



Australian Red Cross

Financials

2014/2015



the power of humanity





Australian Red Cross/Susan Cullinan

Jessica is happy now that she's found stable housing with her partner and beautiful dogs. She received support from Red Cross worker George Kozaczynski and says it's great to have "someone who cares".



Michael Duff/IFRC

Australian Red Cross continues to run the Syria Crisis Appeal, raising funds to provide aid for people caught up in a conflict that has lasted more than four years. The Red Cross Red Crescent Movement is helping more than 3.5 million Syrians in practical, life-saving ways.

Contents

Introduction to financial statements	2
Statement of profit or loss and other comprehensive income.....	3
Statement of financial position	4
Statement of cash flows	5
Statement of changes in equity.....	5
Notes to the financial statements	6
Board members' declaration	44
Financial Statements in accordance with the ACFID Code of Conduct.....	45
Independence declaration.....	50
Independent auditor's report.....	51
How you can help.....	52

About Australian Red Cross

As one of 189 National Societies in the International Red Cross and Red Crescent Movement, we are part of the world's largest humanitarian organisation.

For 100 years our aim has been to reduce human suffering and improve people's lives, no matter who they are or where they live. We are a voluntary organisation that is independent of government and holds no political, religious or cultural affiliations.

The Australian Red Cross Blood Service is a division of Australian Red Cross and is funded entirely by the governments of Australia. It plays a central role in the health systems of our nation.

More information on Australian Red Cross and our work over the 2014/2015 financial year can be found in *A year in review 2014/2015*, our main annual reporting publication. View the report online at redcross.org.au/annualreport_2015 or contact us at publications@redcross.org.au to order a printed copy.

We acknowledge the Traditional Owners of the land on which we live and work, and pay our respects to First People and their Elders of the past, present and future. This document may contain the names and/or images of Aboriginal and Torres Strait Islander peoples now deceased.



Australian Red Cross/Greg Goebel

Red Cross people proudly formed a human emblem during our Centenary celebrations in Brisbane.

Introduction to financial statements

We are pleased to present the audited financial statements for the 12 months to 30 June 2015.

These Financial Statements report on the operations of the Australian Red Cross Society (Red Cross), which incorporates both Humanitarian Services and the Australian Red Cross Blood Service (the Blood Service). We have aimed to provide transparent, reliable information that demonstrates our responsible stewardship of funds contributed by donors and governments, and confirms our compliance with appropriate regulatory and legislative requirements.

Overview

In this, our Centenary year, we celebrated the great Australian story of a century of people helping people.

During the year our volunteers and staff continued to work tirelessly to support those affected domestically by summer bushfires, cyclones and floods. We raised over \$7 million and \$12 million to provide relief after Cyclone Pam and the Nepal earthquake respectively. These monies were used for various activities in helping with the enormous task of re-building communities.

This year also marked the end of the five-year strategy (Strategy 2015) that has guided our work since 2010.

The priorities established under this strategy will continue for the next five years under our new organisation strategy, focusing on being a strong, innovative and accountable organisation.

Our current year's financial results show a net deficit of \$8.7 million, \$8.6 million of which is from the Blood Service, and \$0.1 million from Humanitarian Services. This is a decline from last year's surplus of \$28 million. The significant decrease in the Blood Service surplus is attributed to forgoing capital funding of approximately \$20 million, while the decrease in the Humanitarian Services result is attributed to a reduction in government funding for our work in programs for people seeking asylum and costs associated with our IT transformation.

Red Cross continues to fund the majority of its services and programs through strategically sought government funds. Government funding remained our main source for revenue and stood at 82% of our total gross revenue. This funding primarily supports our programs for people seeking asylum and the operations of the Blood Service.

In addition to our work in disasters and emergencies and with asylum seekers, other everyday work with communities continued unabated. Support from the Australian community continues to grow year-on-year, to a total of \$107 million, including appeal monies in excess of \$21 million. Our regular monthly giving program and bequests contributed \$55.3 million, which accounts for almost 65% of donation income for everyday (non-disaster appeal) work.

The Blood Service Main Operating Program reported a surplus of \$5.3 million, in line with the output funding arrangements. This surplus is net of a \$28.2 million provision for return to the National Blood Authority.

Statement of Financial Position (Balance sheet)

As an organisation, we continue our keen focus on ensuring long-term financial sustainability.

Our balance sheet remains strong and stable over the last financial year despite being impacted by the reduction in government funding for our work in programs for people seeking asylum.

The reduction in government funding for our asylum seeker programs has significantly affected our cash, receivable and payable balances but the organisation has displayed agility in responding to the change and maintained its positive net position.

The Blood Service moved the management of some of its cash to an investment portfolio with an investment manager along similar lines to Humanitarian Services.

The specific purpose funds increased in value by \$4.4 million during the financial year. These funds are income from grants received by Humanitarian Services for future use that have not yet been spent. The increase in specific purpose funds is due largely to funds received in the last quarter of the financial year, a significant portion of which were carried forward into the following financial year.

Acknowledgements

We take this opportunity to again thank our donors, members, volunteers, staff and supporters for their significant commitment and dedication to Red Cross, particularly in our Centenary year. This enables us to continue to deliver our programs and services to vulnerable people and communities. This critical human element, along with in-kind donations and pro bono support, is not reflected in the financial statements but is vital in making our work possible. We also thank the volunteer members of the Board, Committees of the Board and Divisional Advisory Boards for their expertise, dedication and support. Together we all bring the power of humanity to life.



Jennifer Williams
Chief Executive Officer



Sandhya Chakravarty
Chief Financial Officer

Melbourne, 31 October 2015

Statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
REVENUE			
Government grants	3(a)	793,747	936,935
Non-government grants	3(b)	3,474	5,108
Revenue from the sale of goods		24,460	25,120
Revenue from the rendering of services	3(c)	15,334	15,555
Donations, bequests and sponsorships	3(d)	106,793	97,638
Investment revenue	4(a)	12,093	12,879
Other revenue	4(b)	11,221	12,043
Net Gains on disposal of non-current assets	5	-	3,405
Total revenue		967,122	1,108,683
EXPENDITURE			
Employee expenditure	6	(485,168)	(527,695)
Cost of services, sale of goods and consumables	6	(106,289)	(111,893)
Depreciation and amortisation	6	(61,048)	(51,550)
Interest and debt servicing costs	6	(7,247)	(7,611)
Net Losses on disposal of non-current assets	5	(5,267)	-
Other expenditure	6	(310,845)	(381,896)
Total expenditure		(975,864)	(1,080,645)
NET (DEFICIT)/SURPLUS FOR THE YEAR		(8,742)	28,038
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on retirement benefit obligations	17	5,664	220
Items that may be reclassified subsequently to profit or loss			
Net loss arising on investment revaluation	18	(1,232)	(797)
Other comprehensive income/(deficit) for the year		4,432	(577)
TOTAL COMPREHENSIVE (DEFICIT)/INCOME FOR THE YEAR		(4,310)	27,461

The accompanying notes on pages 6-44 form part of these financial statements.

Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	21(a)	241,140	386,579
Trade and other receivables	7	26,616	41,140
Inventories	8	19,838	20,940
Other financial assets	9	73,108	13,465
Other	10	10,073	8,722
Total Current Assets		370,775	470,846
Non-Current Assets			
Other financial assets	9	-	3,044
Property, plant and equipment	11(a), 11(b)	388,613	401,255
Intangible assets	12	41,499	43,635
Total Non-Current Assets		430,112	447,934
TOTAL ASSETS		800,887	918,780
LIABILITIES			
Current Liabilities			
Trade and other payables	13	58,154	178,397
Borrowings	14	20,582	9,193
Provisions	15	69,358	67,016
Other	16	96,434	87,059
Total Current Liabilities		244,528	341,665
Non-Current Liabilities			
Borrowings	14	60,523	70,474
Provisions	15	17,553	18,835
Defined benefit superannuation plans	17	1,698	6,768
Other	16	3,360	3,503
Total Non-Current Liabilities		83,134	99,580
TOTAL LIABILITIES		327,662	441,245
NET ASSETS		473,225	477,535
Equity			
Reserves	18	111,202	126,055
Specific purpose funds	19	51,958	47,515
Accumulated funds	20	310,065	303,965
TOTAL EQUITY		473,225	477,535

The accompanying notes on pages 6-44 form part of these financial statements.

Statement of Cash Flows

for the financial year ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors, government and other sources		934,578	1,149,270
Payments to suppliers and employees		(976,711)	(1,051,405)
Interest and other costs of finance paid		(7,247)	(7,611)
Net cash (used in)/provided by operating activities	21(b)	(49,380)	90,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and Intangibles		(53,434)	(69,217)
Proceeds from disposal of property, plant and equipment		444	1,049
Net (payments)/proceeds on sale/purchase of investment securities		(56,091)	29,734
Dividends received		1,044	843
Interest received		10,627	11,800
Net cash used in investing activities		(97,410)	(25,791)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		10,461	-
Repayment of borrowings		(12,809)	(9,011)
Net cash used in financing activities		(2,348)	(9,011)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(149,138)	55,452
Cash and cash equivalents at the beginning of the financial year		386,579	331,141
Effects of exchange rate changes on the balance of cash held in foreign currencies		(87)	(14)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21(a)	237,354	386,579

The accompanying notes on pages 6-44 form part of these financial statements.

Statement of changes in equity

for the financial year ended 30 June 2015

	Notes	Humanitarian Services			Blood Service				Total
		Accumulated funds	Specific purpose funds	Investment revaluation reserve	Accumulated funds	Special reserve	Capital reserve	Investment revaluation reserve	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YEAR ENDED 30 JUNE 2014									
Balance as at 1 July 2013		83,965	60,550	4,012	191,337	55,078	55,132	-	450,074
Surplus for the year	20	2,135	-	-	25,903	-	-	-	28,038
Other comprehensive income/(deficit) for the year	18, 20	(4)	-	(797)	224	-	-	-	(577)
Transfers to/(from) specific purpose funds	19, 20	13,035	(13,035)	-	-	-	-	-	-
Transfers to/(from) other reserves	18, 20	-	-	-	(12,630)	2,895	9,735	-	-
Balance as at 30 June 2014		99,131	47,515	3,215	204,834	57,973	64,867	-	477,535
YEAR ENDED 30 JUNE 2015									
Deficit for the year	20	(107)	-	-	(8,635)	-	-	-	(8,742)
Other comprehensive income/(deficit) for the year	18, 20	-	-	(894)	5,664	-	-	(338)	4,432
Transfers to/(from) specific purpose funds	19, 20	(4,443)	4,443	-	-	-	-	-	-
Transfers to/(from) other reserves	18, 20	-	-	-	13,621	723	(14,344)	-	-
Balance as at 30 June 2015		94,581	51,958	2,321	215,484	58,696	50,523	(338)	473,225

The accompanying notes on pages 6-44 form part of these financial statements.

