
THE
AAF COMPANY
ANNUAL REPORT 2012 - 2013

THE

AAF COMPANY
(as Trustee of the)

ARMY AMENITIES FUND
and
MESSES TRUST FUND

Annual Report

For the period

1 July 2012 to 30 June 2013

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AAF Company
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Department of Defence
CANBERRA BC ACT 2610

DIRECTORS
OF THE
AAF COMPANY

Brigadier **G.J. REYNOLDS, AM** (Chairman)

*

Brigadier **P. NOTHARD, AM, CSC**

*

Colonel **C. PEARCE, AM**

*

Lieutenant Colonel **R. TALBOT**

*

Ms **K. RADCLIFFE**

*

Warrant Officer **D. Ashley, OAM**

*

Warrant Officer **K. BULLMAN, OAM**

Secretary: **Mr P.D. ALOMES, OAM**

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AAF COMPANY
REPORT OF OPERATIONS

Minister for Defence

Dear Minister

This report of operations by the Directors of the AAF Company is for the year ended 30 June 2013. The report is accompanied by the Financial Statements for the period and other information which are to be read as part of this report.

Enabling Legislation and Responsible Minister

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

The AAF Company operates within the Defence portfolio, and, in the past, has reported to the Minister for Veterans' Affairs and Defence Personnel (the Minister).

Commonwealth Authorities and Companies Act 1997

The AAF Company also complies with the requirements of the *Commonwealth Authorities and Companies Act 1997* 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.

CAC Act Compliance

Under section 12 of the Commonwealth Authorities and Companies (Report of Operations) Orders 2011, the AAF Company is required to provide particulars of Ministerial directions issued under any other legislation, and also of general policies of the Australian Government notified by the responsible Minister under section 28 of the CAC Act:

- (i) during the financial year;
- (ii) since the end of the financial year; and
- (iii) continuing from previous financial years.

Where a direction or general policy reported under subclause (i) has not been fully complied with, the report is required to include an explanation of the extent of, and reasons for, the non-compliance.

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.

SIGNED – WARREN SNOWDON
Minister for Defence Science and Personnel

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 viability;
2. encourage continuous improvement practices to maximise opportunities that will ensure its long term viability;
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.

Compliance Reporting

CAC Act bodies in the General Government Sector (GGS) must report on legislative compliance and financial sustainability, on an annual basis, to the responsible Minister and the Minister for Finance and Deregulation (Finance Minister). To give effect to the policy, the Finance Minister requires the directors of each GGS CAC Act authority to provide a Compliance Report indicating whether or not, in their opinion:

- a. the provisions and requirements of the CAC Act, the *Commonwealth Authorities and Companies Regulations 1997* (CAC Regulations) and the *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* (CAC Orders), collectively 'the CAC Act legislation' have been complied with; and
- b. the costs of the body are forecast to be within estimated sources of external receipts for the current financial year, including, where appropriate, estimates of external receipts in the Australian Government's central budget system.

The Compliance Report is to be provided to the responsible Minister and the Finance Minister by the fifteenth day of the fourth month after the end of the financial year.

The Compliance Report is not part of the Annual Report.

Organisational Structure

The AAF Company is a Commonwealth statutory authority within the GGS and is managed by Directors who are appointed by the Chief of Army and Chairman. The AAF Company head office is located in Canberra, ACT.

Review of Operations and Future Prospects

Operations were in accordance with the AAF Company statutory objects and comprised of the provision of discounted recreational accommodation for Army members, their families and other eligible persons and to provide financial support to, and assist in the provision of, recreational facilities and services 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, 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 Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The financial statements are lodged with ASIC every year.

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

AAF Company Board of Directors

All members of the Board are appointed by the Chief of Army or Chairman. The Board comprises serving and members of the Army and Defence Public Service staff.

During 2012-2013 the AAF Company Board met three times. These meetings were held in Canberra. Operational imperatives and illness impacted availability of Directors.

Board Member's Attendance at Meetings

Name	Special Responsibilities	Number of Possible Attendances	Number Actually Attended
G. Reynolds	Chairman	3	2
P. Nothard		3	2
C. Pearce		3	3
D. Ashley		3	3
R. Talbot		3	2
K. Radcliffe	Audit Committee	3	1
K. Bullman		3	2

Absences due to primary Army work commitments or illness.

Directors of the AAF Company

Brigadier Gavan J. Reynolds AM, appointment during the reporting period was Director General Personnel – Army in Army Headquarters. Throughout his military career, he has held a range of intelligence and personnel appointments and has served on operations overseas on numerous occasions and as a commanding officer. Brigadier Reynolds holds a Bachelor of Arts in Geography (Honours), a Masters of Defence Studies and Masters of Business Administration; he is a Graduate of the Australian Institute of Company Directors.

Brigadier Paul M. Nothard AM, CSC, present appointment is Director General Career Management in Army Headquarters. Throughout his military career he has served primarily in logistics roles at various levels of command and in instructor appointments in Australia and overseas. Brigadier Nothard has served on operations overseas and was awarded the Conspicuous Service Cross in 1999 and appointed a Member of the Order of Australia in 2008. He holds qualifications as a Bachelor of Professional Studies, Masters of Strategic Studies and a Masters of Management; he is a Graduate of the Australian Institute of Company Directors.

Colonel Cheryl Pearce AM, present appointment is Director Special Operations Support at Special Operations Headquarters. Colonel Pearce has served in a number of Corps, Non Corps and staff positions throughout her military career. It was during her deployment as a United Nations Observer in East Timor during July 2002 that Colonel Pearce received a Chief of Defence Force Commendation for bravery. In the Australia Day 2007 Honours and Awards, Colonel Pearce was appointed as a Member of the Order of Australia for exceptional Service as Commandant Defence Police Training Centre, Provost Marshal – Army and Commanding Officer 1st Military Police Battalion. Colonel Pearce holds a Masters of Policing, Intelligence and Counter Terrorism.

Lieutenant Colonel Rebecca Talbot present appointment is Staff Officer Grade One Selections, Appointments and Transitions in Army Headquarters. Throughout her military career she has held a range of command, training and staff appointments in Australia and overseas; she has also deployed on operations overseas where she was awarded the US Meritorious Service Medal. Lieutenant Colonel Talbot holds the qualifications of Bachelor of Arts and Masters of Business (Logistics Management).

Warrant Officer David Ashley OAM, present appointment is the Regimental Sergeant Major – Army (RSM-A) in Army Headquarters. The RSM-A is the senior soldier of non-commissioned rank in the Australian Army and advises the Chief of Army and other senior commanders on matters concerning soldiers. Throughout his military career, he has served in a number of disciplines including training and command and has had several appointments as a Regimental Sergeant Major. Warrant Officer Ashley was awarded the Medal of the Order of Australia in the 2003 Queens Birthday Honours List for services to the 6th Battalion, the Royal Australian Regiment and to Army training. He was appointed Regimental Sergeant Major of the Australian Army on 4 October 2011. He has also served on operations overseas.

Warrant Officer Class One Kenneth Bullman OAM, present appointment is the Regimental Sergeant Major of the Royal Military College of Australia. The RSM is the senior soldier of the non-commissioned ranks at the Royal Military College and advises the Commanding Officer and other key staff on matters such as discipline, ceremonial, career management and welfare that affect the unit. Throughout his military career, he has served as both an Infantry soldier and a Military Policeman in numerous regimental and training units. He was awarded the Medal of the Order of Australia (OAM) in the 2008 Queen's Birthday

Honours. In addition to his regimental and Corps training courses, he has achieved qualifications in Close Personal Protection, Civil Military Cooperation, Crime Prevention and non-lethal proficiencies.

