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**THE**  
**AAF COMPANY**  
**ANNUAL REPORT 2020 - 2021**

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**THE**  
**ARMY AMENITIES FUND (AAF) COMPANY**  
**as Trustee of the**

**ARMY AMENITIES FUND**  
**and**  
**MESSES TRUST FUND**

*Annual Report*

*For the period*

*1 July 2020 to 30 June 2021*

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ISSN 0728-6996

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CANBERRA BC ACT 2610  
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**The Hon Andrew Gee, MP**  
Minister for Defence Personnel  
Parliament House  
Canberra ACT 2600

Dear Minister

This report of operations by the Directors of the AAF Company is for the financial year ending on 30 June 2021. The report is accompanied by the Financial Statements for the period and Notes which are to be read as part of this report.

Yours sincerely

**wade.stothart** Digitally signed by  
wade.stothart  
Date: 2021.09.09  
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**W.B. Stothart, DSC, AM, CSC**  
Chair of the AAF Company

9 September 2021

# AAF COMPANY

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## AAF Company – Directors’ Report

The Directors of the AAF Company have the honour to submit the directors’ report of operations for the financial year ending on 30 June 2021.

### Enabling legislation and responsible Minister

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

The AAF Company was incorporated on 17 July 1987 under the *Corporations Act 2001 (Corporations Act)* to administer the assets of the Army Amenities Fund and the Messes Trust Fund. It complies with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* with respect to:

- report to Ministers and Parliament;
- the contents of its annual reports;
- the audit of the 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 and the appointment dates are listed at the below table:

Board of Directors	Appointed Date	Resigned Date
Brigadier W.B. Stothart (Chair)	21 Jan 2019	N/A
Colonel F.C. Curtis	16 Apr 2019	N/A
Colonel K.M. Skinner	16 Apr 2019	N/A
Colonel N. Gabbedy	17 Feb 2020	N/A
Lieutenant Colonel S. Trim	15 Apr 2020	N/A
Warrant Officer G.S. McFarlane	27 Aug 2018	N/A
Warrant Officer Class One K. Felmingham	16 Apr 2019	N/A

### 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. The Chief of Army appoints the chairperson and office bearers, the board can elect to appoint additional board members. The Company employed a female ongoing part-time employee in South Australia for property management purposes. The AAF Company head office is located in Canberra, ACT.

**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 entities;
- 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.

**Review of operations and future prospects**

Operations comprised of the provision of discounted holiday accommodations for Army members, their families and other eligible persons; and the provision of financial support to Commands and Units of amenities to Army members.

During the reporting period, the discussion on the future of its Goolwa, South Australia properties continues be explored. The Company has performed an uplift and promoted the properties. Followed by stakeholder consultation, a special Board meeting is scheduled for September 2021 to evaluate the achieved outputs.

In accordance with section 28E(1) of the *PGPA Rule* , the relevant Minister has been notified for the Goolwa activities during the reporting period

**Particulars of any reports received**

*PGPA Rule* section 28E(n) applies. The AAF Company's financial statements are subject to audit by the Australian National Audit Office. An audit report on the Company is given by the Auditor General.

## Board of Directors

- The Board comprises of serving and reserve members of the Army.
- Board members do not receive any remuneration from the AAF Company.
- Directors are expected to comply with the conflict of interest policy and declare any potential conflict in accordance with the required statutory guidance at the start of each Board meeting.

During 2020-21 the Board met five times including an AGM. These meetings were held in Canberra.

**Table 1: Board member's attendance at meetings**

Name	Position	Meetings Attended
Brigadier W.B. Stothart	Board Chair	5
Colonel F.C. Curtis	Director	4
Colonel K.M. Skinner	Director	5
Colonel N. Gabbedy	Director	4
Lieutenant Colonel S. Trim	Director	5
Warrant Officer G.S. McFarlane	Director	3
Warrant Officer Class One K. Felmingham	Director	4

## Directors of the AAF Company

**Brigadier Wade Stothart, DSC, AM, CSC.** Brigadier Stothart joined the Australian Regular Army in 1987 and completed operational service in Bosnia, East Timor, Afghanistan, and the Middle East. Brigadier Stothart holds a Bachelor of Arts, Master of Arts (International Relations), Master of Management and completed the Company Directors Course in 2019.

**Colonel Fiona Curtis.** Colonel Curtis joined the Australian Regular Army in 1996 and transferred to SERCAT 3 on 11 Mar 21. Colonel Curtis holds undergraduate degrees in Arts and Education and post graduate diplomas in Educational Studies (Teaching English to Speakers of Other Languages) and Organisational Training and Development. COL Curtis holds a Master of Professional Studies, a Master of Business and a Master in Instructional Systems and Learning Technologies. Colonel Curtis completed the Company Directors Course in 2019.

**Colonel Kirsty Skinner, CSC.** Colonel Skinner joined the Australian Regular Army in 1992 and completed operational service in East Timor and Iraq. Colonel Skinner holds a Bachelor of Arts (Politics), Graduate Certificate (Agribusiness), Graduate Diploma (Defence Studies), Master of Arts (Strategic Policy and Management) and completed the Company Directors Course in 2019.

**Colonel Nigel Gabbedy.** Colonel Gabbedy joined the Australian Regular Army in 1993 and completed operational service in Afghanistan. Colonel Gabbedy holds a Bachelor of Commerce and Laws, Graduate Diploma (Military Legal Studies) and completed the Company Directors Course in 2020.

**Lieutenant Colonel Siobhan Trim.** Lieutenant Colonel Trim joined the Australian Army - Reserve in 1998, later transferring to the Regular Army and completed operational service in Papua New Guinea and the Middle East. Lieutenant Colonel Trim holds a Diploma of Financial Services (Financial Planning), Bachelor of Business (Professional Accounting), a

Masters of Business, is a Certified Practising Accountant (CPA) with Public Practice Management Program, and completed the Company Directors Course in 2021.

**Warrant Officer Grant McFarlane, OAM.** Warrant Officer McFarlane joined the Australian Regular Army in 1980 and completed operational service in East Timor and Afghanistan. Warrant Officer McFarlane was appointed as the Regimental Sergeant Major – Army in July 2018 and completed the Company Directors Course in 2020.

**Warrant Officer Kim Felmingham, NSC, OAM.** Warrant Officer Felmingham joined the Australian Regular Army in 1986 and completed operational service in Somalia, East Timor, Solomon Islands and Middle East. Warrant Officer Felmingham was appointed as the Command Sergeant Major – Forces Command in December 2019 and completed the Company Directors Course in 2020.

### 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 stated in the charter at ([Annual Report | Army Holidays](#)).

The Audit Committee provides advice to the Board and its main objectives 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.

During 2020-21 the Audit Committee met four times. In addition, the Audit Committee met ‘out of session’ to discuss and review the 2020-21 audited financial statements of the Company. Audit Committee members do not receive any remuneration from the Company

**Table 2: Audit committee member’s attendance at meetings**

Name	Position	Appointed Date	Meetings Attended
Lieutenant Colonel S. Trim	Audit Chair	15 Apr 2020	4
Colonel N. Gabbedy	Member	17 Feb 2020	4
Major I. Johnson	Member	26 May 2021	0
Lieutenant A. Chugg	Member	21 May 2021	0

### Audit Committee Members:

**Lieutenant Colonel Siobhan Trim** joined the Australian Army in 1998. With 20 years finance and accounting experience across Defence and externally. She holds a Diploma of Financial Services (Financial Planning), Bachelor of Business (Professional Accounting), a Masters of Business, is a Certified Practising Accountant (CPA) with Public Practice Management Program, and completed the Company Directors Course in 2021.



**Colonel Nigel Gabbedy** joined the Australian Army in 1993. With 30 years legal experience ranging from litigation, commercial & military law across Defence and externally. He holds a Bachelor of Commerce and Laws, Graduate Diploma (Military Legal Studies) and completed the Company Directors Course in 2021.

**Major Ian Johnson** joined the Australian Army in 1986. With 20 years finance and accounting experience across Defence and externally. He holds a Bachelor of Accounting and is a Certified Practising Accountant (CPA).

**Lieutenant Alesia Chugg** joined the Australian Army in 2013. With over 10 years finance and accounting experience across Defence and externally. She holds a Bachelor of Economics & Management with Honours.

### **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 as a trustee of the Army Amenities Fund and Messes Trust Fund has coverage with the Australian Government COMCOVER. The class of the cover has been scheduled includes Liability – general, professional indemnity and directors’ liability and Property – Army Amenities Fund’s properties at Coogee NSW, Docklands Vic and Goolwa SA. During this reporting period, there were no insurance claims and no indemnity has been provided to an officer against any potential liability for legal costs.

### **Risk management and fraud control**

The AAF Company adopts the Commonwealth risk management and fraud control policy as best practice standards to governance its trading activities. The risk management and fraud control plan is updated annually.

### **Work Health and Safety**

Department of Defence provides work health and safety governance for the supporting staff and board of directors who administer the AAF Company.

## ANNUAL PERFORMANCE STATEMENTS 2020-21

### Introductory statement

We, the Board of Directors of the AAF Company, as the trustees and accountable authority of the Army Amenities Fund and Messes Trust Funds present the Company's Annual Performance Statements 2020-21 as required under the *PGPA Act* and the *Corporations Act*.

### Purpose

The purpose outlined in the AAF Company Corporate Plan 2020-21 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

The following results reported are the assets and liabilities of the Trusts.

#### *Grants and Loans*

<p><b><i>Performance criterion</i></b> Provide financial assistance through a loan or grant to fund commands and units' amenity initiatives not normally provided at Departmental level.</p>
<p><b><i>Criterion source</i></b> Corporate Plan 2020-21. Activity 1</p>
<p><b><i>Results against performance criterion</i></b></p> <ol style="list-style-type: none"> <li>1. During the reporting period Army Amenities Fund sponsored 32 grant bids from units totalling \$147,550. The grants paid increased during the period by \$44,251 compared to the previous financial year. Overall the payments were well within available budget. The Board adopted a 'Push' funding strategy and promoted the availability of amenity funding which resulted in an increase in grant applications.</li> <li>2. In accordance with the Term of Reference and criteria, grants have been distributed to Army members, their family and Defence communities. Funding was used to support the amenity costs for sporting events, social club and family events, adventure training, new social club equipment and computers for a primary school students.</li> <li>3. <i>PGPA Rule</i> section 28E(j) applies. It was reported that \$31,620 grant funding was approved by the Board at the June 2021 board meeting to Puckapunyal Primary School. The fund was used to replace nine interactive touchscreen computers that were lost in a fire that destroyed the school. Three supplier quotations were obtained for consideration during the selection process.</li> </ol>

**Holiday facilities**

<b>Performance criterion</b> Provide below market price quality accommodation for Army members and eligible persons through Trust-owned holiday properties.					
<b>Criterion source</b> Corporate Plan 2020-21. Activity 2					
<b>Results against performance criterion</b>					
<ol style="list-style-type: none"> <li>Holiday facilities profile met its objective to provide amenities primarily used by current and former Army members. As at 30 June 2021 the overall land and buildings value reported a total book value of \$5,468,424. (2020: \$5,513,506)</li> <li>Tariff rates were reviewed and found well under the 75% commercial rate criteria. The Board agreed to retain the rates for 2021-22 reporting period.</li> <li>Overall the property portfolio did not achieve an annual cash breakeven or better outcome. The seven properties received rental income of \$108,542 (2020: \$144,176). On the expense side, the largest expense is repairs and maintenance. Total spending on this category was reported at \$29,463 (2020: \$14,837). This was due to an uplift of the Goolwa properties. Followed by the body corporate levies in the amount of \$24,208 (2020: \$23,895) and general cleaning in the amount \$20,082 (2020: \$14,837). A total cost of \$11,771 (2020: \$25,973) was spent for the utilities bills amongst the properties. The property management fee for Coogee and Docklands apartments was reported in the amount of \$8,569 in total (2020: \$13,417). The Goolwa property manager's salary plus other employee benefits was reported at \$25,797 (2020: \$29,957).</li> <li>Occupancy levels during the reporting period have underachieved their targets. Coogee's occupancy rate at 24%, Goolwa at 51% and Docklands at 21%. The Army occupancy level continues to be higher for Coogee at 57% and Docklands at 58% compared to other Services or eligible persons. Goolwa's Army occupancy level remained low with only 21% during this reporting period.</li> <li>COVID-19 has greatly affected the occupancy rates across the three locations' properties with the States imposed travel restrictions and quarantine requirements. The pandemic has not impacted the properties' occupancy rates in a uniform way. Due to number of lockdowns in Melbourne VIC and Sydney NSW area, both Coogee and Docklands have experienced a severe decrease in occupancy for the whole reporting period.</li> </ol>					
<b>Location</b>	<b>Target occupancy %</b>	<b>Actual occupancy %</b>		<b>Army occupancy %</b>	
		FY19-20	FY20-21	FY19-20	FY20-21
Coogee	65	37	24	51	57
Goolwa	60	40	51	17	21
Docklands	80	45	21	69	58

### ***Financial Investment***

<p><b><i>Performance criterion</i></b>          Conduct sound financial investment strategies that ensures sufficient capital is available to meet the operational goals and the Trusts remain self-sustaining.</p>
<p><b><i>Criterion source</i></b>          Corporate Plan 2020-21. Activity 3</p>
<p><b><i>Results against performance criterion</i></b></p> <ol style="list-style-type: none"> <li>1. As the Trustee for the Army Amenity Funds, during this reporting period, the Trust's investment portfolio has reported capital assets in the amount of \$10,254,729 in FY 2020-21 compared to \$8,745,595 in FY 2019-20. The financial 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"> <li>a) The investment strategy approach is to split the investment portfolio between 70 per cent growth asset and 30 per cent defensive asset components. Diversify the management funds and act responsively.</li> <li>b) The Administrative component of the investment portfolio is to generate sufficient income to fund operating activities. A total of \$364,000 was withdrawn for operations in FY 2020-21. This amount has been transferred from the growth portfolio to cover future operational activities.</li> </ol> </li> <li>2. As the Trustee for the Messes Trust Fund, the Company has invested a term deposit and generated interest return of \$5,770 during this reporting period (2020: \$11,645). A grant support in the amount of \$4,295 has been allocated to a unit for upgrading a multi-purpose facility for refurbishing and carpeting. \$710,669 of total net asset was reported as at 30 June 2021 (2020: \$714,694).</li> </ol>

### **Analysis of performance against purpose**

Overall Army Amenities Fund achieved a positive return with comprehensive income of \$1,497,175 for the reporting period and with net asset of \$15,819,197 as at 30 June 2021.

Messes Trust Fund maintains a healthy cash position with a total financial asset of \$716,169 (2020: \$720,524). Messes Trust Fund does not own any non-financial asset.

Other contributing factors that have enabled the performance of the Company to achieve its purpose as set out in its Corporate Plan 2020-21 are:

- support provided by Department of Defence;
- Board's strategic direction;
- long term investment strategy;
- national operation and trading;
- technological advancement; and
- legislative compliance.

## **CONCLUSION**

The Directors are responsible under the *Corporations Act*, the *ACNC Act* and the *PGPA Act* 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.

## 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), the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* ; and
  - (b) give a true and fair view of the financial position as at 30 June 2021 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.

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by wade.stothart  
Date: 2021.09.09  
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**W.B. Stothart, DSC, AM, CSC**  
Brigadier  
Chair of the AAF Company

9 September 2021

siobha  
n.trim

Digitally signed  
by siobhan.trim  
Date: 2021.09.09  
15:35:16 +10'00'

**S. Trim**  
Lieutenant Colonel  
Director

9 September 2021



Brigadier W.B. Stothart DSC, AM, CSC  
Chair of the AAF Company  
C/O Army Headquarters  
PO Box 7901  
CANBERRA BC ACT 2610

**AAF COMPANY  
FINANCIAL STATEMENTS 2020–21  
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial statements of the AAF Company for the year ended 30 June 2021, to the best of my knowledge and belief, there have been:

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

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Jennifer Carter'.

