

**ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND
SECURITY STUDIES, NEW SOUTH WALES, INCORPORATED**

ABN 80 724 654 162



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Table of Contents

Consolidated Financial Statements

Profit or Loss and Other Comprehensive Income	2
Financial Position	3
Change in Funds	4
Cash Flows	4

General Fund Financial Statements

Profit or Loss and Other Comprehensive Income	5
Financial Position	6
Change in Funds	7
Cash Flows	7

Library Gift Fund Financial Statements

Profit or Loss and Other Comprehensive Income	8
Financial Position	8
Change in Funds	9
Cash Flows	9

Notes to the Financial Statements	10
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Statement of the Board	13
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Independent Auditor's Report	14
------------------------------	----

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2018 \$	2017 \$
Income			
Member subscriptions		18,636	18,530
Donations		62,026	58,274
Grants	2&5	2,062	4,950
Educational and social events	3	4,816	4,909
Sale of books and merchandise		6,511	2,806
Investment income		12,749	9,135
Other		744	1,102
		107,544	99,706
Expenditure			
Book purchases		4,190	2,538
Depreciation			502
Honorarium	4	10,000	2,500
Insurance		896	1,495
Internet and telephone		1,288	1,436
Journal	5	2,062	3,395
Library collection preservation	6		5,533
Merchandise used		644	475
Office supplies		787	1,652
Postage	7	1,118	
Salaries	8		12,191
Software support for library		3,964	2,300
Subscriptions			549
Superannuation	8		1,158
Travel		601	549
Web management		1,095	1,413
Other		480	364
		27,125	38,050
Surplus for the year		80,419	61,656

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

	Notes	2018 \$	2017 \$
Assets			
Current Assets			
Cash on hand and at bank		79,841	76,410
Stock on hand		1,656	1,400
Prepayments and receivables		1,778	2,449
Total Current Assets		83,275	80,259
Non-Current Assets			
Investments	9	269,451	202,091
Library collection	10	100,000	100,000
Library Compactus	11	59,270	
Total Non-Current Assets		428,721	302,091
Total Assets		511,996	382,350
Liabilities			
Current Liabilities			
Subscriptions paid in advance		9,270	9,820
Account payable for Compactus	11	41,489	
Other payables		1,632	619
Total Liabilities		52,391	10,439
Net Assets		459,605	371,911
Funds			
Reserves	12	176,866	168,885
Accumulated funds		282,739	203,026
Total Funds		459,605	371,911

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Funds

	Asset Revaluation Reserve \$	International Dialogue Reserve \$	Russell Robertson Bequest \$	Accumulated Funds \$	Total Funds \$
Balance at 1 July 2016	140,020	3,150	20,195	142,675	306,040
Surplus for the year				61,656	61,656
Investment Revaluation	4,215				4,215
Transfer to/(from) reserves	-712	272	1,745	-1,305	0
Balance at 30 June 2017	143,523	3,422	21,940	203,026	371,911
Balance at 1 July 2017	143,523	3,422	21,940	203,026	371,911
Surplus for the year				80,419	80,419
Investment revaluation	7,275				7,275
Transfer to/(from) reserves	-138	355	489	-706	0
Balance at 30 June 2018	150,660	3,777	22,429	282,739	459,605

Consolidated Statement of Cash Flows

	2018 \$	2017 \$
Surplus for the year	80,419	61,656
Non-cash item (depreciation)		502
Change in prepayments and receivables	415	11,423
Change in subscriptions in advance and other payables	463	-3,718
Compactus deposit	-17,781	
Net cash provided by operating activities	63,516	69,863
Net purchase of investments	-60,085	
Cash and cash equivalents at beginning of year	76,410	6,547
Cash and cash equivalents at end of year	79,841	76,410

This statement should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the General Fund

	Notes	2018 \$	2017 \$
Income			
Member subscriptions		18,636	18,530
General Donations		1,951	1,600
Grants, sponsorships and bequests	2&5	2,062	4,950
Educational and social events	3	4,816	4,909
Sale of books and merchandise		6,511	2,806
Investment income		11,427	9,135
Other		744	1,102
		46,147	43,032
Expenditure			
Book purchases			2,538
Depreciation			502
Honorarium	4	10,000	2,500
Insurance		896	1,495
Internet and telephone		1,288	1,436
Journal	5	2,062	3,395
Library collection preservation	6		5,533
Merchandise used		644	475
Office supplies		787	1,652
Postage	7	1,118	
Salaries	8		12,191
Software support for library			2,300
Subscriptions			549
Superannuation	8		1,158
Travel		601	549
Web management		1,095	1,413
Other		480	364
		18,971	38,050
Surplus for the year		27,176	4,982

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position for the General Fund