Ms Kate Radcliffe. Kate Radcliffe commenced with the Department of Defence in 1997 and is currently the Director of Budget Management within Army Group, holding this position since November 2011. Prior to commencing with Army, Kate held various positions within the Chief Finance Officer Group between 2005 and 2011, mainly as a Project Director for a number of business process improvement projects, including the Chart of Accounts Reform Project and the Asset Accounting Process Improvement Project. Kate has also held a number of financial management positions within the Defence Material Organisation including Commercial Director for the Communications Branch in Electronic Systems Division. Kate has completed a Bachelor of Science degree at the Australian National University with a double major in psychology and a Masters of Professional Accounting degree from the University of Canberra.

Board Committees

Audit Committee

The AAF Company has established an audit committee in accordance with the CAC Act. The committee is comprised of three members in accordance with regulations prescribing the minimum composition of audit committees. The primary objectives of the Audit Committee are:

- improving the effectiveness and efficiency of the AAF Company internal control framework;
- ensuring that the AAF Company has appropriate risk identification and management practices in place;
- improving the objectivity and reliability of financial reporting;
- ensuring that AAF 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:

- Ms Kate Radcliffe - Director and Chairman of the Committee; and
- Mr David Markwick – Independent member.

Freedom of Information Procedures and Initial Contact Points

Requests for access to AAF Company documents should be directed to the Board of Directors of the AAF Company, R1-3-A080, Department of Defence, CANBERRA, ACT, 2610.

Indemnities and Insurance Premiums for Officers

The AAF Company had coverage with AON Risk Services Australia Limited and COMCOVER for Association Liability Insurance. The premium paid for financial year 2012-2013 was \$3 626.00 (GST exclusive). 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.

Occupational Health and Safety

Staffs 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 OH&S purposes.

AAF Company Governance Statement

The AAF Company is responsible for governance within the company. Three Board members have been assigned responsibility as a Management and Audit Committee which provides advice to the Board on issues of governance.

As a guide to their activities, the Management and Audit Committee are developing an AAF Company Audit Plan which, from a governance sense, will direct regular or periodic confirmation of AAF Company activities in areas such as;

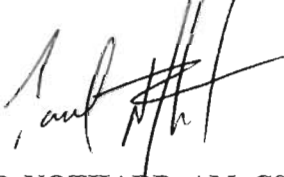
- Books of original entry reflect a true financial record of the company;
- Reports on company performance are reported to the Board;
- Sufficiency of business controls within the company operating procedures;
- Invoices are correctly paid and are for appropriate transactions;
- Occupancy levels match rental receipts; and
- Investments are properly managed and authorised.

As a consequence of the management and Audit Committee activity, the following is offered in response to the request made under New Auditing Standards ASA 240 and ASA 315.

- The AAF Company Board is not aware of any fraud or any suspicion that a fraud has or may have occurred during the period covered by the audit.
- The AAF Company Audit Plan and the programmed activity of the Management and Audit Committee will mitigate the risk of fraud and provide an assessment of company performance with regard to potential fraudulent actions.
- The AAF Company Board is aware of its responsibility for the design and implementation of internal controls to prevent and detect fraud as evidenced by the development and implementation of the AAF Company Audit Plan.
- The AAF Company Board and the Management and Audit Committee are not aware of any error or circumstances that may cause a material error in the accounts.

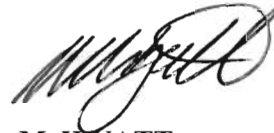
CONCLUSION

The Directors are responsible under section 9 of the CAC Act for the preparation and content of the Report of Operations in accordance with Finance Minister's Orders. This report of operations is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



P. NOTHARD, AM, CSC
Brigadier
Chairman of AAF Company

16 October 2013



M. WYATT
Warrant Officer
Director, AAF Company

16 October 2013

CHAIRMAN'S ANNUAL REPORT

It is with pleasure I present my report on the activities of the AAF Company as Trustee of the Army Amenities Fund and Messes Trust Fund.

The Amenities Fund, the principal arm of business activity, recorded a surplus on operations of \$146 339, an improvement of the FY 2012 operating loss of \$304 308. The profitable outcome results from more favourable investment returns and a winding back of expenditures on holiday facilities now that the maintenance and asset replacement program, undertaken over the past two financial years, has been completed.

The Board conducted a further Strategy meeting in July with outcomes reinforcing the shift away from leased and regional facilities to the popular model of quality accommodation in population centres. To that end, the Board will be considering strategic purchases in Melbourne and SE Queensland during 2013/2014.

The provision of grants for worthwhile projects was the second strategic shift in business outlook implemented over recent years. This has not proved as successful as the Board has desired and an information campaign to raise the awareness of the availability of funds will be undertaken; especially in the more remote areas where Army has a presence and amenities are not as accessible as those available in more populous environs.

Board Membership. This will be my last Report and I hand the Chairmanship to Brigadier Paul Nothard for a short period pending the arrival on posting the new DGPERS-A in 2014. Paul has been a Board member since 2009, has extensive experience in the Personnel world and, along with the skill sets of other Board members, will continue to refine the Amenities Fund products and services to best meet the needs of current and future serving members of the Army.

Holiday Facilities. One of the key projects carrying over from 2011/12 was the sale of the Alpine Lodge at Mt Buller. That sale was successfully concluded in February 2013 and marks the conclusion of Strategy meeting decisions in 2009 and 2012 to shift from leased holiday properties and focussing on 'owned' properties.

All facilities now in the portfolio are owned outright and this importantly gives the business entity full control, especially in the increasingly important safety governance area. A full Work Health and Safety audit of all holiday facilities was commissioned during the financial year. Recommendations have been acted upon and there is now a safety reporting regime in place.

Grants. Grants to the value of \$29 712 were paid during the financial year. Funds were provided to support Units comprising the Pilbara Regiment, the Army Band Brisbane, the Royal Military College Duntroon, the Chief of Army's 'I'm an Australian Soldier' initiative and the Border Rugby Club.

Investments. Returns for the two investment portfolios reflected the more favourable investment climate through the financial year and some prudent, conservative placements which provided very good 'yields'. The overall balance of investments thus increased from \$6 482 639 to \$7 365 362.

Financial Position. The overall financial position of the consolidated entity remains very strong despite incurring operating losses on the holiday facilities. Assets of the consolidated entity are \$10 354 982 with liabilities of \$36 256 and thus the entity has a net 'worth' of \$10 318 726.

Summary

This has been a positive year for the business activities of the Fund. At the direction of the Board, additional marketing has taken place to promote the products and services the Fund offers. Investments have reflected positive results and prudent advice and decision making. Additionally, the strategic shift away from leased holiday facilities has been finalised with the completion of the sale of the Alpine Lodge at Mt Buller. The July Strategy meeting has set a path for the coming years which will reinforce the Fund's relevance in providing support to Army.

AAF COMPANY

DIRECTORS' REPORT

The Directors present this report on the entity for the financial year ended 30 June 2013.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Gavan John Reynolds	Army Officer (appointed 17 June 2011)
Paul Michael Nothard	Army Officer (appointed 1 February 2009)
Cheryl Pearce	Army Officer (appointed 8 March 2011)
David Malcolm Ashley	Army Officer (appointed 18 October 2011)
Kenneth John Bullman	Army Officer (appointed 17 June 2011)
Rebecca Sue Talbot	Army Officer (appointed 29 May 2012)
Kate Victoria Radcliffe	Public Servant (appointed 26 June 2012)

Directors have been in office since the start of the financial year to the end date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the entity during the financial year was to act as trustee for the Army Amenities Fund and the Messes Trust Fund.

