
THE
AAF COMPANY
ANNUAL REPORT 2013 - 2014

DIRECTORS

OF THE

AAF COMPANY

Brigadier P.E. DANIEL, AM, CSC (Chairman)

*

Brigadier P. NOTHARD, AM, CSC

*

Brigadier C. PEARCE, AM

*

Ms K. RADCLIFFE

*

Warrant Officer D. ASHLEY, AM

*

Warrant Officer K. BULLMAN, OAM

*

Warrant Officer M. WYATT, OAM, CSM

Secretary: Mr P.D. ALOMES, OAM

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

Annual Report

For the period

1 July 2013 to 30 June 2014

© Commonwealth of Australia 2011

ISSN 0728-6996

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

The Secretary
AAF Company
R1-3-A080, PO Box 7901
Department of Defence
CANBERRA BC ACT 2610

AAF COMPANY
REPORT OF OPERATIONS

Assistant Minister for Defence

Dear Minister

This report of operations by the Directors of the AAF Company is for the year ended 30 June 2014. 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 reports to you as the Responsible Minister (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 2013-2014 the AAF Company Board met five 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
P. Daniel	Chairman	1	1
G. Reynolds	Chairman	3	0
P. Nothard	A/Chairman (3)	5	5
C. Pearce		5	3
D. Ashley		5	4
R. Talbot		4	2
K. Radcliffe	Audit Committee	5	5
K. Bullman		5	0
M. Wyatt		5	5

Absences due to primary Army work commitments.

Directors of the AAF Company

Brigadier Peter Daniel, AM, CSC enlisted into the Army in 1984, graduating from the Royal Military College, Duntroon in December 1986. On graduation he was commissioned into the Royal Australian Army Ordnance Corps.

Brigadier Daniel has held a range of corps, regimental and staff appointments. These include: Supply Officer appointments at 1st Field Supply Company and Puckapunyal Logistics Battalion; regimental appointments in the rank of Captain and Major at the Royal Australian Army Ordnance Corps Centre and Land Headquarters; Company Commander at 3rd Field Supply Company, 3rd Brigade Administrative Support Battalion; and as a Career Advisor at DOCM-A.

In 1993 he deployed as part of the Australian contingent to the United Nations Transitional Authority in Cambodia (UNTAC). In 2005 he deployed as the Deputy Chief of Staff and Australian Contingent Commander for the Multi-National Force and Observers (MFO), Sinai, Egypt & in 2008 deployed as an embedded officer for the Multi-National Force Iraq as the Chief of Logistics Plans for which he was awarded the U.S. Bronze Star.

In 1998 he attended the Australian Command and Staff College, Queenscliff, where he completed a Masters in Defence Studies. In 2009/10 he attended the National Defence University in Washington DC, completing a Masters of Science in National Resourcing Strategy from the Industrial College of the Armed Forces.

Brigadier Daniel was promoted on 2 August 2010 and assumed his appointment as the Director General Supply Chain of Joint Logistics Command. In December in 2013 he commenced his current appointment as Director General Personnel – Army.

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.

Brigadier Cheryl Pearce AM, present appointment is Chief of Staff at Army Headquarters. Brigadier 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. Brigadier Pearce holds a Masters of Policing, Intelligence and Counter Terrorism.

Warrant Officer David Ashley AM, 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 and appointed a member of the Order of Australia in the 2014 Queens Birthday Honours List. He was appointed Regimental Sergeant Major of the Australian Army on 4 October 2011 .

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.

Warrant Officer Class One Michelle Wyatt OAM, CSM present appointment is the Regimental Sergeant Major – Career Management Army. Throughout her military career, she has served in a number of instructional, trade and Command appointments. Warrant Officer Wyatt's deployment history includes service as the Regimental Sergeant Major for JTF632 on Operation PAKISTAN ASSIST. She was honoured to be awarded for this service with a Conspicuous Service Medal on the 2007 Queen's Birthday Honours' List. She is also a recipient of the RAANC Alice Appleford Memorial Award. Warrant Officer Wyatt holds a Diploma in Training and Development and a Certificate IV in Training and Education. She is a member of the Australian Human Resources Institute; a graduate and member of the Australian Institute of Company Directors, and holds current registration as a Division 2 Nurse. Warrant Officer Wyatt was awarded a Medal of the Order of Australia in the 2014 Queens Birthday Honours for her meritorious service as a Regimental Sergeant Major over a significant number of years.

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;
- Mr David Markwick – Independent member; and
- Mr Peter Alomes - Secretary

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 has coverage with COMCOVER for Association Liability Insurance. The premium paid for financial year 2013-2014 was \$3 240.64 (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 members have been assigned responsibility as an Audit Committee which provides advice to the Board on issues of governance.

