| Bank loans                             | 18,000          | 24                  | 24                | (24)                | (24)              |
| <b>Total increase/(decrease)</b>       |                 | <b>(357)</b>        | <b>(357)</b>      | <b>357</b>          | <b>357</b>        |

Sensitivity analysis does not apply to finance leases as they are fixed for the term of the lease.

#### (iii) 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% p.a. higher / (lower), the net result for the year ended 30th June 2009 would have increased / (decreased) \$870,000 as a result of changes in the fair value of the available-for-sale equities.

#### (d) Credit risk management

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

# Notes to the financial statements

for the financial year ended 30 June 2009

## Note 23 – Financial Instruments (Continued)

### (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<br>% | Less than 1 month<br>\$'000 | 1-3 months<br>\$'000 | 3 months to 1 year<br>\$'000 | 1 Year to 5 Years<br>\$'000 | 5 + years<br>\$'000 |
|--|---|-----------------------------|----------------------|------------------------------|-----------------------------|---------------------|
| <b>SOCIETY</b>                         |   |                             |                      |                              |                             |                     |
| <b>Year ended 30 June 2009</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 60,359                      | -                    | -                            | -                           | -                   |
| Finance lease liability                | 7.02%   | 388                         | 707                  | 2,470                        | 14,210                      | 19,875              |
| Bank loan liability                    | 4.52%   | -                           | -                    | 5,000                        | 13,000                      | -                   |
|  |   | <b>60,747</b>               | <b>707</b>           | <b>7,470</b>                 | <b>27,210</b>               | <b>19,875</b>       |
| <b>Year ended 30 June 2008</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 55,286                      | -                    | -                            | -                           | -                   |
| Finance lease liability                | 8.48%   | 143                         | 412                  | 1,098                        | 6,295                       | 10,716              |
| Bank loan liability                    |   | -                           | -                    | -                            | -                           | -                   |
|  |   | <b>55,429</b>               | <b>412</b>           | <b>1,098</b>                 | <b>6,295</b>                | <b>10,716</b>       |
| <b>NON BLOOD HUMANITARIAN SERVICES</b> |   |                             |                      |                              |                             |                     |
| <b>Year ended 30 June 2009</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 17,007                      | -                    | -                            | -                           | -                   |
| Finance lease liability                |   | -                           | -                    | -                            | -                           | -                   |
| Bank loan liability                    | 4.52%   | -                           | -                    | 5,000                        | 13,000                      | -                   |
|  |   | <b>17,007</b>               | <b>-</b>             | <b>5,000</b>                 | <b>13,000</b>               | <b>-</b>            |
| <b>Year ended 30 June 2008</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 15,439                      | -                    | -                            | -                           | -                   |
| Finance lease liability                |   | -                           | -                    | -                            | -                           | -                   |
| Bank loan liability                    |   | -                           | -                    | -                            | -                           | -                   |
|  |   | <b>15,439</b>               | <b>-</b>             | <b>-</b>                     | <b>-</b>                    | <b>-</b>            |