The accumulated funds balances for both Humanitarian Services and Blood Service include eliminations of intercompany transactions amounting to \$3,700 thousand (FY14: \$2,400 thousand).

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 1 PRINCIPAL ACTIVITIES AND REGISTERED OFFICE IN AUSTRALIA

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

Australian Red Cross Society is an organisation incorporated by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies. Australian Red Cross Society operates as two key divisions being Humanitarian Services, providing relief in times of crisis and care for the most vulnerable in Australia and around the world, and the Australian Red Cross Blood Service (Blood Service), providing quality blood products, tissues and related services for the benefit of the community.

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

Australian Red Cross Society

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

The Humanitarian Services' head office is at 155 Pelham St, Carlton, Victoria and it maintains approximately 400 locations, encompassing retail store locations and an office in each of the capital cities of all states and territories. The delivery of Humanitarian Services is funded principally through government grants, public donations (in particular regular monthly giving and bequest gifts from generous Australians in their wills) and approved corporate/private donors. Humanitarian Services work is defined according to seven key priority areas: Aboriginal and Torres Strait Islander programs, disaster & emergency services, international aid & development, international humanitarian law, migrant support services, social inclusion and communities in areas of locational disadvantage. A network of 20,555 members support fundraising and advocacy efforts and provide an important additional oversight to the organisation. There are more than 21,000 volunteers who also play a critical role in assisting us to deliver services to those most in need.

The Blood Service's head office is at 417 St Kilda Road, Melbourne, Victoria and it maintains offices in the capital cities of all states and territories. The Blood Service operates four main processing and

testing facilities plus a network of collection centres in metropolitan and regional areas across Australia. The Blood Service is funded for this activity by the Commonwealth, State and Territory governments under a Deed of Agreement (Deed) which is administered by the National Blood Authority (NBA). In the event that the Blood Service ceases to perform these services under the deed, the deed funded net assets of the Blood Service would be transferred to the National Blood Authority for no consideration. The financial statements of the Australian Red Cross Society, inclusive of the Australian Red Cross Blood Service have been prepared on the basis of the continuation of operations under the deed. As the Blood Service division of the Australian Red Cross Society is run independently from the Humanitarian Services division, any cessation of services under the deed is not anticipated to adversely impact the operations of the remainder of the Society.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations, and complies with other requirements of the law and the Australian Charities and Not-for-profit Commission Act 2012.

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

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

The financial report of Australian Red Cross Society for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Board on 31 October 2015.

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

2.1 Application of new and revised Accounting Standards

2.1 Amendments to AASBs and Interpretations that are mandatorily effective for the current year

In the current year, the Society has applied a number of amendments to AASBs and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014 and therefore relevant for the current year end.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	<p>The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.</p> <p>The amendments have been applied retrospectively. The Society has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the financial statements.</p>
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	<p>The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.</p> <p>The application of these amendments does not have any material impact on the financial statements.</p>

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<p>AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)</p>	<p>The Annual Improvements 2010-2012 has made a number of Amendments to various AASBs, which are summarised below.</p> <ul style="list-style-type: none"> The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. <p>The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below.</p> <ul style="list-style-type: none"> The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132. The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether: <ul style="list-style-type: none"> » The property meets the definition of investment property in terms of AASB 140; and the transaction meets the definition of a business combination under AASB 3. The application of these amendments does not have any material impact on the financial statements. <p>The application of these amendments does not have any material impact on the financial statements.</p>
<p>AASB 2014-1 'Amendments to Australian Accounting Standards' (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119)</p>	<p>The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.</p> <p>The application of these amendments to AASB 119 does not have any material impact on the financial statements.</p>
<p>AASB 1031 'Materiality', AASB 2013-9 Amendments to Australian Standards – Conceptual Framework, Materiality Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)</p>	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of this amending standard does not have any material impact on the financial statements.</p>

2.2 Standards and Interpretations issued not yet effective

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
Disclosure Initiatives (Amendments to IAS)	1 July 2016	30 June 2017

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

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Society takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs are unobservable inputs for the asset or liability.

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

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

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

(a) Foreign currency

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

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at reporting date. All foreign currency differences in the financial report are taken to profit or loss.

Derivative financial instruments

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

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is

designated and effective as a hedging instrument, in which event, the timing and recognition in other comprehensive income depends on the nature of the hedge relationship.

(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. The entity is also registered as a deductible gift recipient for tax.

(c) Goods and services tax

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

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

(d) Revenue

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

Training services

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

Grants

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

The Society recognises income in accordance with AASB 1004 'Contributions' when:

- a) The Society obtains control or the right to receive the contribution;
- b) The amount of the contribution can be measured reliably; and
- c) It is probable that the future economic benefits comprising the contribution will flow to the Society.

The expenditure to which the grant relates is expensed as incurred and may not correlate to the timing of grant receipts.

The arrangement with the Blood Service and the National Blood Authority (NBA) provides for capital funding of 10% of the funding for the Main Operating Programme for the financial year. Capital funding from government grants is recognised as revenue when the Blood Service obtains control of the contribution, or the right to receive the contribution, and it is probable that the economic

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation (continued)

benefits of the contribution will flow to the Blood Service. Capital funding received in one year may be carried forward and expended in future years. In 2015, the NBA approved a one-off capital funding adjustment to reduce capital income by \$20.072 million to offset the increased funding requirements from growth of apheresis plasma for fractionation.

The Blood Service 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.

Output based funding - The Blood Service recognises income for the delivery of products to Approved Health Providers on an accrual basis representing the right to receive contributions from the NBA. Under the Output Based Funding Principles, the Blood Service can apply to retain up to \$5 million of any surplus for the purpose outlined in the Principles. If the annual surplus is more than \$5 million in any year then the surplus funding over that amount will be returned to the NBA unless otherwise agreed between the Blood Service and the NBA. Any excess funds to be returned (2015: \$28.244 million, 2014: \$40.394 million) are recorded as a liability within Prepaid Government Funds. In this reporting period, the Blood Service retained an additional \$0.300 million (2014: \$0.035 million) from the R&D grant which has been held for future initiatives.

Sale of goods

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

Interest

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

Dividends

Dividend revenue is recognised when the shareholders' right to receive payment has been established (provided it is probable that the economic benefits will flow to the Society and the amount of income can be measured reliably).

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.

Donations

The Society receives part of its income from donations, as cash or in kind. Amounts donated can be recognised as revenue only when the Society gains control, economic benefits are probable and the amounts can be measured reliably.

The Society establishes controls to ensure that donations are recorded in the financial records, however at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, donations are recognised as revenue when they are recorded in the books and records of the Society. Donations received for specific purposes are transferred to a separate fund within equity after being first recorded in profit or loss.

Other income

The Society through the Blood Service receives other income, including research grants and revenue generated from the provision of some testing services, and products and services on a fee-for-service basis. Income is recognised on an accruals basis.

(e) Cash and cash equivalents

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

(f) Non-derivative financial instruments

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

Financial assets

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

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

(i) Held-to-maturity investments

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

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

(ii) Available for sale financial assets

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

Loans and other receivables

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

Fair value

Fair value is determined based on current bid prices for all quoted

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation (continued)

investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions and reference to similar instruments.

Impairment

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

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

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

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

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

Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Society retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Society retains control), the Society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for

the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where inventories are held for distribution or are to be consumed by the group in providing services or aid at no or nominal charge, they are valued at the lower of cost and replacement cost.

Retail inventory

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

Inventories held for distribution – Blood Service

Inventories held for distribution display the following three essential characteristics:

- (i) There must be future economic benefits;
- (ii) The entity must have control over the future economic benefits; and
- (iii) The transaction giving rise to the entity's control over future economic benefit must have occurred.

The Blood Service provides products and services in accordance with the Deed with the National Blood Authority. In the discharge of this agreement, the Blood Service is responsible for a range of activities, including collection, testing, processing, inventory management and distribution of blood and blood products. In this context, the Blood Service recognises certain categories of blood and blood products as current assets, to be measured at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and overheads of the operating divisions incurred in the collection, processing and testing of blood.

The Blood Service distributes in Australia the supply of fractionated plasma products manufactured in Australia and imported finished product. Plasma-derived products are manufactured in Australia by the fractionator, CSL Limited ('CSL'). In relation to blood products held for distribution, the Blood Service does not recognise plasma supplied to CSL for fractionation, fractionated product held at CSL and fractionated product at the Blood Service held for distribution. This is due to the retention of control and risk over these specific products by parties other than the Blood Service and the absence of future economic benefit under output based funding arrangements.

The inventory valuation at the end of the reporting period includes:

- All fresh blood products and plasma for fractionation (not yet supplied to CSL) held at the Blood Service or at a Blood Service storage facility; and
- All work in progress held at the Blood Service

Fresh product volumes are physically counted and valued as individual units. The value of 'work in progress' is calculated using the average

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation (continued)

daily quantity supplied during the June period.

(h) Trade 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. The carrying value less impairment of trade receivables are assumed to approximate fair value due to their short-term nature.

(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 is recorded at historical cost, less any subsequent accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the item.

The initial cost of the asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This relates to leasehold improvements and the restoration obligations to restore the property to its original condition. These costs are included in leasehold improvements with a corresponding provision for site restoration.

Depreciation is provided on property, plant and equipment including leasehold buildings but excluding freehold land.

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

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

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Freehold buildings and renovations	5 - 40	2.5 - 20	40	2.5
Leasehold improvements	Shorter of lease period or useful life		Shorter of lease period or useful life	
Shop fit-outs	Shorter of lease period or useful life		-	-
Plant and equipment:				
Motor vehicles	5	20	4-10	10-25
Computer equipment	3	33.33	4	25
Plant, furniture, fittings and equipment	5	20	5 - 20	5 - 20

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

loss in the year of disposal.

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

(k) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recognised in profit or loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Subsequent expenditure is capitalised only when it increases the future economic benefits for the specific assets.

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

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Intangibles	2-10	10 - 50	10	10

(l) Capitalised borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

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

(m) Payables

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

The carrying value less impairment of trade payables is assumed to approximate their fair value due to their short-term nature.

(n) 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. The future economic benefits of the Society's assets are not primarily dependent on their ability to generate net cash inflows. The 'value in use' is determined as the depreciated

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation (continued)

replacement cost of the asset, rather than by using discounted future cash flows.

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

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

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

(o) Finance costs

Finance costs are recognised as an expense when incurred.

(p) Leases

Finance leases

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

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

Operating leases

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

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

Lease incentives

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

(q) Employee benefits

A liability is recognised for benefits accruing to employees in respect

of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The liability for annual leave and long service leave is recognised under provision for employee benefits. All other short-term benefit obligations are presented as payables.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Society in respect of services provided by employees up to reporting date. Expected future payments are discounted using corporate bond yields. Consideration is given to future wage and salary levels, experience of employee departures and periods of service.

Defined benefit superannuation funds

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Society recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees, according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value and classified as non-current.

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation (continued)

(r) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions include an amount relating to the make good requirement on property leases.