As a guide to their activities, the 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;

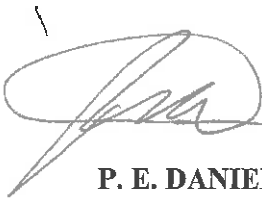
- Books of original entry reflect a true financial record of the company;
- Reports on company performance are reported to the Board;
- Sufficiency of business controls within the company operating procedures;
- Invoices are correctly paid and are for appropriate transactions;
- Occupancy levels match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

As a consequence of 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 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 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. E. DANIEL, AM, CSC
Brigadier
Chairman of AAF Company



K. RADCLIFFE
Director, AAF Company

23 October 2014

23 October 2014

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. I should note that due to recent legislative changes under the Public Governance Performance and Accountability Act it is my intent that the Performance Statement will replace this report.

The Amenities Fund, the principal arm of business activity, recorded a surplus on operations of \$76 466, a decline from the previous year operating surplus of \$146 339. The outcome, in the main, results from lower investment returns albeit returns are still positive and have adequately subsidised holiday operations and an increase in the value of grants issued.

The Board throughout the year continued to refine the shift away from leased and regional facilities to the popular model of quality accommodation in population centres. To that end, reviews of accommodation options were conducted in the Docklands/Southbank precinct of Melbourne and the decision was taken to part with the two apartments at Kalbarri north of Perth.

The provision of grants for worthwhile projects showed a welcome increase in application and funding activity during the year. In 2013/14, \$91 959 was issued in grants (2012/2013 \$29 712) Additionally, the Board are considering how it might apply a consistent approach to requests for funding assistance to honour the 100th anniversary of the Gallipoli landing and, WW1 in general, noting this is a four year window.

Board Membership. This is my first report as Chairman however; having served on the Board previously it is pleasing to note the continued efforts by the Board to meet the strategic intent set by past and current Boards and that the intent is tested and refined on a regular basis to maximise the utility of the business entity to Army. In this context, it would be remiss not to acknowledge the efforts of Brigadier's Gavan Reynolds and Paul Nothard during their tenures as Chair of the Board.

Holiday Facilities. Two of the key decisions taken during the year were to sell the Kalbarri apartments and review holdings for Docklands/Southbank in line with the strategic accommodation and investment intent. The property market at Kalbarri is somewhat depressed and the Board have elected to pause any sale action until the local market improves. Scoping of the Melbourne option has been conducted and the design and type of facility determined. All that remains is for a patient posture until the desired option presents.

As the intent is, as much as possible, to manage holiday facilities so that they operate on a 'cash neutral basis, the Board will look to operational performance as an indicator to closely analyse any facility that may be 'underperforming'.

Grants. Grants to the value of \$91 959 were issued during the financial year. Funds were provided to support Units for a wide range of activities.

Investments. Returns for the two investment portfolios continue to reflect the more favourable investment climate and provide the entity with positive growth which again meets the strategic intent of the Board. That said, the Board are conscious of the reweighting to property that will result from the Melbourne purchases and will take appropriate guidance and decisions to maintain the integrity of the investment construct. The overall worth of investments thus increased from \$7 365 362 to \$8 087 451.

Financial Position. The overall financial position of the consolidated entity remains very strong despite incurring operating losses on the holiday facilities. Assets of the Fund are \$11 311 932 with liabilities of \$30 051 and thus the entity has a net 'worth' of \$11 281 881.

Summary

This has been another positive year for the business activities of the Fund. The two key service delivery aspect of the business entity have served Army well throughout the financial year. Whilst small in number, Army and other eligible members continue to utilise Army holiday facilities. Additionally, the volume of grant applications increased considerably as did the amount disbursed thus ensuring there is a tangible benefit being received by a broader spectrum of the Army.

AAF COMPANY

DIRECTORS' REPORT

The Directors present this report on the entity for the financial year ended 30 June 2014.

DIRECTORS

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

Peter Edmond Daniel	Army Officer (appointed 5 February 2014)
Gavan John Reynolds	Army Officer (ceased 5 February 2014)
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 (ceased 5 February 2014)
Kate Victoria Radcliffe	Public Servant (appointed 26 June 2012)
Michelle Wyatt	Army Officer (appointed 25 July 2013)

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, four 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
Peter Edmond Daniel	-	-	1	1
Gavan John Reynolds	1	-	2	-
Paul Michael Nothard	1	1	4	4
Cheryl Pearce	1	1	4	2
David Malcolm Ashley	1	1	4	3
Kenneth John Bullman	1	-	4	-
Michelle Wyatt	1	1	4	4
Rebecca Sue Talbot	1	-	3	2
Kate Victoria Radcliffe	1	1	4	4

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 23rd day of October 2014.

