Annual Financial Report 2013–14

Transforming lives through Good Works

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QUEENSLAND
good works

Statement by State Council

The members of the State Council declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the ACNC Act 2012 and:

   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Regulations 2013; and

   b. give a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.

2. In the Councillors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the State Council.

John Forrest
State President

Peter Driver
State Treasurer

26 September 2014

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DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE COUNCILLORS OF ST VINCENT DE PAUL SOCIETY QUEENSLAND

As lead auditor of St Vincent de Paul Society Queensland for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Professional Accounting Bodies* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of St Vincent de Paul Society Queensland and the entities it controlled during the period.

C J Skelton

Director

BDO Audit Pty Ltd

Brisbane, 26 September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of St Vincent de Paul Society Queensland

We have audited the accompanying financial report of St Vincent de Paul Society Queensland, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Councillors' declaration.

Councillors' Responsibility for the Financial Report

The Councillors of the Society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the Society's Constitution and the *ACNC Act 2012* and for such internal controls as the Councillors determine are 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 Society'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 Society's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Councillors, 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.

BDO

Independence

In conducting our audit, we have complied with the independence requirements of the *Professional Accounting Bodies*. We confirm that the independence declaration which has been given to the Councillors of St Vincent de Paul Society Queensland, would be in the same terms if given to the Councillors as at the time of this auditor's report.

Basis for Qualified Opinion

Donations and other fund raising activities are a significant source of fundraising revenue for the Society. As is common for organisations of this type, the Society has determined that it is not practicable to establish control over donations and other fund raising activities prior to their initial entry in its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to donations and other fund raising activities had to be restricted to the amounts recorded in the financial records amounting to \$5,096,271. We therefore are unable to express an opinion whether donations and other fund raising activities of the Society recorded are complete.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of St Vincent de Paul Society Queensland is in accordance with the ACNC Act 2012, including:

(i) giving a true and fair view of the Society's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards- Reduced Disclosure Requirements and the ACNC Regulations 2013.

BDO Audit Pty Ltd

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C J Skelton
Director

Brisbane, 26 September 2014

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $			2013 $		
		Revenue	Operating Expenses	Net surplus / (deficit)	Revenue	Operating Expenses	Net surplus / (deficit)
Community Services							
Child and family support services		4,532,744	4,622,749	(90,005)	4,373,043	4,675,033	(301,990)
Homelessness services		1,106,096	1,157,434	(51,338)	1,188,298	1,188,150	148
Financial assistance services		318,238	256,889	61,349	182,298	262,514	(80,216)
Help for people in crisis		4,384,369	7,216,235	(2,831,866)	4,571,880	7,271,044	(2,699,164)
Natural disaster relief operations		23,029	324,213	(301,184)	892,065	3,012,418	(2,120,353)
Migrants and refugees		455,329	598,217	(142,888)	481,994	684,998	(203,004)
Overseas development		900	431,867	(430,967)	1,950	622,138	(620,188)
Youth services		102,838	655,449	(552,611)	85,627	557,826	(472,199)
Disability services		2,734,511	2,643,552	90,959	2,490,013	2,677,583	(187,570)
Community housing		3,329,405	2,545,168	784,237	2,936,064	2,445,536	490,528
Home assist services		5,014,495	5,347,086	(332,591)	5,825,767	5,554,429	271,338
		22,001,954	**25,798,859**	**(3,796,905)**	**23,028,999**	**28,951,669**	**(5,922,670)**
Supporting Services							
Fundraising		4,835,165	1,027,723	3,807,442	5,523,645	924,111	4,599,534
Administration services		81,367	511,649	(430,282)	65,185	367,543	(302,358)
Operational support services	#	2,524,044	4,257,158	(1,733,114)	3,742,382	3,166,243	576,139
Retail operations		22,918,441	12,979,667	9,938,774	21,274,292	12,232,831	9,041,461
Warehouse services		1,623,510	4,847,216	(3,223,706)	1,435,377	4,467,297	(3,031,920)
		31,982,527	**23,623,413**	**8,359,114**	**32,040,881**	**21,158,025**	**10,882,856**
Shared Services							
Finance services		–	432,538	(432,538)	888	742,048	(741,160)
Human resource services		–	3,580	(3,580)	–	134,492	(134,492)
Information technology services		–	257,024	(257,024)	–	229,645	(229,645)
Legal and compliance services		19,751	378,292	(358,541)	569	378,287	(377,718)
		19,751	**1,071,434**	**(1,051,683)**	**1,457**	**1,484,472**	**(1,483,015)**
		54,004,232	**50,493,706**	**3,510,526**	**55,071,337**	**51,594,166**	**3,477,171**
Total Surplus	**2,3**			**3,510,526**			**3,477,171**

#Expenses 2014 include significant items for Legal claim expense and Financial costs as detailed in Note 3.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $	2013 $
Total surplus brought forward	2,3	3,510,526	3,477,171
Other comprehensive income			
Items that may be reclassified to profit or loss			
Reclassification adjustment on sale of available for sale financial assets	10b	(366,112)	106,747
Reclassification adjustment on impairment of available for sale financial assets	10b	3,058	186,420
Net changes in fair value of available for sale financial assets	10b	1,437,473	272,796
Other comprehensive income for the year		1,074,419	565,963
Total comprehensive income for the year		4,584,945	4,043,134

