
THE
AAF COMPANY
ANNUAL REPORT 2018 - 2019

THE
AAF COMPANY
as Trustee of the
ARMY AMENITIES FUND
and
MESSES TRUST FUND

Annual Report

For the period

1 July 2018 to 30 June 2019

© Commonwealth of Australia 2019

ISSN 0728-6996

This work is copyright. Apart from any use permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the AAF Company. Requests and inquiries concerning reproduction and rights should be addressed to:

AAF Company
C/O Army Headquarters
Brindabella Park (PB29-4-097)
PO Box 7901
CANBERRA BC ACT 2610
Email: AHQ.ARTF@defence.gov.au

AAF COMPANY

TABLE OF CONTENTS

	Page/s
Report to Minister.....	1-8
Certification	
Independent Auditor's Report	9-10
Auditor's Independence Declaration	11
Directors' Declaration	12
Primary Financial Statements	
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Cash Flow Statement	16
Overview	17
Notes	
Note 1: Revenue and Expenses	18
Note 2: Trusts Liabilities and Indemnity	18
Note 3: Statement of Cash Flow	18
Note 4: Company Limited by Guarantee	18
Note 5: Key Management Personnel Remuneration	19
Note 6: Related Party Disclosures	19
Note 7: Auditor fees	20
Note 8: Contingent Liabilities and Asset	20
Note 9: Company Details	20
Appendix A – List of Requirements	

AAF Company – Directors Report

Minister for Veterans and Defence Personnel

Dear Minister

The Directors of the AAF Company have the honour to submit their report of operations for the year ended 30 June 2019.

Enabling legislation and responsible Minister

The AAF Company was incorporated on 17 July 1987, to administer the assets of the Army Amenities Fund and the Messes Trust Fund, and is subject to the *Corporations Act 2001*.

The AAF Company operates within the Defence portfolio, reporting to the Minister for Veterans and Defence Personnel (the Minister), at the date of this report.

Public Governance, Performance and Accountability Act 2013 and Australian Charities and Not-for-profits Commission Act 2012

The AAF Company also complies with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA)* and *Not-for-profits Commission Act 2012* with respect to:

- reporting to Ministers and Parliament;
- contents of Annual Report;
- audit of the AAF Company’s financial statements by the Auditor- General;
- banking and investment powers of authority;
- general policies of the Australian Government; and
- conduct of directors and officers, including the civil consequences of any breach of their duties by the directors and officers.

Accountable Authority

The following persons formed the accountable authority (Board) of the AAF Company during or since the end of the financial year:

Board of Directors	Appointed Date	Resigned Date
Mr G.E. Warner	27 Jan 2016	23 Aug 2018
Brigadier C. Pearce	29 Mar 2017	19 Nov 2018
Brigadier L.S. Wilton (Chair)	15 Feb 2016	21 Jan 2019
Colonel J. King	16 Jun 2016	21 Jan 2019
Mr K. Morris	13 Sep 2018	15 Mar 2019
Brigadier W.B. Stothart(Chair)	21 Jan 2019	
Colonel A.R. Fielding	20 Jun 2016	
Colonel M.R. Kennedy	05 May 2017	
Colonel F.C. Curtis	16 Apr 2019	
Colonel K.M. Skinner	16 Apr 2019	
Warrant Officer G.S. McFarlane	27 Aug 2018	
Warrant Officer Class One K. Felmingham	16 Apr 2019	

Statement of Intent

The Board of Directors of the AAF Company will:

- manage the assets of the AAF Company in a manner which ensures financial independence and long term sustainability;
- encourage continuous improvement practices to maximise opportunities that will ensure its long term sustainability;
- provide the Minister with annual financials and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Army;
- adopt best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies;
- identify and manage all actual and perceived conflicts of interest, advising the Minister of any significant issues as they arise; and
- demonstrate compliance with appropriate government policy and directions.

Organisational structure

The AAF Company is a Commonwealth Company and is managed by the Board of Directors (the Board), in accordance with the Company's Constitution, appointed by the Chief of Army and the Chair of the Board. The AAF Company head office is located in Canberra, ACT.

Review of operations and future prospects

Operations comprised the provision of discounted holiday accommodations for Army members, their families and other eligible persons. Also to provide financial support to units to assist in the provision of amenities to Army members.

There have not been any significant activities or changes that have occurred during this reporting period that have significantly affected or may affect the AAF Company operations.

Reviews by outside bodies

The AAF Company financial statements are subject to audit by the Australian National Audit Office.