(s) Borrowings

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

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

Borrowings are classified as non-current where the Society has an unconditional right to defer the settlement or the liability for at least 12 months after reporting date.

(t) Judgements and estimates

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

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

Long service leave and annual leave

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

- future increases in salaries, wages and on costs;
- experience of employee departures and period of service; and
- flow of anticipated leave

Allowance for doubtful debts

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

Provision for make good

The provision for costs of make good represents the present value of the 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 one to 40 years.

Discount rates

Due to the adoption of changes set out in AASB119, the Society changed the discount rate used to calculate all employees' benefit obligations from the Australian Government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimates. The Group of 100 (G100) commissioned actuarial firm Milliman to assess the depth of Australia's high quality corporate bond market. The firm reported that there is sufficient evidence to support a conclusion that the high quality corporate bond rate market in Australia is deep. In addition Milliman was also commissioned to calculate and publish a blended high quality corporate bond rate that incorporates AA and above rated bonds on a quarterly basis. The Society considers that this published rate is an acceptable source for determining the rate to use to discount defined benefit obligation and other long-term employee benefits.

Due to the inherent uncertainty of defined benefit assets/liabilities, the Society is unable to predict the impact of the change to the high quality corporate bond discount rate in periods beyond the next reporting period.

(u) Comparative amounts

Certain comparative amounts in the financial statements have been reclassified or re-represented to conform to changes in presentation in the current financial year.

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 3(a) GOVERNMENT GRANTS		
Society		
- Commonwealth (i)	728,099	880,687
- State/Territory (ii)	65,648	56,248
	793,747	936,935
(i) Commonwealth		
- Humanitarian Services	207,607	338,247
- Blood Service	520,492	542,440
	728,099	880,687
(ii) State/Territory		
- Humanitarian Services	45,572	37,583
- Blood Service	20,076	18,665
	65,648	56,248
Total Government Grants	793,747	936,935
Capital Grants		
- Blood Service	32,404	52,966
	32,404	52,966
Non-Capital Grants		
- Humanitarian Services	253,179	375,830
- Blood Service	508,164	508,139
	761,343	883,969
Total Government Grants	793,747	936,935

NOTE 3(b) NON-GOVERNMENT GRANTS		
Humanitarian Services	3,474	5,108
Total Non-Government Grants	3,474	5,108

NOTE 3(c) REVENUE FROM THE RENDERING OF SERVICES		
Humanitarian Services	15,334	15,555
Total Revenue From The Rendering Of Services	15,334	15,555

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 3(d) DONATIONS, BEQUESTS AND SPONSORSHIPS		
HUMANITARIAN SERVICES		
- Donations and sponsorships	65,385	62,268
Appeals - Domestic		
- The Queensland Floods Appeal 2013	-	24
Appeals - International		
- Typhoon Haiyan Appeal	141	13,865
- Syria Crisis Appeal	346	510
- Nepal Earthquake Appeal	12,420	-
- Cyclone Pam (Vanuatu) Appeal	7,333	-
- Ebola Outbreak Appeal	1,500	-
Bequests	13,670	15,507
Membership and volunteers fundraising	129	161
Other	5,869	5,303
Total Donations, Bequests and Sponsorships	106,793	97,638

NOTE 4(a) INVESTMENT REVENUE		
Interest revenue		
- Bank deposits - Humanitarian Services	1,561	3,373
- Bank deposits - Blood Service	8,017	8,108
- Available-for-sale investments - Humanitarian Services	993	277
Dividends from other entities and imputation credit	1,466	1,109
Other income	56	12
Total Investment Revenue	12,093	12,879

NOTE 4(b) OTHER REVENUE		
Blood Service	11,221	12,043
Total Other Revenue	11,221	12,043

NOTE 5 (LOSSES) AND GAINS		
Humanitarian Services		
Losses on disposal of property, plant and equipment	(2,298)	(297)
Write off of intangible assets	(3,698)	-
Gain on disposal of investments	1,741	3,136
Foreign exchange gain	53	22
Blood Service		
(Losses)/Gains on disposal of property, plant and equipment	(1,102)	558
Loss on disposal of investments	(1)	-
Foreign exchange gain/(loss)	38	(14)
Total (Losses) and Gains	(5,267)	3,405

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 6 EXPENDITURE		
EMPLOYEE EXPENSES		
Wages and salaries		
- Humanitarian Services	179,369	222,020
- Blood Service	259,884	264,290
Post employment benefits		
Defined benefit plans		
- Humanitarian Services	-	24
- Blood Service	594	609
Defined contribution plans		
- Humanitarian Services	13,378	13,797
- Blood Service	23,836	23,438
Termination benefits		
- Humanitarian Services	5,094	1,432
- Blood Service	3,013	2,085
Total Employee Expenditure	485,168	527,695
COST OF SERVICES, SALE OF GOODS AND CONSUMABLES		
Cost of sales		
- Humanitarian Services	3,541	4,162
Cost of rendering training services		
- Humanitarian Services	3,853	6,091
Consumables		
- Blood Service	98,895	101,640
Total Cost of Services, Sale of Goods and Consumables	106,289	111,893
DEPRECIATION AND AMORTISATION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES		
Depreciation		
- Humanitarian Services	7,914	7,066
- Blood Service	45,753	36,908
Amortisation of intangibles		
- Humanitarian Services	2,326	819
- Blood Service	5,055	6,757
Total Depreciation and Amortisation of Property, Plant & Equipment and Intangibles	61,048	51,550
INTEREST AND DEBT SERVICING COSTS		
- Humanitarian Services	1,206	863
- Blood Service	6,041	6,748
Total Interest and Debt Servicing Costs	7,247	7,611
OTHER EXPENDITURE		
Decrease/(increase) in inventory		
- Humanitarian Services	51	247
- Blood Service	571	(4,582)
Impairment of trade receivables		
- Humanitarian Services	(52)	274
Operating lease rental expenditure - minimum lease payments		
- Humanitarian Services	24,211	22,428
- Blood Service	22,177	20,375

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 6 EXPENDITURE (CONTINUED)		
Other Expenditure		
- Humanitarian Services		
- Partner and call centre expense	16,272	18,748
- Occupancy expense	11,897	21,780
- Other expense	134,161	204,997
- Blood Service	101,557	97,629
Total Other Expenditure	310,845	381,896

	2015	2014
	\$'000	\$'000
NOTE 7 TRADE AND OTHER RECEIVABLES		

Society		
Trade receivables		
- Humanitarian Services	9,469	22,650
- Blood Service	2,657	3,838
Allowance for doubtful debts		
- Humanitarian Services	(299)	(702)
Total Trade Receivables	11,827	25,786
Other receivables		
- Humanitarian Services	13,435	15,354
- Blood Service	1,354	-
Total Society	26,616	41,140

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	118	332
60-90 days	56	168
90-120 days	48	247
120+ days	200	565
Total past due but not impaired trade receivables	422	1,312

Movement in the allowance for doubtful debts

Opening balance 1 July	702	470
Impairment losses recognised/(written back) on receivables	(52)	265
Amounts written off as uncollectible	(351)	(33)
Closing balance 30 June	299	702

Ageing of impaired trade receivables

0 - 30 days	82	-
30-60 days	20	-
60-90 days	9	56
90-120 days	9	21
120+ days	179	625
Total impaired trade receivables	299	702

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 8 INVENTORIES		
Consumables		
- Blood Service	6,191	6,690
Finished goods		
- Humanitarian Services	990	1,022
- Blood Service	11,733	12,241
Work in progress		
- Blood Service	924	987
Total Inventories Society	19,838	20,940

Consumables inventory has been valued at weighted average cost. In relation to blood products, fresh product volumes are physically counted and valued as individual units while products held in 'work in progress' are valued using the average supply quantity per day for June. All blood products are valued at direct costs plus operating overheads.

Inventories write up recognised during the year was \$nil (2014: \$4,600 thousand).

	2015	2014
	\$'000	\$'000
NOTE 9 OTHER FINANCIAL ASSETS		
Available-for-sale financial assets		
Current		
Mortgage backed securities - Humanitarian Services	2,766	-
Term Deposits - Humanitarian Services	7,501	-
Bank Bills - Humanitarian Services	5,025	-
Shares - Humanitarian Services	14,575	13,465
Shares - Blood Service	7,229	-
Managed Funds		
- Humanitarian Services		
Listed Managed Funds	1,006	-
Unlisted Managed Funds	9,236	-
Bonds		
- Blood Service		
Listed Bonds	8,156	-
Unlisted Bonds	17,614	-
Total Current Other Financial Assets	73,108	13,465
Non-current		
Mortgage backed securities - Humanitarian Services	-	3,044
Total Non-Current Other Financial Assets	-	3,044
Total Other Financial Assets	73,108	16,509

Notes to the financial statements

for the financial year ended 30 June 2015

Fair value measurements recognised in the statement of financial position

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

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

Level 1	Level 2	Level 3	Total
\$'000	\$'000	\$'000	\$'000

NOTE 9 OTHER FINANCIAL ASSETS (CONTINUED)

Year ended 30 June 2015

Available-for-sale financial assets				
Term Deposits	7,501	-	-	7,501
Bank Bills	5,025	-	-	5,025
Bonds	8,156	17,614	-	25,770
Shares	21,804	-	-	21,804
Mortgage backed investments	-	-	2,766	2,766
Managed Funds	1,006	9,236	-	10,242
Total Available-for-sale financial assets	43,492	26,850	2,766	73,108

Year ended 30 June 2014

Available-for-sale financial assets				
Shares	13,465	-	-	13,465
Mortgage backed investments	-	-	3,044	3,044
Total Available-for-sale financial assets	13,465	-	3,044	16,509

There were no transfers between level 1 and 2 in the period. The mortgage backed investments recognised in level 2 as at 30 June 2014 have been restated to level 3.