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

Statement of Financial Position

As at 30 June 2014

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	5	17,282,978	12,781,951
Trade and other receivables	6	1,296,546	1,008,429
Inventories	7	124,103	130,105
Other assets	8	570,541	864,647
Total current assets		**19,274,168**	**14,785,132**
Non-current assets			
Property, plant and equipment	9	69,130,604	66,333,829
Available for sale financial assets	10	12,659,377	12,023,255
Total non-current assets		**81,789,981**	**78,357,084**
Total assets		**101,064,149**	**93,142,216**
Current liabilities			
Trade and other payables	11	2,006,098	1,615,031
Provisions	13	3,506,009	2,415,826
Interest bearing liabilities	12	469,902	375,648
Grants in advance	14	2,418,304	993,512
Total current liabilities		**8,400,313**	**5,400,017**
Non-current liabilities			
Interest bearing liability	12	4,132,293	2,787,739
Provisions	13	1,085,401	1,143,735
Grants in advance	14	21,157,285	22,106,813
Total non-current liabilities		**26,374,979**	**26,038,287**
Total liabilities		**34,775,292**	**31,438,304**
Net assets/(liabilities)		**66,288,857**	**61,703,912**
Equity			
Reserves	15	9,271,611	8,197,192
Accumulated funds	15	57,017,246	53,506,720
Total equity		**66,288,857**	**61,703,912**

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

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Reserves		Accumulated Funds	Total
		$	$	$	$
		Property Revaluation Reserve	Available for Sale Financial Assets Fair Value Reserve		
Balance at 30 June 2012		**7,941,911**	**(310,682)**	**50,029,549**	**57,660,778**
Total comprehensive income for the period					
Net surplus for the period Reported 30 June 2013		–	–	3,477,171	3,477,171
Other comprehensive income					
- Reclassification adjustment on disposal of property		–	–	–	–
- Reclassification adjustment on sale of available for sale financial assets		–	106,747	–	106,747
- Reclassification adjustment on impairment of available for sale financial assets		–	186,420	–	186,420
- Net changes in fair value of available for sale financial assets		–	272,796	–	272,796
Total comprehensive income for the period		–	565,963	3,477,171	4,043,134
Balance at 30 June 2013		**7,941,911**	**255,281**	**53,506,720**	**61,703,912**
Total comprehensive income for the period					
Net surplus for the period 30 June 2014		–	–	3,510,526	3,510,526
Other comprehensive income					
- Reclassification adjustment on sale of available for sale financial assets		–	(366,112)	–	(366,112)
- Reclassification adjustment on impairment of available for sale financial assets		–	3,058	–	3,058
- Net changes in fair value of available for sale financial assets		–	1,437,473	–	1,437,473
Total comprehensive income for the period		–	1,074,419	3,510,526	4,584,945
Balance at 30 June 2014	15	**7,941,911**	**1,329,700**	**57,017,246**	**66,288,857**

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

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from Operating Activities			
Receipts from operating activities		54,918,691	56,082,754
Payments to suppliers and employees		(48,137,155)	(48,814,567)
Interest received		682,859	573,683
Dividends received		703,136	694,218
Interest and other costs of finance paid		(196,536)	(179,448)
Net cash provided by operating activities	18(b)	7,970,995	8,356,640
Cash flows from Investing Activities			
Proceeds – sale of property, plant and equipment		2,317,433	716,773
Proceeds – sale of available for sale financial assets		9,487,894	14,293,776
Proceeds – recovery of impaired available for sale financial assets		–	1,000,000
Payment for property, plant and equipment		(8,247,514)	(7,358,350)
Payment for available for sale financial assets		(8,466,588)	(17,200,386)
Net cash used in investing activities		(4,908,775)	(8,548,187)
Cash flows from Financing Activities			
Repayment of borrowings		(855,798)	(318,379)
Proceeds from borrowings		2,294,605	500,000
Net cash provided by financing activities		1,438,807	181,621
Net increase/ (decrease) in cash		4,501,027	(9,926)
Cash and cash equivalents at the beginning of the financial year		12,781,951	12,791,877
Cash and cash equivalents at the end of the financial year	18(a)	17,282,978	12,781,951

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

The St Vincent de Paul Society Queensland, (the Society) is a non-government charitable organisation. The financial report covers the economic activities of the Society in Queensland.

The Society is a non-profit organisation and receives a principal part of its income from donations, as cash or in kind. The Society is a deductible gift recipient (DGR).

The financial statements which are presented in Australian dollars were authorised for issue on 26 September 2014 by the State Council.

The Society is a non-profit entity for financial reporting purposes under Australian Accounting Standards.

(a) Basis of Preparation

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the ACNC Act 2012. The Australian Accounting Standards include Australian equivalent to International Financial Reporting Standards AIFRS. Due to the application of Australian specific provisions for not-for-profit entities contained only within Australian Accounting Standards the financial report and notes thereto are not necessarily compliant with all International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

New and amended standards and interpretations that are mandatory for the first time for the financial year beginning 1 July 2013 have been adopted. The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

New Accounting Standards not yet Effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2014. They have not been adopted in preparing the financial statements for the year ended 30 June 2014 (or for late financial reports of earlier periods) and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below.