Significant non-compliance issues with finance law

Section 17AG and 17BE of the *PGPA Rule* require that Commonwealth entities' annual reports must include a statement of any significant non-compliance issues notified to the responsible Minister under paragraph 19(1)(e) of the *PGPA Act* during the reporting period and outline the actions taken to remedy the non-compliance. There have not been any non-compliance issues in this reporting period.

Board of Directors

- The Board comprises serving members of the Army and Defence Australian Public Service employee.
- Board members are not entitled to any remuneration.
- Directors are expected to comply with the conflict of interest policy and declare any potential conflict according to the policy at the start of each Board meeting.

During 2018-19 the Board met four times including an AGM. These meetings were held in Canberra.

Table 1: Board member's attendance at meetings

Name	Responsibilities	Meeting Attended
Mr G.E. Warner	Chair Audit Committee	0#
Brigadier C. Pearce	Director	1#
Brigadier L.S. Wilton	Board Chair	3#
Colonel J. King	Director	3#
Mr K. Morris	Director	0#
Brigadier W.B. Stothart	Board Chair	1
Colonel A.R. Fielding	Director	4
Colonel M.R. Kennedy	Director	4
Colonel F.C. Curtis	Director	1
Colonel K.M. Skinner	Director	1
Warrant Officer G.S. McFarlane	Director	3
Warrant Officer Class One K. Felmingham	Director	1

Resigned during the 2018-19 financial year.

Audit Committee

In accordance with the requirements of the *PGPA Act* the Company has established an Audit Committee. The primary objectives of the Audit Committee are:

- improving the effectiveness and efficiency of the Company's internal control framework;
- ensuring that the Company has appropriate risk identification and management practices in place;
- improving the objectivity and reliability of financial reporting;
- ensuring that the Company has adequate procedures on matters of audit independence' and
- ensuring the Board complies with all governance and other obligations.

Freedom of Information (FOI)

There have not been any FOI enquiries were received during the reporting period.

Indemnities and insurance premiums for officers

The AAF Company has coverage with COMCOVER for Association Liability Insurance. Where applicable, the insurance cover is provided for all Directors, staff and contractors. No indemnity has been provided to an officer against any potential liability for legal costs.

Risk management and fraud control

The Directors have established a risk management and fraud control plan in line with the Commonwealth's endeavours to make risk management an integral part of everyday business practice. The AAF Company does not receive any funding from the Commonwealth and therefore not to apply the promulgated Commonwealth Risk Management Policy. However, the Directors have adopted the Policy as best practice standards for fraud control and have implemented fraud control arrangements commensurate with the AAF Company's activities.

Work Health and Safety (WH&S)

Staff supporting the operations of the AAF Company are employed by the Commonwealth - Department of Defence and, as such, fall within the policies and procedures of the Department for WH&S purposes.

ANNUAL PERFORMANCE STATEMENT 2018-19

Introductory statement

We, the Board of Directors of the AAF Company, as the accountable authority of the Trust Funds present the Company's Annual Performance Statement 2018-19. The reporting of the actual performance of the Company, in the annual report against the planned performance information outlined in its corporate plan is an important part of the Commonwealth's performance framework, established under the *PGPA Act 2013*.

Purpose

The purpose outlined in the AAF Company Corporate Plan 2018-19 is to provide amenity and related services to Army members and their families not normally provided at Departmental level. It is achieved through amenity grants, loans, affordable holiday accommodations, and sound financial investment for self sustainment.

Results

Amenity related services

<p><i>Performance criterion</i> Provide financial assistance through a loan or grant to fund unit amenity initiatives not normally provided at Departmental level.</p>
<p><i>Criterion source</i> Corporate Plan 2018-19. Activity 1</p>
<p><i>Results against performance criterion</i></p> <ol style="list-style-type: none"> 1. During the reporting period Army Amenities Fund sponsored 30 grant bids from units totalling \$84,358. The grants ranged from \$2,000 up to \$19,000 and overall were well within available funds. The newly launched Grant Committee in July 2018 has promoted the availability of amenity funding and resulted in an increase in grant applications. 2. For this reporting period funds have been used to support sponsor the amenity costs for sporting and adventure training activities, purchase of new social club equipment and sponsorship support for social events attended by Army members, their families and Defence communities.

Holiday facilities**Performance criterion**

Provide below market price quality accommodation for Army members and eligible persons through Trust-owned holiday properties.