	Notes	2018 \$	2017 \$
Assets			
Current Assets			
Cash on hand and at bank		47,453	15,996
Stock on hand		1,656	1,400
Prepayments and receivables			2,449
Total Current Assets		49,109	19,845
Non-Current Assets			
Investments	9	187,427	202,091
Library collection	10	100,000	100,000
Total Non-Current Assets		287,427	302,091
Total Assets		336,536	321,936
Liabilities			
Current Liabilities			
Subscriptions paid in advance		9,270	9,820
Other payables		3,598	959
Total Liabilities		12,868	10,779
Net Assets		323,668	311,157
Funds			
Reserves		154,437	168,885
Accumulated funds		169,231	142,272
Total Funds		323,668	311,157

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Funds for the General Fund

	Asset Revaluation Reserve \$	International Dialogue Reserve \$	Russell Robertson Bequest \$	Accumulated Funds \$	Total Funds \$
Balance at 1 July 2016	140,020	3,150	20,195	138,595	301,960
Surplus for the year				4,982	4,982
Investment devaluation	4,215				4,215
Transfer to/(from) reserves	-712	272	1,745	-1,305	0
Balance at 30 June 2017	143,523	3,422	21,940	142,272	311,157
Balance at 1 July 2017	143,523	3,422	21,940	142,272	311,157
Surplus for the year				27,176	27,176
Investment revaluation	7,275				7,275
Transfer to/(from) reserves	-138	355	-21,940	-217	-21,940
Balance at 30 June 2018	150,660	3,777	0	169,231	323,668

Statement of Cash Flows for the General Fund

	2018 \$	2017 \$
Surplus for the year	27,176	4,982
Non-cash item (Depreciation)		502
Change in prepayments, receivables and stock	2,192	11,423
Change in subscriptions in advance and other payables	2,089	-3,379
Net cash provided by operating activities	31,457	13,528
Cash and cash equivalents at beginning of year	15,996	2,468
Cash and cash equivalents at end of year	47,453	15,996

This statement should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the Library Gift Fund

	Notes	2018 \$	2017 \$
Income			
Donations	13	60,075	56,674
Interest		1,322	
		61,397	56,674
Expenditure			
Software support		3,964	
Book purchases		4,190	
		8,154	
Surplus for the year		53,243	56,674

Statement of Financial Position for the Library Gift Fund

	Notes	2018 \$	2017 \$
Assets			
Cash at bank		32,388	60,414
Investment		82,024	
Receivables		3,744	340
Library Compactus	11	59,270	
		177,426	60,754
Liabilities			
Account payable for Compactus	11	41,489	
		41,489	
Net Assets		135,937	60,754
Funds			
Reserves		22,429	
Accumulated funds		113,508	60,754
Net Funds		135,937	60,754

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Funds for the Library Gift Fund

	Russell Robertson Bequest \$	Accumulated Funds \$	Total Funds \$
Balance at 1 July 2016		4,080	4,080
Surplus for the year		56,674	56,674
Balance at 30 June 2017		60,754	60,754
Balance at 1 July 2017		60,754	60,754
Surplus for the year		53,243	53,243
Interest income allocation	489	-489	0
Transfer from General Fund	21,940		21,940
Balance at 30 June 2018	22,429	113,508	135,937

Statement of Cash Flows for the Library Gift Fund

	2018 \$	2017 \$
Surplus for the year	53,243	56,674
Transfer of Russell Robertson Bequest from General Fund	21,940	
Change in receivables	-3,404	-339
Change in payables	41,489	
Purchase of Compactus	-59,270	
Increase in investments	-82,024	
Cash and cash equivalents at beginning of year	60,414	4,079
Cash and cash equivalents at end of year	32,388	60,414

These statements should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1.1 Significant accounting policies

The financial statements have been prepared using an accrual basis of accounting and using the historical cost convention and the going concern assumptions. The financial report is a special purpose financial report prepared to satisfy the financial reporting requirements of the *Associations Incorporation Act 2009*, and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth). The financial report has been prepared in accordance with the requirements of the above Acts and with Australian Accounting Standards.

1.2 Change from previous years

The financial statements have been prepared on a consolidated basis to include the Institute's Library Gift Fund in recognition of the increased materiality of the Library Gift Fund and to align with Australian Accounting Standards. In previous years the Library Gift Fund and the General Fund were not consolidated.

In previous years the estimated value of the provision of our premises by Department of Defence was recorded in our income as a Defence Grant of \$59,800 with the same amount shown as an expense. Whilst we remain most grateful to Defence for the provision of premises over many years, we have discontinued this practice as it unnecessarily complicates our accounts.

2 Grants, Sponsorships and Bequests

	2018	2017
	\$	\$
Commonwealth Government grant in aid National Library of Australia	2,062	4,950
Total	2,062	4,950

3 Educational and Social Events

Event	Income	Expense	Net
Lectures	9,479	5,283	4,196
Social events and visits	4,854	4,234	620
Total	14,333	9,517	4,816

4 Honorarium

Following the resignation effective 31 March 2017 of our Office Manager and Librarian, Mrs Theodora Fox, the decision was taken to have each of the roles undertaken by volunteers. Mr Graham Brown assumed the role of Office Manager from 1 April 2017 and is being paid an honorarium of \$10,000 per annum paid quarterly in arrears.