AASB 9 (issued December 2009 and amended December 2010) Effective for Annual reporting periods beginning on or after 1 January 2015	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The Society does not anticipate any material effect on the financial statements on implementation of the Standard.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

New Accounting Standards not yet Effective (continued)

AASB 10 (issued August 2011) Effective for periods beginning from 1 January 2014	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee. The Society has not yet determined the impact of the implementation of the Standard. Refer to Note 1(p) Ozcare
AASB11 (issued August 2011) Effective for Annual reporting periods beginning on or after 1 January 2014	Joint Arrangements	AASB 11 supersedes AASB 131 Interest in Joint Ventures. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangements. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangements. AASB 11 requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates. The Society does not anticipate any material effect on the financial statements on implementation of the Standard.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluations of selected available for sale financial assets, for which the fair value basis of accounting has been applied.

(b) 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. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(b) Revenue (continued)

Government grants

Grants are principally of a recurrent or capital nature and intended to fund ongoing operations or asset acquisitions.

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the Society obtains control of the funds.

The financial statements have been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to the recognition of capital grant income.

The Society has determined that capital grant income shall be recognised over the term of the agreement where the terms of the grant include service requirements and other conditions. As the conditional agreement extends to the life of the agreement (20 to 40 years) the Society has determined that the capital grants will be initially recognised as a deferred income liability and amortised to capital grant income over the period of the agreement.

Client contributions

Client contributions by clients who have the capacity to pay are recognised when the service is provided.

Donations and bequests

Revenue or capital assets arising from donations and bequests is recognised when control is obtained, as it is impossible for the Society to reliably measure these prior to this time. For example, cash donations are recognised when banked and other donations are recognised when title of possession transfers to the Society.

Gifts in kind

Gifts in kind obtained for centres of charity have a nil replacement value (that is they would be replaced by other donated goods), and as such revenue from the donations of these goods are not included in the financial statements other than as defined under donations and bequests.

Interest revenue

Revenue is recognised as the interest accrues for the accounting period.

Dividends

Dividends are recognised when the Society's right to receive payment is established.

Proceeds of non-current asset sales

The net gain from the sale of non-current assets is included as revenue when control of the asset passes to the buyer.
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and net proceeds.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(c) Income And Fringe Benefits Tax

The Society is not subject to Income Tax.

The Society is entitled to a partial exemption from fringe benefits tax.

(d) Cash And Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and deposits at call or with an original maturity of less than three months, which are subject to insignificant risks of changes in their value.

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

(e) Financial instruments

Financial assets

All financial assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the financial assets. Where a financial asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current. Refer to Notes 1(i) and 6 for further details.

Available for sale financial assets

Available for sale financial assets are non-derivative investments that are not designated as another category of financial asset.

After initial recognition, available for sale financial assets are measured at fair value. Unrealised gains or losses arising from changes in the fair value of available for sale financial assets are recognised directly in other comprehensive income in the available for sale financial assets revaluation reserve. On sale, the amount held in available for sale revaluation reserve associated with that available for sale financial asset is recognised in profit or loss as a reclassification adjustment. Realised gains and losses on available for sale financial assets are classified as gains and losses on disposal in profit or loss. Refer to Note 10 for further details.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Reversals of impairment losses on equity instruments classified as available for sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available for sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Financial liabilities

Financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation. Refer to Notes 1(j), 1(l), 11 and 12 for further details.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. GST received and paid during the financial year are stated at gross amounts in the Statement of Cash Flows and are included in receipts from operating activities and payments to suppliers respectively.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of assets as follows:

Class of Property, plant and equipment	Depreciation Rates
Buildings	2.5%
Furniture & fittings, leasehold improvements & office equipment	2.5% to 20%
Computer equipment	25% to 33%
Motor vehicles	15% to 20%

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

At each reporting date, the Diocesan Central Councillors review a number of factors affecting property, plant and equipment, including their carrying values, to determine if these assets may be impaired. If an impairment indicator exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and 'value in use' is compared to the carrying value. Any excess of the asset's carrying value over its recoverable amounts is expensed in profit or loss as an impairment expense.

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(h) Inventories

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

(i) Trade and other receivables

Trade receivables 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 when identified.

(j) Trade and other creditors

Trade and other creditors represent unpaid liabilities for goods received by and services provided to the Society prior to the end of the financial year. The amounts are unsecured and are normally settled within 14–30 days.

(k) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

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

Finance leases which transfer to the Society substantially all the risks and benefits included in ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

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

(l) Interest bearing liabilities

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(m) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Society expects to pay as at reporting date including on-costs.

Sick leave is non-vesting and has not been provided for.

The provision for annual leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the reporting date. The liability is recognised as current and non-current provisions dependent on the unconditional right to settlement of the liability within 12 months after the reporting date. The provision is calculated using expected future increases in wage and salary rates, expected settlement dates and is discounted using the rates attaching to national government bonds at reporting date.

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the reporting date.

The liability for long service leave is recognised as current and non-current provisions, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on experience of employee departures and periods of service and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation

The Society contributes to complying funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

(n) Other Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Society has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(o) Fair values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

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. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Society.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Society uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

(p) Accounting estimates and judgements

Management have made the following judgements when applying the Society's accounting policies:

Available for sale financial assets

All investments other than cash have been categorised as available for sale financial assets. As a result of being categorised as available for sale financial assets, changes in fair value that are not considered to be an impairment are recognised through other comprehensive income rather than the profit or loss.

Details regarding critical accounting estimates and assumptions about the future made by management at reporting date are disclosed in Note 19(b)(iii).