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



P. E. DANIEL, AM, CSC
Director



K. RADCLIFFE
Director



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

**AAF COMPANY
2013-14 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 2014, 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
23 October 2014



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 2014, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, Notes to and forming part of the Consolidated Financial Statements, including a Summary of Significant Accounting Policies, and the Directors Statement of the consolidated entity comprising the 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, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, 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* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In my opinion the financial report of the AAF Company is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
23 October 2014

AAF Company

Directors Statement

In our opinion, the attached financial statements for the year ended 30 June 2014 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.E. DANIEL, AM, CSC
Chair and Director

23 October 2014



K. RADCLIFFE
Director

23 October 2014

AAF COMPANY

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2014

	Notes	Army Amenities Fund		Messes Trust Fund		Consolidated	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
Continuing operations							
Sale of goods and rendering of services	3A	132,595	171,325	-	-	132,595	171,325
Interest	3B	59	300	19,524	23,981	19,583	24,281
Finance income	3B	331,575	443,113	-	-	331,575	443,113
Other revenue	3C	74,758	78,362	-	-	74,758	78,362
Total revenue		538,987	693,100	19,524	23,981	558,511	717,081
Employee benefits	4A	74,758	78,362	-	-	74,758	78,362
Supplier	4B	272,065	355,619	-	-	272,065	355,619
Depreciation	4C	69,147	72,477	-	-	69,147	72,477
Write down and impairment of assets	4D	-	-	-	-	-	-
Finance Costs	4E	46,550	40,303	-	-	46,550	40,303
Total expenses		462,520	546,761	-	-	462,520	546,761
Operating profit (loss)		76,467	146,339	19,524	23,981	95,991	170,320
Profit (loss) for the year		76,467	146,339	19,524	23,981	95,991	170,320
OTHER COMPREHENSIVE INCOME							
Revaluation of land and buildings		299,625	-	-	-	299,625	-
Net loss / gain on available for sale financial assets		587,063	275,912	-	-	587,063	275,912
Other comprehensive income / (loss) for the year attributable to owners of the Company		886,688	275,912	-	-	886,688	275,912
Total comprehensive income / (loss) for the period		963,155	422,251	19,524	23,981	982,679	446,232

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

AAF COMPANY

Consolidated Statement of Financial Position
as at 30 June 2014

	Notes	Army Amenities Fund		Messess Trust Fund		Consolidated	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
ASSETS							
Current Assets							
Cash and cash equivalents	5	135,155	133,214	642,872	623,041	778,027	766,255
Trade and other receivables	6	2,800	2,113	2,031	2,338	4,831	4,451
Other current assets	7	8,087,451	7,365,362	-	-	8,087,451	7,365,362
Total current assets		8,225,406	7,500,689	644,903	625,379	8,870,309	8,126,068
Non-Current Assets							
Land and buildings	8A	3,072,500	2,827,688	-	-	3,072,500	2,827,688
Plant and equipment	8B	10,398	23,774	-	-	10,398	23,774
Other non-current assets	8C	3,627	2,831	-	-	3,627	2,831
Total non-current assets		3,086,526	2,854,293	-	-	3,086,525	2,854,293
Total assets		11,311,932	10,354,982	644,903	625,379	11,956,834	10,980,361
LIABILITIES							
Current Liabilities							
Trade payables	9A	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Other payables	9B	(4,385)	(3,347)	-	-	(4,385)	(3,347)
Total current liabilities		(25,547)	(33,118)	-	-	(25,547)	(33,118)
Non-Current Liabilities							
Employee Provisions	10	(4,504)	(3,136)	-	-	(4,504)	(3,136)
Total non-current liabilities		(4,504)	(3,136)	-	-	(4,504)	(3,136)
Total liabilities		(30,051)	(36,256)	-	-	(30,051)	(36,256)
Net assets		11,281,881	10,318,726	644,903	625,379	11,926,784	10,944,105
EQUITY							
Reserves		2,812,409	1,925,721	-	-	2,812,409	1,925,721
Retained earnings		8,469,472	8,393,005	644,903	625,379	9,114,375	9,018,384
Total equity		11,281,881	10,318,726	644,903	625,379	11,926,784	10,944,105

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 2014

	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 at 01 July 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
	8,393,005	625,379	9,018,384	1,649,809	-	1,649,808	275,912	-	275,912	10,318,726	625,379	10,944,105
Other comprehensive income: - Revaluation of assets Profit/(loss) for the year	-	-	-	299,625	-	299,625	587,063	-	587,063	587,063	299,625	886,688
	76,467	19,524	95,991	-	-	-	-	-	-	76,467	19,524	95,991
Total comprehensive income for the year	76,467	19,524	95,991	299,625	-	299,625	587,063	-	587,063	963,155	19,524	982,679
Balance at 30 June 2014	8,469,472	644,903	9,114,375	1,949,434	-	1,949,434	862,975	-	862,975	11,281,881	644,903	11,926,784

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 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
	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 Profit/(loss) for the year	146,339	23,981	170,320	-	-	-	275,912	-	275,912	275,912	23,981	299,893
	146,339	23,981	170,320	-	-	-	275,912	-	275,912	275,912	23,981	299,893
Total comprehensive income for the year	146,339	23,981	170,320	-	-	-	275,912	-	275,912	422,251	23,981	446,232
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

