

**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 2017

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

| | Notes | 2017 \$ | 2016 \$ |
|-----------------------------------|-------|----------------|----------------|
| Income | | | |
| Member subscriptions | | 18,530 | 21,991 |
| General Donations | | 1,600 | 6,461 |
| Defence provision of premises | 2 | 59,800 | 59,800 |
| Grants, sponsorships and bequests | 3 | 4,950 | 32,000 |
| Educational and social events | 4 | 4,909 | 5,368 |
| Sale of books and merchandise | | 2,806 | 1,092 |
| Investment income | | 9,135 | 9,591 |
| Other | | 1,102 | 144 |
| | | 102,832 | 136,447 |
| Expenditure | | | |
| Book purchases | | 2,538 | 1,008 |
| Depreciation | | 502 | 500 |
| Honorarium | 5 | 2,500 | |
| Insurance | | 1,495 | 1,368 |
| Internet and telephone | | 1,436 | 1,327 |
| Journal | 6 | 3,395 | 8,326 |
| Library collection preservation | 7 | 5,533 | |
| Merchandise used | | 475 | 856 |
| Office supplies | | 1,652 | 1,046 |
| Premises | 2 | 59,800 | 59,800 |
| Salaries | 8 | 12,191 | 32,528 |
| Software support for library | | 2,300 | 2,100 |
| Subscriptions | | 549 | 778 |
| Superannuation | 8 | 1,158 | 4,116 |
| Travel | | 549 | 1,186 |
| Web management | | 1,413 | 1,895 |
| Other | | 364 | 975 |
| | | 97,850 | 117,809 |
| Surplus for the year | | 4,982 | 18,638 |

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

Statement of Financial Position for the General Fund

| | Notes | 2017 \$ | 2016 \$ |
|---------------------------------|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Cash on hand and at bank | | 15,996 | 2,468 |
| Stock on hand | | 1,400 | 1,175 |
| Prepayments and receivables | | 2,449 | 14,097 |
| Total Current Assets | | 19,845 | 17,740 |
| Non-Current Assets | | | |
| Investments | 9 | 202,091 | 197,876 |
| Library collection | 10 | 100,000 | 100,000 |
| Plant and equipment | | | 502 |
| Total Non-Current Assets | | 302,091 | 298,378 |
| Total Assets | | 321,936 | 316,118 |
| Liabilities | | | |
| Current Liabilities | | | |
| Subscriptions paid in advance | | 9,820 | 12,335 |
| Other payables | | 959 | 1,823 |
| Total Liabilities | | 10,779 | 14,158 |
| Net Assets | | 311,157 | 301,960 |
| Funds | | | |
| Reserves | 11 | 168,885 | 163,364 |
| Accumulated funds | | 142,272 | 138,596 |
| Total Funds | | 311,157 | 301,960 |

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 2015 | 44,026 | 3,000 | | 140,329 | 187,355 |
| Surplus for the year | | | | 18,638 | 18,638 |
| Investment devaluation | (703) | | | | (703) |
| Library revaluation | 96,670 | | | | 96,670 |
| Transfer to/(from) reserves | 27 | 150 | 20,195 | (20,372) | 0 |
| Balance at 30 June 2016 | 140,020 | 3,150 | 20,195 | 138,595 | 301,960 |
| Balance at 1 July 2016 | 140,020 | 3,150 | 20,195 | 138,595 | 301,960 |
| Surplus for the year | | | | 4,982 | 4,982 |
| 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 | 142,272 | 311,157 |

Statement of Cash Flows for the General Fund

| | 2017 \$ | 2016 \$ |
|---|---------------|--------------|
| Surplus for the year | 4,982 | 18,638 |
| Non-cash item (Depreciation) | 502 | 500 |
| Change in prepayments and receivables | 11,423 | (9,685) |
| Change in subscriptions in advance and other payables | (3,379) | 67 |
| Net cash provided by operating activities | 13,528 | 9,520 |
| Net purchase of investments | | (42,687) |
| Cash and cash equivalents at beginning of year | 2,468 | 35,635 |
| Cash and cash equivalents at end of year | 15,996 | 2,468 |

LIBRARY GIFT FUND

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

| | Notes | 2017 \$ | 2016 \$ |
|-----------------------------|-------|---------------|--------------|
| Income | | | |
| Donations | 12 | 56,674 | 6,091 |
| | | 56,674 | 6,091 |
| Expenditure | | | |
| Software support | | | 2,067 |
| | | | 2,067 |
| Surplus for the year | | 56,674 | 4,024 |