Ozcare Limited (Ozcare)

Pursuant to the settlement reached between the Society and Ozcare on 20 September 2011, the Society became the sole member of Ozcare. As part of the Ozcare settlement, the Society has undertaken to the Supreme Court of Queensland not to exercise any rights as the sole member of Ozcare prior to 1 September 2016. This is part of a structured transition period that forms part of the Court order. During the transition period, the Society has an entitlement to appoint directors progressively until it assumes full control of Ozcare, as sole member, on 1 September 2016. Taking into account the requirements of the Australian Accounting Standards and the restrictions placed on the Society's rights as the sole member of Ozcare up until 1 September 2016, the Society conducts ongoing reviews to determine when it would be appropriate to consolidate the results and financial position of Ozcare into the financial statements of the Society. The financial results of Ozcare for the year ended 2014 have not been reported in the financial statements of the Society on a consolidated basis.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (continued)

(q) Comparative figures

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

Annual leave provision has been reclassified from Trade and other payables to Provisions.

Grants in advance has been reclassified from Current liability Grants in advance to Non-current liability Grants in advance for the 2013 comparatives, following a review of the classification of grants for that year.

Note 2: Revenue

	Note	2014 $	2013 $
Revenue:			
Shop revenue		24,048,864	22,701,563
Donations			
– General		4,289,395	4,333,988
– Disaster appeal		15,916	793,818
– Special appeal		790,960	300,967
		5,096,271	5,428,773
Bequests		2,098,183	2,574,758
Government funding			
– General		14,293,422	14,844,385
– Capital funding		853,638	1,498,539
		15,147,060	16,342,924
Interest received			
– Cash and cash equivalents		303,465	360,964
– Available for sale financial assets		397,406	212,719
		700,871	573,683
Dividends received – Available for sale financial assets		600,644	642,706
Contributions for service		4,202,673	4,055,758
Other revenue		1,465,647	1,346,425
Other income			
– Gain/ (Loss) on sale of property, plant and equipment		266,813	49,092
– Gain/ (Loss) on sale of available for sale financial assets		377,206	355,655
– Recovery of Impaired available for sale financial assets		–	1,000,000
		54,004,232	55,071,337

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 3: Operating expenses

	Note	2014 $	2013 $
The surplus for the year includes the following specific expenses:			
Depreciation of property,plant and equipment		3,202,348	3,065,073
Impairment of available for sale financial assets		670,866	186,420
Disaster expenses		332,192	3,107,167
Write off of fixed assets		197,773	230,649
Rental expense on operating leases			
– Minimum lease payments		3,429,538	3,268,919
Employee benefits		19,317,924	19,638,174
Defined contribution superannuation expense		1,645,248	1,575,720
Legal claim expense – CDO	13	1,000,000	–
Finance costs (interest)	13	621,878	179,448

An expense has been taken up for a requested refund of Federation CDO issued to the Society in 2009 of $1,000,000. They are also seeking Interest of 9% p.a. on these funds. As such a Finance costs (interest) of $425,342 has been taken up. Please see Note 13 for further details.

Note 4: Auditors' remuneration

	2014 $	2013 $
Amount paid to BDO for:		
Audit of financial report and grant financial returns	99,911	97,600
Indirect taxation services	7,236	3,200
Other assurance services	3,850	15,013
	110,997	115,813

Note 5: Cash and cash equivalents

	2014 $	2013 $
Cash on hand	53,319	58,035
Cash at bank	11,931,829	10,678,334
Term deposits	5,297,830	2,045,582
	17,282,978	12,781,951

Term deposits are shown as Cash and cash equivalents if they have a maturity date of three months or less at date of requisition and are repayable within 24 hours notice.

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 6: Trade and other receivables

	Note	2014 $	2013 $
Trade and other receivables		1,120,691	880,724
GST receivable		175,855	127,705
		1,296,546	1,008,429

Note 7: Inventories

	Note	2014 $	2013 $
Stock on hand		124,103	130,105
		124,103	130,105

Note 8: Other Assets

	Note	2014 $	2013 $
Prepayments		325,109	528,183
Accrued income		245,432	336,464
		570,541	864,647

Note 9: Property, plant & equipment

	Note	2014 $	2013 $
Land and buildings			
At deemed cost		68,772,171	65,810,743
Less accumulated depreciation		(7,085,968)	(5,739,559)
		61,686,203	60,071,184
Leasehold improvements			
At cost		1,312,839	1,021,804
Less accumulated depreciation		(536,816)	(425,703)
		776,023	596,101
Motor vehicles			
At cost		5,049,780	5,111,645
Less accumulated depreciation		(2,129,045)	(2,514,775)
		2,920,735	2,596,870

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 9: Property, plant & equipment (continued)

	Note	2014 $	2013 $
Furniture & fittings			
At cost		3,545,836	3,395,754
Less accumulated depreciation		(2,264,712)	(2,022,137)
		1,281,124	1,373,617
Computer equipment			
At cost		2,862,316	2,703,250
Less accumulated depreciation		(2,185,767)	(1,944,871)
		676,549	758,379
Office equipment			
At cost		1,446,617	1,470,986
Less accumulated depreciation		(1,134,353)	(1,117,525)
		312,264	353,461
Work in progress			
At cost		1,440,396	561,564
		1,440,396	561,564
Make good leased premises			
At cost		419,600	388,600
Less accumulated depreciation		(382,290)	(365,947)
		37,310	22,653
		69,130,604	**66,333,829**