No significant changes in the nature of the entity's activity occurred during the financial year.

OPERATING RESULTS

Since the Company acted solely as Trustee and did not carry on any business activity on its own behalf, the Company did not earn a profit or incur a loss during the year.

DIVIDENDS / DISTRIBUTIONS

There were no dividends / distributions recommended, declared or paid to members.

AAF COMPANY

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

A review of operations is not applicable, as the Company has not carried on any business activity on its own behalf during the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors there were no significant changes in the entity's state of affairs during the financial year under review not otherwise disclosed in this report or the Company's accounts.

AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of Directors of the Company, to effect substantially the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

The Company will continue to act solely as trustee and, at the date of this report, the Directors believe the Company will not carry out any business activity on its own behalf in the foreseeable future. Accordingly, no operating result is likely to arise in the future.

MEETINGS OF DIRECTORS

During the financial year, two meetings of Directors and one General Meeting were held. Between meetings, Directors were privy to regular operational updates from the Secretariat. Attendees by each Director were as follows:

NAME	General Meetings Eligible To Attend	General Meetings Attended	Directors Meetings Eligible To Attend	Directors Meetings Attended
Gavan John Reynolds	1	1	2	1
Paul Michael Nothard	1	1	2	1
Cheryl Pearce	1	1	2	2
David Malcolm Ashley	1	1	2	2
Kenneth John Bullman	1	1	2	1
Rebecca Sue Talbot	1	1	2	1
Kate Victoria Radcliffe	1	1	2	-

In the case of absences, Directors were absent due to primary work commitments or illness.

AAF COMPANY

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS AND BENEFITS

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

AUDITOR'S INDEPENDENCE DECLARATION

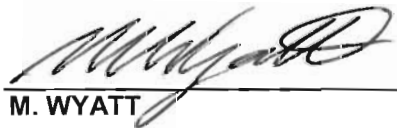
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Dated at Canberra this ~~SIXTEENTH~~ day of October 2013.

Signed in accordance with a resolution of the Board of Directors.



P. NOTHARD, AM, CSC
Director



M. WYATT
Director



INDEPENDENT AUDITOR'S REPORT

To the members of the AAF Company

I have audited the accompanying financial report of the AAF Company, which comprises the Consolidated Statement of Financial Position as at 30 June 2013, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, Notes to and Forming Part of the Consolidated Financial Statements, and the Directors Statement of the consolidated entity comprising the AAF Company and the entities it controlled at the year's end or from time to time during the financial year.

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 and the *Corporations Act 2001* and for such internal control as 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the AAF Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AAF Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of AAF Company on 16 October 2013, would be in the same terms if it had been given to the directors at the time the auditor's report was made.

Opinion

In my opinion the financial report of the AAF Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
18 October 2013



Brigadier Paul Nothard AM CSC
Chairman
AAF Company
Department of Defence
Russell Offices
R1-3-A080 PO Box 7901
Russell ACT 2601

**AAF COMPANY
2012–13 CONSOLIDATED FINANCIAL REPORT
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the AAF Company and consolidated entity for the year ended 30 June 2013, 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

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
16 October 2013

AAF Company

Directors Statement

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of matters required by the Corporations Act 2001.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the AAF Company will be able to pay its debts when they become due and payable.

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



P. NOTHARD, AM, CSC
Chairperson and Director

16 October 2013



M. WYATT
Director

16 October 2013

AAF COMPANY

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2013

	Notes	Army Amenities Fund		Messess Trust Fund		Consolidated	
		2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
INCOME							
Continuing operations							
Sale of good and rendering services	3A	171,325	216,010	-	-	171,325	216,010
Interest	3B	300	34	23,981	27,919	24,281	27,953
Other revenue	3C	78,362	74,550	-	-	78,362	74,550
Total revenue		249,987	290,594	23,981	27,919	273,968	318,513
EXPENSES							
Employee benefits	4A	78,362	74,550	-	-	78,362	74,550
Supplier	4B	355,619	410,525	-	-	355,619	410,525
Depreciation	4C	72,477	86,449	-	-	72,477	86,449
Write down and impairment of assets	4D	-	716,582	-	-	-	716,582
Total expenses		506,458	1,288,106	-	-	506,458	1,288,106
Operating surplus (deficit)		(256,471)	(997,512)	23,981	27,919	(232,490)	(969,593)
Finance Costs	4E	(40,303)	(37,306)	-	-	(40,303)	(37,306)
Finance Income	3B	443,113	730,510	-	-	443,113	730,510
Surplus from finance operations		402,810	693,204	-	-	402,810	693,204
Surplus (deficit) for the year		146,339	(304,308)	23,981	27,919	170,320	(276,389)
OTHER COMPREHENSIVE INCOME							
Revaluation of land and buildings		-	16,375	-	-	-	16,375
Net loss / gain on available for sale financial assets		275,912	(112,126)	-	-	275,912	(112,126)
Total other comprehensive income / (loss)		275,912	(95,751)	-	-	275,912	(95,751)
Total comprehensive income / (loss) for the period		422,251	(400,059)	23,981	27,919	446,232	(372,140)

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

AAF COMPANY

Consolidated Statement of Financial Position
as at 30 June 2013

	Notes	Army Amenities Fund		Messers Trust Fund		Consolidated		Consolidated As at 01 July 2011 \$
		2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
ASSETS								
Current Assets								
Cash and cash equivalents	5	133,214	26,815	623,041	598,613	756,255	625,428	653,392
Trade and other receivables	6	2,113	11,536	2,338	2,785	4,451	14,321	18,104
Other current assets	7	7,365,362	6,482,639	-	-	7,365,362	6,482,639	6,768,142
Total current assets		7,500,689	6,520,990	625,379	601,398	8,126,068	7,122,388	7,439,638
Non-Current Assets								
Land and buildings	8A	2,827,688	2,882,500	-	-	2,827,688	2,882,500	3,402,375
Plant and equipment	8B	23,774	39,787	-	-	23,774	39,787	44,109
Other non-current assets	8C	2,831	13,805	-	-	2,831	13,805	7,778
Total non-current assets		2,854,293	2,936,092	-	-	2,854,293	2,936,092	3,454,262
Assets held for sale	8D	-	465,600	-	-	-	465,600	-
Total assets held for sale		-	465,600	-	-	-	465,600	-
Total assets		10,354,982	9,922,682	625,379	601,398	10,980,361	10,524,080	10,893,900
LIABILITIES								
Current Liabilities								
Suppliers	9A	(29,771)	(23,633)	-	-	(29,771)	(23,633)	(18,587)
Other payables	9B	(3,347)	(1,772)	-	-	(3,347)	(1,772)	(2,606)
Total current liabilities		(33,118)	(25,405)	-	-	(33,118)	(25,405)	(21,193)
Non-Current Liabilities								
Employee Provisions	10	(3,138)	(802)	-	-	(3,138)	(802)	(3,011)
Total liabilities		(36,256)	(26,207)	-	-	(36,256)	(26,207)	(24,204)
Net assets		10,318,726	9,896,475	625,379	601,398	10,944,105	10,497,873	10,869,696
EQUITY								
Reserves		1,925,721	1,649,809	-	-	1,925,721	1,649,809	1,745,560
Retained surplus		8,393,005	8,246,666	625,379	601,398	9,018,384	8,848,064	9,124,136
Total equity		10,318,726	9,896,475	625,379	601,398	10,944,105	10,497,873	10,869,696