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

AAF COMPANY
Consolidated Cash Flow Statement
for the year ended 30 June 2014

Notes	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Receipts from:						
Sale of goods and rendering services	145,347	199,782	-	-	145,347	199,782
Net taxation receipts from ATO	9,231	10,860	-	-	9,231	10,860
Interest	59	300	19,831	24,428	19,890	24,728
	<u>154,637</u>	<u>210,942</u>	<u>19,831</u>	<u>24,428</u>	<u>174,468</u>	<u>235,370</u>
Payments to:						
Employees	(17,561)	(18,060)	-	-	(17,561)	(18,060)
Suppliers	(271,890)	(290,593)	-	-	(271,890)	(290,593)
Net GST paid	(12,287)	23,571	-	-	(12,287)	23,571
	<u>(301,738)</u>	<u>(285,082)</u>	<u>-</u>	<u>-</u>	<u>(301,738)</u>	<u>(285,082)</u>
Net cash used in / generated by operating activities	11 (b)	(147,101)	19,831	24,428	(127,270)	(49,712)
INVESTING ACTIVITIES						
Proceeds from redemption of financial assets	250,000	146,000	-	-	250,000	146,000
Proceeds from disposal of property, plant and equipment	-	386,364	-	-	-	386,364
Proceeds from loan repayments	-	-	-	-	-	-
Net cash generated by investing activities	250,000	532,364	-	-	250,000	532,364
Cash used for:						
Payments for property, plant and equipment	(958)	(1,824)	-	-	(958)	(1,824)
Payments for financial assets	(100,000)	(350,000)	-	-	(100,000)	(350,000)
	<u>(100,958)</u>	<u>(351,824)</u>	<u>-</u>	<u>-</u>	<u>(100,958)</u>	<u>(351,824)</u>
Net cash (used in) generated by investing activities	149,042	180,540	-	-	149,042	180,540
Net increase / (decrease) in cash and cash equivalents	1,940	106,400	19,831	24,428	21,771	130,828
Cash and cash equivalents at the beginning of the year	133,215	26,815	623,041	598,613	756,256	625,428
Cash and cash equivalents at the end of the year	11 (a)	135,155	642,872	623,041	778,027	756,256

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

Table of Contents - Notes

Description	Note Number	Page Number
Summary of significant accounting policies	1	25-31
Events after reporting period	2	31
Revenue	3	32
Expenses	4	33
Cash and cash equivalents	5	34
Trade and other receivables	6	34
Other current assets	7	35
Other non current assets	8	35-40
Payables	9	41
Employee provisions	10	41
Cash flow reconciliation	11	42
Related party disclosures	12	43
Remuneration of auditors	13	43
Fair value measurements	14	44 - 45
Financial instruments	15	46-49
Sensitivity analysis	16	49 - 50
Contingent liabilities and assets	17	51
Reporting outcomes of the Company	18	51
Company details	19	51

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which fair value basis of accounting has been applied.

The statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. Additionally, they have been prepared in accordance with the requirements of section 60.40 of the *Australian Charities and Not for profits Commission Regulation 2013*.

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 2014

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 2014

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 wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in non-current liabilities. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the reporting date on notional government bonds that match, as closely as possible, the estimated future cash outflows.

AAF Company**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014****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 2014

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 2014

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 2014

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 2014

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
NOTE 3 REVENUE						
NOTE 3A Sale of Goods and Rendering of Services						
Provision of goods - external parties	132,595	171,325	-	-	132,595	171,325
Total sale of goods and rendering of services	132,595	171,325	-	-	132,595	171,325
NOTE 3B Interest						
Bank	59	300	19,524	23,981	19,583	24,281
Managed Funds	331,575	443,113	-	-	331,575	443,113
Total interest	331,634	443,413	19,524	23,981	351,158	467,394
NOTE 3C Other Revenue						
Resources received free of charge	74,758	78,362	-	-	74,758	78,362
Total other revenue	74,758	78,362	-	-	74,758	78,362