Notes to the Financial Statements

For the year ended 30 June 2014

Note 9: Property, plant & equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Note	2014 $	2013 $
Land & buildings			
Carrying amount at the beginning of the financial year		60,071,184	49,332,246
Additions		1,465,925	225,896
Disposals		(119,385)	(12,007)
Transfers		1,614,172	11,673,409
Less depreciation		(1,345,693)	(1,148,360)
Carrying amount at the end of the financial year		61,686,203	60,071,184
Leasehold improvements			
Carrying amount at the beginning of the financial year		596,101	481,696
Additions		313,505	206,266
Disposals		(5,664)	(1,500)
Transfers		–	22,489
Less depreciation		(127,919)	(112,850)
Carrying amount at the end of the financial year		776,023	596,101
Motor vehicles			
Carrying amount at the beginning of the financial year		2,596,870	2,691,356
Additions		3,376,141	1,383,842
Disposals		(2,262,910)	(645,840)
Less depreciation		(789,366)	(832,488)
Carrying amount at the end of the financial year		2,920,735	2,596,870
Furniture & fittings			
Carrying amount at the beginning of the financial year		1,373,617	1,537,409
Additions		208,172	100,929
Disposals		(3,820)	(9,642)
Transfers		29,318	48,429
Less depreciation		(326,163)	(303,508)
Carrying amount at the end of the financial year		1,281,124	1,373,617

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 9: Property, plant & equipment (continued)

Reconciliations (continued)

	2014 $	2013 $
Computer equipment		
Carrying amount at the beginning of the financial year	758,379	1,077,281
Additions	312,557	169,807
Disposals	(453)	(197)
Transfers	57,918	1,554
Less depreciation	(451,852)	(490,066)
Carrying amount at the end of the financial year	676,549	758,379
Office equipment		
Carrying amount at the beginning of the financial year	353,461	393,502
Additions	117,378	114,490
Disposals	(8,942)	(568)
Transfers	(4,621)	5,992
Less depreciation	(145,012)	(159,955)
Carrying amount at the end of the financial year	312,264	353,461
Work in progress		
Carrying amount at the beginning of the financial year	561,564	7,194,748
Additions	2,575,619	5,118,689
Transfers	(1,696,787)	(11,751,873)
Carrying amount at the end of the financial year	1,440,396	561,564
Make good leased premises		
Carrying amount at the beginning of the financial year	22,653	–
Additions	36,000	41,500
Disposals	(5,000)	(1,000)
Less depreciation	(16,343)	(17,847)
Carrying amount at the end of the financial year	37,310	22,653

Notes to the Financial Statements

For the year ended 30 June 2014

Note 9: Property, plant & equipment (continued)

Reconciliations (continued)

	Note	2014 $	2013 $
Total property, plant & equipment			
Carrying amount at the beginning of the financial year		66,333,829	62,708,237
Additions (excluding make good leased premises)		8,405,297	7,361,419
Movement in make good leased premises (non-cash)		(5,000)	(1,000)
Disposals		(2,401,174)	(669,754)
Less depreciation	3	(3,202,348)	(3,065,073)
Carrying amount at the end of the financial year		69,130,604	66,333,829

Note 10: Available for sale financial assets

(a) Investments at fair value

	2014 $	2013 $
(i) Listed investments		
– Australian equities	6,598,888	7,755,115
– International equities	1,601,777	386,500
– Interest rate notes	3,858,712	2,620,668
– Preference shares	500,000	1,210,972
(ii) Unlisted investments		
– Property	–	–
– Interest rate notes	100,000	50,000
	12,659,377	12,023,255

(b) Return on available for sale financial assets

	2014 $	2013 $
Recognised in surplus for the year:		
– Interest received	245,639	212,719
– Dividends received	600,644	642,706
– Gain/(loss) on sale	377,206	355,655
– Recovery of impaired available for sale financial asset	–	1,000,000
– Reclassification adjustment on impairment of available for sale financial assets	(3,058)	(186,420)
	1,220,431	2,024,660

	Note	2014 $	2013 $

Note 10: Available for sale financial assets (continued)

(b) Return on available for sale financial assets (continued)

	Note	2014 $	2013 $
Recognised in other comprehensive income:			
Reclassification adjustment on sale of available for sale financial assets		(366,112)	106,747
Reclassification adjustment on impairment of available for sale financial assets		3,058	186,420
Net changes in fair value of available for sale financial assets		1,437,473	272,796
		1,074,419	565,963
Return recognised in total comprehensive income		2,294,850	2,590,623

Included in the balance of the AFSFA reserve (refer Note 15) is an unrealised decrement of $301,787 (2013: $588,771). This amount represents potential future impairment expense where the decline in market value of the relevant investment becomes significant or prolonged.

(c) Reconciliation of financial assets

Reconciliations of the carrying amounts of each class of financial asset at the beginning and end of the current financial year are set out below:

(i) Listed investments

	Note	2014 $	2013 $
– Australian equities			
Carrying amount at the beginning of the financial year		7,755,115	5,768,462
Additions		1,755,716	6,291,042
Disposals		(3,915,267)	(5,056,657)
Net revaluation increase/(decrease)		1,003,323	752,268
Carrying amount at the end of the financial year		6,598,887	7,755,115
– International equities			
Carrying amount at the beginning of the financial year		386,500	236,879
Additions		1,076,888	99,618
Disposals		–	–
Net revaluation increase/(decrease)		138,389	50,003
Carrying amount at the end of the financial year		1,601,777	386,500

Note 10: Available for sale financial assets (continued)

(c) Reconciliation of financial assets (continued)