The role of Librarian has temporarily been assumed by Dr David Leece on an unpaid basis and he is ably assisted by a small group of volunteers.

5 Journal expenses

The journal expense of \$2,062 represents the mailing cost of the first two editions during the year of *United Service*. These costs were subsequently reimbursed by a Commonwealth grant-in-aid. The mailing costs for the second two editions were met by Royal United Services Institute for Defence and Security Studies - Australia and we expect this arrangement to continue for future editions.

6 Library collection preservation

During the previous year, the Institute sought and was awarded a grant of \$4,950 by the National Library of Australia to have a preservation needs assessment of our library collection undertaken by independent specialist assessors. These funds we used in full to pay for the work which was carried out by a specialist book preservation company.

7 Postage

In prior years our mailing costs have been paid by Department of Defence as part of our tenancy arrangements. This practice was discontinued at the start of this year resulting in postage costs of \$1,118 being incurred.

8 Salaries and Superannuation

These expenses were not incurred during the current year due to the resignation of our Office Manager/Librarian with effect from 31 March 2017 (refer Note 4).

9 Investments

	2018	2017
Value of listed securities at start of year	202,091	197,876
Net investment (disinvestment) during year	60,085	
Adjusted value	<u>262,176</u>	<u>197,876</u>
Net revaluation (devaluation) during year	7,275	4,215
Market value at end of year	<u>269,451</u>	<u>202,091</u>

Investments are determined by and managed in terms of the Institute's Investment Policy, a copy of which can be found on the Institute's website.

Investments are primarily held to generate income to offset general operating expenses. However, as a result of the establishment of special reserves of \$3,000 in 2015 relating to future International Defence and Security Dialogues and of \$20,000 in 2016 relating to library expenses (Russell Robertson Bequest), those amounts of our invested funds have been set aside to specifically offset those future expenses.

10 Library collection

The Institute began acquiring books, journals, maps and other artefacts in 1889. The collection has been independently assessed as being of “National Significance” and includes many individually significant items. Placing an accurate monetary value on the collection is not possible without an independent valuation which would be costly and potentially inconclusive. For insurance purposes the collection is valued at \$100,000.

The collection comprises approximately 20,000 books and 400 other items. We have placed a conservative estimated average value of \$4.00 per book and \$50 per other item bringing the recorded total value to \$100,000.

Purchases of books during the year of \$4,190 were expensed consistent with previous years.

11 Library Compactus

During the year the Institute purchased a purpose built Compactus for the storage of our library collection at the Anzac Memorial for \$59,270 which is shown in our accounts as an asset and will be depreciated over its expected twenty year life. As at year end, we had paid only the first instalment of \$17,781 with the remaining \$41,489 showing as an account payable.

12 Consolidated Reserves

	2018	2017
	\$	\$
Asset Revaluation Reserve	150,660	143,523
International Dialogue Reserve (Capt John Leece)	3,777	3,422
Russell Robertson Bequest	22,429	21,940
	<u>176,866</u>	<u>168,885</u>

13 Donations to the Library Gift Fund

In the previous year, the Board of the Institute initiated a major fund raising campaign to help fund the relocation of the Institute and the Ursula Davidson Library to the new educational and research centre currently nearing completion in the new wing of the Anzac Memorial in Hyde Park. As a consequence of the generous response by our members and other benefactors, together with a small surplus of \$4,080 carried forward from donations in earlier years to defray costs of preserving and maintaining the collection, the Library Gift Fund now has funds of \$135,937.

Statement of the Board

We state that:

In the opinion of the Board of the Royal United Services Institute for Defence and Security Studies, New South Wales, Incorporated:

1. The financial statements and notes are in accordance with the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*, including giving a true and fair view of Royal United Services Institute for Defence and Security Studies, New South Wales, Incorporated's financial position at 30 June 2018 and of its performance for the financial year ended on that date; and
2. At the date of this statement there are reasonable grounds to believe the Institute will be able to pay its debts as and when they fall due and payable.

On behalf of the Board

Paul Irving
President

28 August 2018

Graham Brown
Treasurer

28 August 2018

Independent Auditor's Report

To the Members of Royal United Services Institute for Defence and Security Studies, New South Wales, Incorporated

I have examined the attached financial statements of Royal United Services Institute for Defence and Security Studies, New South Wales, Incorporated for the year ended 30 June 2018.

In my opinion, the financial statements have been drawn up so as to give a true and fair view of the financial position of Royal United Services Institute for Defence and Security Studies, New South Wales, Incorporated as at 30 June 2018 and of the financial performance for the year ending on that date.

R. C. G. Grace JP FCPA FCIS FGIA
Honorary Auditor

06 August 2018