Criterion source

Corporate Plan 2018-19. Activity 2

Results against performance criterion

1. Holiday facilities profile met its objective to provide amenities primarily used by current and former Army members. As at 30 June 2019 the overall land and buildings value reported a total book value of \$5,414,875.
2. Tariff rates were reviewed and found to be under the 75% commercial rate criteria. The Board agreed to increase rates for 2018-19 reporting period.
3. Overall the property portfolio did not achieve an annual cash break even or better outcome. The seven properties received rental income of \$193,177. On the expense side, the largest expense is cleaning and linen hire. Total spending on this category was \$46,852. Followed by the body corporate levies in the amount of \$31,556 and repairs and maintenance in the amount \$24,826. The property management fee for Coogee and Docklands apartments was reported in the amount of \$17,096 in total. The Goolwa property manager's salary plus other employee benefits was reported at \$30,947. A total cost of \$16,360 was spent for the utilities bills amongst the properties.
4. Occupancy levels during the reporting period have underachieved their targets. Coogee's occupancy rate at 51% against its target didn't have a negative impact on its financial outcome as the tariff rates offset the costs. This applied to the Docklands apartments as well. The Army occupancy level continues to be higher for Coogee at 56% and Docklands at 71% compared to other Services or eligible persons. Goolwa's Army occupancy level remained low with only 24% during this reporting period.

Location	Target occupancy %	Actual occupancy %	Army occupancy %
Coogee	65	51	56
Goolwa	60	51	24
Docklands	80	61	71

Financial Investment

<p>Performance criterion Conduct sound financial investment strategies that ensures sufficient capital is available to meet the operational goals and the Trusts remain self-sustaining.</p>
<p>Criterion source Corporate Plan 2018-19. Activity 3</p>
<p>Results against performance criterion</p> <ol style="list-style-type: none"> 1. The Company's (as trustee for the Army Amenity Funds) investment portfolio currently totals \$8,905,860 compared to \$8,715,948 in 2017-18. Overall, the operational goals have been met and income generated from the investment portfolio will ensure available cash for future years of operation. <ol style="list-style-type: none"> a) The investment strategy approach is to split the investment portfolio between 70 per cent growth and 30 per cent defensive components. b) The 'Administrative' component of the investment portfolio is to generate sufficient income to fund 'normal' operations. \$200,000 was withdrawn for operations and this amount has been transferred from Fiducian portfolio to cover future operational withdrawals. Fiducian growth was reported at \$16,052 in this reporting period. While Asgard reported a strong capital growth in the amount of \$173,860 equates to an annual net return of 10 per cent. 2. The Company's (as trustee for the Messes Trust Fund) term deposit provided an interest return of \$16,970 at this reporting period. Total deposit balance is \$701,856 as at 30 June 2019.

Analysis of performance against purpose

Holiday facilities recorded an operational loss and, as such, a negative return on accommodation investment. However, a 3 per cent land appreciation was reported for the Goolwa's properties. The Company's financial investment portfolio experienced downward pressure in the second quarter and third quarter, however a bounce back in the final quarter. Overall a positive return for the Company's investment portfolio for the reporting period.

Positive returns from the investment portfolio and asset appreciation were offset by a negative return of holiday operations. With proactive and targeted marketing, it is anticipated operational outcomes for holiday facilities will move towards a positive outcome.

The Messes Trust Fund was non-operational in this reporting period and its closure will be explored in 2019-20.

The Messes Trust Fund was non-operational in this reporting period and its closure will be explored in 2019-20.

Other contributing factors that have enabled the performance of the Company to achieve its purpose as set out in its Corporate Plan 2018-19 are:-

- strategic direction and decisions of the Board, and the oversight of the Audit Committee;
- the delivery of its activities through the secretariat's management of operations ensured;
- self-sustainment achieved through investment portfolio continuing to generate growth to cover annual operational costs with reserves for the future needs of the Trusts;
- the environment that the Company as the trustee operates in has not experienced any changes that would significantly impact on operations; and
- the ability to mitigate any risk during the reporting period.

CONCLUSION

The Directors are responsible under the *PGPA Act 2013* for the preparation and content of the report of operations in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*. This report of operations is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



W.B. Stothart, DSC, AM, CSC
Brigadier
Chair of the AAF Company

18 September 2019



INDEPENDENT AUDITOR'S REPORT

Minister for Defence Personnel

Opinion

In my opinion, the financial report of AAF Company for the year ended 30 June 2019 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of AAF Company's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

The financial report of AAF Company, which I have audited, comprises the following statements as at 30 June 2019 and for the year then ended:

- Directors' Declaration;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of AAF Company in accordance with the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AAF Company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the annual report for the year ended 30 June 2019 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of AAF Company 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 and the *Corporations Act 2001* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing AAF Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Australian National Audit Office



Garry Sutherland

Audit Principal
Delegate of the Auditor-General

Canberra

18 September 2019



Brigadier W.B. Stothart
Chair of the Board of Directors
AAF Company
Russell Offices
PO Box 7901
CANBERRA ACT 2601

**AAF COMPANY FINANCIAL REPORT 2018–19
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the AAF Company for the year ended 30 June 2019, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

A handwritten signature in blue ink, appearing to read 'G. Sutherland'.