	Note	2014 $	2013 $
– Listed interest rate notes			
Carrying amount at the beginning of the financial year		2,620,668	1,522,469
Additions		4,624,735	5,769,357
Disposals		(3,617,553)	(4,138,402)
Net revaluation increase/(decrease)		230,862	(532,756)
Carrying amount at the end of the financial year		3,858,712	2,620,668
– Preference shares			
Carrying amount at the beginning of the financial year		1,210,972	1,499,083
Additions		1,018,110	3,540,369
Disposals		(1,743,982)	(3,891,961)
Net revaluation increase/(decrease)		14,900	63,481
Carrying amount at the end of the financial year		500,000	1,210,972
(ii) Unlisted investments			
– Unlisted property			
Carrying amount at the beginning of the financial year		–	55,200
Additions		–	500,000
Disposals		–	(487,500)
Net revaluation increase/(decrease)		–	(67,700)
Carrying amount at the end of the financial year		–	–
– Unlisted interest rate notes			
Carrying amount at the beginning of the financial year		50,000	530,000
Additions		–	–
Disposals		–	(1,487,500)
Net revaluation increase/(decrease)		50,000	7,500
Recovery of Impaired Investments		–	1,000,000
Carrying amount at the end of the financial year		100,000	50,000

	Note	2014 $	2013 $

Note 10: Available for sale financial assets (continued)

(c) Reconciliation of financial assets (continued)

	2014 $	2013 $
Summary		
Carrying amount at the beginning of the financial year	12,023,255	9,612,093
Additions	8,475,449	16,200,386
Disposals	(9,276,801)	(15,062,020)
Net revaluation increase/(decrease)	1,437,474	272,796
Recovery of Impaired Investments	–	1,000,000
Carrying amount at the end of the financial year	12,659,377	12,023,255

(d) Fair value measure

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

– Available-for-sale financial assets

These assets are all at Level 1 in the fair value hierarchy, with the exception of Interest rate notes, which are Level 2 in the hierarchy. For Level 1 the fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Note 11: Trade and other payables

	2014 $	2013 $
Trade and other payables	2,006,098	1,615,031
	2,006,098	1,615,031

Note 12: Interest bearing liabilities

	2014 $	2013 $
Current		
Interest bearing liabilities	469,902	375,648
	469,902	375,648
Non-current		
Interest bearing liabilities	4,132,293	2,787,739
	4,132,293	2,787,739

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 12: Interest bearing liabilities (continued)

The carrying amounts of non-current assets pledged as security are:

Freehold land and buildings		8,355,000	6,905,000

The Society has approved facility limits with Archdiocesan Development Fund of $5,296,939 (2013: $4,663,387). The drawn down amount as at 30 June 2014 was $4,602,196 (2013: $3,163,387) with an amount available to draw of $694,743 (2013: $1,500,000).

Collateral provided:

The debt is secured by a first mortgage, held by the Archdiocesan Development Fund, over certain freehold properties owned by the Society. A covenant has been imposed requiring all operating funds that are surplus to the Society's normal day to day requirements, are to be placed on deposit with the Archdiocesan Development Fund. There has been no breach of this covenant.

Note 13: Provisions

Current

Provision for legal matters		1,425,342	–
Employee entitlements – annual leave		1,346,009	1,659,365
Employee entitlements – long service leave		734,658	756,461
		3,506,009	2,415,826

A provision has been taken up for a requested refund of Federation CDO issued to the Society in 2009. Liquidators for Lehman Australia are seeking the return of these funds on the grounds that these funds were unlawfully distributed. They are also seeking Interest of 9% p.a. on these funds. This has been calculated to 30 June 2014 as $425,342.

The asset was redeemed in 2010 against impairment in the P&L of $1,000,000. The Society is following due process regarding the requirement to repay the funds, but have taken up a provision of $1,425,342 to provide for the likelihood that it is repayable.

Non-current

Make good leased premises		419,600	388,600
Employee entitlements – long service leave		665,801	755,135
		1,085,401	1,143,735

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 14: Grants in advance

	Note	2014 $	2013 $
Current			
Grants in advance – operational		1,693,833	401,797
Grants in advance – capital		724,471	591,715
		2,418,304	993,512
Non-current			
Grants in advance – capital		21,157,285	22,106,813
		21,157,285	22,106,813

Note 15: Reserves

	Note	2014 $	2013 $
Property revaluation reserve		7,941,911	7,941,911
AFSFA fair value reserve		1,329,700	255,281
Total reserves		9,271,611	8,197,192
Accumulated funds		57,017,246	53,506,720
		66,288,857	61,703,912

Property revaluation reserve

The property revaluation reserve records increments and decrements on the revaluation of individual parcels of land and buildings when revaluations have been performed previously. When individual parcels of land and buildings are sold, any balance in the revaluation reserve pertaining to those land and buildings is transferred to accumulated funds. Transfers for land and buildings sold during the year amounted to $NIL (2013: $NIL).

Available for sale financial assets (AFSFA) fair value reserve

Represents the accumulated net change in the fair value of available for sale financial assets until the investment is sold or impaired.

When an available for sale financial asset is sold or impaired, any balance in the reserve pertaining to that investment is transferred to the profit or loss. The net gain transferred from the reserve to the profit or loss on the disposal of investments during the year was $366,112 (2013: loss $106,746). The net loss transferred from the reserve to profit or loss on impairment of investments was $3,058 (2013: $186,420).