2015	2014
\$'000	\$'000

NOTE 10 OTHER ASSETS

Current		
Prepayments - Humanitarian Services	3,996	2,858
Prepayments - Blood Service	6,077	5,864
Total Other Assets	10,073	8,722

Notes to the financial statements

for the financial year ended 30 June 2015

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
NOTE 11 (a) PROPERTY, PLANT, AND EQUIPMENT					
YEAR ENDED 30 JUNE 2015					
Gross carrying amount					
Balance as at 30 June 2014					
- Humanitarian Services	91,424	5,573	24,649	424	122,070
- Blood Service	233,321	-	258,941	21,352	513,614
Total Gross Carrying Amount	324,745	5,573	283,590	21,776	635,684
Balance as at 30 June 2015					
- Humanitarian Services	88,182	5,692	23,257	1,492	118,623
- Blood Service	244,382	-	245,022	33,148	522,552
Total Gross Carrying Amount	332,564	5,692	268,279	34,640	641,175
Accumulated depreciation					
Balance as at 30 June 2014					
- Humanitarian Services	(22,562)	(3,757)	(16,391)	-	(42,710)
- Blood Service	(60,205)	-	(131,514)	-	(191,719)
Total Accumulated Depreciation	(82,767)	(3,757)	(147,905)	-	(234,429)
Balance as at 30 June 2015					
- Humanitarian Services	(24,369)	(4,466)	(17,010)	-	(45,845)
- Blood Service	(74,122)	-	(132,595)	-	(206,717)
Total Accumulated Depreciation	(98,491)	(4,466)	(149,605)	-	(252,562)
Net Book Value as at 30 June 2014	241,978	1,816	135,685	21,776	401,255
Net Book Value as at 30 June 2015	234,073	1,226	118,674	34,640	388,613

Notes to the financial statements

for the financial year ended 30 June 2015

	Land, Buildings and Renovations	Shop Fit-Outs	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
NOTE 11 (b) PROPERTY, PLANT, AND EQUIPMENT					
YEAR ENDED 30 JUNE 2014					
Gross carrying amount					
Balance as at 1 July 2013	299,995	8,051	278,157	20,581	606,784
Additions	14,475	83	6,329	32,639	53,526
Disposals	(845)	(2,561)	(14,188)	-	(17,594)
Transfers to/(from) work in progress	11,120	-	6,260	(24,412)	(7,032)
Balance as at 30 June 2014	324,745	5,573	276,558	28,808	635,684
Accumulated depreciation					
Balance as at 1 July 2013	(68,231)	(5,328)	(133,438)	-	(206,997)
Depreciation	(15,286)	(944)	(27,744)	-	(43,974)
Disposals	750	2,515	13,277	-	16,542
Balance as at 30 June 2014	(82,767)	(3,757)	(147,905)	-	(234,429)
Net Book Value as at 30 June 2014	241,978	1,816	128,653	28,808	401,255
YEAR ENDED 30 JUNE 2015					
Gross carrying amount					
Balance as at 1 July 2014	324,745	5,573	283,590	21,776	635,684
Additions	709	-	-	44,125	44,834
Disposals	(3,767)	(69)	(35,499)	(7)	(39,342)
Transfers to/(from) work in progress	10,877	189	20,188	(31,254)	-
Balance as at 30 June 2015	332,564	5,693	268,279	34,640	641,176
Accumulated depreciation					
Balance as at 1 July 2014	(82,767)	(3,757)	(147,905)	-	(234,429)
Depreciation expense	(17,686)	(751)	(35,230)	-	(53,667)
Disposals	1,962	41	33,530	-	35,533
Balance as at 30 June 2015	(98,491)	(4,467)	(149,605)	-	(252,563)
Net Book Value as at 30 June 2015	234,073	1,226	118,674	34,640	388,613

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 12 INTANGIBLE ASSETS		
Carrying amounts of:		
Software		
- Humanitarian Services	18,744	16,179
- Blood Service	14,265	12,622
Work in Progress		
- Humanitarian Services	1,435	7,802
- Blood Service	7,055	7,032
Total Intangible Assets	41,499	43,635

	Software		Work in Progress		Total
	Humanitarian Services	Blood Service	Humanitarian Services	Blood Service	
	\$'000	\$'000	\$'000	\$'000	
YEAR ENDED 30 JUNE 2014					
Gross carrying amount					
Balance as at 1 July 2013	-	28,761	15,395	-	44,156
Additions	-	7,389	9,406	-	16,795
Transfers to/(from) work in progress	16,999	-	(16,999)	7,032	7,032
Balance as at 30 June 2014	16,999	36,150	7,802	7,032	67,983
Accumulated amortisation					
Balance as at 1 July 2013	-	(16,772)	-	-	(16,772)
Depreciation/amortisation expense	(820)	(6,756)	-	-	(7,576)
Balance as at 30 June 2014	(820)	(23,528)	-	-	(24,348)
Net Book Value as at 30 June 2014	16,179	12,622	7,802	7,032	43,635
YEAR ENDED 30 JUNE 2015					
Gross carrying amount					
Balance as at 1 July 2014	16,999	36,150	7,802	7,032	67,983
Additions	-	-	2,276	6,786	9,062
Disposals/Write Off	-	(1,150)	(3,751)	-	(4,901)
Transfers to/(from) work in progress	4,892	6,763	(4,892)	(6,763)	-
Balance as at 30 June 2015	21,891	41,763	1,435	7,055	72,144
Accumulated amortisation					
Balance as at 1 July 2014	(820)	(23,528)	-	-	(24,348)
Depreciation/amortisation expense	(2,327)	(5,054)	-	-	(7,381)
Disposals	-	1,084	-	-	1,084
Balance as at 30 June 2015	(3,147)	(27,498)	-	-	(30,645)
Net Book Value as at 30 June 2015	18,744	14,265	1,435	7,055	41,499

Notes to the financial statements

for the financial year ended 30 June 2015

The carrying amounts of the assets disclosed in notes 11 and 12 above include the following expenditure recognised in relation to property, plant and equipment which are in the course of construction:

2015	2014
\$'000	\$'000

Blood Service:

Freehold land and buildings and leasehold improvements	18,393	5,024
Computer equipment (including software)	20,967	20,519
Plant and equipment	178	2,607
Donor Mobile Units	665	234
Total work in progress	40,203	28,384

In 2015, the computer equipment balance includes upgrades to several operating systems, including the Laboratory Information Management System-LIMS (\$11.145 million), Improving Disaster Recovery Capabilities Software (\$4.643 million) and Application Hosting Infrastructure (\$1.834 million).

During the year, freehold land and buildings and leasehold improvements included \$12.672 million, \$1.146 million and \$1.128 million in relation to the development of Perth Processing Centre Refurbishment, Midland Blood Donor Centre and Shepparton Blood Donor Centre projects respectively.

Humanitarian Services:

Freehold land and buildings and leasehold improvements	155	106
Software	1,435	8,034
Computer equipment	700	29
Plant and equipment	637	57
Total work in progress	2,927	8,226

2015	2014
\$'000	\$'000

NOTE 13 TRADE AND OTHER PAYABLES

Current

Trade payables		
- Humanitarian Services	17,687	33,184
- Blood Service	25,330	25,154
Accruals and other payables		
- Humanitarian Services	1,045	7,138
- Blood Service	13,342	13,456
Goods and services tax payable		
- Humanitarian Services	-	7,543
- Blood Service	-	1,119
Revenue in advance		
- Humanitarian Services	750	90,803
Total Trade and Other Payables	58,154	178,397

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

Revenue in advance at 30 June 2014 relates to government grants received in advance for the Department of Immigration and Border Protection (DIBP) programs, reflective of the funding agreement. From 1 March 2015, Status Resolution Support Service (SRSS) program under DIBP came into effect with revenue received in arrears.

Notes to the financial statements

for the financial year ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
NOTE 14 BORROWINGS			
Unsecured			
Current			
Humanitarian Services			
- Bank Overdrafts		3,786	-
- Bank Loans		5,000	-
- Other Loans		1,846	-
Total Unsecured Current Borrowings		10,632	-
Secured			
Current			
Blood Service			
- Bank Loans (ii)		4,529	4,162
- Finance lease liabilities (i)	23	5,421	5,031
Non-current			
Blood Service			
- Bank Loans		27,182	31,712
- Finance lease liabilities (i)	23	33,341	38,762
Total Secured Borrowings		70,473	79,667
Total Borrowings		81,105	79,667
Disclosed in the financial statements as:			
Current borrowings		20,582	9,193
Non-current borrowings		60,523	70,474
Total Borrowings		81,105	79,667

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

(ii) In 2011, the Society had entered into a 10-year loan agreement for the value of \$47.500 million to partially fund the building works of the Sydney Processing Centre in Alexandria. The loan is secured by a fixed charge of the building works and equipment (including fixtures and fittings) and a charge over the Deed of Indemnity between the Society and the NBA. The Blood Service receives special grant funding to cover the loan repayments under this arrangement. The weighted average effective interest rate was 8.63%.

Notes to the financial statements

for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NOTE 14 BORROWINGS (CONTINUED)			
Financing Facilities			
Unsecured bank overdraft facility:			
amount used		3,786	-
amount unused		14,214	8,000
- Humanitarian Services		18,000	8,000
Secured bank loan facility:			
amount used		31,711	35,874
- Blood Service		31,711	35,874
Unsecured cash advance facility:			
amount used		5,000	-
amount unused		20,000	-
- Humanitarian Services		25,000	-
Secured leasing facility:			
amount used	23	38,762	43,793
- Blood Service		38,762	43,793
Credit card facility:			
- Humanitarian Services		1,500	1,500
- Blood Service		2,000	2,000
Total credit card facility		3,500	3,500
amount used		1,185	2,362
amount unused		2,315	1,138
Total credit card facility		3,500	3,500

The Society is not in default of the financing facilities.

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 15 PROVISIONS		
Current		
Employee benefits		
- Humanitarian Services	12,956	12,682
- Blood Service	53,444	52,643
Make good provisions		
- Humanitarian Services	2,190	813
- Blood Service	768	878
Non-current		
Employee benefits		
- Humanitarian Services	2,845	2,719
- Blood Service	7,892	8,380
Make good provisions		
- Humanitarian Services	2,361	3,639
- Blood Service	4,455	4,097
Total Provisions	86,911	85,851
Disclosed in the financial statements as:		
Current provisions	69,358	67,016
Non-current provisions	17,553	18,835
Total Provisions	86,911	85,851

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

Movements in employee benefits provisions

Humanitarian Services		
Opening balance 1 July	15,401	13,244
Provision recognised during the year	400	2,157
Closing balance 30 June	15,801	15,401
Blood Service		
Opening balance 1 July	61,023	58,300
Provision recognised during the year	313	2,723
Closing balance 30 June	61,336	61,023
Movements in make good provisions		
Humanitarian Services		
Opening balance 1 July	4,451	3,616
Provision recognised during the year	99	835
Closing balance 30 June	4,550	4,451
Blood Service		
Opening balance 1 July	4,975	4,039
Provision recognised during the year	248	936
Closing balance 30 June	5,223	4,975

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 16 OTHER LIABILITIES		
Current		
Lease incentive		
- Blood Service	371	543
Government grants refundable		
- Blood Service	28,244	40,394
Deferred government grants		
- Blood Service	67,819	46,122
Non-current		
Lease incentive		
- Blood Service	3,360	3,503
Total Other Liabilities	99,794	90,562
Disclosed in the financial statements as:		
Current Other Liabilities	96,434	87,059
Non-current Other Liabilities	3,360	3,503
Total Other Liabilities	99,794	90,562

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

Deferred government grants relate to the working capital advance received from the National Blood Authority (NBA) upon commencement of the Output Based Funding Model from 1 July 2014, less June 2015 revenue not received until July 2015. Government grants refundable relate to the expected return of funds to the NBA for surpluses in the reporting period.