Garry Sutherland
Audit Principal

Delegate of the Auditor-General

Canberra

18 September 2019

AAF Company

ABN 82 008 629 490

DIRECTORS' DECLARATION

The Directors of the AAF Company declare that:

- 1 The financial statements and notes, as set out in the financial report:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirement (including Australian Accounting Interpretations) and the *Corporations Act 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and performance for the year ended on that date for the Company.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company 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 Directors of the Company.



W.B. Stothart, DSC, AM, CSC

Brigadier

Chair of the AAF Company

18 September 2019

AAF Company
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	AAF Company	
		2019 \$	2018 \$
NET COST OF OPERATIONS			
Expenses			
Total expenses		-	-
Own-Source revenue			
Total own-source revenue		-	-
Net (cost of) / contribution by operations		-	-
Total comprehensive income for the year		-	-

The above statement should be read in conjunction with the accompanying notes.

AAF Company
Statement of Financial Position
as at 30 June 2019

	Notes	AAF Company	
		2019 \$	2018 \$
ASSETS			
Financial assets			
Cash and cash equivalents		-	-
Total financial assets		-	-
Non-financial assets			
Total non-financial assets		-	-
Total assets		-	-
LIABILITIES			
Payables		-	-
Total liabilities		-	-
Net assets		-	-
EQUITY			
Retained surplus		-	-
Total equity		-	-

The above statement should be read in conjunction with the accompanying notes.

AAF Company
Statement of Changes in Equity
for the year ended 30 June 2019

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2018	-	-	-
	-	-	-
Comprehensive income: attributed to members of the Company	-	-	-
Total comprehensive income	-	-	-
Balance at 30 June 2019	-	-	-

for the year ended 30 June 2018

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2017	-	-	-
	-	-	-
Other comprehensive income			
Revaluation of assets	-	-	-
Profit/(loss) for the year	-	-	-
Total comprehensive income	-	-	-
Balance as at 30 June 2018	-	-	-

The above statements should be read in conjunction with the accompanying notes.

AAF Company
Cash Flow Statement
for the year ended 30 June 2019

	AAF Company	
	2019 \$	2018 \$
OPERATING ACTIVITIES		
Cash received	-	-
Cash used	-	-
Net cash from / (used by) operating activities	-	-
INVESTING ACTIVITIES		
Cash received	-	-
Cash used	-	-
Net cash from / (used by) investing activities	-	-
Net increase in cash held	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	-	-

The above statement should be read in conjunction with the accompanying notes.

Overview

The financial statements are for the entity AAF Company (the Company) as an individual entity. The Company is a company limited by guarantee, subject to the *Corporations Act 2001* and domiciled in Australia. It is registered as a charity with the Australian Charities and Not-for-profit Commission.

The sole activity of the Company is to act as the trustee for the Army Amenities Fund and Messes Trust Fund.

Basis of preparation

The financial statements are general purpose – reduced disclosure regime financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The Company has applied the requirements of AASB 9 Financial Instruments from 1 July 2018. Management has revisited the recognition and measurement requirements for its instruments including investments and has assessed that the implementation of this new standard, and other new-amending standards and interpretations did not have a material impact on the financial statement as that date.

Future Australian Accounting Standard Requirements

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period(s) are not expected to have a future material impact on the AAF Company's financial statements.

Taxation

The AAF Company is Income Tax exempt but not exempt from Fringe Benefits Tax and the Goods and Services Tax.

Events after the reporting period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the AAF Company.

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

Financial Performance

This section analyses the financial performance of the AAF Company for the year ended 2018 -19

Note 1: Revenue and expense

The Company acts solely as trustee of the Trusts and does not carry on any business activity on its own behalf during the current year or the preceding year. Therefore, there are no revenues or expenses in relation to the Company during the current or preceding financial year.

Note 2: Trust liabilities and right of indemnity

The Company acts solely as trustee of the Trusts and liabilities have been incurred on behalf of the Trusts in the Company's capacity as corporate trustee.

Liabilities incurred on behalf of the Trusts are not recognised in the financial report when it is not probable that the Company will have to meet any of the Trusts liabilities from its own resources. If the Company becomes obliged to meet Trusts liabilities, the trustee has a right to be indemnified from Trusts assets. If it is probable that there will be a deficiency in Trusts assets, a liability is recognised by the Company to the extent of that deficiency.