Notes to the Financial Statements

For the year ended 30 June 2014

	Note	2014 $	2013 $

Note 16: Contingent assets & contingent liabilities

Contingent assets/liability

There are legal proceedings in place relating to the default of the Collateralised Debt Obligations (CDOs) held. The potential financial effects of these proceedings is not likely to have a material effect on the Society for the year ended 2014.

Note 17: Commitments

Operating lease commitments payable

	Note	2014 $	2013 $
Future minimum lease payments due on non-cancellable property operating leases			
Not later than one year		2,663,220	2,113,999
Later than one year but not later than 5 years		4,029,022	2,807,616
		6,692,242	4,921,615

The Society is currently undertaking a number of retail outlet projects. The current contractual commitments of these projects is $790,378.

Note 18: Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2014 $	2013 $
Cash on hand	5	53,319	58,035
Cash at bank	5	11,931,829	10,678,334
Term deposits	5	5,297,830	2,045,582
Balance per Statement of Cash Flows		17,282,978	12,781,951

Notes to the Financial Statements

For the year ended 30 June 2014

Note 18: Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of cash flow from operations with the net surplus

	Note	2014 $	2013 $
Net surplus		3,510,526	3,477,171
Non-cash flows in operating surplus			
Depreciation	9	3,202,347	3,065,073
Net loss/ (gain) on sale of fixed assets	2, 3	(69,040)	181,557
Net loss/ (gain) on sale of available for sale financial assets	2	(377,206)	(355,655)
Reclassification adjustment on impairment of available for sale financial assets	3	3,058	186,420
Other non-cash items		266,953	–
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(197,085)	28,340
(Increase)/decrease in other assets		203,074	(77,555)
(Increase)/decrease in inventories		6,002	(14,512)
Increase/(decrease) in trade and other payables		1,815,859	1,376,319
Increase/(decrease) in provisions		(393,493)	489,482
Cash flows from operations		7,970,995	8,356,640

Note 19: Financial risk management

(a) General objectives, policies and processes

In common with similar organisations, the Society is exposed to risks that arise from its use of financial instruments. This note describes the Society's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Society's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables;
- Interest bearing liabilities; and
- Available for sale financial assets.

The State Council has overall responsibility for the determination of the Society's risk management objectives and policies.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 19: Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligations resulting in the Society incurring a financial loss. This usually occurs when debtors or counter parties to contracts fail to settle their obligations owing to the Society.

The maximum exposure to credit risk at balance date, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Statement of Financial Position and is as follows:

	Note	2014 $	2013 $
Cash and cash equivalents	5	17,282,978	12,781,951
Trade and other receivables	6	1,296,546	1,008,429
Available for sale financial assets	10	12,659,377	12,023,255
		31,238,901	25,813,635

(i) Cash and cash equivalents

Cash and cash equivalents are deposited with the Commonwealth, Westpac, ANZ, National Australia and Macquarie Banks, various Queensland Catholic Development Funds and various small financial institutions throughout regional Queensland.

(ii) Trade and other receivables

Within trade and other receivables the federal and state governments are the largest debtors through GST and government funding receivables. The Society's no interest loans scheme has outstanding receivables of $416,551 (2013: $468,976). Credit risk associated with trade and other receivables is monitored by the monthly review of trade debtor listings.

(iii) Available for sale financial assets

The Society's available for sale financial assets are disclosed in Note 10. No one investment product is greater than 6% of the portfolio at the time of investing. Investments are diversified and are exposed to defensive and growth assets.

Listed interest rate securities consists primarily of Australian hybrid securities such as convertible notes and types of preference shares that provide a return based on quoted interest rates.

The objective of the Society investing in available for sale financial assets is to have sufficient capital invested to support the maintenance and growth of the Society's mission and strategic plan. Under the investment policy established by the Society, risk of future losses is in part managed by setting guidelines that require the Society's investments are diversified such that there is adequate exposure to both defensive and growth assets. The performance objective of the Society's investment portfolio is to achieve a minimum return over a three to five year period of 4% above inflation. At an individual asset class level, further industry benchmarks have been set against which the relevant class of assets are monitored. To help implement the Society's investment policy and manage the associated investment risk the Society has in place an Investment Committee. The Investment Committee consists of four Vincentians, the State Treasurer and Chief Financial Officer.

Up to 30 June 2014 the Investment Committee employed an independent advisor, who managed the Society's investments in line with State Council's approved investment policy which adheres to the National Investment Policy. They have reported monthly to management and quarterly to the Investment Committee.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 19: Financial risk management (continued)

(b) Credit risk (continued)

(iii) Available for sale financial assets (continued)

Risk is managed by monthly reviews of investment holdings, policy compliance, economic updates and reviewing the long term cash needs of the Society. The committee monitors the quality of investments taking into consideration areas such as credit ratings, returns and investment objectives.

As required under Australian Accounting Standards, a review of the carrying values of available for sale financial assets as at 30 June 2014 was performed to determined whether any impairment existed as at that date. The process undertaken included a review of all investments where the market value was greater than 30% below its original cost as at year end. Further analysis was conducted which included subsequent movements in share price (if listed), a review of the trend in the overall value of the stock, and an assessment to determine whether there was a significant or prolonged decline in the fair value of the investment below its cost. This process identified a $3,058 impairment as at 30 June 2014. Overall a reclassification adjustment of $3,058 (2013: $186,420) was made from the available for sale financial assets reserve to profit or loss.