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 17 DEFINED BENEFIT SUPERANNUATION PLANS

Local Government Super (NSW): Local Government Super provides defined benefits whereby components of the final benefit are derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. The defined benefits scheme was closed to new members effective from 15 December 1992. The Local Government Superannuation Scheme was established on 1 July 1997 to specifically cater for the superannuation requirements of Local Government employees. LGSS Pty Ltd (ABN 68078003497) (AFSL 383558) is the Trustee of the Local Government Superannuation Scheme (known as Local Government Super). Local Government Super is a resident regulated superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993.

Australian Red Cross Queensland Staff Retirement Fund (QLD): The fund, offering both defined benefit and a defined contribution plans, is a final average (3years) lump sum benefit arrangement providing benefits on death, disability, resignation and retirement. The defined benefit section provides benefits based on the length of service and final average salary. The defined contribution section receives fixed contributions and the employer's legal or constructive obligation is limited to these contributions. The fund commenced on 15 June 2006 as a successor fund transfer from the Australian Red Cross Qld Staff Superannuation Plan. This fund is a sub-fund of the AMP Superannuation Savings Trust which was established under a Trust Deed dated 1 July 1998. The Trustee is AMP Superannuation Limited.

The plans in Australia typically expose the Australian Red Cross to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk:

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependants of plan members (widow and orphan benefits) is re-insured by an external insurance company. No other post-retirement benefits are provided to these employees.

For Humanitarian Services, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2014 by Mr Jeff Humphries, Actuaries in Super and Mr Tony Griffin, Chief Operating Officer, Local Government Super. No actuarial valuation was undertaken as at 30 June 2015 for Humanitarian Services.

For Blood Service the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2015 by: - Mr Jeff Humphries, Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD) - Mr Richard Boyfield, Partner, Representative of Mercer Consulting (Australia) Pty Ltd for Local Government Super (NSW).

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

	2015	2014
	\$'000	\$'000
PRINCIPAL ACTUARIAL ASSUMPTIONS:		
Humanitarian Services:		
Discount rate	3.54%	3.54%
Expected rate of salary increases	5.00%	5.00%
Anticipated rate of return on plan assets	7.00%	7.00%
Blood Service:		
Discount rate	4.30%	3.56%
Expected rate of salary increases	4.00%	4.22%
Anticipated rate of return on plan assets	7.00%	7.00%
Amounts recognised in the statement of profit or loss and other comprehensive income:		
Current service cost	1,006	1,131
Net interest cost	233	238
Components of defined benefit costs recognised in profit or loss	1,239	1,369
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1,052)	(1,016)
Actuarial (gains) and losses arising from changes in financial assumption	(1,846)	707
Actuarial (gains) and losses arising from experience adjustments	(2,766)	477
Components of defined benefit gain recognised in other comprehensive income	(5,664)	(568)
Contributions by plan participants (Employer and members) in Profit and Loss	-	(736)
Total Defined Benefits Costs/(Gain)	(4,425)	65

The current service cost and the net interest expense for the year are included in the staff expenses in the Statement of Comprehensive Income. The remeasurement of the net defined benefit liability is included in Other Comprehensive Income.

Notes to the financial statements

for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NOTE 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)			
Amounts recognised in the statement of financial position:			
Present value of funded obligations (a)	17 (a)	21,104	26,733
Fair value of plan assets (b)	17 (b)	(19,406)	(19,965)
Net liability arising from defined benefit plan obligation		1,698	6,768
Net liability in the statement of financial position split between:			
- Humanitarian Services		65	65
- Blood Service		1,633	6,703
Net liability arising from defined benefit plan obligation		1,698	6,768
(a) Reconciliation of movement in the present value of the defined benefit obligations in the current year were as follows:			
Balance at beginning of the year		26,733	25,498
Current service cost		1,006	1,131
Interest on obligation		897	933
Remeasurement (gains)/losses			
- Actuarial gains and losses arising from changes in demographic assumptions		(1,846)	707
- Actuarial gains and losses arising from experience adjustments		(2,766)	477
Benefits paid (including expenses and taxes)		(2,920)	(2,013)
Balance at end of the year		21,104	26,733
(b) Reconciliation of movements in the fair value of the plan assets in the current year were as follows:			
Balance at beginning of the year		19,965	19,110
Interest income		664	695
Remeasurement (gains)/losses			
- Return on plan asset (excluding amounts included in net interest expense)		1,052	1,412
Contributions by the employer		599	679
Contributions from plan participants		46	82
Benefits paid (including expenses and taxes)		(2,920)	(2,013)
Balance at end of the year		19,406	19,965
The fair value of the plan assets at the end of the reporting period for each category, are as follows:			
Australian equities		4,085	4,366
International equities		5,324	5,094
Property		1,530	1,742
Australian fixed interest		1,921	2,217
International fixed interest		164	351
Cash		1,535	1,355
Other		4,847	4,840
Balance at end of the year		19,406	19,965

Notes to the financial statements

for the financial year ended 30 June 2015

2015	2015	2014	2014
Humanitarian Services	Blood Service	Humanitarian Services	Blood Service
%	%	%	%

NOTE 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

Other disclosures:

The percentage contribution of each majority category of total plan assets comprises:

	2015	2015	2014	2014
	Humanitarian Services	Blood Service	Humanitarian Services	Blood Service
	%	%	%	%
Australian equities	24.7%	21.6%	24.7%	21.8%
International equities	23.6%	28.1%	23.6%	25.6%
Property	6.2%	8.1%	6.2%	8.8%
Australian fixed interest	14.7%	10.2%	14.7%	11.0%
International fixed interest	7.5%	0.9%	7.5%	1.6%
Cash	6.1%	8.1%	6.1%	6.8%
Other	17.2%	23.1%	17.2%	24.4%
	100.0%	100.0%	100.0%	100.0%

Sensitivity analysis for the present value of obligations is as follows:

		2015	2014
		\$'000	\$'000
No change	No change	4,455	6,193
Discount Rate	0.50%	4,246	5,951
Discount Rate	-0.50%	4,579	6,451
Salary Increase Rate	0.50%	4,540	6,394
Salary Increase Rate	-0.50%	4,281	6,001

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Sensitivity analysis for actuarial assumptions

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would (decrease)/increase by \$0.684 million.
- If the expected salary growth increases/(decreases) by 0.5%, the defined benefit obligation would increase/(decrease) by \$0.415 million.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years other than the change in the bond rate used to calculate the employee liability obligations.

Asset-liability matching study

There were no asset-liability matching strategies adopted by the funds during the period.

Effects on future cash flows

Local Government Super's funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and were last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the Blood Service and the trustee. The next triennial review is due to commence for the 3-year period beginning 30 June 2015. Members of the Australian Red Cross Queensland Staff Retirement Fund contribute at the rate of 5% of salary. The residual contribution (including back service payments) is paid by the Blood Service. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on the expected return on the Fund's assets. The Blood Service carries the investment volatility risk and may be required to make additional contributions from time to time if assets do not cover members' vested benefits.

The average duration of the benefit obligation at 30 June 2015 is 8.7 years (2014: 10.4 years). This number can be analysed as follows:

- active members: 7.94 years (2014: 9.8 years);
- retired members: 11.07 years (2014: 13.4 years).

The Blood Service expects to make a contribution of \$0.544 million (2014: \$0.710 million) to the defined benefit plans during the next financial year.

Notes to the financial statements

for the financial year ended 30 June 2015

2015	2014
\$'000	\$'000

NOTE 17 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

Historic summary

Defined benefit plan obligations	21,104	26,733
Plan assets	(19,406)	(19,965)
Deficit	1,698	6,768
Actual return on assets	1,052	604
Cumulative amount recognised in the other comprehensive income		
Cumulative amount of actuarial losses	3,939	9,603
Expected contributions and funding arrangements		
Expected employer contributions at 30 June	544	316

Humanitarian Services	Blood Service			Total
	Investment revaluation reserve (i)	Special reserve (ii)	Capital reserve (iii)	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

NOTE 18 RESERVES

Year ended 30 June 2014					
Balance as at 1 July 2013	4,012	55,078	55,132	-	114,222
Net (loss) arising on revaluation	(797)	-	-	-	(797)
Transfers to reserves from accumulated funds	-	2,895	9,735	-	12,630
Balance as at 30 June 2014	3,215	57,973	64,867	-	126,055
Year ended 30 June 2015					
Balance as at 1 July 2014	3,215	57,973	64,867	-	126,055
Net (loss) arising on revaluation	(894)	-	-	(338)	(1,232)
Transfers (from)/to reserves (to)/from accumulated funds	-	723	(14,344)	-	(13,621)
Balance as at 30 June 2015	2,321	58,696	50,523	(338)	111,202

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

(ii) The Blood Service's special reserve records retained surplus over which the Blood Service has restricted use. The majority of the balance is comprised of Commonwealth (NBA) funded reserves which include the Output Based Funding Model (OBFM) risk reserve (2015: \$5,273 thousand, 2014: \$5,138 thousand), corporate risk reserve (2015: \$29,307 thousand, 2014: \$23,686 thousand), and unallocated prior year surpluses (2015: \$6,524 thousand, 2014: \$6,192 thousand). The remainder of the balance consists of State Government and other externally funded reserves.

The \$0.723 million movement (2014: \$2,895 million) comprises partly of (i) allocation of funds to the corporate risk reserve including interest earned (2015: \$5,621 million, 2014: \$5,500 million); (ii) interest allocation to various projects of \$1.433 million (2014: \$1.425); (iii) allocation of additional R&D funding of \$0.300 million (2014: \$0.035 million); (iv) transfer of proceeds on sale of \$6.480 million (2014: n/a) to the capital reserve as a result of a review of reserve balances (v); net surplus/(deficit) relating to various non-deed projects and donations.

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

Notes to the financial statements

for the financial year ended 30 June 2015

	Humanitarian Services			
	Appeals	International projects	Domestic programs	Total
	\$ '000	\$ '000	\$ '000	\$ '000
NOTE 19 SPECIFIC PURPOSE FUNDS				
Year ended 30 June 2014				
Balance as at 1 July 2013	5,464	22,957	32,129	60,550
Transfers (to)/from accumulated funds	(3,286)	4,586	(14,335)	(13,035)
Balance as at 30 June 2014	2,178	27,543	17,794	47,515
Year ended 30 June 2015				
Balance as at 1 July 2014	2,178	27,543	17,794	47,515
Transfers (to)/from accumulated funds	(1,592)	5,370	665	4,443
Balance as at 30 June 2015	586	32,913	18,459	51,958

Specific purpose funds are unspent tied funds carried forward for the purpose of spending on specific activities or programs in the future.