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

AAF COMPANY

Consolidated Statement of Changes in Equity
for the year ended 30 June 2013

	Retained earnings			Asset Revaluation Reserve			Financial Asset Reserve			Total Equity		
	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated
Balance as at 01 July 2012	8,246,666	601,398	8,848,064	1,649,809	-	1,649,809	-	-	-	9,896,475	601,398	10,497,873
Other comprehensive income Surplus/(Deficit) for the period	-	-	-	-	-	-	275,912	-	275,912	275,912	-	275,912
Total comprehensive income	146,339	23,981	170,320	-	-	-	-	-	-	146,339	23,981	170,320
Balance as at 30 June 2013	8,393,005	625,379	9,018,384	1,649,809	-	1,649,809	275,912	-	275,912	10,318,726	625,379	10,944,105

for the year ended 30 June 2012

	Retained earnings			Asset Revaluation Reserve			Financial Asset Reserve			Total Equity		
	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated	Army Amenities Fund	Messes Trust Fund	Consolidated
Balance as at 01 July 2011	8,550,657	573,479	9,124,136	1,633,434	-	1,633,434	112,126	-	112,126	10,296,217	573,479	10,869,696
Prior year adjustment	317	-	317	-	-	-	-	-	-	317	-	317
Other comprehensive income Surplus/(Deficit) for the period	-	-	-	16,375	-	16,375	(112,126)	-	(112,126)	(95,751)	-	(95,751)
Total comprehensive income	(304,308)	27,919	(276,389)	16,375	-	16,375	(112,126)	-	(112,126)	(304,308)	27,919	(276,389)
Balance as at 30 June 2012	8,246,666	601,398	8,848,064	1,649,809	-	1,649,809	-	-	-	9,896,475	601,398	10,497,873

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

AAF COMPANY

Consolidated Cash Flow Statement
for the year ended 30 June 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	Notes	2013 \$	2012 \$	2013 \$	2012 \$	2012 \$
OPERATING ACTIVITIES						
Receipts from:						
Sale of goods and rendering services		210,642	226,462	-	-	226,462
Net GST received		23,571	-	-	-	23,571
Interest		300	34	24,428	28,470	28,504
		<u>234,513</u>	<u>226,496</u>	<u>24,428</u>	<u>28,470</u>	<u>254,966</u>
Payments to:						
Employees		(18,060)	(15,351)	-	-	(15,351)
Suppliers		(290,593)	(405,771)	-	-	(405,771)
Net GST paid		-	(553)	-	-	(553)
		<u>(308,653)</u>	<u>(421,675)</u>	<u>-</u>	<u>-</u>	<u>(421,675)</u>
Net cash used by operating activities	11 (b)	<u>(74,140)</u>	<u>(195,179)</u>	<u>24,428</u>	<u>28,470</u>	<u>(166,709)</u>
INVESTING ACTIVITIES						
Proceeds from sale of financial instruments		146,000	150,000	-	-	150,000
Proceeds from sale of property, plant and equipment		386,364	-	-	-	-
Proceeds from loan repayments		-	-	-	-	-
Net cash provided by investing activities		<u>532,364</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Cash used for:						
Purchase of property, plant and equipment		(1,824)	(11,255)	-	-	(11,255)
Purchase of financial instruments		(350,000)	-	-	-	-
		<u>(351,824)</u>	<u>(11,255)</u>	<u>-</u>	<u>-</u>	<u>(11,255)</u>
Net cash from (used in) investing activities		<u>180,540</u>	<u>138,745</u>	<u>-</u>	<u>-</u>	<u>138,745</u>
Net increase / (decrease) in cash held		<u>106,400</u>	<u>(56,434)</u>	<u>24,428</u>	<u>28,470</u>	<u>(27,964)</u>
Cash and cash equivalents at the beginning of the year		26,815	83,249	598,613	570,143	653,392
Cash and cash equivalents at the end of the year	11 (a)	<u>133,215</u>	<u>26,815</u>	<u>623,041</u>	<u>598,613</u>	<u>625,428</u>

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

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AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies

1.1 Objective of the Army Amenities Fund and Messes Trust Fund

The object of the AAF Company is to act as Trustees for the Army Amenities Fund and Messes Trust Fund.

The object of the Army Amenities Fund is to provide amenities for members of the Australian Army, their families and other eligible persons. It is a not-for-profit entity. The Fund does not receive nor is it reliant on Australian Government funding.

The objective of the Messes Trust Fund is to provide financial assistance to newly formed Messes and existing Messes for worthwhile projects that benefit the wider Mess membership.

1.2 Basis of Preparation of the Financial Statements

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on an accrual basis and in accordance with the historical cost convention, except for land and buildings and available-for-sale investments, which have been measured at fair value.

Unless an alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Consolidated Balance Sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of future economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Consolidated Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Estimates and Assumptions

In the process of applying the accounting policies listed in this note, the AAF Company has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

The fair value of land and buildings has been taken to be the market value as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Revaluation of Land and Buildings

When formal valuations of Land and Buildings are not conducted, the Board interrogates current market values through electronic mediums and informal enquiries to determine if there has been a material shift in local market values. Where there is no material shift, values remain unadjusted. Where those investigations reveal a material shift in values, a formal valuation is then conducted.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies *(continued)*

1.4 Applicable Accounting Standards

Adoption of AASB 127: Consolidated and Separate Financial Statements

During 2012/2013 the AAF Company adopted AASB 127 - *Consolidated and Separate Financial Statements*.

In prior years, separate financial statements were prepared for the AAF Company and its Trustee entities (the Army Amenities Fund and Messes Trust Fund). The AAF Company now presents these reports as consolidated financial reports. This reduces duplicated information and presents clearly the overall financial position of the consolidated entity.

The AAF Company is the Trustee of the Army Amenities Fund and Messes Trust Fund. The principal activity of the AAF Company was, and is, to act as Trustee of the two Fund's. The AAF Company does not, and did not, carry out any business activity on its own behalf and did not earn a profit nor incur a loss during the year.

Corporations Regulation 2M.3.01 requires the following disclosures in relation to the parent entity:

Current Assets of the Parent Entity:	nil
Total Assets of the Parent Entity:	nil
Current Liabilities of the Parent Entity:	nil
Total Liabilities of the Parent Entity:	nil

As indicated, the entity did not and does not conduct business in its own right and therefore did not generate income nor incur expenses. As such, no profit or loss was recorded. Additionally, the AAF Company has no contingent liabilities, did not provide guarantees and has not entered into contracts in its own right for the acquisition of property, plant or equipment. As such, the activities of the Company do not impact total equity.

Comparative information is reflected in the financial statements and notes.

Accounting Standards and Interpretations issued but not yet effective

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

All new or revised standards and interpretations that have recently been issued by the Australian Accounting Standards Board (or amended) prior to the signing by the Chairman and one of the Directors, are not expected to have a material financial impact on the AAF Company for future reporting periods.

Other new standards/revised standards/interpretations/amending standards that were issued prior to the signing of the statement by the Chairman of the AAF Company and one of the Directors and are applicable to the future reporting period are not expected to have a future financial impact on the entity.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.5 Consolidation

AASB 127 (Consolidated and Separate Financial Statements) requires a parent entity that is in a group to present consolidated financial reports that the controlled entities in accordance with AASB 127. The parent and controlled entities apply consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full. The financial reports of the controlled entities are prepared for the same reporting period as the parent entity.

The consolidated financial reports incorporate the assets and liabilities of all entities controlled by the AAF Company as at 30 June 2013 and the results of the controlled entities for the year then ended.

1.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

For all interest bearing financial assets classified as available for sale, interest income or expense is recorded AASB 139 *Financial Instruments: Recognition and measurement*.

Managed Funds

Revenue from managed investment funds are recognised as and when distributions are declared by the Fund Manager.