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2013	2012	2014	2013
	\$	\$	\$	\$	\$	\$
NOTE 4 EXPENSES						
NOTE 4A						
Employee Benefits						
Wages and Salaries	(74,758)	(78,362)	-	-	(74,758)	(78,362)
Total employee benefits	<u>(74,758)</u>	<u>(78,362)</u>	-	-	<u>(74,758)</u>	<u>(78,362)</u>
NOTE 4B						
Supplier						
Goods and services						
Property expenses	(132,778)	(195,915)	-	-	(132,778)	(195,915)
Head office expenses	(47,328)	(83,513)	-	-	(47,328)	(83,513)
Other (Grants)	(91,959)	(29,712)	-	-	(91,959)	(29,712)
Total goods and services	<u>(272,065)</u>	<u>(309,140)</u>	-	-	<u>(272,065)</u>	<u>(309,140)</u>
Goods and services are made up of:						
Provision of goods - related entities	(272,065)	(309,140)	-	-	(272,065)	(309,140)
Provision of goods - external entities	-	-	-	-	-	-
Rendering of services - related parties	-	-	-	-	-	-
Rendering of services - external parties	-	-	-	-	-	-
Total goods and services	<u>(272,065)</u>	<u>(309,140)</u>	-	-	<u>(272,065)</u>	<u>(309,140)</u>
Other supplier expenses						
Operating lease rentals - related entities:						
Minimum lease payments	-	(46,479)	-	-	-	(46,479)
Total other supplier expenses	<u>(272,065)</u>	<u>(46,479)</u>	-	-	<u>(272,065)</u>	<u>(46,479)</u>
Total supplier expenses	<u>(272,065)</u>	<u>(355,619)</u>	-	-	<u>(272,065)</u>	<u>(355,619)</u>
NOTE 4C						
Depreciation						
Depreciation:						
Property, plant and equipment	(14,334)	(17,665)	-	-	(14,334)	(17,665)
Buildings	(54,813)	(54,812)	-	-	(54,813)	(54,812)
Total depreciation	<u>(69,147)</u>	<u>(72,477)</u>	-	-	<u>(69,147)</u>	<u>(72,477)</u>
NOTE 4D						
Write-down and Impairment of Assets						
Impairment on managed funds	-	-	-	-	-	-
Total write-down and impairment of assets	-	-	-	-	-	-
NOTE 4E						
Finance Costs						
Finance costs	(46,550)	(40,303)	-	-	(46,550)	(40,303)
Total finance costs	<u>(46,550)</u>	<u>(40,303)</u>	-	-	<u>(46,550)</u>	<u>(40,303)</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
NOTE 5 - Cash and Cash Equivalents						
Cash on hand or on deposit	\$ 135,155	\$ 133,214	\$ 642,872	\$ 623,041	\$ 778,027	\$ 756,255
Total cash and cash equivalents	<u>135,155</u>	<u>133,214</u>	<u>642,872</u>	<u>623,041</u>	<u>778,027</u>	<u>756,255</u>
NOTE 6 - Trade and Other Receivables						
Goods and Services:						
Interest						
Goods and services - external parties			2,031	2,338	2,031	2,338
Total receivables for goods and services			<u>2,031</u>	<u>2,338</u>	<u>2,031</u>	<u>2,338</u>
Other receivables:						
GST receivable from the Australian Taxation Office	2,800	2,113	-	-	2,800	2,113
Total other receivables	<u>2,800</u>	<u>2,113</u>			<u>2,800</u>	<u>2,113</u>
Total trade and other receivables (net)	<u>2,800</u>	<u>2,113</u>			<u>2,800</u>	<u>2,113</u>
Less impairment allowance account:						
Goods and services	-	-	-	-	-	-
Total impairment allowance account						
Total trade and other receivables (net)	<u>2,800</u>	<u>2,113</u>			<u>2,800</u>	<u>2,113</u>
Receivables are expected to be recovered in:						
No more than 12 months	2,800	2,113	2,031	2,338	4,831	4,451
Total trade and other receivables (net)	<u>2,800</u>	<u>2,113</u>	<u>2,031</u>	<u>2,338</u>	<u>4,831</u>	<u>4,451</u>
Receivables are aged as follows:						
Not overdue	2,800	2,113	2,031	2,338	4,831	4,451
Total receivables (gross)	<u>2,800</u>	<u>2,113</u>	<u>2,031</u>	<u>2,338</u>	<u>4,831</u>	<u>4,451</u>
<i>Credit risk - trade and other receivables</i>						

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 2014

NOTE 7 - Other Current Assets

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
Available for sale financial assets	\$	\$	\$	\$	\$	\$
- Managed funds	8,087,451	7,365,362	-	-	8,087,451	7,365,362

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**

	2014	2013	2014	2013	2014	2013
Land	\$	\$	\$	\$	\$	\$
Land at fair value	690,000	690,000	-	-	690,000	690,000
Total Land	<u>690,000</u>	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>690,000</u>	<u>690,000</u>
Buildings on freehold land:						
Fair value	2,382,500	2,192,500	-	-	2,382,500	2,192,500
Accumulated depreciation	-	(54,812)	-	-	-	(54,812)
Total buildings on freehold land	<u>2,382,500</u>	<u>2,137,688</u>	<u>-</u>	<u>-</u>	<u>2,382,500</u>	<u>2,137,688</u>
Total land and buildings	<u>3,072,500</u>	<u>2,827,688</u>	<u>-</u>	<u>-</u>	<u>3,072,500</u>	<u>2,827,688</u>

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	
	2014	2013	2014	2013	2014	2013
Plant and equipment:						
Fair value	138,089	137,944	-	-	138,088	137,944
Accumulated depreciation	(127,690)	(114,170)	-	-	(127,690)	(114,170)
Total plant and equipment	<u>10,398</u>	<u>23,774</u>	<u>-</u>	<u>-</u>	<u>10,398</u>	<u>23,774</u>
Total property, plant and equipment	<u>3,082,898</u>	<u>2,851,462</u>	<u>-</u>	<u>-</u>	<u>3,082,898</u>	<u>2,851,462</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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.

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Furniture and Fittings						
At cost	133,724	133,580	-	-	133,724	133,580
Less : Accumulated depreciation	(123,884)	(110,820)	-	-	(123,884)	(110,820)
	<u>9,840</u>	<u>22,759</u>	-	-	<u>9,840</u>	<u>22,759</u>
Computer Hardware						
At cost	4,364	4,365	-	-	4,364	4,365
Less : Accumulated depreciation	(3,806)	(3,350)	-	-	(3,806)	(3,350)
	<u>558</u>	<u>1,015</u>	-	-	<u>558</u>	<u>1,015</u>
Land and Buildings						
Goolwa						
- Land - At valuation (a)	690,000	690,000	-	-	690,000	690,000
- Buildings - At valuation (a)	330,000	300,000	-	-	330,000	300,000
Less : Accumulated depreciation	-	(7,500)	-	-	-	(7,500)
	<u>1,020,000</u>	<u>982,500</u>	-	-	<u>1,020,000</u>	<u>982,500</u>
Kalbarri						
- Buildings - At valuation (b)	272,500	357,500	-	-	272,500	357,500
- Buildings - At cost	-	-	-	-	-	-
Less : Accumulated depreciation	-	(8,937)	-	-	-	(8,937)
	<u>272,500</u>	<u>348,563</u>	-	-	<u>272,500</u>	<u>348,563</u>
Coogee						
- Buildings - At valuation (c)	1,780,000	1,535,000	-	-	1,780,000	1,535,000
Less : Accumulated depreciation	-	(38,375)	-	-	-	(38,375)
	<u>1,780,000</u>	<u>1,496,625</u>	-	-	<u>1,780,000</u>	<u>1,496,625</u>
Total property, plant and equipment	<u>3,082,898</u>	<u>2,851,462</u>	-	-	<u>3,082,898</u>	<u>2,851,462</u>

AAF Company
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Land and Buildings (continued)

Revaluations of non-current assets

The valuations have been performed on the basis of current buying and selling market as at 30 June 2014.

- (a) The revaluations were certified as at the financial year ended 30 June 2014 in accordance with an independent valuation by Mr Barry Curzons, Certified Practising Valuer, of South Coast Valuations.
- (b) The revaluation was certified as at the financial year ended 30 June 2014, in accordance with an independent valuation by Mr Paul Brandenburg of Ray White Kalbarri.
- (c) The revaluation was certified as at the financial year ended 30 June 2014, in accordance with an independent valuation by Mr B. Lee, Certified Practising Valuer, of Ark Property Valuers, Military Road, Crenorne, NSW.

The increment for 2014 consisted of an increment of \$299 625.00 for buildings. Therefore, the net movement in the asset revaluation surplus in 2014 was \$299 625.00.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2013					
Gross book value	690,000	2,192,500	2,882,500	137,944	3,020,444
Accumulated depreciation and impairment	-	(54,812)	(54,812)	(114,170)	(168,982)
Net book value 01 July 2013	690,000	2,137,688	2,827,688	23,774	2,851,462
Additions:					
By purchase	-	-	-	958	958
Revaluations and impairments recognised in other comprehensive income	-	299,625	299,625	-	299,625
Assets held for sale	-	-	-	-	-
Depreciation expense	-	(54,813)	(54,813)	(14,334)	(69,147)
Other movements:					
Disposals:					
Plant and Equipment	-	-	-	(814)	(814)
Write-back accumulated depreciation	-	-	-	814	814
Net book value 30 June 2014	690,000	2,382,500	3,072,500	10,398	3,082,898
Net book value 30 June 2014 represented by:					
Gross book value	690,000	2,382,500	3,072,500	138,088	3,210,588
Accumulated depreciation	-	-	-	(127,690)	(127,690)
Net book value 30 June 2014	690,000	2,382,500	3,072,500	10,398	3,082,898

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

	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	-	(54,812)	(54,812)	(17,665)	(72,477)
Depreciation expense	-	-	-	(28,778)	(28,778)
Disposals:					
Plant and Equipment 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

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
NOTE 8C - Other Non-Current Assets						
Total other non-current assets	3,627	2,831	-	-	3,627	2,831
Total other non-current assets expected to be recovered in:	3,627	2,831	-	-	3,627	2,831
no more than 12 months	3,627	2,831	-	-	3,627	2,831
more than 12 months	-	-	-	-	-	-
Total other non-current assets	3,627	2,831	-	-	3,627	2,831

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

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
NOTE 9 - Payables						
9A. Suppliers						
Trade creditors and accruals						
Total supplier payables	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Supplier payables expected to be settled within 12 months	(21,162)	(29,771)	-	-	(21,162)	(29,771)
External parties	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Total	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Total supplier payables	(21,162)	(29,771)	-	-	(21,162)	(29,771)
9B. Other Payables						
Prepayments received/unearned income	(4,385)	(3,347)	-	-	(4,385)	(3,347)
Total other payables	(4,385)	(3,347)	-	-	(4,385)	(3,347)
Total other payables expected to be settled in: No more than 12 months	(4,385)	(3,347)	-	-	(4,385)	(3,347)
Total other payables	(4,385)	(3,347)	-	-	(4,385)	(3,347)
NOTE 10 - Employee Provisions						
Leave	(4,504)	(3,138)	-	-	(4,504)	(3,138)
Total employee provisions	(4,504)	(3,138)	-	-	(4,504)	(3,138)
Employee provisions are expected to be settled in: No more than 12 months	(4,504)	(3,138)	-	-	(4,504)	(3,138)
Total employee provisions	(4,504)	(3,138)	-	-	(4,504)	(3,138)