Statement of Financial Position for the Library Gift Fund

| | 2017 \$ | 2016 \$ |
|-------------------------|---------------|--------------|
| Cash at bank | 60,414 | 4,079 |
| Owing from general fund | 339 | |
| | 60,753 | 4,079 |

Statement of Cash Flows for the Library Gift Fund

| | 2017 \$ | 2016 \$ |
|---|---------------|--------------|
| Surplus for the year | 56,674 | 4,024 |
| Change in receivables | (339) | |
| Cash and cash equivalents at beginning of year | 4,079 | 55 |
| Cash and cash equivalents at end of year | 60,414 | 4,079 |

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

Notes to the Financial Statements

1 Significant accounting policies

The financial statements have been prepared using an accrual basis of accounting 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.

2 Premises

Premises and some related services, very conservatively valued at \$59,800, are provided by the Department of Defence. This amount is shown as both an income and an expenditure item.

3 Grants, Sponsorships and Bequests

| | 2017 | 2016 |
|---|--------------|---------------|
| | \$ | \$ |
| Commonwealth Government grant in aid | | 12,000 |
| National Library of Aust. book preservation grant | 4,950 | |
| Russell Robertson Bequest | | 20,000 |
| Total | 4,950 | 32,000 |

4 Educational and Social Events

| Event | Income | Expense | Net |
|--------------------------|---------------|---------------|--------------|
| Lectures | 7,144 | 4,316 | 2,828 |
| Seminars | 2,660 | 1,530 | 1,130 |
| Social events and visits | 9,036 | 8,085 | 951 |
| Total | 18,840 | 13,931 | 4,909 |

5 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.

6 Journal expenses

The significant year-on-year difference in expenses relating to our journal, *United Service*, was the consequence of receiving a Defence grant in 2016 but not in 2017. In 2016, we paid the entire cost of \$8,326 for the Australia wide distribution and received a Defence grant to cover this which was recorded as income. As we did not receive a grant in 2017, we passed on the costs relating to other States to the relevant RUSI/USI body in each State/Territory. We therefore only paid for the cost of distribution in NSW which was \$3,395.

7 Library collection preservation

During the 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.

8 Salaries and Superannuation

The significant reduction in these expenses was the consequence of two factors:

- Our decision to reduce the hours of our Office Manager/Librarian from 1 Jul 2017 from twenty to ten hours per week.
- The resignation of our Office Manager/Librarian with effect from 31 March 2017 (refer Note 5).

9 Investments

| | 2017 | 2016 |
|---|----------------|----------------|
| Value of listed securities at start of year | 197,876 | 155,737 |
| Net investment (disinvestment) during year | | 42,842 |
| Adjusted value | 197,876 | 198,579 |
| Net revaluation (devaluation) during year | 4,215 | (703) |
| Market value at end of year | 202,091 | 197,876 |

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 (refer to Statement of Changes in Funds on page 3 and to Note 12).

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 30,000 books/journals/maps and 500 other items. We have placed a conservative estimated average value of \$2.50 per book and \$50 per other item bringing the recorded value to \$100,000.

Purchases of books during the year of \$2,538 were expensed consistent with previous years.

11 Reserves of the General Fund

| | 2017 | 2016 |
|--|----------------|----------------|
| | \$ | \$ |
| Asset Revaluation Reserve | 143,523 | 140,020 |
| International Dialogue Reserve (Capt John Leece) | 3,422 | 3,150 |
| Russell Robertson Bequest | 21,940 | 20,195 |
| | 168,885 | 163,365 |

(Refer to Statement of Changes in Funds on Page 3)

12 Donations to the Library Gift Fund

During the year, the Board of the Institute initiated a major fund raising campaign to raise an estimated \$125,000 to fund the relocation of the Institute and the Ursula Davidson Library to the new educational and research centre currently under construction in the new wing of the Anzac Memorial in Hyde Park, Sydney. Associated with this relocation, the Institute will have to purchase a large purpose built compactus to house the 30,000 plus library collection; to “freeze” the collection to ensure that it is free of silverfish and other vermin; and to otherwise fund the move.

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 2017 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

25 July 2017

Graham Brown
Treasurer

25 July 2017

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 2017.

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 2017 and of the financial performance for the year ending on that date.

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

20 July 2017