1.7 Gains

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.

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.8 Employee benefits

Liabilities for 'short term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the entity is estimated to be less than the annual entitlement for sick leave.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies (continued)

The leave liabilities are 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 leave is likely to be taken during service rather than paid out on termination.

Superannuation

The Army Amenities Fund contributes to the employees' superannuation scheme at rates determined under the Superannuation Guarantee Charge guidelines.

1.9 Leases

A distinction is made between operating and finance leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. Operating lease payments are expenses on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The AAF Company has no lease commitments in place as at 30 June 2013 having opted out of property leasing (2012: \$46 719).

1.10 Cash and short term deposits

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11 Financial Assets

The Fund's classify their financial assets in the following categories:

- a. available-for-sale financial assets; and
- b. loans and receivables.

Recognition

Financial assets are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition the following assets are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies (continued)

1.12 Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction cost. They are recognised and derecognised upon trade dates.

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the AAF Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability which 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. The Army Amenities Fund and Messes Trust Fund has no contingencies in either the current or preceding reporting periods.

1.14 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment costs, if any. When significant parts of property plant and equipment are required to be replaced at intervals, the individual parts are recognised with specific useful lives and depreciated accordingly. All repair and maintenance costs are recognised in profit or loss as incurred.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, 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).

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Buildings excluding leasehold improvements	Market selling price
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were 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. It is the policy of the Company to have land and buildings independently valued progressively every two to three years.

Revaluation adjustments were made on a class basis. Any relevant increment was 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 were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date was eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies (continued)

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed periodically by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected cash flows have not been discounted to their present value in determining the recoverable amounts.

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.

The depreciation rates used for each class of depreciable asset are:

Class of Asset	Rate
Buildings	2 - 4%
Furniture & Fittings	6 - 25%

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Impairment

All assets were tested for impairment at 30 June 2013. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

1.15 Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.16 Taxation

The Company is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

- a. where the amount of the GST incurred is not recoverable from the Australian Taxation Office and;
- b. for receivables and payables.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Summary of Significant Accounting Policies (continued)

NOTE 2

Events after the reporting period

There are no significant events that occur after the balance date that warrant disclosure or must be brought to account in the financial report.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
NOTE 3 REVENUE						
NOTE 3A Sale of Goods and Rendering of Services						
Provision of goods - external parties	171,325	216,010	-	-	171,325	216,010
Total sale of goods and rendering of services	171,325	216,010	-	-	171,325	216,010
NOTE 3B Interest						
Bank	300	34	23,981	27,919	24,281	27,953
Managed Funds	443,113	730,510	-	-	443,113	730,510
Total interest	443,413	730,544	23,981	27,919	467,394	758,463
NOTE 3C Other Revenue						
Resources received free of charge	78,362	74,550	-	-	78,362	74,550
Other	-	-	-	-	-	-
Total other revenue	78,362	74,550	-	-	78,362	74,550

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
NOTE 4 EXPENSES	\$	\$	\$	\$	\$	\$
NOTE 4A Employee Benefits						
Wages and Salaries	(78,362)	(74,550)	-	-	(78,362)	(74,550)
Total employee benefits	(78,362)	(74,550)	-	-	(78,362)	(74,550)
NOTE 4B Supplier						
Goods and services						
Property expenses	(195,915)	(213,185)	-	-	(195,915)	(213,185)
Head office expenses	(83,513)	(44,822)	-	-	(83,513)	(44,822)
Other	29,712	(25,353)	-	-	29,712	(25,353)
Total goods and services	(309,140)	(283,360)	-	-	(309,140)	(283,360)
Goods and services are made up of:						
Provision of goods - related entities	-	-	-	-	-	-
Provision of goods - external entities	(309,140)	(283,360)	-	-	(309,140)	(283,360)
Rendering of services - related parties	-	-	-	-	-	-
Rendering of services - external parties	-	-	-	-	-	-
Total goods and services	(309,140)	(283,360)	-	-	(309,140)	(283,360)
Other supplier expenses						
Operating lease rentals - related entities:						
Minimum lease payments	(46,479)	(127,165)	-	-	(46,479)	(127,165)
Total other supplier expenses	(46,479)	(127,165)	-	-	(46,479)	(127,165)
Total supplier expenses	(355,619)	(410,525)	-	-	(355,619)	(410,525)
NOTE 4C Depreciation						
Depreciation:						
Property, plant and equipment	(17,665)	(15,799)	-	-	(17,665)	(15,799)
Buildings	(54,812)	(70,650)	-	-	(54,812)	(70,650)
Total depreciation	(72,477)	(86,449)	-	-	(72,477)	(86,449)
NOTE 4D Write-down and Impairment of Assets						
Impairment on managed funds	-	(716,582)	-	-	-	(716,582)
Total write-down and impairment of assets	-	(716,582)	-	-	-	(716,582)
NOTE 4E Finance Costs						
Finance costs	(40,303)	(37,306)	-	-	(40,303)	(37,306)
Total finance costs	(40,303)	(37,306)	-	-	(40,303)	(37,306)

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
NOTE 5 - Cash and Cash Equivalents						
Cash on hand or on deposit	133,214	26,815	623,041	598,613	756,255	653,392
Total cash and cash equivalents	133,214	26,815	623,041	598,613	756,255	653,392

	2013		2012		2013		2012	
	\$	\$	\$	\$	\$	\$	\$	
NOTE 6 - Trade and Other Receivables								
Goods and Services:								
Interest	-	-	2,338	2,785	2,338	2,785	2,785	3,336
Goods and services - external parties	-	6,502	-	-	-	6,502	6,502	6,502
Total receivables for goods and services	-	6,502	2,338	2,785	2,338	9,287	9,287	9,838
Other receivables:								
GST receivable from the Australian Taxation Office	2,113	5,034	-	-	2,113	5,034	5,034	8,266
Total other receivables	2,113	5,034	-	-	2,113	5,034	5,034	8,266
Total trade and other receivables (net)	2,113	11,536	-	-	2,113	14,321	14,321	18,104
Less impairment allowance account:								
Goods and services	-	-	-	-	-	-	-	-
Total impairment allowance account	-	-	-	-	-	-	-	-
Total trade and other receivables (net)	2,113	11,536	-	-	2,113	14,321	14,321	18,104
Receivables are expected to be recovered in:								
No more than 12 months	2,113	11,536	2,338	2,785	4,451	14,321	14,321	18,104
Total trade and other receivables (net)	2,113	11,536	2,338	2,785	4,451	14,321	14,321	18,104
Receivables are aged as follows:								
Not overdue	2,113	11,536	2,338	2,785	4,451	14,321	14,321	18,104
Total receivables (gross)	2,113	11,536	2,338	2,785	4,451	14,321	14,321	18,104

Credit risk - trade and other receivables

The Consolidated Entity has no significant concentration of credit risk with respect to any single counter party or trust of counter parties other than those receivables specifically provided, for and, if any provision is made, mentioned within note 6. The main source of credit risk to the Consolidated Entity is considered to relate to sundry debtors receivable.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 7 - Other Current Assets

	Army Amenities Fund		Messes Trust Fund		Consolidated		Consolidated As at 01 July 2011 \$
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
Available for sale financial assets							
- Managed funds	7,365,362	6,482,639	-	-	7,365,362	6,482,639	6,768,142

Available for sale 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.