Liabilities of the Trusts were not recorded in the financial statement of the Company were:

	2019	2018
	\$	\$
LIABILITIES - Army Amenities Fund		
Payables		
Trade payables	46,058	32,839
Other payables	8,266	9,647
Total payables	<u>54,324</u>	<u>42,486</u>
Provisions		
Employee Provisions	15,634	12,729
Total provisions	<u>15,634</u>	<u>12,729</u>
Total liabilities	<u>69,958</u>	<u>55,215</u>
LIABILITIES - Messes Trust Fund		
Payables		
Trade payables	5,665	-
Total liabilities	<u>5,665</u>	<u>-</u>

The assets of the Trusts, which lie behind the right of indemnity, are not directly available to meet any liability of the Company acting in its own right. The assets of the Trusts with \$15.146m were sufficient to discharge all liabilities of the Trusts as at 30 June 2019.

Note 3: Statement of cash flows

The Company acts solely as Trustee of the Trusts and does not carry on any business activity on its own behalf during the current or preceding financial year. Therefore, there are no cash flows in relation to the Company during the current or preceding financial year. All movements in assets and liabilities relate to the Trusts and are not cash flows of the Company.

Note 4: Company limited by guarantee

The AAF Company is a company limited by guarantee and by its constitution, members' liability is restricted to \$100 per member. As of 30 June 2019, the Company had seven members (2018 eight members)

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

People and relationships

This section describes our relationship with other key people

Note 5: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The Directors of the AAF Company during the financial year are as follows:

Name		Appointed	Resigned
Grant Eric Warner	Public Servant	27 January 2016	23 August 2018
Cheryl Pearce	Army Officer	29 March 2017	19 November 2018
Leigh Suzanne Wilton	Army Officer	15 February 2016	21 January 2019
Jocelyn Anne King	Army Officer	16 June 2016	21 January 2019
Karl Morris	Public Servant	13 September 2018	15 March 2019
Amanda Ruth Fielding	Army Officer	20 June 2016	
Michael Kennedy	Army Officer	5 May 2017	
Grant McFarlane	Army Officer	27 August 2018	
Wade Stothart	Army Officer	21 January 2019	
Kirsty Skinner	Army Officer	16 April 2019	
Fiona Curtis	Army Officer	16 April 2019	
Kim Felmingham	Army Officer	16 April 2019	

Directors act in an honorary capacity therefore no income was received, due or receivable by any directors of the AAF Company during the financial year 2018-19:

- from the AAF Company or any related party in connection with the management of the AAF Company, or
- from the AAF Company in connection with the management of a related party.

Note 6: Related party disclosures**Related party relationships**

The entity is an Australian Government controlled entity. Related parties to this entity are Army Amenities Fund, Messes Trust Fund, key management personnel including the executives, Chief of Army, the responsible Minister and other Australian Government entities.

Transactions with related parties:

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the Company, it has been determined that there are no related party transactions to be separately disclosed.

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

Note 7: Remuneration of auditors

	2019	2018
	\$	\$
Audit fees		
Financial statement audit services	6,000	6,000
Total	<u>6,000</u>	<u>6,000</u>

The auditors remuneration for the AAF Company is covered by the Army Amenities Fund

Managing uncertainties

This section analyses how the AAF Company manages financial risks within its operating environment.

Note 8: Contingent Liabilities and Contingent Assets**Quantifiable Contingencies**

The AAF Company had no quantifiable contingencies as at 30 June 2019 (2018: nil).

Unquantifiable Contingencies

The AAF Company had no unquantifiable contingencies as at 30 June 2019 (2018: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Other information**Note 9: Company details**

The principal place of business for the AAF Company is :

AAF Company
C/O Army Headquarters
PO Box 7901
CANBERRA BC ACT 2610

Email: AHQ.ARTF@defence.gov.au

Appendix A – List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(a)	5	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(b)	1	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	N/A	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	N/A	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	2	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	1	Information on each director of the company during the reporting period	Mandatory
28E(g)	2	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	N/A	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
28E(h)	20	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	1	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(j), 28E(k)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	N/A	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	9	Particulars of any reports on the company given by: (a) the Auditor-General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission	If applicable, mandatory
28E(o)	N/A	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	19	Information about executive remuneration	Mandatory
28F	Disclosure requirements for government business enterprises		
28F(1)(a)(i)	N/A	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28F(1)(b)	N/A	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	N/A	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory