
THE
AAF COMPANY
ANNUAL REPORT 2016 - 2017

THE

AAF COMPANY
(as Trustee of the)

ARMY AMENITIES FUND
and
MESSES TRUST FUND

Annual Report

For the period

1 July 2016 to 30 June 2017

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AAF Company
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Department of Defence
CANBERRA BC ACT 2610

DIRECTORS OF THE

AAF COMPANY

Brigadier L.S. WILTON (Chair)

*

Brigadier C. PEARCE

*

Colonel A.J. HOCKING

*

Colonel M.R. KENNEDY

*

Colonel J.A. KING

*

Colonel A.R. FIELDING

*

Major M. WYATT

*

Warrant Officer D. SPINKS

*

Warrant Officer D.A. GALLOWAY

*

Mr G.E. WARNER

Secretary: Ms **L.D. JOHNSTONE**
A/Operations Manager: **Miss D. Chalker**
Operations Officer: **Mrs S. Turner**

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AAF COMPANY

The Hon Dan Tehan MP

Dear Minister

The Directors of the AAF Company have the pleasure in submitting their Report of Operations for the year ended 30 June 2017.

Enabling Legislation and Responsible Minister

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

The AAF Company operates within the Defence portfolio, reporting to the Minister for Defence Personnel (the Minister), as at the time 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 Act) and *Not-for-profits Commission Act 2012* with respect to:

- Reporting to Ministers and Parliament;
- Contents of Annual Report;
- Audit of the AAF Company financial statements by the Auditor- General;
- Banking and investment powers of authorities;
- 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.

Ministerial Direction

Statement of Expectation

In a letter to the Chairman of Trustees dated 27 May 2009, the then Minister for Defence Science and Personnel, the Hon Warren Snowdon MP, provided the following Statement of Expectations for the Board's guidance in the performance of its functions:

This Statement of Expectations formally outlines my expectations concerning the operations and performance of the AAF Company.

The Government's vision for the AAF Company is that it will successfully manage, promote and support the Army Amenities Fund and the Messes Trust Fund.

As Chairman, you are to ensure that (the) AAF Company keeps me, as the Minister for Defence Science and Personnel (the Minister), fully informed of any significant events or issues that may impact on the operations of the AAF Company. All communication provided to me, as the Minister is to be forwarded, in parallel, to Defence.

My expectations for the Board are that it will ensure that the AAF Company will:

1. manage the assets of the identified Trusts in a manner which ensures financial independence and long term viability;

2. encourage continuous improvement practices to maximise opportunities that will ensure its long term viability;
3. in response to this Statement of Expectations, provide the Minister with its Statement of Intent;
4. make both Statements publicly available;
5. provide the Minister with its quarterly and annual financial and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Army;
6. adopts best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies;
7. identify and manage all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise; and
8. demonstrate its compliance with appropriate government policy and directions.

Statement of Intent

This statement outlines the Board of Directors of the AAF Company (as trustee of the Army Amenities Fund) intent concerning the operations and performance of the AAF Company, as detailed in the Minister's Statement of Expectation.

The Board of Directors, through the Chairman, will also ensure that the Minister is kept fully informed of any significant event or issue that may impact the operations of the AAF Company and all communication provided to the Minister will be forwarded, in parallel, to the Department of Defence.

The Board of Directors of the AAF Company, through the Chairman, will:

1. manage the assets of the AAF Company in a manner which ensures financial independence and long term sustainability;
2. encourage continuous improvement practices to maximise opportunities that will ensure its long term sustainability;
3. in response to the Statement of Expectations, provides this Statement of Intent and make both statements publicly available;
4. provide the Minister with quarterly and annual financial and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Army;
5. adopt best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies;
6. identify and manage all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise; and
7. demonstrate compliance with appropriate government policy and directions.

DIRECTORS REPORT

Organisational Structure

The AAF Company is a Commonwealth Company within the GGS and is managed by the Board of Directors, appointed by the Chief of Army and the Chair. The AAF Company head office is located in Canberra, ACT.

Review of Operations and Future Prospects

Operations were in accordance with the AAF Company as trustee for the Army Amenities Fund and Messes Trust Fund purpose which comprised of; provision of discounted holiday accommodation for Army members, their families and other eligible persons and to provide financial support to Units to assist in the provision of amenities to Army members. There were no significant changes in the AAF Company state of affairs or principal activities during the financial year.

In the opinion of the Directors, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect AAF Company operations as trustee of the Army Amenities Fund and Messes Trust Fund, the results of those operations, or the AAF Company's state of affairs in future financial years after this financial year.

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 report 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.

The Company auditor advised that the Company does not meet all the provisions for presenting consolidated financial statements under Australian Accounting Standards AASB 10 Consolidated Financial Statements. Therefore financial years 2013/14, 2014/15 and 2015/16 the Company contravened AASB 10 by presenting consolidated financial statements. At the auditors request the error has been reported to the Australian Securities and Investment Commission, as required under s311 of the *Corporations Act 2001*. The Minister for Defence Personnel was formally notified at the time an extension for submitting the Annual Report was requested.

AAF Company Board of Directors

All members of the Board are appointed by the Chief of Army or Chair. The aim is for a diversified and gender balanced Board. The Board comprises of serving members of the Army and a Defence Australian Public Service employee.

Board members are not entitled to any remuneration as stated in the AAF Company Constitution.

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 2016-2017 the AAF Company Board met five times including the AGM. These meetings were held in Canberra.

Board Member's Attendance at Meetings

Name	Responsibilities	Number of Possible Attendances	Number Actually Attended
Leigh Suzanne Wilton	Chair	5	5
Andrew John Hocking	Director	5	1
Jocelyn Anne King	Director	5	2
Amanda Ruth Fielding	Director	5	2
Donald Garry Spinks	Director	5	2
David Alexander Galloway	Director	5	3
Grant Eric Warner	Director/Chair Audit Committee	5	3
Mark Christopher Ascough	Director	4#	2
Michelle Wyatt	Director	3#	1
Grant Ernest Mason	Director	3#	2
Cheryl Pearce	Director 2017	1*	0
Mitch Kennedy	Director 2017	1*	1

Resigned during the period.

* Newly appointed during the period.

Directors of the AAF Company

Brigadier Leigh Wilton graduated from the Royal Military College, Duntroon, to the Royal Australian Army Ordnance Corps (RAAOC) in 1991. Her early appointments included regimental and staff positions as a supply officer and as a project manager involved in the enhancement of the Standard Defence Supply System. Brigadier Wilton's command experience includes a posting as the Officer Commanding Supply Company, 7th Combat Service Support Battalion and, being appointed as the inaugural Commanding Officer/Chief Instructor of the Army School of Ordnance. Brigadier Wilton has held a range of staff appointments at both Lieutenant Colonel and Colonel. She has held positions as the Senior Officer Manager within the Career Management Agency, Directing Staff at both the Australian Command and Staff College (ACSC) and the Centre for Defence and Strategic Studies (CDSS), and as the Chief of Staff for Headquarters 633 - Afghanistan, and Chief of Staff for Army Headquarters.

Brigadier Wilton is a graduate of ACSC and CDSS. She holds a Master of Arts in Strategic Studies, a Master of Management, a Bachelor of Business and a Graduate Diploma in Information Systems. Brigadier Wilton has also completed the Australian Institute of Company Directors Course.

Brigadier Wilton was appointed as the Director General Personnel - Army in 2016.

Brigadier Cheryl Pearce was born in Loxton South Australia and graduated from the Officer Cadet School Portsea in December 1985, commissioning into the Royal Australian Corps of Military Police. Brigadier Pearce's regimental service includes command appointments within both the operational and domestic environment. During the period 2003 to 2006 Brigadier Pearce commanded the Defence Police Training Centre (2003) and 1st Military Police Battalion (2004-2006) and was appointed as a Member of the Order of Australia for exceptional Service during her four year command tenure.

Staff appointments include experience within Headquarters 1st Brigade, G3 Branch Land Headquarters, Staff Officer Commandant Australian Defence Force Academy, Provost Marshal-Army, Directing Staff Australian Command and Staff College, Director Network Centric Warfare Capability Development Group, Director Special Operation Support and Chief of Staff Army Headquarters. Brigadier Pearce also holds the Military Police Head of Corps appointment.

Brigadier Pearce's operational experience includes working as part of the United Nations in East Timor (2002) where she was awarded a Chief of Defence Force Commendation for bravery and her most recent appointment as Commander Task Group Afghanistan (2016).

Brigadier Pearce attended the Australian Command and Staff College in 2001 and Higher Defence College in 2013. Her post-graduate qualifications include a Graduate Diploma of Management in Defence Studies from the University of Canberra, Masters of Intelligence, Policing and Counter Terrorism from Macquarie University and a Masters of Arts (Defence Studies) from Deakin University. Brigadier Pearce has also participated in a number of short courses including the Australian Institute of Company Directors Course, Harvard Leadership Program, and the Commander Joint Task Force Seminar.

Colonel Andrew Hocking attended the Australian Defence Force Academy and graduated from The Royal Military College Duntroon in 1993. As an infantry officer he has served in regimental appointments in both Townsville and Darwin, including Battalion command of The First Battalion, The Royal Australian Regiment. Colonel Hocking has seen operational service in East Timor and Afghanistan, including as a Battle Group Commander of Mentoring and Reconstruction Task Force - Two. Other notable postings include two overseas exchanges as an instructor at Sandhurst and as a Plans Branch Chief at United States Pacific Command, a posting to DOCM-A as Career Adviser Infantry and then Senior Career Adviser and a twelve month secondment to the Department of Prime Minister and Cabinet as a Defence Policy Adviser.

Colonel Hocking has a Bachelor of Science (Maths and History) and a Masters of Management (Defence Studies) and is a Graduate of the Australian Institute of Company Directors.

Colonel Grant Mason is a graduate and member of the Australian Institute of Company Directors and holds a Masters in Business Administration (Executive) from the Australian Graduate School of Management (UNSW). Grant read History and Politics at the UNSW (Canberra) and also holds a Diploma of Management in Defence Studies and a Graduate Diploma in Operations Management and an Associate Diploma in Vocational Studies. The AAF Company is Grant's first NED appointment.

Colonel Mark Ascough, CSC, joined the AAF Company Board in January 2016. Colonel Ascough graduated from the Royal Military College – Duntroon in 1996 and has served in a range of Army regimental and staff appointments including operational service in East Timor and Afghanistan.

Colonel Ascough is a graduate of the UNSW Canberra having completed an History Honours Degree in 1997, Deakin University and Kings College, London University having been awarded Masters of Arts in International Relations and Defence Studies from those respective institutions in 2003 and 2009 respectively. Colonel Ascough is a Graduate of the Australian Institute of Company Directors and the AAF Company was his first board appointment.

Colonel Jocelyn King has served in the Australian Army since 1990 and is currently appointed as the Director or Soldier Career Management-Army within the Career Management Agency. She joined the Australian Regular Army in 1995, following a period of service as an Army Reservist while completing university studies in Western Australia. She graduated from the Royal Military College into the Royal Australian Army Medical Corps in 1996.

Throughout her career, Colonel King has completed a broad range of regimental, administrative and training appointments. She has worked in health and logistic units, as well as completing staff officer roles at the Australian Defence College and Army Headquarters. She completed Australian Command and Staff College in 2008 and unit command as the Commanding Officer of the Army School of Health from 2011-2013.

Colonel King's operational service has included deployments to Operations MAZURKA, SOLOMON ASSIST and SLIPPER. She was awarded a DCJOPS Commendation for her role as Officer-in-Charge of the Army Health Team that responded to the Solomon Islands Tsunami in 2007. For her work as the Deputy CJ4 and Deputy Support on the US-led Headquarters Regional Command-South (Afghanistan) in 2014, she was awarded the NATO Meritorious Service Medal.

Colonel King holds a Bachelor of Arts (Law and Industrial Relations) from the University of Western Australia, a Master of Management Studies (Human Resource Management) from the University of New South Wales and a Master of Arts (Strategy and Management) from the University of New South Wales.

Colonel Amanda Fielding has been in the Australian Regular Army for 25 years having trained at both the Australian Defence Force Academy and the Royal Military College of Australia. The majority of her career has been spent in supply and logistics appointments, mainly in combat service support units, supporting the Australian Army's 3rd Brigade. She has also worked as a Logistic Planner at Headquarters Joint Operations Command and as the Chief of the ISAF Redeployment Cell in Afghanistan.

She has personnel policy and training experience, having spent time working at Defence Force Recruiting, as an instructor at the Royal Military College - Australia and in Army career management. She has also assisted in facilitating Flexible Work Arrangements workshops for the Australian Regular Army and she has completed the Australian Chief Executive Women's Program. Her command experience includes time as a Platoon Commander, Officer Commanding and most recently as the Commanding Officer and Chief Instructor of the Army School of Ordnance. While in command, she also undertook the duties of the Deputy Head of Corps for the Royal Australian Army Ordnance Corps.

COL Fielding has operational experience in East Timor, Iraq and Afghanistan. She has recently completed her second tour of Afghanistan, this time as the Senior Gender Advisor for the NATO led Resolute Support Mission, working directly to Commander Resolute Support. COL Fielding currently works as the Gender Advisor to the Australian Defence Force's, Chief of Joint Operations.

She has a Bachelor of Arts majoring in Politics and Geography and a Master of Arts in Strategic Policy and Management.

Colonel Michael (Mitch) Kennedy was born in Hong Kong and educated in the United Kingdom. After graduating from university he attended the Royal Military Academy Sandhurst and was commissioned into the British Army in 1991, serving in the United Kingdom, Denmark, Norway, Kenya, Canada and Germany. Colonel Kennedy migrated to Australia in 1997 and was appointed into the Australian Army. As a junior officer Colonel Kennedy enjoyed regimental service with 1st and 4th Field Regiments, Royal Australian Artillery in Brisbane and Townsville respectively.

Notable postings include Career Adviser Artillery and Military Police at the Directorate of Officer Career Management - Army, SO1 Workforce Plans within Personnel Branch-Army and SO1 Joint Fires - Army within Development and Plans Branch-Army. Colonel Kennedy's command appointment was as the Commanding Officer and Chief Instructor of the School of Artillery. On promotion to his current rank, Colonel Kennedy was appointed as the Deputy Chief of Staff for Army Headquarters responsible for the management of Army's serious, sensitive and complex issues. He has also served as the Director Personnel Policy - Army. Colonel Kennedy's current appointment is as the Director of Workforce Strategy - Army.

Colonel Kennedy's operational service includes a deployment with the British Army on an emergency tour to Northern Ireland, deployment to East Timor as the Officer Commanding Civil Military Affairs for AUSBATT VIII, and deployment to Afghanistan as the Chief of Staff Headquarters Deputy Commander Joint Task Force 633 - Afghanistan.

Colonel Kennedy holds a Bachelor of Arts (with Honours) majoring in English and Modern History, and a Masters of Management in Defence Studies. For his service in East Timor Colonel Kennedy was awarded a Commander Australian Theatre Commendation.

Major Michelle Wyatt OAM, CSM, enlisted into the Australian Regular Army as a Nursing Assistant in the Royal Australian Army Nursing Corps on the 2 February 1984. She has served in a variety of trade, instructional and staff positions through out her career to date. Significantly, as the Training Development Officer for the health services where she was awarded a Training Commanders Commendation in 2001, and as the Health Services Career Adviser at the Soldier Career Management Agency in 2002 / 2003. Her first appointment as a Regimental Sergeant Major was at the 3rd Health Support Battalion in 2004. Major Wyatt deployed on Operation PAKISTAN ASSIST as the Regimental Sergeant Major for JTF 632 in November 2005, for which she was honoured with a Conspicuous Service Medal in the 2007 Queen's Birthday Honours. In 2014, Major Wyatt was further honoured with a Medal of the Order of Australia, for her contribution through a succession of RSM positions culminating as the RSM, Career Management Agency - Army at the end 2014.

Major Wyatt commissioned as an Officer in the Royal Australian Army Medical Corps in January 2015 and took up her current position as the Employment Category Manager for Health at ALTC. She holds Diplomas in Training and Development, Health Administration and Human Resources as well as a Certificate IV in Training and Education. She is currently undertaking a Bachelor of Training and Development at the University of New England part time. A graduate of the Institute of Company Directors, Major Wyatt has been a Director on the Board of the Army Amenities Fund since 2013.

Warrant Officer Donald Garry Spinks, OAM, was born, raised and educated in the Upper Hunter Valley, New South Wales. He enlisted in the Australian Regular Army in January 1979. Warrant Officer Spinks' Regimental Sergeant Major appointments include the 2nd Cavalry Regiment, Multi National Force and Observers - Sinai Egypt in 2004, Royal Australian Armoured Corps, 1st Brigade in 2008-2009 and Joint Task Force 633 on Operation Slipper in 2010. In 2011, he was appointed Command Sergeant Major Forces Command - Army. In January 2007 he was awarded the Medal for the Order of Australia for meritorious service to the Royal Australian Armoured Corps and to the Multi-National Force and Observers - Sinai. He commenced his appointment as the 10th Regimental Sergeant Major of the Australian Army on 9 July 2015.

He is a graduate of the Australian Institute of Company Directors 2015 (Not for Profit Course). Throughout his military career he has held numerous committee appointments for Army Messes, to include President of the 1st Brigade Sergeant Mess on two occasions.

Warrant Officer Class One David Galloway has served in the Royal Australian Infantry Corps since his enlistment in the Australian Regular Army in 1982. His service in the Royal Australian Regiment has been with the 8th/9th, 2nd/4th, and the 2nd Battalions. He has also served with the North West Mobile Force, the 5th/6th Battalion the Royal Victoria Regiment, and the 51st Battalion the Far North Queensland Regiment. Warrant Officer Galloway has instructed recruits at the First Recruit Training Battalion; soldiers on promotion courses for Corporal and Sergeant; Officers at the Officer Cadet School of New Zealand, and United States Marines in Twenty Nine Palms, California. He has also completed the Foundation Studies and Single Service component of the Australian Command and Staff College.

Warrant Officer Galloway has deployed on Active Service to Rwanda, East Timor, and Afghanistan. In January 2015 he was appointed as the Command Sergeant Major of Forces Command in Sydney.

Mr Grant Warner has worked in Commonwealth Departments as an Australian Public Servant since 1990 and has been with the Department of Defence since 2003. Mr Warner is currently the Deputy Director Financial Management -Army. Prior to his current role, Mr Warner was the Deputy Director Asset Accounting (Defence Materiel Organisation) from 2003 to 2006. Mr Warner has worked in financial accounting and reporting roles in the Australian Customs Service, Department of Immigration and Multicultural Affairs, Department of the Parliamentary Library and the Australian National Audit Office

In January 2016 Mr Warner became a Director and Member of the AAF Company and chairs the Audit Committee. Grant has a Bachelor of Arts (Accounting) and Graduate Diploma (Accounting) from the University of South Australia and is a member of CPA Australia.

Audit Committee

The AAF Company as trustee for the Army Amenities Fund and Messes Trust Fund, has established an audit committee in accordance with the PGPA Act. The committee is comprised of three members, in accordance with regulations prescribing the minimum composition of audit committees, and aim to meet prior to each Board meeting. The primary objectives of the Audit Committee are:

- improving the effectiveness and efficiency of the Company 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 Company has adequate procedures on matters of audit independence; and
- assisting the Board to comply with all governance and other obligations.

The Committee comprised of the following persons:

- Mr Grant Warner - Chair of the Committee;
- MAJ Wayne Beresford – Independent member;
- LT Sebastiano Corvaia – Independent member (2016); and
- LT Vikas Mishra - Independent member (2017).

Freedom of Information

There was no FOI enquiry received during the reporting period. Requests for access to AAF Company documents should be directed to the Board of Directors of the AAF Company.

Indemnities and Insurance Premiums for Officers

The AAF Company has coverage with COMCOVER for Association Liability Insurance. The premium for financial year 2016-2017 of \$2,197 (GST exclusive) was paid by the Trust. 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 does not need to apply the promulgated *Commonwealth Fraud Control Guidelines* (Guidelines). However, the Directors have adopted the Guidelines as best practice standards for fraud control and have implemented fraud control arrangements commensurate with the AAF Company's activities. The Plan was reviewed and approved by the Board in March 2017.

Protective Security

The Directors have developed and implemented a security plan that is appropriate to the AAF Company functions and security risks. The protective Security plan was reviewed and approved by the Board in March 2017.

Work Health and Safety

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.

Related Party/Entity Transitions

There were no related entity transactions during the financial year.

CONCLUSION

The Directors are responsible under the PGPA Act for the preparation and content of the report of operations in accordance with *Finance Reporting Rule*. This report of operations is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



L.S. WILTON
Brigadier
Director, AAF Company



G.E. WARNER
Mr
Director, AAF Company

8 December 2017

8 December 2017

ANNUAL PERFORMANCE STATEMENT 2016-17

Introductory statement

We, the Board of Directors of the AAF Company (the Company), as the Accountable Authority of the Fund present the Annual Performance Statement 2016-17. The reporting of the actual performance of the Company, as trustee of the Army Amenities Fund and Messes Trust Fund, in the annual report against the planned performance information outlined in its corporate plans is an important part of the Commonwealth's performance framework, established under the PGPA Act.

In our opinion, this Annual Performance Statement is based on properly maintained records, and accurately reflects the performance of the Trusts, which the Company is trustee for.

Purpose

The purpose outlined in the corporate plan is to provide amenity and related services to Army members and their families not normally provided at Departmental level.

The purpose is achieved through; amenity grants and loans, affordable holiday accommodation for Army members and other eligible persons, and sound financial investment for self sustainment.

Results

Amenity related services

<i>Performance criterion</i>	
Provide financial assistance through a loan or grant to fund unit amenity initiatives.	
<i>Criterion source</i>	
Corporate Plan 2016-17. Activity 1	
<i>Results against performance criterion</i>	
1.	During the reporting period Army Amenities Fund sponsored 8 grant bids from units totalling \$30,999. The grants ranged from \$500 up to \$15,000 and overall were well within available funds. The new website launched in June 17 will better promote the availability of amenity funding resulting in an anticipated increase in grant funding.
2.	Sponsorship recognition of assistance provided through Army Amenities Fund is used for marketing purposes. The Army Amenity Funds logo is supplied for this purpose and units have used the logo by various means i.e. T-shirts, trophy or flyers.
3.	For this reporting period funds have been used to help sponsor the amenity costs for sporting and adventure training activities, a trophy in recognition for outstanding performance and sponsorship support for five events attended by Army members and their families.

Holiday facilities

<i>Performance criterion</i>	
Provide below market price quality accommodation for Army members and eligible persons through owned holiday properties.	

Criterion source Corporate Plan 2016-17. Activity 2			
Results against performance criterion			
<ol style="list-style-type: none"> Holiday facilities profile meets its goal with book valuations that reflect a sound property investment profile. The asset fair value increased as at 30 June by; Land \$60,000 and Buildings \$305,000 to reflect a total book value \$4,445,000. Tariff rates were reviewed in June and are well under the 75% commercial rate criteria with the average daily rate at 52%. The Board agreed not to increase rates for 2017-18 reporting period. Holiday accommodation properties are to be self-sustaining and achieve at least a cash break even outcome. For 2016-17 reporting period a total cash profit before depreciation of \$19,222 has been achieved (2015-16 profit \$18,781). Occupancy levels during the reporting period have performed well against their targets. Coogee's drop in occupancy against its target didn't have a negative impact on its financial outcome. The Army occupancy level continues to be higher for Coogee and Docklands compared to other Services or eligible persons. Goolwa's Army occupancy level reduced this reporting period due to an increase in retired member's usage from 23% to 38%. Although total occupancy days of 1,388 were down from 1,440 in 2015-16 a good financial outcome was achieved. 			
Location	Target occupancy %	Actual occupancy %	Army occupancy %
Coogee	65	56	47
Goolwa	60	62	18
Docklands	80	81	49
<ol style="list-style-type: none"> Bookings during this reporting period numbered 375 (33% Army) compared to 375 (40% Army) in 2015-16. Army has the highest level of bookings compared to other services, civilians and retired/others at Coogee 48% and Docklands 45%. While Goolwa Army bookings dropped to 17% from 33% in 2015-16. 			

Financial Investment

Performance criterion Conduct sound financial investment strategies that ensures sufficient capital is available to meet the operational goals and the Trusts remains self-sustaining.	
Criterion source Corporate Plan 2016-17. Activity 3	
Results against performance criterion	
<ol style="list-style-type: none"> The Company (as trustee for the Army Amenity Funds) investment portfolio currently totals \$9,058,929 indicating an increase of \$768,954 this reporting period. Operational goals have been met and income generated from the investment portfolio will ensure available cash for future years of operations. 	

- a) The investment strategy is to invest according to a balanced profile; 70% growth and 30% defensive with a tolerance of + / -2%. During the reporting period the growth component increased beyond the +2% and the Board discussed options and moved funds to bring the portfolio back to balanced.
 - b) 'Administrative' component of the investment portfolio is to generate sufficient income to fund 'normal' operations. Asgard's growth this reporting period was \$80,215. An annual net return of 4.2% which exceeds inflation of 1.9% by 2.3%.
 - c) 'Growth' component is expected to generate a positive return and is to be invested at the direction of the Board. During this reporting period Fiducian's growth this reporting period was \$688,739. An annual net return of 10.8% which exceeds inflation of 1.9% by 8.9%.
2. The Company (as trustee for the Messes Trust Fund) Term Deposit provided an interest return of \$16,393 this reporting period. Total balance \$620,542.

Analysis of performance against purpose

The contributing factors that have enabled the performance of the Company, as trustee for the Army Amenities Fund and Messes Trust Fund, to achieve its purpose as set out in its Corporate Plan 2016-17 are:-

- a. strategic direction and decisions of the Board, and the oversight of the Audit Committee;
- b. the delivery of its activities through the Secretariat's management of operations ensured;
- c. self-sustainment achieved through break even or better achievement for the holiday facility portfolio and investment portfolio continuing to generate income/growth to cover annual operational 'normal' costs with reserves for the future needs of the Trusts;
- d. the environment that the Company as trustee operates in has not experienced any changes that would significantly impact on operations; and
- e. the ability to mitigate any risk during the reporting period.



L.S. WILTON
Brigadier
Director, AAF Company



G.E. WARNER
Mr
Director, AAF Company

8 December 2017

8 December 2017

AAF Company

ACN 008 629 490

Report for the Financial Year Ended

30 JUNE 2017



INDEPENDENT AUDITOR'S REPORT

To the members of AAF Company

Opinion

In my opinion, the financial report of AAF Company for the year ended 30 June 2017 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 2017 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 the AAF Company, which I have audited, comprises the following statements as at 30 June 2017 and for the year then ended:

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

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 the 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* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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 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.

Emphasis of Matter – Prior Period Error

Without modifying my opinion, I draw attention to Note 5 of the financial report which discloses a material prior period error affecting the financial information previously reported for the periods ending 30 June 2014, 2015 and 2016.

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 2017, but does not include the financial report 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 the 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 the AAF Company's ability to continue as a going concern, disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has 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

8 December 2017



L.S. Wilton
Chairman of the Board of Directors
AAF Company
Russell Offices
PO Box 7901
CANBERRA ACT 2601

**AAF COMPANY FINANCIAL REPORT 2016-17
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the AAF Company for the year ended 30 June 2017, 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

Garry Sutherland
Audit Principal
Delegate of the Auditor-General
Canberra

8 December 2017

AAF Company

ABN 82 008 629 490

DIRECTOR'S DECLARATION

The Directors of 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 Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and performance for the year ended on that date for the Company.
- 2 In the Director's 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.



L.S. WILTON
Chair and Director

8 December 2017



G.E. WARNER
Director

8 December 2017

AAF Company
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	AAF Company	
		2017 \$	2016 \$
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 2017

	Notes	AAF Company	
		2017 \$	2016 \$
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 2017

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2016	-	-	-
	-	-	-
Comprehensive income: attributed to members of the Company	-	-	-
Total comprehensive income	-	-	-
Balance at 30 June 2017	-	-	-

for the year ended 30 June 2016

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2015	-	-	-
	-	-	-
Other comprehensive income			
Revaluation of assets	-	-	-
Profit/(loss) for the year	-	-	-
Total comprehensive income	-	-	-
Balance as at 30 June 2016	-	-	-

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

AAF Company
Cash Flow Statement

for the year ended 30 June 2017

	AAF Company	
	2017	2016
	\$	\$
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 statement is for the entity AAF Company (the Company) as an individual entity. The Company is a company limited by guarantee, subject to the *Corporation 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 (the Trusts).

Basis of Preparation

Under the Corporations Act 2001 the Company is required to produce financial statements. The financial statements are general purpose financial statements.

The financial statements have been prepared in accordance with:

- a. Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) 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.

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

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 (FBT) and the Goods and Services Tax (GST).

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 2017

Financial Performance

This section analyses the financial performance of the AAF Company for the year ended 2017

Note 1: Revenue, expense and cash flow

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

Note 2: Liabilities

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

Note 3: Right of indemnity

Liabilities incurred on behalf of the Trusts are not recognised in the financial statements if 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. 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 were sufficient to discharge all liabilities of the Trusts as at 30 June 2017 and 30 June 2016.

Note 4: Statement of cash flow

The Company acted solely as Trustee of the Trusts and did not carry on any business activity on its own behalf during the current or preceding financial year. Therefore, there were 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 5: Correction of prior period error

During 2016-17, the Company identified that it had incorrectly applied Australian Accounting Standard AASB 10 Consolidated Financial Statements in the preparation of the financial statements of the Company for the years ended 30 June 2014, 2015 and 2016. In prior years, the activities of the Trust have been consolidated with the Company and a consolidated position was reported in the financial statements of the Company. AASB 10 applied to the Company from 1 July 2013. AASB 10 requires the consolidation of the financial statements of controlled entities. The criteria for assessing control under AASB 10 include exposure or rights to variable returns from 'investment' in the other entity. The role of the Company is one of trustee and as such the Company has no entitlement to returns from the Trust and the Trust does not meet the definition of a controlled entity under AASB 10. As required under Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, this error has been corrected by adjusting the current and prior year financial disclosures in these financial statements.

Presented below is a summary of the adjustments for each financial statement line item affected by the adjustments required to correct the prior period error.

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 30 June 2017***Note 5: Correction of prior period error (continued)****a. Effect of restatement of statement of financial position - 30 June 2016 comparative year**

	Previously reported 30-Jun-16 \$	Effect of correction of 30-Jun-16 \$	Restated 30-Jun-16 \$
ASSETS			
Financial assets			
Cash and cash equivalents	824,089	(824,089)	-
Trade and other receivables	7,163	(7,163)	-
Other financial assets	8,289,975	(8,289,975)	-
Total financial assets	9,121,227	(9,121,227)	-
Non-financial assets			
Land and buildings	4,063,499	(4,063,499)	-
Plant and equipment	22,912	(22,912)	-
Other non-financial assets	5,418	(5,418)	-
Total non-financial assets	4,091,829	(4,091,829)	-
Total assets	13,213,056	(13,213,056)	-
LIABILITIES			
Current liabilities			
Trade payables	37,052	(37,052)	-
Other payables	14,617	(14,617)	-
Total current liabilities	51,669	(51,669)	-
Non-current liabilities			
Employee Provisions	5,865	(5,865)	-
Total non-current liabilities	5,865	(5,865)	-
Total liabilities	57,534	(57,534)	-
Net assets	13,155,522	(13,155,522)	-
EQUITY			
Reserves	2,455,839	(2,455,839)	-
Retained surplus	10,699,683	(10,699,683)	-
Total equity	13,155,522	(13,155,522)	-

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 5: Correction of prior period error (continued)**b. Effect of restatement of statement of financial position - 1 July 2015 comparative year opening balances**

	Previously reported 01-Jul-15 \$	Effect of correction of 01-Jul-15 \$	Restated 01-Jul-15 \$
ASSETS			
Financial assets			
Cash and cash equivalents	817,658	(817,658)	-
Trade and other receivables	5,037	(5,037)	-
Other financial assets	8,035,103	(8,035,103)	-
Asset held for sale	130,000	(130,000)	-
Total financial assets	<u>8,987,798</u>	<u>(8,857,798)</u>	<u>-</u>
Non-financial assets			
Land and buildings	3,868,444	(3,868,444)	-
Plant and equipment	29,587	(29,587)	-
Other non-financial assets	12,686	(12,686)	-
Total non-financial assets	<u>3,910,717</u>	<u>(3,910,717)</u>	<u>-</u>
Total assets	<u>12,898,515</u>	<u>(12,768,515)</u>	<u>-</u>
LIABILITIES			
Current liabilities			
Trade payables	22,187	(22,187)	-
Other payables	8,636	(8,636)	-
Total current liabilities	<u>30,823</u>	<u>(30,823)</u>	<u>-</u>
Non-current liabilities			
Employee Provisions	4,797	(4,797)	-
Total non-current liabilities	<u>4,797</u>	<u>(4,797)</u>	<u>-</u>
Total liabilities	<u>35,620</u>	<u>(35,620)</u>	<u>-</u>
Net assets	<u>12,862,895</u>	<u>(12,732,895)</u>	<u>-</u>
EQUITY			
Reserves	3,416,977	(3,416,977)	-
Retained surplus	9,445,918	(9,445,918)	-
Total equity	<u>12,862,895</u>	<u>(12,862,895)</u>	<u>-</u>

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 5: Correction of prior period error (continued)**c. Effect of restatement of statement of comprehensive income - 2015-16 comparative year**

	Previously reported 2015-16 \$	Effect of correction of 2015-16 \$	Restated 2015-16 \$
NET COST OF OPERATIONS			
Expenses			
Employee benefits	75,256	(75,256)	-
Supplier	204,146	(204,146)	-
Depreciation	87,897	(87,897)	-
Net loss on sale of asset	35,139	(35,139)	-
Finance Expense	48,771	(48,771)	-
Net loss on available for sale financial assets	99,571	(99,571)	-
Total expenses	<u>550,780</u>	<u>(550,780)</u>	<u>-</u>
Own-Source revenue			
Sale of goods and rendering of services	173,427	(173,427)	-
Interest	16,416	(16,416)	-
Finance Income	303,214	(303,214)	-
Other revenue	75,256	(75,256)	-
Total own-source revenue	<u>568,313</u>	<u>(568,313)</u>	<u>-</u>
Net (cost of) / contribution by operations	<u>17,533</u>	<u>(17,533)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit or loss			
Revaluation of land and buildings	275,094	(275,094)	-
Other comprehensive income for the year	<u>275,094</u>	<u>(275,094)</u>	<u>-</u>
Total comprehensive income for the year	<u>292,627</u>	<u>(292,627)</u>	<u>-</u>

Note 6: 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 at 30 June 2017, the Company had nine members (2016 ten members)

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

People and relationships

This section describes our relationship with other key people

Note 7: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Directors of the AAF Company (as trustee of the Army Amenities Fund and Messes Trust Fund).

The directors of the AAF Company during the financial year were as follows:

		Appointed	Resigned
Michelle Wyatt	Army Officer	25 July 2013	2 December 2016
Donald Garry Spinks	Army Officer	9 July 2015	
Leigh Suzanne Wilton	Army Officer	15 February 2016	
Andrew John Hocking	Army Officer	27 January 2016	30 June 2017
Grant Ernest Mason	Army Officer	27 January 2016	29 March 2017
Mark Christopher Ascough	Army Officer	27 January 2016	4 May 2017
David Alexander Galloway	Army Officer	27 January 2016	
Grant Eric Warner	Public Servant	27 January 2016	
Jocelyn Anne King	Army Officer	16 June 2016	
Amanda Ruth Fielding	Army Officer	20 June 2016	
Cheryl Pearce	Army Officer	29 March 2017	
Michael Kennedy	Army Officer	5 May 2017	

Directors act in a honorary capacity therefore no income was received or due or receivable by any director of the AAF Company during the financial year 2016-17:

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

Note 8: 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, Trustees, Key Management Personnel including the Executive, 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, sales transfers or leases;
- 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 2017***Note 9: Remuneration of Auditors**

	2017	2016
	\$	\$
Fair Value of the services provided		
Financial Statement audit services	10,000	15,500
Total	<u>10,000</u>	<u>15,500</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 10: Contingent Liabilities and Contingent Assets**Quantifiable Contingencies**

The AAF Company had no quantifiable contingencies as at 30 June 2017 (2016: nil).

Unquantifiable Contingencies

As at 30 June 2017, the AAF Company had no unquantifiable contingencies (2016: 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 as 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 11: Company Details**

The principal place of business for the AAF Company is :

AAF Company
R2-4-B087, Russell Offices
PO Box 7901
CANBERRA BC ACT 2610

Phone: 02 62656429

ANNEX A

ARMY AMENITIES FUND

Report for the Financial Year Ended

30 JUNE 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Army Amenities Fund

Opinion

We have audited the financial report of the Army Amenities Fund, (the Trust), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by the Directors.

In our opinion the accompanying financial report presents fairly, in all material respects the financial position of the Army Amenities Fund as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Regime.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Trusts annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Bldanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

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

Responsibilities of the Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Trust 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 Trust or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Trusts financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized, handwritten signature of the letters "RSM" in a cursive-like font.

RSM Australia Pty Limited

A handwritten signature of "Ged Stenhouse" in a cursive-like font.

Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 15th November 2017

Army Amenities Fund

STATEMENT BY THE DIRECTORS

The Directors of the AAF Company, trustees of the Army Amenity Fund, declare that:

- 1 the financial statements and notes, as set out on pages 6 to 18 present fairly the Army Amenities Fund financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
- 2 in the Director's opinion, at the date of this statement there are reasonable grounds to believe that the Army Amenities Fund will be able to pay its debts when they fall due.

This statement is made in accordance with a resolution of the Directors.



L.S. WILTON
Chair and Director

15 November 2017



G.E. WARNER
Director

15 November 2017

Army Amenities Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	Army Amenities Fund	
		2017	2016
		\$	\$
NET COST OF OPERATIONS			
Expenses			
Employee benefits	1A	122,237	95,612
Supplier	1B	216,413	183,790
Depreciation	1C	91,192	87,897
Net loss on sale of asset	1D	1,043	35,139
Finance Expense	1E	29,625	48,771
Net loss on available for sale financial assets	1F	-	99,571
Total expenses		460,510	550,780
Own-Source revenue			
Sale of goods and rendering of services	2A	167,968	172,897
Interest	2B	109	101
Finance Income	2B	345,847	303,214
Other revenue	2C	89,419	75,786
Net gain on available for sale financial assets	2D	452,733	-
Total own-source revenue		1,056,076	551,998
Net (cost of) / contribution by operations		595,566	1,218
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit or loss			
Revaluation of land and buildings		466,251	275,094
Other comprehensive income for the year		466,251	275,094
Total comprehensive income for the year		1,061,817	276,312

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

Army Amenities Fund
Statement of Financial Position
as at 30 June 2017

	Notes	Army Amenities Fund	
		2017	2016
		\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	3A	330,459	149,757
Trade and other receivables	3B	5,709	2,220
Other financial assets	3C	9,058,929	8,289,975
Total financial assets		9,395,097	8,441,952
Non-financial assets			
Land and buildings	4A	4,445,000	4,063,499
Plant and equipment	4B	22,438	22,912
Other non-financial assets	4C	7,510	5,418
Total non-financial assets		4,474,948	4,091,829
Total assets		13,870,045	12,533,781
LIABILITIES			
Payables			
Trade payables	5A	31,034	37,052
Other payables	5B	290,711	14,617
Total payables		321,745	51,669
Provisions			
Employee Provisions	6A	10,236	5,865
Total provisions		10,236	5,865
Total liabilities		331,981	57,534
Net assets		13,538,064	12,476,247
EQUITY			
Reserves		2,922,090	2,455,839
Retained surplus		10,615,974	10,020,408
Total equity		13,538,064	12,476,247

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

Army Amenities Fund
Statement of Changes in Equity

for the year ended 30 June 2017

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2016	10,020,408	2,455,839	12,476,247
	10,020,408	2,455,839	12,476,247
Other comprehensive income:			
Revaluation of assets	-	466,251	466,251
Profit/(loss) for the year	595,566	-	595,566
Total comprehensive income	595,566	466,251	1,061,817
Balance at 30 June 2017	10,615,974	2,922,090	13,538,064

for the year ended 30 June 2016

	Retained earnings	Financial Asset Reserves	Total Equity
Balance at 01 July 2015	10,019,190	2,180,745	12,199,935
	10,019,190	2,180,745	12,199,935
Other comprehensive income:			
Revaluation of assets	-	275,094	275,094
Profit/(loss) for the year	1,218	-	1,218
Total comprehensive income	1,218	275,094	276,312
Balance as at 30 June 2016	10,020,408	2,455,839	12,476,247

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

Army Amenities Fund

Cash Flow Statement

for the year ended 30 June 2017

	Notes	Army Amenities Fund	
		2017	2016
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering services		185,029	192,794
Net taxation receipts from ATO		8,122	7,760
Interest		109	101
Total cash received		193,260	200,655
Cash used			
Employees		51,989	43,181
Suppliers		212,268	148,711
Net GST paid		16,337	8,504
Total cash used		280,594	200,396
Net cash from / (used by) operating activities		(87,334)	259
INVESTING ACTIVITIES			
Cash received			
Proceeds from investing activities		345,846	-
Proceeds from disposal of property, plant and equipment		-	128,000
Total cash received		345,846	128,000
Cash used			
Payments for property, plant and equipment		7,897	11,627
Payments for GST on sale of properties		-	23,182
Expenses from investing activities		29,625	-
Re-investment of net income		316,221	-
Payments for financial assets		-	100,000
Total cash used		353,743	134,809
Net cash from /(used by) investing activities		(7,897)	(6,809)
FINANCING ACTIVITIES			
Cash received			
Other - liability to be transferred to AMFRTF		275,933	-
Total cash received		275,933	-
Net cash from /(used by) investing activities		275,933	-
Net increase in cash held		180,702	(6,551)
Cash and cash equivalents at the beginning of the reporting period		149,757	156,308
Cash and cash equivalents at the end of the reporting period	3A	330,459	149,757

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

Overview

The financial statement is for the entity Army Amenities Fund as an individual entity. The Army Amenities Fund is a discretionary trust established and domiciled in Australia. It is a not-for-profit entity and does not receive nor is it reliant on the Australian Government funding.

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) 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.

All new /revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Army Amenities Fund's financial statements.

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 Army Amenities Funds's financial statements.

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 Army Amenities Fund.

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Financial Performance

This section analyses the financial performance of the Army Amenities Fund for the year ended 2017,

Note 1: Expenses

	Army Amenities Fund	
	2017	2016
	\$	\$
Note 1A: Employee Benefits		
Wages and Salaries	117,702	94,044
Superannuation	4,535	1,568
Total employee benefits	122,237	95,612

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships sections.

Note 1B: Suppliers

Goods and services supplied or rendered

Property expenses	117,448	124,724
Head office expenses	67,966	33,713
Other (Grants)	30,999	25,353
Total goods and services supplied or rendered	216,413	183,790

Goods and services supplied in connection with

Provision of goods - external entities	216,413	183,790
Total goods and services supplied	216,413	183,790

Total suppliers

216,413	183,790
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Note 1C: Depreciation

Property, plant and equipment	6,614	7,858
Buildings	84,578	80,039
Total depreciation	91,192	87,897

Note 1D: Losses on sale of assets

Net loss on sale of asset	1,043	35,139
Total losses on sale of assets	1,043	35,139

Note 1E: Finance Costs

Investment expenses	29,625	48,771
Total finance costs	29,625	48,771

Note 1F: Net loss on fair value movement on investments

Loss on fair value movement on investments		99,571
Total Net loss on fair value movement on investments	-	99,571

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 2: Revenue

	Army Amenities Fund	
	2017	2016
	\$	\$
Note 2A: Sale of Goods and Rendering of Services		
Provision of goods - external parties	167,968	172,897
Total sale of goods and rendering of services	167,968	172,897

Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

- a) the risk and rewards of ownership have been transferred to the buyer; and
- b) the entity retains no managerial involvement or effective control over the goods.

Revenue from rental accommodation is recognised on a proportional basis taking into account the period for which rent is received.

Note 2B: Interest and finance income

Bank	109	101
Managed Funds	345,847	303,214
Total interest	345,956	303,315

Accounting Policy

Interest revenue is recognised using the effective interest method.

Revenue from managed investment funds is recognised as and when distributions are declared by the fund manager.

Note 2C: Other revenue

Resources received free of charge	65,597	75,256
Re-imbursements	23,822	530
Total other revenue	89,419	75,786

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 2D: Net gain on fair value movement on investment

Gain on fair value movement on investment	452,733	-
Total Net gain on fair value movement on investment	452,733	-

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Financial Position

This section analyses the Army Amenities Fund assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

Note 3: Financial Assets

	Army Amenities Fund	
	2017	2016
	\$	\$
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	330,459	149,757
Total cash and cash equivalents	330,459	149,757

Accounting Policy

Cash

Cash is recognised at its nominal amount. Cash and cash equivalent includes:

- cash on hand;
- demand deposits in bank accounts with an original maturity of 12 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Note 3B: Trade and Other Receivables

Other receivables

Sundry Debtors	5,709	-
GST receivable from the Australian Taxation Office	-	2,220
Total other receivables	5,709	2,220
Total trade and other receivables (net)	5,709	2,220

Note 3C: Other financial assets

Managed funds investments	9,058,929	8,289,975
	9,058,929	8,289,975

Other financial assets comprise investments in the ordinary share capital of various entities.

There are no fixed returns or fixed maturity dates attached to these investments.

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 4: Non-financial Assets

	2017 \$	2016 \$
Note 4A: Land and Buildings		
Land		
Fair value	750,000	690,000
Total Land	<u>750,000</u>	<u>690,000</u>
Buildings on freehold land:		
Fair value	3,695,000	3,390,000
Accumulated depreciation	-	(16,501)
Total buildings on freehold land	<u>3,695,000</u>	<u>3,373,499</u>
Total land and buildings	<u>4,445,000</u>	<u>4,063,499</u>
Note 4B - Plant and Equipment		
Plant and equipment:		
Fair value	129,074	130,696
Accumulated depreciation	(106,636)	(107,784)
Total plant and equipment	<u>22,438</u>	<u>22,912</u>
Total property, plant and equipment	<u>4,467,438</u>	<u>4,086,411</u>

Revaluations of non-financial assets

The valuations have been performed on the basis of current buying and selling market as at 30 June 2017.

- (a) The revaluation for Goolwa was conducted as at 30 June 2017 by Herron Todd White, Adelaide SA.
- (b) The market value assessment for Coogee was conducted as at 30 June 2017 through an independent appraisal by James & Fear Randwick.
- (c) The market value assessment for Docklands was conducted as at 30 June 2017 through an independent appraisal by Lucas Real Estate Docklands.

The 2017 revaluation increment consisted of; Land \$60,000 and Buildings \$406,251. The revaluation net increase \$466,251 was credited to asset revaluation reserve in equity.

AAF Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 4: Non-financial Assets continued**Note 4 - Reconciliation of the opening and closing balances of Property, Plant and Equipment**

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2016					
Gross book value	690,000	3,390,000	4,080,000	130,696	4,210,696
Accumulated depreciation and impairment	-	(16,501)	(16,501)	(107,784)	(124,285)
Net book value 01 July 2016	690,000	3,373,499	4,063,499	22,912	4,086,411
Additions	-	-	-	7,898	7,898
Revaluations	60,000	406,251	466,251	-	466,251
Depreciation expense	-	(84,750)	(84,750)	(6,442)	(91,192)
Disposals	-	-	-	1,930	1,930
Net book value 30 June 2017	750,000	3,695,000	4,445,000	22,438	4,467,438

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 4: Non-financial Assets (continued)

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$250, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluation

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the supply/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2017	2016
Building	40yrs	40yrs
Plant & equipment	5yrs	5yrs

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefit are expected from its use or disposal.

Note 4C: Other non-financial assets

	2017	2016
	\$	\$
Prepayments	7,510	5,418
Total other non-financial assets	7,510	5,418

No indicators of impairment were found for other non-financial assets.

Note 5: Payables

Note 5A: Suppliers

	2017	2016
	\$	\$
Trade creditors and accruals	31,034	37,052
Total suppliers	31,034	37,052

Note 5B: Other Payables

	2017	2016
Prepayments received	11,704	14,617
Net payable to the Australian Taxation Office	3,074	-
Other Liability - donation to be transferred to AMFRTF	275,933	-
Total other payables	290,711	14,617

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationship with other key people.

Note 6: Employee Provisions

	2017 \$	2016 \$
Note 6A: Employee provisions		
Leave	10,236	5,865
Total employee provisions	<u>10,236</u>	<u>5,865</u>

Accounting Policy

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liability is calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The estimate of the present value of the liability takes into account attrition rates.

Superannuation

The entity's staff are members of other superannuation funds held outside the Australian Government. Contributions are made by the Trust to employee superannuation funds and are charged as expenses when incurred.

Note 7: Resources Provided Free of Charge

During the period the following resources were provided free of charge by the Department of Defence:

- a. Salaried Australian Public Servants, with the inclusion of
- b. Office accommodation with computer, telephone, postage and stationery support.

	2017	2016
The average staffing levels for the Army Amenities Fund during the period	0.7	0.8

Note 8: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Directors of the AAF Company (as trustee of the Army Amenities Fund).

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

Name	Appointed	Resigned
Michelle Wyatt	25 July 2013	2 December 2016
Donald Garry Spinks	9 July 2015	
Leigh Suzanne Wilton	15 February 2016	
Andrew John Hocking	27 January 2016	30 June 2017
Grant Ernest Mason	27 January 2016	29 March 2017
Mark Christopher Ascough	27 January 2016	4 May 2017
David Alexander Galloway	27 January 2016	
Grant Eric Warner	27 January 2016	
Jocelyn Anne King	16 June 2016	
Amanda Ruth Fielding	20 June 2016	
Cheryl Pearce	29 March 2017	
Michael Kennedy	5 May 2017	

Army Amenities Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 201

Note 8: Key Management Personnel Remuneration (continued)

Directors act in a honorary capacity therefore no income was received or due or receivable by any Director of the AAF Company during the financial year 2016-17:

- a. from the Army Amenity Fund or any related party in connection with the management of the Army Amenity Fund, or
- b. from the Army Amenity Fund in connection with the management of a related party.

Note 9: Related Party Disclosures

Related party relationships;

The entity is a Trust. Related parties to this entity are Trustees, Key Management Personnel including the Executive, and 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, sales transfers or leases;
- debts forgiven; and
- guarantees.

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

Managing uncertainties

This section analyses how the Army Amenities Fund manages financial risks within its operating environment.

Note 10: Contingent Liabilities and Contingent Assets

Quantifiable Contingencies

The Army Amenities Fund had no quantifiable contingencies as at 30 June 2017 (2016: nil).

Unquantifiable Contingencies

As at 30 June 2017, the Army Amenities had no unquantifiable contingencies (2016: 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 as 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 11: Trust Details

The principal place of business for the Army Amenities Fund is:

Army Amenities Fund
R2-4-B087, Russell Offices
PO Box 7901
CANBERRA BC ACT 2610

Phone: 02 62656429

ANNEX B

MESSES TRUST FUND

Report for the Financial Year Ended

30 JUNE 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Messes Trust Fund

Opinion

We have audited the financial report of the Messes Trust Fund, (the Trust), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by the Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Messes Trust Fund as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Regime.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

THE POWER OF BEING UNDERSTOOD

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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime, and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Trust 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 Trust or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized, handwritten-style signature of the letters "RSM".

RSM Australia Pty Limited

A handwritten signature of Ged Stenhouse.

Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 15th November 2017

Messes Trust Fund

STATEMENT BY THE DIRECTORS

The Directors of the AAF Company, trustees of the Army Amenity Fund, declare that:

- 1 the financial statements and notes, as set out on pages 6 to 13 present fairly the Army Amenities Fund financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
- 2 in the Director's opinion, at the date of this statement there are reasonable grounds to believe that the Army Amenities Fund will be able to pay its debts when they fall due.

This statement is made in accordance with a resolution of the Directors.



L.S. WILTON
Chair and Director

15 November 2017



G.E. WARNER
Director

15 November 2017

Messes Trust Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	Messers Trust Fund	
		2017	2016
		\$	\$
NET COST OF OPERATIONS			
Own-Source revenue			
Interest	1A	16,393	16,315
Total own-source revenue		16,393	16,315
Net (cost of) / contribution by operations		16,393	16,315
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		16,393	16,315

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

Messes Trust Fund
Statement of Financial Position
as at 30 June 2017

	Notes	Messes Trust Fund	
		2017	2016
		\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	2A	689,316	674,332
Trade and other receivables	2B	6,352	4,943
Total financial assets		<u>695,668</u>	<u>679,275</u>
Total assets		<u>695,668</u>	<u>679,275</u>
LIABILITIES			
Total liabilities		-	-
Net assets		<u>695,668</u>	<u>679,275</u>
EQUITY			
Retained surplus		<u>695,668</u>	<u>679,275</u>
Total equity		<u>695,668</u>	<u>679,275</u>

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

Messes Trust Fund
Statement of Changes in Equity

for the year ended 30 June 2017

	Retained earnings	Total Equity
Balance at 01 July 2016	679,276	679,276
	679,276	679,276
Other comprehensive income:		
Profit/(loss) for the year	16,393	16,393
Total comprehensive income	16,393	16,393
Balance at 30 June 2017	695,669	695,669

for the year ended 30 June 2016

	Retained earnings	Total Equity
Balance at 01 July 2015	662,961	662,961
	662,961	662,961
Other comprehensive income:		
Profit/(loss) for the year	16,315	16,315
Total comprehensive income	16,315	16,315
Balance at 30 June 2016	679,276	679,276

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

Messes Trust Fund

Cash Flow Statement

for the year ended 30 June 2017

	Notes	Messes Trust Fund	
		2017	2016
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Interest		14,984	12,982
Total cash received		14,984	12,982
Cash used			
Total cash used		-	-
Net cash from / (used by) operating activities		14,984	12,982
Net increase in cash held		14,984	12,982
Cash and cash equivalents at the beginning of the reporting period		674,332	661,350
Cash and cash equivalents at the end of the reporting period	2A	689,316	674,332

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

Overview

The financial statement is for the entity Messes Trust Fund as an individual entity. The Messes Trust Fund is a discretionary trust established and domiciled in Australia. It does not receive nor is it reliant on the Australian Government funding.

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) 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.

All new /revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Army Amenities Fund's financial statements.

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 Messes Trust Fund's financial statements.

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 Messes Trust Fund.

Messes Trust Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**Financial Performance**

This section analyses the financial performance of the Messes Trust Fund for the year ended 2017.

Note 1: Revenue

	Messes Trust Fund	
	2017	2016
	\$	\$
Note 1A: Interest		
Bank	16,393	16,315
Total interest	<u>16,393</u>	<u>16,315</u>

Accounting Policy

Interest revenue is recognised using the effective interest method.

Financial Position

This section analyses the Messes Trust Fund's assets used to conduct its operations and the operating liabilities incurred as a result.

Note 2: Financial Assets

	Messes Trust Fund	
	2017	2016
	\$	\$
Note 2A: Cash and Cash Equivalents		
Cash on hand or on deposit	689,316	674,332
Total cash and cash equivalents	<u>689,316</u>	<u>674,332</u>

Accounting PolicyCash

Cash is recognised at its nominal amount. Cash and cash equivalent includes:

- cash on hand; and
- demand deposits in bank accounts with an original maturity of 12 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Note 2B: Trade and Other Receivables

Other receivables		
Interest	6,352	4,943
Total other receivables	<u>6,352</u>	<u>4,943</u>
Total trade and other receivables (net)	<u>6,352</u>	<u>4,943</u>

Messes Trust Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 3: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Directors of the AAF Company (as trustee of the Messes Trust Fund).

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

		Appointed	Resigned
Michelle Wyatt	Army Officer	25 July 2013	2 December 2016
Donald Garry Spinks	Army Officer	9 July 2015	
Leigh Suzanne Wilton	Army Officer	15 February 2016	
Andrew John Hocking	Army Officer	27 January 2016	30 June 2017
Grant Ernest Mason	Army Officer	27 January 2016	29 March 2017
Mark Christopher Ascough	Army Officer	27 January 2016	4 May 2017
David Alexander Galloway	Army Officer	27 January 2016	
Grant Eric Warner	Public Servant	27 January 2016	
Jocelyn Anne King	Army Officer	16 June 2016	
Amanda Ruth Fielding	Army Officer	20 June 2016	
Cheryl Pearce	Army Officer	29 March 2017	
Michael Kennedy	Army Officer	5 May 2017	

Directors act in a honorary capacity therefore no income was received or due or receivable by any Director of the AAF Company during the financial year 2016-17:

- from the Messes Trust Fund or any related party in connection with the management of the Messes Trust Fund, or
- from the Messes Trust Fund in connection with the management of a related party.

Note 4: Related Party Disclosures

Related party relationships;

The entity is a Trust. Related parties to this entity are Trustees, Key Management Personnel including the Executive, and 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, sales transfers or leases;
- debts forgiven; and
- guarantees.

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

Managing uncertainties

This section analyses how the Messes Trust Fund manages financial risks within its operating environment.

Note 5: Contingent Liabilities and Contingent Assets

Quantifiable Contingencies

The Messes Trust Fund had no quantifiable contingencies as at 30 June 2017 (2016: nil).

Unquantifiable Contingencies

As at 30 June 2017, the Messes Trust Fund had no unquantifiable contingencies (2016: nil).

Messes Trust Fund**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the year ended 30 June 2017***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 as 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 6: Trust Details**

The principal place of business for the Army Amenities Fund is:

Messes Trust Fund
R2-4-B087, Russell Offices
PO Box 7901
CANBERRA BC ACT 2610

Phone: 02 62656429