NOTE 8 - Non - Current Assets

Note 8A - Land and Buildings	2013 \$		2012 \$		2013 \$		2012 \$		As at 01 July 2011 \$
Land									
Land at fair value	690,000	690,000	-	-	690,000	690,000			750,000
Total Land	690,000	690,000	-	-	690,000	690,000			750,000
Buildings on freehold land:									
Fair value	2,192,500	2,192,500	-	-	2,192,500	2,192,500			2,725,625
Accumulated depreciation	(54,812)	-	-	-	(54,812)	-			(73,250)
Total buildings on freehold land	2,137,688	2,192,500	-	-	2,137,688	2,192,500			2,652,375
Total land and buildings	2,827,688	2,882,500	-	-	2,827,688	2,882,500			3,402,375

No indicators of impairment were found for land and buildings.

No land or buildings were expected to be sold or disposed of within the next 12 months.

Note 8B - Plant and Equipment

	Amenities Fund		Messes Trust Fund		Consolidated		Consolidated As at 01 July 2011 \$
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
Plant and equipment:							
Fair value	137,944	164,898	-	-	137,944	164,898	155,867
Accumulated depreciation	(114,170)	(125,111)	-	-	(114,170)	(125,111)	(111,758)
Total plant and equipment	23,774	39,787	-	-	23,774	39,787	44,109
Total property, plant and equipment	2,851,462	2,922,287	-	-	2,851,462	2,922,287	3,446,484

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messess Trust Fund		Consolidated		As at 01 July 2011 \$
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
Furniture and Fittings							
At cost	133,580	161,078	-	-	133,580	161,078	152,032
Less : Accumulated depreciation	(110,820)	(122,150)	-	-	(110,820)	(122,150)	(109,631)
	<u>22,759</u>	<u>38,928</u>	-	-	<u>22,759</u>	<u>38,928</u>	<u>42,401</u>
Computer Hardware							
At cost	4,365	3,820	-	-	4,365	3,820	3,835
Less : Accumulated depreciation	(3,350)	(2,961)	-	-	(3,350)	(2,961)	(2,127)
	<u>1,015</u>	<u>859</u>	-	-	<u>1,015</u>	<u>859</u>	<u>1,708</u>
Land and Buildings							
Goolwa							
- Land - At valuation (a)	690,000	690,000	-	-	690,000	690,000	750,000
- Buildings - At valuation (a)	300,000	300,000	-	-	300,000	300,000	315,000
Less : Accumulated depreciation	(7,500)	-	-	-	(7,500)	-	-
	<u>982,500</u>	<u>990,000</u>	-	-	<u>982,500</u>	<u>990,000</u>	<u>1,065,000</u>
Mt Buller							
- Buildings - At independent valuation (b)	-	-	-	-	-	-	480,000
Less : Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	<u>480,000</u>
Kalbarri							
- Buildings - At valuation (c)	357,500	357,500	-	-	357,500	357,500	400,000
- Buildings - At cost	-	-	-	-	-	-	-
Less : Accumulated depreciation	(8,937)	-	-	-	(8,938)	-	(10,000)
	<u>348,563</u>	<u>357,500</u>	-	-	<u>348,563</u>	<u>357,500</u>	<u>390,000</u>
Coogee							
- Buildings - At valuation (d)	1,535,000	1,535,000	-	-	1,535,000	1,535,000	1,505,000
Less : Accumulated depreciation	(38,375)	-	-	-	(38,375)	-	(37,625)
	<u>1,496,625</u>	<u>1,535,000</u>	-	-	<u>1,496,625</u>	<u>1,535,000</u>	<u>1,467,375</u>
Total property, plant and equipment	<u>2,851,462</u>	<u>2,922,287</u>	-	-	<u>2,851,462</u>	<u>2,922,287</u>	<u>3,446,484</u>

No indicators of impairment were found for property, plant and equipment.

No property, plant and equipment were expected to be sold or disposed of within the next 12 months.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**NOTE 8B - Property, Plant and Equipment** (Continued)**Land and Buildings** (continued)**Revaluations of non-current assets**

As there were no revaluations conducted for 2012/2013, there were no increments or decrements transferred to the asset revaluation reserve. The increment for 2012 was \$16 375.

- (a) The revaluations were certified as at the financial year ended 30 June 2012 in accordance with an independent valuation by Mr Barry Curzons, Certified Practising Valuer, of South Coast Valuations.
- (b) The revaluation was performed in the financial year ended 30 June 2011, in accordance with an independent appraisal by Mr Tim Skinner, Property Manager, Mansfield Real Estate.
- (c) The revaluation was certified as at the financial year ended 30 June 2012, in accordance with an independent valuation by Mr Paul Brandenburg of Ray White Kalbarri.
- (d) The revaluation was certified as at the financial year ended 30 June 2012, in accordance with an independent valuation by Mr B. Lee, Certified Practising Valuer, of Ark Property Valuers, Military Road, Cremorne, NSW.

The increment for 2012 consisted of a revaluation decrement of \$60 000 for land and an increment of \$76 375 for buildings. Therefore, the net movement in the asset revaluation surplus in 2012 was \$16 375.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

NOTE 8B - Property, Plant and Equipment (continued)

Reconciliation of the opening and closing balances of property, plant and equipment 2010 to 2013 inclusive.

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2010					
Gross book value	780,000	2,675,000	3,455,000	187,925	3,642,925
Accumulated depreciation and impairment	-	-	-	(129,702)	(129,702)
Net book value 01 July 2010	780,000	2,675,000	3,455,000	58,223	3,513,223
Additions:					
By purchase				2,976	2,976
Revaluations and impairments recognised in other comprehensive income	(30,000)	50,625	20,625		(20,625)
Disposals:					
From operations		(73,250)	(73,250)	(2,335)	(2,335)
Depreciation expense				(14,755)	(88,005)
Net book value 30 June 2011	750,000	2,652,375	3,402,375	44,109	3,446,484

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2011					
Gross book value	750,000	2,725,625	3,475,625	188,566	3,664,191
Accumulated depreciation and impairment	-	(73,250)	(73,250)	(144,457)	(217,707)
Net book value 01 July 2011	750,000	2,652,375	3,402,375	44,109	3,446,484
Additions:					
By purchase	-	-	-	11,255	11,255
Revaluations and impairments recognised in other comprehensive income	(60,000)	76,375	16,375	-	16,375
Assets held for sale	-	(465,600)	(465,600)	-	(465,600)
Depreciation expense	-	(70,650)	(70,650)	(15,799)	(86,449)
Disposals:					
From operations	-	-	-	(95)	(95)
Adjustment	-	-	-	317	317
Net book value 30 June 2012	690,000	2,192,500	2,882,500	39,787	2,922,287

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2012					
Gross book value	690,000	2,192,500	2,882,500	164,898	3,047,398
Accumulated depreciation and impairment	-	-	-	(125,111)	(125,111)
Net book value 01 July 2012	690,000	2,192,500	2,882,500	39,787	2,922,287
Additions:					
By purchase	-	-	-	1,824	1,824
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Depreciation expense	-	(54,812)	(54,812)	(17,665)	(72,477)
Other movements:					
Disposals:					
Plant and Equipment	-	-	-	(28,778)	(28,778)
Write-back accumulated depreciation	-	-	-	28,606	(28,606)
Net book value 30 June 2013	690,000	2,137,688	2,827,688	23,774	2,851,462
Net book value 30 June 2013 represented by:					
Gross book value	690,000	2,192,500	2,882,500	137,944	3,020,444
Accumulated depreciation	-	(54,812)	(54,812)	(114,170)	(168,982)
Net book value 30 June 2013	690,000	2,137,688	2,827,688	23,774	2,851,462

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated		Consolidated As at 01 July 2011 \$
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
NOTE 8C - Other Non-Current Assets							
Total other non-current assets	<u>2,831</u>	<u>13,805</u>	<u>-</u>	<u>-</u>	<u>2,831</u>	<u>13,805</u>	<u>7,778</u>
	<u>2,831</u>	<u>13,805</u>	<u>-</u>	<u>-</u>	<u>2,831</u>	<u>13,805</u>	<u>7,778</u>
Total other non-current assets expected to be recovered in:							
no more than 12 months	2,831	13,805	-	-	2,831	13,805	7,778
more than 12 months	-	-	-	-	-	-	-
Total other non-current assets	<u>2,831</u>	<u>13,805</u>	<u>-</u>	<u>-</u>	<u>2,831</u>	<u>13,805</u>	<u>7,778</u>

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

NOTE 8D - Asset Held for Sale

The Mt Buller Lodge is a ski lodge built in the mid to late 1980's. The Board of Director's are no longer entering into leasing arrangements and, in the case of the Mt Buller Lodge, the building is classified as improvements on the leased site (land).