Jennifer Carter  
Senior Director  
Delegate of the Auditor-General

Canberra  
9 September 2021



## INDEPENDENT AUDITOR'S REPORT

### To the members of AAF Company

#### Opinion

In my opinion, the financial statements of the AAF Company (the Company) for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The financial statements of the Company, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

#### 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 Statements* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial statements 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 (including Independence Standards)* (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 the 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 comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial statements and my auditor's report thereon.



My opinion on the financial statements 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 statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control the directors determine is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company 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 statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors 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, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Jennifer Carter', written on a light-colored background.

Jennifer Carter

Senior Director

Delegate of the Auditor-General

Canberra

9 September 2021

AAF Company  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

	Notes	AAF Company	
		2021 \$	2020 \$
<b>NET COST OF OPERATIONS</b>			
<b>Expenses</b>			
<b>Total expenses</b>	1	-	-
<b>Own-Source revenue</b>			
<b>Total own-source revenue</b>	1	-	-
<b>Net (cost of) / contribution by operations</b>		-	-
<b>Total comprehensive income for the year</b>		-	-

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

AAF Company  
**Statement of Financial Position**  
*as at 30 June 2021*

	Notes	AAF Company	
		2021 \$	2020 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents		-	-
<b>Total financial assets</b>		-	-
<b>Non-financial assets</b>			
<b>Total non-financial assets</b>		-	-
<b>Total assets</b>		-	-
<b>LIABILITIES</b>			
<b>Payables</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		-	-
<b>EQUITY</b>			
Retained surplus		-	-
<b>Total equity</b>	4	-	-

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 2021*

	Retained earnings	Financial Asset Reserves	Total Equity
<b>Balance at 01 July 2020</b>	-	-	-
	-	-	-
Comprehensive income: attributed to members of the Company	-	-	-
<b>Total comprehensive income</b>	-	-	-
<b>Balance at 30 June 2021</b>	-	-	-

*for the year ended 30 June 2020*

	Retained earnings	Financial Asset Reserves	Total Equity
<b>Balance at 01 July 2019</b>	-	-	-
	-	-	-
Other comprehensive income			
Revaluation of assets	-	-	-
Profit/(loss) for the year	-	-	-
<b>Total comprehensive income</b>	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	-

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

**AAF Company**  
**Cash Flow Statement**  
*for the year ended 30 June 2021*

	Notes	AAF Company	
		2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>			
Cash received		-	-
Cash used		-	-
<b>Net cash from / (used by) operating activities</b>	3	-	-
<b>INVESTING ACTIVITIES</b>			
Cash received		-	-
Cash used		-	-
<b>Net cash from /(used by) investing activities</b>	3	-	-
<b>Net increase in cash held</b>		-	-
Cash and cash equivalents at the beginning of the reporting period		-	-
<b>Cash and cash equivalents at the end of the reporting period</b>		-	-

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

## Overview

The financial statements are for the entity AAF Company as an individual entity and is limited by guarantee. The Company is incorporated under the *Corporations Act 2001* and domiciled in Australia. It is registered as a charity with the Australian Charities and Not-for-profit Commission. AAF Company is a Commonwealth Company and governed by the *Public Governance, Performance and Accountability Act 2013*. It is subjected to the *Public Governance, Performance and Accountability Rules 2014* for reporting purpose.

The sole activity of the AAF Company is to act as the trustee for the Army Amenities Fund and Messes Trust Fund. The Company does not transact in its own right and therefore with 'zero' financial statements reported.