	Notes	2015	2014
		\$'000	\$'000
NOTE 20 ACCUMULATED FUNDS			
Society			
Balance at beginning of financial year		303,965	275,302
(Deficit)/Surplus for the financial year		(8,742)	28,038
Actuarial gain on defined benefit superannuation plans	17	5,664	220
Transfers from/(to) specific purpose funds	19	(4,443)	13,035
Transfers from/(to) special reserve	18	(723)	(2,895)
Transfers from/(to) other reserves	18	14,344	(9,735)
Balance at end of financial year		310,065	303,965
Humanitarian Services			
Balance at beginning of financial year		99,131	83,965
(Deficit)/Surplus for the financial year		(107)	2,135
Actuarial (loss)/gain on defined benefit superannuation plans	17	-	(4)
Transfers from/(to) specific purpose funds	19	(4,443)	13,035
Balance at end of financial year		94,581	99,131
Blood Service			
Balance at beginning of financial year		204,834	191,337
(Deficit)/Surplus for the financial year		(8,635)	25,903
Actuarial gain on defined benefit superannuation plans	17	5,664	224
Transfers (to) special reserve	18	(723)	(2,895)
Transfers from/(to) other reserves	18	14,344	(9,735)
Balance at end of financial year		215,484	204,834

Notes to the financial statements

for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NOTE 21 CASH AND CASH EQUIVALENTS			
21(a) Reconciliation of cash and cash equivalents			
Cash			
- Humanitarian Services		42,277	149,974
- Blood Service		384	1,037
Term Deposits			
- Blood Service		198,479	235,568
Total Cash and Cash Equivalents		241,140	386,579
Bank Overdrafts			
- Humanitarian Services		(3,786)	-
Net cash and cash equivalents		237,354	386,579
21(b) Reconciliation of (deficit)/surplus for the period to net cash flows from operating activities			
Net (deficit)/surplus		(8,742)	28,038
Depreciation and amortisation of non-current assets	6	61,048	51,550
Net foreign currency loss		(91)	22
Gain on disposal of investments		(1,740)	(6,954)
(Gain)/Loss on disposal of property, plant and equipment and intangibles		7,098	(1,244)
Investment interest recognised in profit or loss		(10,627)	(11,800)
Dividends recognised in profit or loss		(1,466)	(1,109)
Changes in assets and liabilities :			
Decrease in trade and other receivables		14,524	3,527
Decrease/(Increase) in inventory	8	1,102	(4,892)
(Decrease)/Increase in trade and other payables		(30,283)	6,164
Increase in prepaid government funds		9,547	-
(Decrease)/Increase in revenue in advance		(90,053)	19,131
Increase in provisions		1,060	10,427
Increase in prepayments	10	(1,351)	(3,231)
Components of defined benefit recognised in profit or loss		594	639
Net cash (used in)/provided by operating activities		(49,380)	90,268

Notes to the financial statements

for the financial year ended 30 June 2015

2015	2014
\$'000	\$'000

NOTE 22 COMMITMENTS

Capital Commitments

Capital commitments contracted for at reporting balance date but not provided for in the financial statements are payable as follows:

Not longer than 1 year - Humanitarian Services	121	786
Not longer than 1 year - Blood Service	13,707	4,512
Total Capital Commitments	13,828	5,298
Total Commitments	13,828	5,298

Humanitarian commitment for 2015 includes SRSS Internet Hubs (\$52 thousand), general fitouts and IT equipment (\$69 thousand).

Minimum future lease payments		Present value of minimum future lease payments	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000

NOTE 23 LEASES

Finance lease liabilities

Blood Service

Not later than 1 year	8,168	8,168	5,422	5,031
Later than 1 year and not later than 5 years	32,822	40,990	26,813	32,236
Later than 5 years	6,915	6,915	6,527	6,526
Minimum future lease payments	47,905	56,073	38,762	43,793
Less future finance charges	(9,143)	(12,280)	-	-
Total lease liabilities	38,762	43,793	38,762	43,793
Included in financial statements as :				
Current borrowings			5,421	5,031
Non-current borrowings			33,341	38,762
Present value of minimum lease payments			38,762	43,793

The Blood Service leases various equipment and fit outs under finance leases. These expire within three to 10 years and have a carrying value of \$38,762 thousand (2014: \$43,793 thousand). Under the terms of the leases, the Blood Service has the option to acquire the leased assets at the expiration date of the leases. The Blood Service's obligations under finance leases are secured by the lessor's title to the leased assets.

Upon completion of the Brisbane Processing Centre in Kelvin Grove in 2008, the constructed asset was used to underwrite a \$32.473m 10-year finance lease with a financial institution. As at 30 June 2015, the residual balance of this facility was \$14,297 thousand (2014: \$16,523 thousand). The lease repayments relating to this arrangement are funded by the Annual Capital Program.

In 2012, the Melbourne Processing Centre in West Melbourne was completed and the constructed asset was used to underwrite a \$33.5m 10-year finance lease. As at 30 June 2015, the residual balance of this facility was \$24,465 thousand (2014: \$27,270 thousand). The Blood Service receives special grant funding to cover the lease repayments under this arrangement.

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

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 23 LEASES (CONTINUED)		
Non-cancellable operating lease commitments		
Society		
Not longer than 1 year	36,237	35,965
Longer than 1 year and not longer than 5 years	90,929	96,016
Longer than 5 years	110,195	118,057
	237,361	250,038
Humanitarian Services		
Not longer than 1 year	10,855	11,940
Longer than 1 year and not longer than 5 years	15,607	22,297
Longer than 5 years	10,846	10,611
	37,308	44,848
Blood Service		
Not longer than 1 year	25,382	24,025
Longer than 1 year and not longer than 5 years	75,322	73,719
Longer than 5 years	99,349	107,446
	200,053	205,190

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

NOTE 24 CONTINGENT LIABILITIES

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

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

Humanitarian Services has bank guarantees in place in relation to certain property leases. The value of these guarantees at 30 June 2015 was \$167 thousand (2014: \$320 thousand). The Board is satisfied the guarantees will not be called upon and therefore no liability has been recorded in the statement of financial position.

There are no other contingent liabilities or events identified which would be expected to have a material impact on the financial statements in the future.

Notes to the financial statements

for the financial year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 25 FINANCIAL INSTRUMENTS		
(a) Categories of Financial instruments		
Society		
Financial assets		
Cash and cash equivalents	241,140	386,579
Trade and other receivables	26,616	41,140
Available-for-sale financial assets	73,108	16,509
Financial liabilities		
Trade and other payables	58,154	178,397
Interest bearing loans and borrowings	81,105	79,667
Humanitarian Services		
Financial assets		
Cash and cash equivalents	42,277	149,974
Trade and other receivables	22,605	37,302
Available-for-sale financial assets	40,109	16,509
Held-to-maturity financial assets	-	-
Financial liabilities		
Trade and other payables	19,482	138,668
Interest bearing loans and borrowings	10,632	-
Blood Service		
Financial assets		
Cash and cash equivalents	198,863	236,605
Trade and other receivables	4,011	3,838
Available-for-sale financial assets	32,999	-
Financial liabilities		
Trade and other payables	38,672	39,729
Interest bearing loans and borrowings	70,473	79,667

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

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 25 FINANCIAL INSTRUMENTS (CONTINUED)

(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 under the policies approved by the Board.

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

(c) Market risk

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

(c) (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).

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

	2015		2014	
	Foreign Currency	AUD	Foreign Currency	AUD
	'000	\$'000	'000	\$'000
ASSETS				
Cash				
USD	561	912	1,427	1,514
Swiss Franc	140	196	7	8
Phillippine Peso	6,184	178	-	-
Indonesian Ruphiah	87,502	9	4,303,859	385
Papua New Guinean Kina	168	80	70	27
Burmese Kyat	62,122	72	50,797	55
Solomon Islander Dollar	399	66	211	31
Tongan Pa'anga	66	41	-	-
Chinese Yuan Renminbi	185	39	653	112
Nepalese Rupee	2,570	33	614	7
Euro & Other Currencies	19	28	159	231
Vietnamese Dong	280,614	17	3,469,755	173
Ni-Vanuatu Vatu	236	3	149	2
		1,674		2,544

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 25 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis

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

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.

	2015	2014
	'000	'000
Profit or loss		
USD	91	151
Swiss Franc	20	1
Phillippine Peso	18	-
Indonesian Ruphiah	1	38
Other Currencies	38	64

(c) (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.

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.

	Carrying amount	- 50 basis points	- 50 basis points	+ 100 basis points	+ 100 basis points
		Surplus / (deficit)	Equity	Surplus / (deficit)	Equity
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	241,140	(1,206)	(1,206)	2,411	2,411
Available-for-sale investment	47,338	129	129	(258)	(258)
Financial liabilities					
Bank Loans - Variable Interest Rate	5,000	(25)	(25)	50	50
Bank Loans - Fixed Interest Rate	31,711	-	-	-	-
Other Loans - Fixed Interest Rate	1,846	-	-	-	-
Finance Leases	38,762	-	-	-	-
Total increase/(decrease)	365,797	(1,102)	(1,102)	2,203	2,203

Sensitivity analysis does not apply to Bank Loans with fixed Interest Rate.

(c) (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.

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 25 FINANCIAL INSTRUMENTS (CONTINUED)

Equity price sensitivity

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

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

- the surplus for the year ended 30 June 2015 would have been unaffected as the equity investments are classified as available-for-sale and any increment or decrement in the fair value, with the exception of impairment, is an adjustment to other comprehensive income.
- other comprehensive income for the year ended 30 June 2015 would have increased/decreased by \$1.090 million as a result of the change in the fair value of available-for-sale Australian equities.

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

(d) Credit risk management

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

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

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

(e) Liquidity risk management

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

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

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015							
Non-interest bearing	-	106,643	28,306	278	1,464	1,896	138,587
Finance lease liability	7.58%	359	733	3,437	22,600	4,582	31,711
Bank loan liability	7.09%	5,437	882	4,103	26,813	6,527	43,762
		112,439	29,921	7,818	50,877	13,005	214,060
Year ended 30 June 2014							
Non-interest bearing	-	86,004	40,485	407	2,089	1,414	130,399
Finance lease liability	7.57%	405	818	3,809	32,235	6,526	43,793
Bank loan liability	8.63%	329	672	3,160	20,729	10,984	35,874
		86,738	41,975	7,376	55,053	18,924	210,066

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 25 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	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 Years	5 + years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015							
Non-interest bearing	-	17,321	-	-	-	-	17,321
Bank Bills	4.27%	-	-	522	4,149	354	5,025
Fixed interest rate instruments	3.06%	-	185,000	1,512	24,258	-	210,770
Variable interest rate instruments	2.04%	13,863	-	-	-	-	13,863
		31,184	185,000	2,034	28,407	354	246,979
Year ended 30 June 2014							
Non-interest bearing	-	9,939	-	-	-	-	9,939
Fixed interest rate instruments	3.56%	-	231,500	-	-	-	231,500
Variable interest rate instruments	2.40%	5,105	-	-	-	-	5,105
		15,044	231,500	-	-	-	246,544

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period.

NOTE 27 ECONOMIC DEPENDENCY

HUMANITARIAN SERVICES

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

BLOOD SERVICE

A significant portion of revenue is received by way of recurrent and capital grants from Commonwealth, State and Territory governments. As at the reporting date, terms of the Deed with the NBA have been extended to 15 December 2015 with the ability to extend to 30 June 2016 by exchange of letters. The Blood Service and the NBA are in negotiations on the new Deed terms and conditions. It is the Blood Service's expectation that future funding arrangements will remain substantially unchanged beyond this date and as a result these financial statements are prepared on a going concern basis.

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 28 KEY MANAGEMENT PERSONNEL

	Short-term employee benefits	Post employment benefits	Long-term employee benefits		
	Salaries and fees	Superannuation contributions	Long service leave	Termination benefits	Total
	\$	\$	\$	\$	\$
Society					
Year ended 30 June 2015					
Total compensation	8,001,185	623,920	(11,514)	403,908	9,017,499
Year ended 30 June 2014					
Total compensation	7,547,814	573,342	99,986	-	8,221,142
Humanitarian Services					
Year ended 30 June 2015					
Total compensation	4,453,185	362,920	105,486	403,908	5,325,499
Year ended 30 June 2014					
Total compensation	4,047,890	320,887	99,986	-	4,468,763
Blood Service					
Year ended 30 June 2015					
Total compensation	3,548,000	261,000	(117,000)	-	3,692,000
Year ended 30 June 2014					
Total compensation	3,499,924	252,455	-	-	3,752,379

For the purposes of the above table, remuneration includes salaries and wages, paid annual leave and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services). Also included in remuneration is an amount relating to long-term employee benefits which have accrued, but not paid, to the employees during the period such as long-service leave.

During the period the Blood Service undertook a review of all employee entitlements. The review resulted in the reduction of long service leave entitlement balance of two key management personnel leading to the negative balance in the table above.

The Chair of the Audit and Risk Committee and the Deputy Chair of the Board receive a fee from the Blood Service for their Committee and Board work.

Notes to the financial statements

for the financial year ended 30 June 2015

BOARD MEMBERS

Society

Mr Michael Legge (President)

Mr Ross Pinney (Deputy President)

Ms Jan West AM (Chair of Audit and Risk Committee)

Ms Dianne Buckles

Mr Charles Burkitt (appointed October 2014)

Mr John D Dorrian

The Hon Dr David Hamill AM

Ms Lyndal Herbert

Mr John Hood (to October 2014)

Ms Tanya Hosch (to June 2015)

Mr Chris Kwong (to November 2014)

Ms Anne Macarthur OAM (appointed October 2014)

Mr John MacLennan

Mr Devendra Patel (to October 2014)

Mr John Pinney AM

Ms Margaret Piper AM

Ms Pearl Li (appointed November 2014)

Ms Sue Vardon AO

Mr Sam Wong AM

Blood Service

The Hon Dr David Hamill AM (Chair)

Ms Jennifer Williams (Chief Executive)

Mr Nigel Ampherlaw

Mr Adrian Bootes (appointed June 2015)

Ms Sandhya Chakravarty

Ms Hannah Crawford

Mr David Graham (to May 2015)

Ms Kelly Jones (to May 2015)

Ms Jenni Mack (appointed June 2015)

Associate Professor Larry McNicol

Mr Ross Pinney

Prof John Zalcborg OAM

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

Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 28 KEY MANAGEMENT PERSONNEL (CONTINUED)

SENIOR LEADERSHIP TEAM

Humanitarian Services

Mr Robert Tickner - Chief Executive Officer (to August 2015)

Ms Jennifer Williams - Interim Chief Executive Officer (from August 2015)

Ms Sandhya Chakravarty - Chief Financial Officer

Ms Toni Aslett - Executive Director Victoria (to January 2015)

Ms Jody Broun - Executive Director New South Wales

Dr Ian Burke - Director Commercial Operations

Ms Sandra Cannon - Executive Director Northern Territory

Mr Noel Clement - Head of Australian Services

Mr Andrew Coghlan - Acting Executive Director Victoria (January 2015 to May 2015)

Ms Helen Connolly - Executive Director South Australia

Ms Wenda Donaldson - Executive Director Australian Capital Territory

Ms Veronica Frost - Chief Information Officer

Ms Jennifer Gibb - National Director Marketing, Fundraising and Communications

Ms Penny Harrison - Executive Director Victoria (appointed May 2015)

Mr Steve Joske - Executive Director Western Australia

Mr Kevin Keffe - Executive Director Queensland

Ms Barbara Livesey - Head of Stakeholder Engagement and Strategic Growth

Ms Andrea Lott - Director Planning, Reporting, Research and Projects (to May 2015)

Ms Kerry McGrath - Head of Community Programs

Mr Russell Penman - Executive Director Tasmania

Mr Michael Raper - Director of Services and International Operations

Mr Chris Steinfort - Director Human Resources

Mr Peter Walton - Head of International Programs

Mr Michael White - Regional Manager Far North Queensland (Cairns) (to March 2015)

Dr Phoebe Wynn-Pope - Director IHL and Movement Relations

Blood Service

Ms Jennifer Williams - Chief Executive Officer

Mr John Brown - Executive Director, Finance

Ms Jacqui Caulfield - Executive Director, Manufacturing

Mr Mark Gardiner - Executive Director, Information Services

Ms Anne Heyes - Executive Director, Human Resources

Dr David Irving - Executive Director, Research and Development (July to November 2014)

Mr Peter McDonald - Executive Director, Strategy and Quality

Dr Joanne Pink - Executive Director, Clinical Services and Research

Ms Janine Wilson - Executive Director, Donor Services

Notes to the financial statements

for the financial year ended 30 June 2015

2015

2014

\$

\$

NOTE 29: AUDITORS' REMUNERATION

Auditor of Australian Red Cross

Audit of the financial report	337,000	333,275
Audit of acquittals in relation to specific purpose grants	132,510	158,791
Other non-audit services; risk services and IT consulting	100,000	55,884
Total Auditor's Remuneration	569,510	547,950

Other non-audit services relate to consulting fees for the Human Resource Technology Roadmap Review for the Blood Service as at 30 June 2015. Other non-audit services relates to the consulting relating to the Laboratory Information Management System (LIMS) implementation and consulting relating to Financial Assets and Inventory Management System (FAIMS) upgrade as at 30 June 2014.

NOTE 30 RELATED PARTY DISCLOSURES

(a) Board members

The Board Members are disclosed in note 28.

(b) Wholly-owned group

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

During the reporting period, net payments of \$1,225 thousand (2014: \$1,067 thousand) transacted between the Blood Service and Humanitarian Services. The transactions largely relate to the Blood Service's occupancy of premises owned by Humanitarian Services, whereby there are contractual arrangements for the sub-lease of these facilities by the Blood Service. As at 30 June 2015, an aggregate of \$1,266 thousand (2014: \$1,395 thousand) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period.

Board Members' declaration

The Board Members declare that:

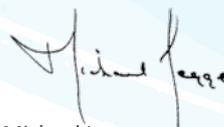
(a) in the Board's opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable;

(b) in the Board's opinion, the attached financial statements and notes thereto are in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Society and the ACFID financial statements comply with the ACFID Code of Conduct; and

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

Signed in accordance with a resolution of the Board.

On behalf of the Board



Michael Legge
President of the Society

Melbourne
31 October 2015

ACFID Compliance

Australian Red Cross is a signatory to the Australian Council for International Aid and Development (ACFID) Code of Conduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations.



The ACFID Code of Conduct offers a mechanism to address concerns relating to signatories' conduct. Complaints against Australian Red Cross may be initiated by any member of the public and lodged with the ACFID Code of Conduct Committee at acfid.asn.au/code-of-conduct/complaints or for further information on the ACFID Code please see ACFID website acfid.asn.au.

Income Statement

for the financial year ended
30 June 2015

	Humanitarian Services	Society	Humanitarian Services	Society
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
REVENUE				
Donations and gifts ¹	93,123	93,123	82,131	82,131
Legacies and bequests	13,670	13,670	15,507	15,507
Grants				
• Department of Foreign Affairs and Trade	24,031	24,031	22,789	22,789
• other Australian	229,602	770,170	354,873	915,978
• other overseas	3,019	3,019	3,276	3,276
Investment income	4,076	12,093	4,771	12,879
Other income ²	39,794	51,015	43,536	56,123
Total revenue	407,316	967,122	526,883	1,108,683
EXPENDITURE				
International Aid and Development Programs expenditure				
• funds to international programs	43,470	43,470	37,276	37,276
• program support costs	3,839	3,839	4,329	4,329
• community education	232	232	144	144
Domestic programs				
• Blood Service	-	568,441	-	555,897
• Migration support	156,526	156,526	280,930	280,930
• Social inclusion	38,129	38,129	35,425	35,425
• Locational disadvantage	34,511	34,511	32,143	32,143
• Disaster and emergency services	10,798	10,798	10,454	10,454
• Aboriginal & Torres Strait Islander programs	8,696	8,696	7,218	7,218
• Emergency appeals	1,379	1,379	3,780	3,780
• International humanitarian law ³	1,233	1,233	1,003	1,003
• Other	41	41	126	126
Fundraising costs ⁴				
• Public, government, multilateral and private	26,426	26,426	27,043	27,043
Retail and Commercial activities	37,782	37,782	42,708	42,708
Accountability and Administration ⁵	44,362	44,362	42,169	42,169
Total expenditure	407,423	975,864	524,748	1,080,645
(Deficiency)/Excess of revenue over expenditure from continuing operations	(107)	(8,742)	2,135	28,038

This Income Statement conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report also available at redcross.org.au/files/Financials_2015.pdf.

¹During the financial year nil (2014: nil) was recorded as non-monetary donations and gifts. In addition to those goods which are capable of reliable measurement, the organisation has received donated goods for sale in its retail outlets as well as volunteer hours in providing community services. Significant contributions are also received by way of gifts in kind as pro bono support from corporate partners and volunteers. These goods and services are of a nature for which fair value cannot be reasonably determined and have not been recorded in this Income Statement. There has been no non-monetary expenditure included in the Income Statement.

²Other income includes revenue from retail activities and training services.

³Expenditure incurred for international humanitarian law was previously disclosed under community education.

⁴Fundraising costs include both international and domestic programs. There have been no costs incurred for Government, multilateral and private fundraising costs.

⁵Administration costs includes internal costs relating to finance, human resources, IT, marketing and program administration. It also includes one-off costs of \$5.8m relating to information technology upgrade and divestment of property during FY 2015.

During the financial year there were no transactions (2014:nil) in the International Political or Religious Adherence Promotion program category.

Statement of Financial Position

as at 30 June 2015

	Humanitarian Services	Society	Humanitarian Services	Society
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	42,277	241,140	149,974	386,579
Trade and other receivables	19,062	26,616	34,980	41,140
Inventories	990	19,838	1,022	20,940
Other financial assets	40,109	73,108	13,465	13,465
Other	3,996	10,073	2,858	8,722
Total Current Assets	106,434	370,775	202,299	470,846
Non-Current Assets				
Other financial assets	-	-	3,044	3,044
Property, plant and equipment	72,778	388,613	79,360	401,255
Intangible assets	20,179	41,499	23,981	43,635
Total Non-Current Assets	92,957	430,112	106,385	447,934
Total Assets	199,391	800,887	308,684	918,780
LIABILITIES				
Current Liabilities				
Trade and other payables	19,482	58,154	138,905	178,397
Borrowings	10,632	20,582	-	9,193
Provisions	15,146	69,358	13,495	67,016
Other	-	96,434	-	87,059
Total Current Liabilities	45,260	244,528	152,400	341,665
Non-Current Liabilities				
Borrowings	-	60,523	-	70,474
Provisions	5,206	17,553	6,358	18,835
Defined benefit superannuation plans	65	1,698	65	6,768
Other	-	3,360	-	3,503
Total Non-Current Liabilities	5,271	83,134	6,423	99,580
Total Liabilities	50,531	327,662	158,823	441,245
NET ASSETS	148,860	473,225	149,861	477,535
Equity				
Reserves	2,321	111,202	3,215	126,055
Specific purpose funds	51,958	51,958	47,515	47,515
Accumulated funds	94,581	310,065	99,131	303,965
TOTAL EQUITY	148,860	473,225	149,861	477,535

This Statement of Financial Position conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report also available at redcross.org.au/files/Financials_2015.pdf.

Statement of Cash Flows

for the financial year
ended 30 June 2015



	Humanitarian Services	Society	Humanitarian Services	Society
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from donors, government and other sources	327,666	934,578	518,808	1,149,270
Payments to suppliers and employees	(420,036)	(976,711)	(506,334)	(1,051,405)
Interest and other costs of finance paid	(1,206)	(7,247)	(863)	(7,611)
Net cash (used in)/provided by operating activities	(93,576)	(49,380)	11,611	90,254
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(5,710)	(53,434)	(20,835)	(69,217)
Proceeds from sale of property, plant and equipment	237	444	686	1,049
Net proceeds/(payments) on sale of investment securities	(22,753)	(56,091)	29,734	29,734
Dividends received	1,044	1,044	843	843
Interest received	2,554	10,627	3,692	11,800
Net cash (used in)/provided by activities	(24,628)	(97,410)	14,120	(25,791)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	10,461	10,461	-	-
Repayment of borrowings	(3,615)	(12,809)	-	(9,011)
Net cash provided by/(used in) financing activities	6,846	(2,348)	-	(9,011)
Net (decrease)/increase in cash and cash equivalents	(111,358)	(149,138)	25,731	55,452
Cash and cash equivalents at the beginning of the financial year	149,974	386,579	124,243	331,141
Effects of exchange rate changes on the balance of cash held in foreign currencies	(125)	(87)	-	(14)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	38,491	237,354	149,974	386,579

This Statement of Cash Flows conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report also available at redcross.org.au/files/Financials_2015.pdf.

Table of Cash Movements for Designated Purposes

for the financial year ended 30 June 2015

	Cash available at beginning of year	Cash raised during year	Cash disbursed during year	Cash available at end of year
	\$'000	\$'000	\$'000	\$'000
DESIGNATED PURPOSE				
DFAT - Australian Aid Program	6,711	24,031	(19,864)	10,878
East Africa Drought Appeal	271	-	(271)	-
Pakistan Flood Response Appeal	1,206	21	(757)	470
Pacific Tsunami Appeal	1,727	-	(1,727)	-
New Zealand Earthquake Appeal	133	-	(133)	-
Humanitarian Blood Projects	529	761	(902)	388
Typhoon Haiyan Appeal	9,734	141	(6,900)	2,974
Syria Appeal	320	346	(524)	142
Ebola Appeal	-	1,500	(1,376)	124
Nepal Earthquake Appeal	-	12,420	(4,732)	7,688
Cyclone Pam (Vanuatu) Appeal	-	7,333	(3,531)	3,802
Total cash for designated purposes	20,631	46,553	(40,717)	26,466
Total cash for other non-designated purposes	365,948	910,601	(1,065,662)	210,888
TOTAL	386,579	957,154	(1,106,379)	237,354

This Table of Cash Movements for Designated Purposes conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report also available at redcross.org.au/files/Financials_2015.pdf.

Statement of Changes in Equity

for the financial year
ended 30 June 2015

	Humanitarian Services			Society
	Accumulated funds	Specific purpose funds	Investment revaluation reserve	
	\$'000	\$'000	\$'000	
YEAR ENDED 30 JUNE 2014				
Balance as at 1 July 2013	83,965	60,550	4,012	450,074
Profit for the year	2,135	-	-	28,038
Other comprehensive income/(deficit) for the year	(4)	-	(797)	(577)
Transfers to/(from) specific purpose funds	13,035	(13,035)	-	-
Transfers to/(from) other reserves	-	-	-	-
BALANCE AS AT 30 JUNE 2014	99,131	47,515	3,215	477,535
YEAR ENDED 30 JUNE 2015				
Net (deficit) for the year	(107)	-	-	(8,742)
Other comprehensive income/(deficit) for the year	-	-	(894)	4,432
Transfers to/(from) specific purpose funds	(4,443)	4,443	-	-
Transfers to/(from) other reserves	-	-	-	-
BALANCE AS AT 30 JUNE 2015	94,581	51,958	2,321	473,225

The accumulated funds balances for both Humanitarian Services and Blood Service include eliminations of intercompany transactions amounting to \$3.7m (FY14 \$2.4m).

This Statement of Changes in Equity conforms with the ACFID prescribed format and standards and should be read in conjunction with the other components of the ACFID Financial Statements, as well as the Financial Statements and accompanying notes on pages 6-44 of this full Financial Report also available at redcross.org.au/files/Financials_2015.pdf.

The Board of Directors
The Australian Red Cross Society
155 Pelham Street
CARLTON VIC 3053

31 October 2015

Dear Board Members,

The Australian Red Cross Society

In accordance with the Division 60 of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of The Australian Red Cross Society.

As lead audit partner for the audit of the financial statements of The Australian Red Cross Society for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Rachel Smith
Partner
Chartered Accountants

Independent Auditor's Report to the Members of the Australian Red Cross Society

We have audited the accompanying financial report of the Australian Red Cross Society, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies, Australian Council for International Development (ACFID) income statement, ACFID statement of financial position, ACFID statement of cash flows, ACFID table of cash movements for designated purposes, other explanatory information, and the Board Member's declaration as set out on pages 3 to 49.

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

The Responsibility of Board Members for the Financial Report

The Board Members of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the ACFID Code of Conduct, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of the Australian Red Cross Society has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Australian Red Cross Society's financial position as at 30 June 2015 and its financial performance and cash flows for the year then ended on that date; and
- (b) complying with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulations 2013* and the ACFID Code of Conduct.


DELOITTE TOUCHE TOHMATSU


Rachel Smith
Partner
Chartered Accountants
Melbourne, 31 October 2015

How you can help

Visit redcross.org.au or call 1800 811 700

Everyone in Australia can play a part to reduce human suffering and help those most in need.

Become a regular giver

Help us to support vulnerable people in Australia and further afield by making a monthly donation. This form of ongoing support is vital for ensuring that Red Cross remains there for people who need us most every day. You decide the amount you'd like to give and we will take care of the admin for you. We'll also keep you up to speed with how your donation is making a difference.

Leave a gift in your Will

Leaving Red Cross a bequest is a great way to positively impact the future without taking away from today. We can help you to professionally prepare your Will so that you can leave a lasting legacy for generations to come.

Become a member

Join the Red Cross community and play an important role in our humanitarian activities by volunteering, locally promoting our work and fundraising. Members have been at the heart of Red Cross in Australia since our very beginning.

Volunteer with us

Whether you're interested in driving a truck, working in a store, or introducing a new migrant to the community, we have a volunteer opportunity for you.

Fundraise for us

We can help you to organise your own fundraising event, providing plenty of tools and advice. You can kick off an event on your own, with friends, as an organisation, or as part of a school or community group.



Australian Red Cross/Dilini Perera

Genie receives reassuring daily phone calls from Red Cross volunteers to make sure she's OK. She also helps us to provide our services by giving monthly donations and leaving us a gift in her Will. "I feel that I've been very, very fortunate and it's one way of giving back," she says.

Be a young humanitarian

There are many different ways that young people can make their mark as a Red Cross young humanitarian and nurture a more humanitarian society.

Work with us

At Red Cross we offer a range of career opportunities to suit people with a variety of skills and experience. We welcome people from all backgrounds and walks of life and are committed to being a great place to work. View current opportunities at careers.redcross.org.au.

Give blood

Many Australians wouldn't be alive today if ordinary people didn't roll up their sleeves and give blood. Every time you donate you can save three lives. To make an appointment call 13 14 95 or visit donateblood.com.au.

Learn with Red Cross Training Services

Red Cross is the world leader in first aid and a trusted provider of training in Australia. With our work skills training programs you can also learn to earn by enrolling in a certificate-level course to enter industries including aged care, disability care, warehousing, cleaning operations, hospitality, retail and business. Visit redcross.edu.au to find out more.

Shop in-store or online

Red Cross Shops sell a range of quality items and clothing, so you can support our work while finding a treasure or picking up a new outfit. You can volunteer in a shop or donate your pre-loved and recycled goods and even shop online at shop.redcross.org.au.

Connect with our humanitarian movement

If you're new to Red Cross, why not take your first step and subscribe to our Everyday monthly email update? Visit redcross.org.au/everyday to subscribe.

Connect and share



facebook.com/AustralianRedCross



instagram.com/redcrossau



linkedin.com/company/australian-red-cross



twitter.com/redcrossau



youtube.com/AustralianRedCross

"What I love about Red Cross is that we can all play a part. Making a difference isn't hard and it can even be lots of fun. You can get together with friends for a fundraising bake-off, join our young humanitarians, or give a regular monthly donation. Easy!"

Australian Red Cross/Drew Weatherstone



Kate Ritchie
Actress, radio presenter and Red Cross Ambassador

Main cover image:

Milton Morris says his life was saved twice thanks to daily phone check-ins from Red Cross volunteers.

*Photo: Australian Red Cross/
Sarah Landro*

Smaller cover images, top to bottom:

When Chelsea came to Red Cross, she and her family were at breaking point, but Red Cross worker Kathrine Hicks helped them to change their lives for the better.

*Photo: Australian Red Cross/
Renae Droop*

Red Cross was one of the first organisations to begin distributing relief items when Cyclone Pam hit Vanuatu in March 2015.

Photo: Nina Svahn/Finnish Red Cross

A primary school student enjoys a healthy breakfast courtesy of a Red Cross breakfast club.

Photo: Australian Red Cross

Red Cross staff member Leah learns about Aboriginal culture from Udialla Springs Traditional Owner, Uncle Neville Poelina.

*Photo: Australian Red Cross/
Michael Torres*

By printing this publication on ecoStar Silk 100% recycled paper the environmental impact was reduced by:

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Results are obtained according to technical information and are subject to modification.

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East Perth WA 6004

T 1800 810 710 (free call)

Red Cross Blood Service

T 13 14 95

W donateblood.com.au

redcross.org.au



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the
power of
humanity