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11 - Cash Flow Reconciliation

	Army Amenities Fund		Messers Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
11a. Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement						
Cash and cash equivalents as per:						
Cash flow statement	135,155	133,215	642,872	623,041	778,027	756,256
Balance sheet	135,155	133,215	642,872	623,041	778,027	756,256
Difference	-	-	-	-	-	-
11b. Reconciliation of surplus (deficit) to net cash from operating activities:						
Surplus (deficit) for the year	76,467	146,339	19,524	23,981	95,991	170,320
Adjustments for non-cash items						
Depreciation / amortisation	69,147	72,477	-	-	69,147	72,477
Resources free of charge - goods	74,758	78,362	-	-	74,758	78,362
Resources free of charge - services	(74,758)	(78,362)	-	-	(74,758)	(78,362)
Return on investments	(285,025)	(402,810)	-	-	(285,025)	(402,810)
Loss (Profit) on disposal of assets	-	79,407	-	-	-	79,407
Changes in assets and liabilities						
(Increase) / Decrease in prepayments	(797)	10,974	-	-	(797)	10,974
(Increase) / Decrease in receivables	(687)	9,423	307	447	(380)	9,870
Increase / (Decrease) in payables	(8,609)	6,138	-	-	(8,609)	6,138
Increase / (Decrease) in other liabilities	2,404	3,912	-	-	2,404	3,912
Net cash from operating activities	(147,101)	(74,140)	19,831	24,428	(127,270)	(49,712)
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 2014

NOTE 12 - Related Party Disclosures

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

Peter Edmund Daniel	Army Officer	Appointed 5 February 2014
Gavan John Reynolds	Army Officer	Resigned 5 February 2014
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	Resigned 5 February 2014
Kate Victoria Radcliffe	Public Servant	Appointed 26 June 2012
Michelle Wyatt	Army Officer	Appointed 25 July 2013

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

- from the Consolidated Entity or any related party in connection with the management of the Consolidated Entity, or
- 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	
	2014	2013	2014	2013	2014	2013
Fair value of the services provided	\$	\$	\$	\$	\$	\$
Financial statement audit services	12,500	12,500	-	-	12,500	12,500
Total	<u>12,500</u>	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>13,500</u>

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 2014

NOTE 14 - Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value

The different levels of fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) to active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

14a: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014.

	<u>Fair value measurements at the end of the reporting period</u>			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	\$	\$	\$	\$
Land	690,000	-	690,000	-
Buildings	2,382,500	-	2,382,500	-
Plant and equipment	10,398	-	-	10,938
Total non-financial assets	3,082,898	-	3,072,500	10,938
Total fair-value measurements of assets in the statement of financial position	3,082,898	-	3,072,500	10,938

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

14b: Valuation Technique and Inputs for level 2 and Level 3 Fair Value Measurements

Level 2 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2013/2014.

Non-financial assets	Category level	Fair value	Valuation technique	Inputs used	Range
Land	2	\$ 690,000	Market comparables	Sale prices of comparable land size. Long term land appreciation rate.	n/a
Buildings	2	2,382,500	Market comparables	Sale prices of comparable buildings. An estimate of the amount the asset would exchange between a willing buyer and seller	n/a
Plant & Equipment	3	10,938	Depreciated replacement cost	Depreciation rates applied to like assets by the Australian Taxation Office guide.	\$0.138m - \$0.200m (\$0.169m)
Liabilities					
Suppliers	2	(21,162)	Market rate	Actual cost	n/a
Payables	2	(4,385)	Market rate	Actual cost	n/a
Employee provisions	2	(4,504)	Market rate	Accrual based on salaries	n/a

Level 3 fair value measurements - valuation process

The significant unobservable inputs used in the fair value measurement of the entity's plant and equipment is the ATO depreciation rate guide of the different assets.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 15 - Financial Instruments

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
(a) Categories of Financial Instruments						
Current Assets						
Loans and receivables:						
Cash on hand or on deposit	135,155	133,214	642,872	623,041	776,027	756,255
Trade and other receivables	2,800	2,113	2,031	2,338	4,831	4,451
Other investments - managed funds - FIDUCIAN	5,425,848	4,617,503	-	-	5,425,848	4,617,503
Other investments - managed funds - ASGARD	2,661,603	2,747,859	-	-	2,661,603	2,747,859
0	0	0	0	0	0	0
Total current assets	8,225,406	7,500,689	644,903	625,379	8,870,309	8,126,068
Carrying amount of current assets	8,225,406	7,500,689	644,903	625,379	8,870,309	8,126,068
Current Liabilities						
At amortised cost:						
Trade creditors	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Total current liabilities	(21,162)	(29,771)	-	-	(21,162)	(29,771)
Carrying amount of current liabilities	(21,162)	(29,771)	-	-	(21,162)	(29,771)
(b) Net income and Expense from Current Assets						
Loans and receivables:						
Interest revenue	59	300	19,524	23,981	19,583	24,281
Net gain/(loss) loans and receivables	59	300	19,524	23,981	19,583	24,281
Net gain/(loss) from current assets	59	300	19,524	23,981	19,583	24,281