The Lodge was advertised in March 2012 and the Board anticipates sale within 12 months.

The Board is committed to the sale of the Lodge and there is no plan to alter the sale strategy

	2013 \$	2012 \$
Mt Buller Alpine Lodge		
Fair Value of Mt Buller Lodge	-	480,000
Less: Accumulated Depreciation	-	(14,400)
Carrying amount	<u>-</u>	<u>465,600</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	Army Amenities Fund		Messes Trust Fund		Consolidated		Consolidated As at 01 July 2011 \$
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
NOTE 9 - Payables							
9A. Suppliers							
Trade creditors and accruals	(29,771)	(23,633)	-	-	(29,771)	(23,633)	(18,587)
Total supplier payables	<u>(29,771)</u>	<u>(23,633)</u>	<u>-</u>	<u>-</u>	<u>(29,771)</u>	<u>(23,633)</u>	<u>(18,587)</u>
Supplier payables expected to be settled within 12 months	(29,771)	(23,633)	-	-	(29,771)	(23,633)	(18,587)
External parties	(29,771)	(23,633)	-	-	(29,771)	(23,633)	(18,587)
Total	<u>(29,771)</u>	<u>(23,633)</u>	<u>-</u>	<u>-</u>	<u>(29,771)</u>	<u>(23,633)</u>	<u>(18,587)</u>
Total supplier payables	<u>(29,771)</u>	<u>(23,633)</u>	<u>-</u>	<u>-</u>	<u>(29,771)</u>	<u>(23,633)</u>	<u>(18,587)</u>
9B. Other Payables							
Prepayments received/uneamed income	(3,347)	(1,772)	-	-	(3,347)	(1,772)	(2,606)
Total other payables	<u>(3,347)</u>	<u>(1,772)</u>	<u>-</u>	<u>-</u>	<u>(3,347)</u>	<u>(1,772)</u>	<u>(2,606)</u>
Total other payables expected to be settled in: No more than 12 months	(3,347)	(1,772)	-	-	(3,347)	(1,772)	(2,606)
Total other payables	<u>(3,347)</u>	<u>(1,772)</u>	<u>-</u>	<u>-</u>	<u>(3,347)</u>	<u>(1,772)</u>	<u>(2,606)</u>
NOTE 10 - Employee Provisions							
Leave	(3,138)	(802)	-	-	(3,138)	(802)	(3,011)
Total employee provisions	<u>(3,138)</u>	<u>(802)</u>	<u>-</u>	<u>-</u>	<u>(3,138)</u>	<u>(802)</u>	<u>(3,011)</u>
Employee provisions are expected to be settled in:							
No more than 12 months	(3,138)	(802)	-	-	(3,138)	(802)	(3,011)
Total employee provisions	<u>(3,138)</u>	<u>(802)</u>	<u>-</u>	<u>-</u>	<u>(3,138)</u>	<u>(802)</u>	<u>(3,011)</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11 - Cash Flow Reconciliation

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
11a. Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement						
Cash and cash equivalents as per:						
Cash flow statement	133,215	26,815	623,041	598,613	756,256	625,428
Balance sheet	133,215	26,815	623,041	598,613	756,256	625,428
Difference	-	-	-	-	-	-
11b. Reconciliation of surplus (deficit) to net cash from operating activities:						
Surplus (deficit) for the year	146,339	304,308	23,981	27,919	170,320	276,389
Adjustments for non-cash items						
Depreciation / amortisation	72,477	(86,449)	-	-	72,477	(86,449)
Resources free of charge - goods	78,362	74,550	-	-	78,362	74,550
Resources free of charge - services	(78,362)	(74,550)	-	-	(78,362)	(74,550)
Impairment of financial asset	-	(716,582)	-	-	-	(716,582)
Return on investments	(402,810)	693,204	-	-	(402,810)	693,204
Loss (Profit) on disposal of assets	79,407	(95)	-	-	79,407	(95)
Changes in assets and liabilities						
(Increase) / Decrease in prepayments	10,974	6,027	-	-	10,974	6,027
(Increase) / Decrease in receivables	9,423	(3,218)	447	551	9,870	(3,769)
Increase / (Decrease) in payables	6,138	(5,059)	-	-	6,138	(5,059)
Increase / (Decrease) in other liabilities	3,912	3,043	-	-	3,912	3,043
Net cash from operating activities	(74,140)	(195,179)	24,428	28,470	(49,712)	(166,709)
11c. The Consolidated Entity has no credit stand-by or financing facilities in place.						
11d. There were no non-cash financing or investing activities during the period.						

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12 - Related Party Disclosures

The directors and alternate directors of the trustee company, the AAF Company, during the financial year were as follows:

Gavan John Reynolds	Army Officer	Appointed 17 June 2011
Paul Michael Nothard	Army Officer	Appointed 1 February 2009
Cheryl Pearce	Army Officer	Appointed 8 March 2011
David Malcolm Ashley	Army Officer	Appointed 18 October 2011
Kenneth John Bullman	Army Officer	Appointed 17 June 2011
Rebecca Sue Talbot	Army Officer	Appointed 29 May 2012
Kate Victoria Radcliffe	Public Servant	Appointed 26 June 2012

No income was received or due or receivable by any director of the Trustee company:

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

NOTE 13 - Remuneration of Auditors

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
Fair value of the services provided	\$	\$	\$	\$	\$	\$
Financial statement audit services	13,500	14,000	-	-	13,500	14,000
Total	13,500	14,000	-	-	13,500	14,000

No other services were provided by the auditors of the financial statements.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

NOTE 14 - Financial Instruments

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2013	2012	2013	2012	2013	2012
(a) Categories of Financial Instruments						
Current Assets						
Loans and receivables:						
Cash on hand or on deposit	133,214	26,815	623,041	598,613	756,255	625,428
Trade and other receivables	2,113	11,536	2,338	2,785	4,451	14,321
Other investments - managed funds - FIDUCIAN	4,617,503	3,900,977	-	-	4,617,503	3,900,977
Other investments - managed funds - ASGARD	2,747,859	2,581,662	-	-	2,747,859	2,581,662
Total current assets	7,500,689	6,520,990	625,379	601,398	8,126,068	7,122,388
Carrying amount of current assets	7,500,689	6,520,990	625,379	601,398	8,126,068	7,122,388
Current Liabilities						
At amortised cost:						
Trade creditors	29,771	23,633	-	-	29,771	23,633
Total current liabilities	29,771	23,633	-	-	29,771	23,633
Carrying amount of current liabilities	29,771	23,633	-	-	29,771	23,633
(b) Net income and Expense from Current Assets						
Loans and receivables:						
Interest revenue	300	34	23,981	27,919	24,281	27,953
Net gain/(loss) loans and receivables	300	34	23,981	27,919	24,281	27,953
Net gain/(loss) from current assets	300	34	23,981	27,919	24,281	27,953

As at 01 July 2011

\$

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

(c) Fair Value of Financial Instruments	Army Amenities Fund				Messes Trust Fund				Consolidated					
	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2012	Fair Value 2012	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2012	Fair Value 2012	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2012	Fair Value 2012	Carrying Amount 2011	Fair Value 2011
Current Liabilities														
Payables	29,771	29,771	23,633	23,633	-	-	-	-	29,771	29,771	23,633	23,633	18,587	18,587
Total	29,771	29,771	23,633	23,633	-	-	-	-	29,771	29,771	23,633	23,633	18,587	18,587

The Consolidated Entity financial instruments consist mainly of deposits with banks and accounts receivable and payable. The Consolidated Entity does not have any derivative instruments as at 30 June 2013.