# Notes to the financial statements

for the financial year ended 30 June 2009

## Note 23 – Financial Instruments (Continued)

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<br>% | Less than 1 month<br>\$'000 | 1-3 months<br>\$'000 | 3 months to 1 year<br>\$'000 | 1 Year to 5 Years<br>\$'000 | 5 + years<br>\$'000 |
|--|---|-----------------------------|----------------------|------------------------------|-----------------------------|---------------------|
| <b>SOCIETY</b>                         |   |                             |                      |                              |                             |                     |
| <b>Year ended 30 June 2009</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 23,138                      | 12,275               | -                            | -                           | -                   |
| Variable interest rate instruments     | 3.94%   | 25,456                      | -                    | 417                          | 23,147                      | -                   |
| Fixed interest rate instruments        | 5.29%   | -                           | 59,738               | -                            | 1,037                       | -                   |
|  |   | <b>48,594</b>               | <b>72,013</b>        | <b>417</b>                   | <b>24,184</b>               | <b>-</b>            |
| <b>Year ended 30 June 2008</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 34,670                      | 5,385                | -                            | -                           | -                   |
| Variable interest rate instruments     | 6.55%   | 41,605                      | -                    | 9,016                        | 25,923                      | -                   |
| Fixed interest rate instruments        | 7.76%   | -                           | 29,679               | -                            | 451                         | -                   |
|  |   | <b>76,275</b>               | <b>35,064</b>        | <b>9,016</b>                 | <b>26,374</b>               | <b>-</b>            |
| <b>NON BLOOD HUMANITARIAN SERVICES</b> |   |                             |                      |                              |                             |                     |
| <b>Year ended 30 June 2009</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 20,844                      | 12,275               | -                            | -                           | -                   |
| Variable interest rate instruments     | 3.95%   | 23,337                      | -                    | 417                          | 23,147                      | -                   |
| Fixed interest rate instruments        | 5.68%   | -                           | -                    | -                            | 1,037                       | -                   |
|  |   | <b>44,181</b>               | <b>12,275</b>        | <b>417</b>                   | <b>24,184</b>               | <b>-</b>            |
| <b>Year ended 30 June 2008</b>         |   |                             |                      |                              |                             |                     |
| Non-interest bearing                   |   | 31,580                      | 5,385                | -                            | -                           | -                   |
| Variable interest rate instruments     | 6.50%   | 36,522                      | -                    | 9,016                        | 25,923                      | -                   |
| Fixed interest rate instruments        | 6.50%   | -                           | -                    | -                            | 451                         | -                   |
|  |   | <b>68,102</b>               | <b>5,385</b>         | <b>9,016</b>                 | <b>26,374</b>               | <b>-</b>            |

# Notes to the financial statements

## for the financial year ended 30 June 2009

### Note 24 – Events After Balance Sheet Date

Blood Service has a need to relocate some of its principal facilities for processing and testing to continue to accommodate the code of Good Manufacturing Practice (cGMP) and meet health and safety standards. The estimated costs of these relocations are included in Commitments note 20 (a). The fit-out costs associated with these facilities are expected to be funded by commercial finance lease arrangements, with the annual costs being included in additional future Commonwealth Government funding provided to Blood Service.

**(i) The New South Wales and ACT principal site (NAPS)**

Blood Service is preparing to amalgamate and upgrade the principal facilities currently located in Sydney, Parramatta, Newcastle and Canberra. Blood Service has issued a request for proposal to the market for development submissions and the facility is planned to be in operation by June 2010.

**(ii) Victoria and Tasmania principal site (VTPS)**

Blood Service is in discussions with governments in relation to relocating facilities currently at its Southbank. The Commonwealth Government has committed \$120m to assist in the purchase of an appropriate site and building.

### Note 25 – Economic Dependency

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

### Note 26 – Key Management Personnel

Blood Service Board comprises paid external Board Members sourced from a diverse range of medical and business disciplines. 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.

#### Board members

##### AUSTRALIAN RED CROSS SOCIETY

Mr Greg Vickery AM (Chairman)  
Mr Michael Legge (Vice Chairman)  
Mr Ross Pinney  
Mr John Fries  
Mr Alan Clayton  
The Hon Dr David Hamill AM  
Mr Ian Anson  
Ms Kaye Hogan AM PSM (to November 2008)  
Ms Pam Simmons (to November 2008)  
Mr Michael Howarth  
Ms Kate Carnell AO  
Mr Vinay Menon  
Mr Devendra Patel  
Mr John Hood  
Ms Lauren Nelson (from November 2008)  
Mr Paul Shinkfield (from November 2008)  
Ms Sue Vardon AO (from April 2009)  
Ms Lowitja O'Donoghue AM CBE (July 2008 only)