### **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**

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

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 are no other matter or circumstance has arisen since 30 June 2021 that has significantly affected 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 2021

**Financial Performance**

This section analyses the financial performance of the AAF Company for the year ended 2020 -21

**Note 1: Revenue and expense**

The Company acts solely as trustee of the Army Amenities Fund and Messes Trust Fund (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's operation during the current or preceding financial year.

**Note 2: Trust assets, liabilities and right of indemnity**

The Company acts solely as trustee of the Trusts and liabilities have been incurred by the Company as trustee for the Trusts. Liabilities incurred on behalf of the Trusts are not recognised in the financial report as it is not probable that the Company will have to meet any of these liabilities from its own resources. The Company as trustee has a right to be indemnified from the Trusts' assets if it becomes obliged to meet any Trust liabilities. The assets and liabilities of the Trusts at 30 June 2021 are set out below.

	2021	2020
	\$	\$
<b>Assets - Army Amenities Fund</b>		
Cash and cash equivalents	159,644	117,276
Trade and other receivables	2,013	1,590
Other financial assets	10,254,729	8,745,595
Non-financial assets	5,473,025	5,517,750
<b>Total assets</b>	<u>15,889,411</u>	<u>14,382,211</u>
<b>Liabilities - Army Amenities Fund</b>		
Trade payables	45,963	34,810
Other payables	6,911	7,265
Employee Provisions	17,340	18,114
<b>Total liabilities</b>	<u>70,214</u>	<u>60,189</u>
<b>Net assets</b>	<u>15,819,197</u>	<u>14,322,022</u>
<b>Assets - Messes Trust Fund</b>		
Cash and cash equivalents	714,553	719,132
Trade and other receivables	1,616	1,392
<b>Total assets</b>	<u>716,169</u>	<u>720,524</u>
<b>Liabilities - Messes Trust Fund</b>		
Trade payables	5,500	5,830
<b>Total liabilities</b>	<u>5,500</u>	<u>5,830</u>
<b>Net assets</b>	<u>710,669</u>	<u>714,694</u>

The assets of each of the Trusts were sufficient to discharge all liabilities as at 30 June 2021.

**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 was incorporated on 17 July 1987 as a public company under the *Corporations Act*, being a company limited by guarantee and by its constitution, members' liability is restricted to \$100 per member.



## AAF Company

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

## 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 Minister for Defence Personnel's remuneration and other benefits are set by the remuneration tribunal and are not paid by the AAF Company. The Chief of Army and directors received no remuneration from the AAF Company.

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

Name		Appointed	Resigned
Grant McFarlane	Army Officer	27 August 2018	nil
Wade Stothart	Army Officer	21 January 2019	nil
Kirsty Skinner	Army Officer	16 April 2019	nil
Fiona Curtis	Army Officer	16 April 2019	nil
Kim Felmingham	Army Officer	16 April 2019	nil
Nigel Gabbedy	Army Officer	17 February 2020	nil
Siobhan Trim	Army Officer	15 April 2020	nil

### Note 6: Related party disclosures

#### Related party relationships

The Company is an Australian Government controlled entity. Related parties to this entity are Minister for Defence Personnel, Cabinet Ministers, Trustees, Army Amenities Fund, Messes Trust Fund, key management personnel including the executives, Chief of Army 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.

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 2021***Note 7: Remuneration of auditors**

	2021	2020
	\$	\$
<b>Audit fees</b>		
Financial statements audit services	6,000	6,000
<b>Total</b>	<u>6,000</u>	<u>6,000</u>

The auditor's 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 2021 (2020: nil).

**Unquantifiable Contingencies**

The AAF Company had no unquantifiable contingencies as at 30 June 2021 (2020: 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
<b>28E</b>	<b>Contents of annual report</b>		
28E(a)	6	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	6	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets 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)	N/A	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)	3	Information on each director of the company during the reporting period	Mandatory
28E(g)	1	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	1	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

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
28E(h)	7	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
28E(j), 28E(k)	6	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)	N/A	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)	20	Information about executive remuneration	Mandatory

28E (ob)	4	The following information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee.	Mandatory
<b>28F</b>	<b>Disclosure requirements for government business enterprises</b>		
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
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