Treasury Risk Management

The Trustees' analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risk Exposures and Management

The main risks that the Consolidated Entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) **Interest Rate Risk**

The Consolidated Entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

	Army Amenities Fund						Totals			
	Weighted average effective interest rate	Non-interest bearing rate	2012	2013	Fixed interest rate	2012	2013	Floating interest rate	2012	2013
Current Assets										
Cash	0.55	-	-	133,214	26,815	-	-	-	133,214	26,815
Other	0	7,365,362	6,482,639	-	-	-	-	-	7,365,362	6,482,639
Receivable	n/a	2,113	11,536	-	-	-	-	-	2,113	11,536
Total Current Assets		7,367,475	6,494,175	133,214	26,815	-	-	-	7,500,689	6,494,175

	Messes Trust Fund						Totals			
	Weighted average effective interest rate	Non-interest bearing rate	2012	2013	Fixed interest rate	2012	2013	Floating interest rate	2012	2013
Current Assets										
Cash	2.80	-	-	-	-	598,613	623,041	598,613	598,613	623,041
Receivable	n/a	-	-	-	-	2,785	2,338	2,785	2,785	2,338
Total Current Assets		-	-	-	-	601,398	625,379	601,398	601,398	625,379

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

NOTE 14 - Financial Instruments (continued)

Consolidated										
	Weighted average effective interest rate		Non-interest bearing rate		Fixed interest rate		Floating interest rate		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Current Assets										
Cash	0.55	0.55	-	-	133,214	26,815	-	-	133,214	26,815
Other	0	0	7,365,362	6,482,639	-	-	623,041	598,613	7,988,403	7,081,252
Receivable	n/a	n/a	2,113	11,536	-	-	2,338	2,785	4,451	14,321
Total Current Assets			7,367,475	6,494,175	133,214	26,815	625,379	601,398	8,126,068	7,095,573
Consolidated as at 01 July 2011										
	Weighted average effective interest rate		Non-interest bearing rate		Fixed interest rate		Floating interest rate		Total	
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
Current Assets										
Cash	3.08	-	-	-	-	-	653,392	-	653,392	653,392
Other	n/a	6,768,142	-	-	-	-	-	-	6,768,142	6,768,142
Receivable		18,104	-	-	-	-	-	-	18,104	18,104
Total Current Assets		6,786,246					653,392		7,439,638	
Consolidated as at 01 July 2011										
	Army Amenities Fund		Messes Trust Fund		Consolidated		Consolidated		Consolidated	
	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2012	Fair Value 2012	Carrying Amount 2011	Fair Value 2011
Current Liabilities										
Trade Creditors	(29,771)	(29,771)	-	-	-	-	(23,633)	(23,633)	(18,587)	(18,587)
Total Current Liabilities	(29,771)	(29,771)	-	-	-	-	(23,633)	(23,633)	(18,587)	(18,587)

(b) Liquidity Risk

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows.

The Consolidated Entity's financial liabilities are payables. The basis of exposure to liquidity risk is that the Consolidated Entity will have no difficulty meeting its liabilities. Given the internal policies adopted, there are appropriate checks, balances and resources available to ensure the Consolidated Entity meets its financial obligations.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 - Financial Instruments (continued)**Maturities for non-derivative financial liabilities**

2013		2012		2011	
Within 1 year	Total	Within 1 year	Total	Within 1 year	Total
\$ (29,771)	\$ (29,771)	\$ (23,633)	\$ (23,633)	\$ (18,587)	\$ (18,587)

Trade creditors**(c) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Credit quality of financial instruments not past due or individually determined as impaired :

	Army Amenities Fund		Messes Trust Fund		Consolidated		As at 01 July 2011	
	Not past due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired
2013	2012	2013	2012	2013	2012	2013	2012	2011
\$	\$	\$	\$	\$	\$	\$	\$	\$
133,214	26,815	-	598,613	-	-	756,255	625,428	653,392
2,113	11,536	-	2,785	-	4,451	14,321	18,104	-
7,365,362	6,482,639	-	-	-	7,365,362	6,482,639	6,786,142	-
7,500,689	6,520,990	-	601,398	-	8,126,068	7,122,388	-	7,457,638

Net Fair Values

Financial assets and financial liabilities, both recognised and unrecognised, at balance date, are carried at their fair value. The carrying amounts of the Consolidated Entity's financial assets and financial liabilities are the same as their fair value.

NOTE 15 - Sensitivity Analysis**Interest Rate Risk**

The Consolidated Entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

As at 30 June 2013 the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as per the following table:

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

NOTE 15 - Sensitivity Analysis (continued)

Interest rate risk (continued)

Sensitivity Table - Market Risk (Interest Rate Movement)

Risk to which the Consolidated Entity was exposed as at 30 June 2013

	Army Amenities Fund		Messers Trust Fund		Consolidated	
	Change in risk variable	Effect on Profit & Loss 2013	Change in risk variable	Effect on Profit & Loss 2013	Change in risk variable	Effect on Profit & Loss 2012
Risk Variable	%	\$	%	\$	%	\$
Moneys held at 30 June	-1%	(1,332)	-1%	(6,230)	-1%	(7,562)
Decrease in Interest Rate	1%	1,332	1%	6,230	1%	7,562

Risk to which the Consolidated Entity was exposed as at 30 June 2012

	Army Amenities Fund		Messers Trust Fund		Consolidated	
	Change in risk variable	Effect on Profit & Loss 2011	Change in risk variable	Effect on Profit & Loss 2011	Change in risk variable	Effect on Profit & Loss 2011
Risk Variable	%	\$	%	\$	%	\$
Moneys held at 30 June	-1%	(268)	-1%	(5,986)	-1%	(5,718)
Decrease in Interest Rate	1%	268	1%	5,986	1%	5,718

The sensitivity analysis has been performed on the assumption that all other variables remain unchanged

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013**NOTE 16 - Contingent Liabilities and Assets****Quantifiable Contingencies**

The Consolidated Entity had no quantifiable contingencies as at 30 June 2013 (2012: nil).

Unquantifiable Contingencies

As at 30 June 2013, the Consolidated Entity had no unquantifiable contingencies (2012: nil).

Significant Remote Contingencies

The Consolidated Entity has no significant remote contingencies as at 30 June 2013 (2012: nil).

NOTE 17 - Reporting Outcomes of the Company

The AAF Company does not receive any Australian Government budgetary funding. However, the Company have a single outcome which follows directly from adhering to the stated purposes of the subsidiary entities. The operational result of the Fund's are demonstrated in the consolidated financial reports.

NOTE 18 - Company Details

The principal place of business for the AAF Company is :

AAF Company
R1-3-A080, PO Box 7901
Russell Offices
CANBERRA ACT 2610