##### BLOOD SERVICE

The Hon Dr David Hamill (Chairman) AM  
Ms Jennifer Williams (Chief Executive Officer from April 2009)  
Dr Robert Hetzel (Chief Executive Officer to March 2009)  
Mr Graham Addison  
Dr Marianne Broadbent (to September 2008)  
Mr Andrew Eddy  
Dr Anne Fletcher  
Ms Kelly Jones (from June 2009)  
Dr David Graham  
Professor James Isbister  
Mr Michael Legge  
Mr John O'Connor  
Mr James Swinden

# Notes to the financial statements

for the financial year ended 30 June 2009

|                                  | SOCIETY        |                |
|----------------------------------|----------------|----------------|
|                                  | 2009<br>\$'000 | 2008<br>\$'000 |
| <b>Board member remuneration</b> |                |                |
| \$0                              | 16             | 17             |
| Less than \$10,000               | 2*             | 1              |
| \$20,000 to \$29,999             | 1              | -              |
| \$40,000 to \$49,999             | 2              | 5              |
| \$50,000 to \$59,999             | 5              | 5              |
| \$100,000 to \$109,999           | 1              | 1              |
| \$140,000 to \$149,999           | 1              | -              |
| \$450,000 to \$489,999           | 1*             | 1              |

\* Includes part year payments

Remuneration figures are gross salary plus superannuation

## Key management personnel of the Society by division

### NON BLOOD HUMANITARIAN SERVICES

Mr Robert Tickner Chief Executive Officer  
 Mr John O'Connor Chief Financial Officer  
 Mr Michael Raper Director Services and International Operations  
 Ms Jennifer Gibb National Director Marketing, Fundraising and Communications  
 Mr David Ham Director Strategy, Planning and Research  
 Mr Chris Steinfort Director People and Learning  
 Ms Kerry Symons Executive Director, South Australia  
 Ms Di Jay Executive Director, Australia's Capital Territory  
 Mr Paul Csoban Executive Director, Australian Capital Territory (to January 2009)  
 Ms Sharon Mulholland Executive Director, Northern Territory  
 Dr Ian Burke Executive Director, Tasmania  
 Mr Greg Goebel Executive Director, Queensland  
 Mr Andrew Hilton Executive Director, Victoria  
 Mr Steve Joske Executive Director, Western Australia  
 Mr Lewis Kaplan Executive Director, New South Wales

### BLOOD SERVICE

Mr John Coates Chief Financial Officer  
 Dr Joanne Pink Chief Medical Officer  
 Mr Greg Embleton Chief Information Officer  
 Ms Anne Heyes Executive Director, Human Relations  
 Dr Philippa Hetzel Executive Director, Operations  
 Mr David Irving Executive Director, Research and Business Development  
 Mr Joel Reachard Executive Director, Government and International Relations  
 Ms Janine Wilson Executive Director, Strategic Projects (maternity leave)  
 Dr Sally Thomas International Services Manager  
 Excludes Chief Executive Officer who is listed above under the heading board members.

## Notes to the financial statements

for the financial year ended 30 June 2009

|                                       | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|---------------------------------------|----------------|----------------|---------------------------------|----------------|
|                                       | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Other key management personnel</b> |                |                |                                 |                |
| \$ 40,000 to \$ 49,999                | 1*             | -              | 1*                              | -              |
| \$ 60,000 to \$ 69,999                | -              | 1*             | -                               | 1*             |
| \$130,000 to \$139,999                | 1#             | 1#             | 1#                              | 1#             |
| \$140,000 to \$149,999                | 3*             | -              | 2*                              | -              |
| \$150,000 to \$159,999                | 1              | -              | 1                               | -              |
| \$160,000 to \$169,999                | -              | 2              | -                               | 2              |
| \$170,000 to \$179,999                | 2*             | -              | 2*                              | -              |
| \$180,000 to \$189,999                | 2              | 2              | 2                               | 2              |
| \$190,000 to \$199,999                | 2              | 1              | 2                               | 1              |
| \$200,000 to \$209,999                | -              | 2              | -                               | 1              |
| \$210,000 to \$219,999                | 1              | 1              | 1                               | 1              |
| \$220,000 to \$229,999                | 1              | 1              | -                               | -              |
| \$230,000 to \$239,999                | -              | 2              | -                               | 2              |
| \$240,000 to \$249,999                | 1              | 3              | 1                               | -              |
| \$250,000 to \$259,999                | 2              | 2              | -                               | -              |
| \$270,000 to \$279,999                | -              | 1              | -                               | 1              |
| \$280,000 to \$289,999                | 3              | 1              | -                               | -              |
| \$290,000 to \$299,999                | 1              | -              | 1                               | -              |
| \$300,000 to \$309,999                | -              | 1              | -                               | -              |
| \$310,000 to \$319,999                | 1              | 1#             | 1                               | 1#             |
| \$340,000 to \$349,999                | 1              | 1              | -                               | -              |
| \$360,000 to \$369,000                | 1              | -              | -                               | -              |

\* Includes part year payments

# Includes part year and termination payments

Remuneration figures are gross salary plus superannuation

# Notes to the financial statements

## for the financial year ended 30 June 2009

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

|  | Short term                  |  | Long term                    |                 |
|--|-----------------------------|--|------------------------------|-----------------|
|  | Salaries and fees<br>\$'000 | Superannuation contributions<br>\$'000 | Long service leave<br>\$'000 | Total<br>\$'000 |
| <b>SOCIETY</b>                         |                             |  |                              |                 |
| <b>Year ended 30 June 2009</b>         |                             |  |                              |                 |
| Total compensation                     | 6,142                       | 455                                    | 1,142                        | 7,740           |
| <b>Year ended 30 June 2008</b>         |                             |  |                              |                 |
| Total compensation                     | 5,747                       | 414                                    | 904                          | 7,065           |
| <b>NON BLOOD HUMANITARIAN SERVICES</b> |                             |  |                              |                 |
| <b>Year ended 30 June 2009</b>         |                             |  |                              |                 |
| Total compensation                     | 2,645                       | 187                                    | 210                          | 3,043           |
| <b>Year ended 30 June 2008</b>         |                             |  |                              |                 |
| Total compensation                     | 2,419                       | 152                                    | 157                          | 2,728           |

### Note 27 – Auditors' Remuneration

|  | SOCIETY        |                | NON BLOOD HUMANITARIAN SERVICES |                |
|--|----------------|----------------|---------------------------------|----------------|
|  | 2009<br>\$'000 | 2008<br>\$'000 | 2009<br>\$'000                  | 2008<br>\$'000 |
| <b>Auditor of Australian Red Cross</b>                     |                |                |                                 |                |
| Audit of the financial report                              | 290            | 275            | 206                             | 200            |
| Audit of acquittals in relation to specific purpose grants | 89             | 84             | 89                              | 84             |
| Other non audit services; risk services and IT consulting  | 91             | 238            | 66                              | 228            |
|  | <b>470</b>     | <b>597</b>     | <b>361</b>                      | <b>512</b>     |

### Note 28 – Related Party Disclosures

#### (a) Board members

The Board Members are disclosed in note 26. 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 would be to the advantage of the Society.

#### (b) Wholly-combined group

In states and territories where Blood Service is located on Australian Red Cross premises, there are contractual arrangements between the respective operating units of Blood Service and Australian Red Cross state / territory division for the sharing of facilities and outgoings. The payments to Australian Red Cross state / territory Divisions under this arrangement totalled \$2.881m (2008: \$2.611m). The effect of the above transactions has been eliminated in full in the financial statements and supporting notes.

#### (c) Other related parties

Divisions actively solicit support and assistance of their volunteers and acquire goods and services from commercial enterprises of which some members are servants or may have a beneficial interest. The Society believes that the terms and conditions of these transactions are favourable to the Society.



# Supplement

## 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 statements for this year.

The information contained in this supplement should be read in conjunction with the financial statements and accompanying notes on pages 5 to 48.