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

(c) Fair Value of Financial Instruments	Army Amenities Fund				Messess Trust Fund				Consolidated			
	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2013	Fair Value 2013
Current Liabilities												
Payables	(21,162)	(21,162)	(29,771)	(29,771)	-	-	-	-	(21,162)	(21,162)	(29,771)	(29,771)
Total	(21,162)	(21,162)	(29,771)	(29,771)	-	-	-	-	(21,162)	(21,162)	(29,771)	(29,771)

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						Messess Trust Fund					
	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Totals	Totals	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Totals	Totals
Current Assets	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cash	0.55	-	135,155	133,214	-	-	-	-	135,155	133,214	-	-
Other	0	8,087,451	-	-	-	-	-	-	8,087,451	7,365,362	-	-
Receivable	n/a	2,800	2,113	-	-	-	-	-	2,800	2,113	-	-
Total Current Assets		8,090,251	7,367,475	135,155	133,214	-	-	-	8,225,406	7,500,689	-	-

	Army Amenities Fund						Messess Trust Fund					
	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Totals	Totals	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Totals	Totals
Current Assets	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cash	2.08	-	-	-	642,872	623,041	-	-	642,872	623,041	-	-
Receivable	n/a	-	-	-	2,031	2,338	-	-	2,031	2,338	-	-
Total Current Assets		-	-	-	644,903	625,379	-	-	644,903	625,379	-	-

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 15 - Financial Instruments (continued)

Consolidated										
	Weighted average effective interest rate		Non-interest bearing rate		Fixed interest rate		Floating interest rate		Totals	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current Assets										
Cash	0.55	0.55	-	-	135,155	133,214	-	-	135,155	133,214
Other	0	0	8,087,451	7,365,362	-	-	642,872	623,041	8,730,323	7,988,403
Receivable	n/a	n/a	2,800	2,113	-	-	2,031	2,338	4,831	4,451
Total Current Assets			8,090,251	7,367,475	135,155	133,214	644,903	625,379	8,870,309	8,126,068

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2014	Fair Value 2014
Current Liabilities						
Trade Creditors	(21,162)	(21,162)	-	-	(21,162)	(21,162)
Total Current Liabilities	(21,162)	(21,162)	-	-	(21,162)	(21,162)

(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

FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 15 - Financial Instruments (continued)**Maturities for non-derivative financial liabilities**

2014		2013	
Within 1 year	Total	Within 1 year	Total
\$	\$	\$	\$
(21,162)	(21,162)	(29,771)	(29,771)

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				
	Not past due nor impaired	2013	Past due or impaired	2014	Not past due nor impaired	2013	Past due or impaired	2014	Not past due nor impaired	2013	Past due or impaired	2014	2013
Cash at bank	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables from goods and services	135,155	133,214	-	642,872	623,041	-	-	778,027	756,255	-	-	-	-
Other investments - managed funds	2,800	2,113	-	2,031	2,338	-	-	4,831	4,451	-	-	-	-
	8,087,451	7,365,362	-	-	-	-	-	8,087,451	7,365,362	-	-	-	-
Total	8,225,406	7,500,689	-	644,903	625,379	-	-	8,870,309	8,126,068	-	-	-	-

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 16 - 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 2014

NOTE 16 - 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
Moneys held at 30 June						
Decrease in Interest Rate	1%	\$ (1,351)	-1%	\$ (6,429)	-1%	\$ (7,780)
Increase in Interest Rate	1%	\$ 1,351	1%	\$ 6,429	1%	\$ 7,780

Risk Variable

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
Moneys held at 30 June						
Decrease in Interest Rate	1%	\$ (1,332)	-1%	\$ (6,230)	-1%	\$ (7,562)
Increase in Interest Rate	1%	\$ 1,332	1%	\$ 6,230	1%	\$ 7,562

Risk Variable

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

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**NOTE 17 - Contingent Liabilities and Contingent Assets****Quantifiable Contingencies**

The Consolidated Entity had no quantifiable contingencies as at 30 June 2014 (2013: nil).

Unquantifiable Contingencies

As at 30 June 2014, the Consolidated Entity had no unquantifiable contingencies (2013: nil).

Significant Remote Contingencies

The Consolidated Entity has no significant remote contingencies as at 30 June 2014 (2013: nil).

NOTE 18 - 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 report.

NOTE 19 - Company Details

The principal place of business for the AAF Company is :

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