The carrying value of the CDOs as at 30 June 2014 was $100,000 (2013: $50,000). This carrying value is based on market values as advised by Morgans Wealth Management. These market values have been determined by contacting the arranger of the CDO to obtain the arranger's internal valuation. Where the arranger is no longer available to provide a valuation, Morgans Wealth Management contacted a number of market participants in order to obtain an estimate of the fair market value of the CDOs given the underlying structure of the particular CDO and the continuing distressed secondary market in structured credit products. The face value of the CDOs that have been recognised at a carrying value of $100,000 is $500,000. The maturity date of this investment is 22 December 2014.

(c) Market Risk

The Society does not have any material exposure to market risk other than interest rate risk and price risk.

The policies and procedures for managing price risk are similar to those for managing credit risk as detailed in Note 19 (b) (iii).

(i) Interest Rate Risk

Interest rate risk arises from the use of interest bearing financial instruments. It is the risk that fair value for future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Society monitors its interest rate exposure continuously. Total financial assets that earned interest at a floating rate is $22,767,713 as at 30 June 2014 (2013: $17,356,154). Total financial liabilities that are charged interest at a floating rate are $4,602,196 as at 30 June 2014 (2013: $3,163,387).

Note 20: Events Subsequent To Reporting Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Society, the result of the operations or the state of affairs of the Society in the financial years subsequent to 30 June 2014.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 21: Organisation Details

The registered office of the Society is:

St Vincent de Paul Society Queensland
10 Merivale Street
South Brisbane Qld 4101

Note 22: Related party transactions

The names of persons who were State Councillors of St Vincent de Paul Society Queensland at any time during the financial year are as follows:

John Forrest	Dennis Innes
Brian Moore (retired March 2014)	Peter Daniel (retired October 2013)
Ron Sullivan	Brian Headford (appointed October 2013)
Robert Leach	Neil Dwyer
Joe De Pasquale	Annette Baker
Peter Driver	Ian Laherty (appointed March 2014)
June Chandler	Jim Donaldson (retired February 2014)
Kathleen Ferrero (retired March 2014)	Noel Sweeney (appointed February 2014)
Catherine Lutvey (appointed March 2014)	Kevin Byrne (retired April 2014)
John Harrison	John Elich (appointed April 2014)

No State Councillor has entered into a material contract with St Vincent de Paul Society Queensland since the end of the previous financial year and there were no material contracts involving State Councillors' interests subsisting at year end. State Councillors may have family members or relatives who utilise the services that St Vincent de Paul Society Queensland provides. Such transactions are conducted at arms length.

Other key management personnel were:

Peter Maher	*Chief Executive Officer*
Anna Aubrey	*General Manager – Operations*
Deborah Nisbet	*Chief Financial Officer*
Joe Duskovic	*Corporate Secretary & Legal Services Manager*
Kirstin Hinchliffe	*Human Resource Manager*
Carolyn Sauvage	*Business Development Manager/Vincentian Programs*
Sharon Shearsmith	*State Manager, Housing & Home and Community Care*
Raylton Snell	*State Child & Family / Disability Service Manager*
Maree Fell	*Executive Officer, FNQ (Cairns) Diocese*
Doug Maynard	*Executive Officer, Rockhampton Diocese*
Kathie Brosnan	*Executive Officer, Toowoomba Diocese*
Ray O'Donnell	*Executive Officer, Brisbane South/City Diocese*
Jody Tunnicliffe	*Executive Officer, Northern Diocesan Central Council*
Roberta Jays	*Executive Officer, Western Brisbane Diocesan Council*
Cassandra Ashton	*Executive Officer, South Coast Diocese*
Jeannette Manganaro	*Executive Officer, Townsville Diocese*

Notes to the Financial Statements

For the year ended 30 June 2014

Note 22: Related party transactions (continued)

State Councillors do not receive any direct remuneration, however a fringe benefit does exist on motor vehicle usage and is included in the figure below.

Key management personnel remuneration includes fringe benefits on motor vehicles supplied.

	2014 $	2013 $
Remuneration including fringe benefits on motor vehicles	2,134,712	2,438,045

The bands of remuneration (including fringe benefits) are as follows:

$0–40k	12	17
$40–80k	0	4
$80–120k	7	0
$120–160k	7	12
$160k and above	2	2

Included in the surplus for the year is net intra-society payments of $963,639 (2013: $760,896).

Intra-society payments and receipts are payments made to and funds received from the Society of St Vincent de Paul outside Queensland.

The net intra-society payments is made up of intra-society payments of $963,639 (2013: $796,146) to the National Council of St Vincent de Paul Society, including payments for special projects of $315,016 (2013: $364,013) and levies of $462,373 (2013: $428,240). Receipts of $NIL (2013: $35,250) have been received from State Councils of St Vincent de Paul Society throughout Australia for the Queensland natural disaster appeal.

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The reasons to donate are all around us. Do something about it!

Membership and volunteer

Become a member of a Conference or volunteer your time to assist people in need in your community.

Leave a gift in your will

After taking care of your family, consider leaving a portion of your estate to the Society. Your gift, no matter the size, will improve the lives of those less fortunate.

Making a financial donation

Credit card and PayPal donations can be made at vinnies.org.au or by calling the donation hotline 13 18 12.

Donating goods

Donations of quality second hand clothing, furniture and household goods can be made at any Centre of Charity.

Be a part of our online community at

www.facebook.com/vinniesqld

www.vinnies.org.au

St Vincent de Paul Society
QUEENSLAND
good works