## Income Statement

### for the financial year ended 30 June 2009 (Statement of Financial Performance)

|   | SOCIETY          |                |
|---|------------------|----------------|
|   | 2009<br>\$'000   | 2008<br>\$'000 |
| <b>REVENUE</b>  |                  |                |
| Donations and gifts - monetary & non-monetary*                                    | 401,445          | 44,159         |
| Legacies and bequests   | 13,431           | 11,331         |
| Grants  |                  |                |
| • AusAID  | 17,988           | 24,189         |
| • other Australian  | 527,986          | 447,059        |
| • other overseas  | 288              | 847            |
| Investment income   | 11,750           | 16,013         |
| Other income  | 54,623           | 50,025         |
| <b>Total revenue</b>  | <b>1,027,511</b> | <b>593,623</b> |
| <b>EXPENSES</b>   |                  |                |
| Overseas projects   |                  |                |
| • funds to overseas projects  | 40,932           | 46,089         |
| • other project costs   | 8,574            | 5,882          |
| Domestic projects   | 903,018          | 472,676        |
| Community education   | 1,008            | 1,006          |
| Fundraising costs   |                  |                |
| • public  | 15,526           | 16,483         |
| • government, multilateral and private  | 1,037            | 882            |
| Retail activities   | 32,791           | 29,295         |
| Administration  | 32,059           | 24,751         |
| <b>Total expenses</b>   | <b>1,034,945</b> | <b>597,064</b> |
| <b>Excess of revenue over expenses (shortfall)<br/>from continuing operations</b> | <b>(7,434)</b>   | <b>(3,441)</b> |

\*During the financial year nil (2008: nil) was recorded as non-monetary donations and gifts.

## Supplement

### Complying with ACFID Code of Conduct

## Table of Cash Movements for Designated Purposes for the financial year ended 30 June 2009

|                               | Cash available<br>at beginning<br>of year | Cash raised<br>during year | Cash disbursed<br>during year | Cash available<br>at end of year |
|-------------------------------|---|----------------------------|-------------------------------|----------------------------------|
| <b>Designated Purpose:</b>    |   |                            |                               |                                  |
| Asia Quake and Tsunami Appeal | 2,199                                     | 12,652                     | (14,357)                      | 494                              |
| Victorian Bushfire Appeal     | -   | 373,142                    | (371,964)                     | 1,178                            |
| Total for other purposes      | 69,085                                    | 743,294                    | (732,131)                     | 80,248                           |
| <b>TOTAL</b>                  | <b>71,284</b>                             | <b>1,129,088</b>           | <b>(1,118,452)</b>            | <b>81,920</b>                    |

Working capital for Asia Quake and Tsunamis Appeal is held in cash and cash equivalents and residual funds are held in financial assets.

Victorian Bushfire Appeal funds are held in cash and are transferred by Australian Red Cross Society daily into the 2009 Victorian Bushfire Appeal Fund Trust Account maintained by the Victorian Department of Human Services (refer note 3(b)).

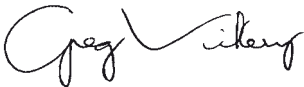
# Board Members' Declaration

**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 compliance with accounting standards and give a true and fair view of 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 respect.

Signed in accordance with a resolution of the Board.

On behalf of the Board



**Greg Vickery**  
Chairman of the Board

Melbourne  
29th October 2009

## 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 balance sheet as at 30 June 2009, and the income statement, cash flow statement, statement of recognised income and expense, and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Board Member's declaration as set out on pages 5 to 51.

The financial report of the Australian Red Cross Society includes for disclosure purposes the separate disclosure of Non Blood Humanitarian Services, an operating division of the Australian Red Cross Society, as detailed in Note 2 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 in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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. These Auditing 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.

### Auditor's Independence Declaration

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

### Auditor's 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 2009, and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).



**DELOITTE TOUCHE TOHMATSU**



**Rachel Smith**  
Partner  
Chartered Accountants

Melbourne  
29 October 2009



**the  
power of  
humanity**



**Australian Red Cross**  
THE POWER OF HUMANITY