
THE
AAF COMPANY
ANNUAL REPORT 2014 - 2015

THE

AAF COMPANY
(as Trustee of the)

ARMY AMENITIES FUND
and
MESSES TRUST FUND

Annual Report

For the period

1 July 2014 to 30 June 2015

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

DIRECTORS OF THE

AAF COMPANY

DURING 2014-2015

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

*

Brigadier P. NOTHARD, AM, CSC

*

Brigadier C. PEARCE, AM

*

Ms K. RADCLIFFE

*

Lieutenant Colonel G. FOLLETT

*

Major M. WYATT, OAM, CSM

*

Warrant Officer D. ASHLEY, AM

*

Warrant Officer K. BULLMAN, OAM

Secretary: Ms L. JOHNSTONE

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AAF COMPANY**DIRECTORS 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 2015. 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.

Public Governance, Performance and Accountability Act 2013

The AAF Company also complies with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) 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.

PGPA Act Compliance

Under the PGPA Act, 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 the PGPA 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

PGPA Act bodies in the General Government Sector (GGS) must report on legislative compliance and financial sustainability, on an annual basis, to the responsible Minister, the Minister for Finance and the Department of Finance (Finance) by the fifteenth day of the fourth month after the end of the financial year.

To give effect to the policy, Finance requires the directors of each GGS PGPA Act authority to provide a Compliance Report indicating whether or not, in their opinion:

- the provisions and requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*: and the PGPA Rules as amended from time to time;
 - a. is true and correct; and
 - b. has been made in accordance with a resolution of directors.

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 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 2014-2015 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
Peter Edmond Daniel	Chairman	5	5
Paul Michael Nothard		3	2
Cheryl Pearce		5	2
David Malcolm Ashley		5	4
Gabrielle Maree Follett		5	5
Kate Victoria Radcliffe	Audit Committee	5	3
Kenneth John Bullman		4	3
Michelle Wyatt		5	3

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.

Ms Kate Radcliffe. Kate Radcliffe commenced with the Department of Defence in 1997 and is currently the Finance Business Partner – DSO Finance, holding this position since November 2014. Prior to commencing in this role, Kate held various positions within the Chief Finance Officer Group between 2005 & 2015 including three years as Director Budget Management in Army Group and 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.

Lieutenant Colonel Gabrielle Follett. Lieutenant Colonel Gabrielle Follett's current appointment is as the Deputy Chief of Staff to the Chief of the Defence Force. A logistics officer, she has held a variety of appointments throughout her career including as a logistics planning officer in Army Headquarters, as instructor at the Royal Military College - Duntroon, as the senior logistics officer on Headquarters of the 7th Combat Brigade and as an Officer Commanding in the 1st Combat Engineer Regiment. Lieutenant Colonel Follett also has extensive operational experience, including as part of the Mentoring Task Force deployed to Tarin Kowt, Afghanistan, as a United Nations Military Observer in Syria, Lebanon and Israel, as the Task Force Plans Officer in East Timor and on border protection and humanitarian assistance operations and missions.

Major 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.

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.

Board Committees

Audit Committee

The AAF Company has established an audit committee in accordance with the PGPA Act. The committee is comprised of three members and Secretary 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 Saurabh Singh - Independent member; and
- Mr Peter Alomes - Independent member; plus
- Ms Lea Johnstone - 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 2014-2015 was \$2,480.52 (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' activities.

Work 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 WH&S purposes.

Protective Security

The Directors consider that an appropriate protective security environment is fundamental to good business and management practice. Accordingly, the Directors have developed and implemented a security plan that is appropriate to the AAF Company's functions and the security risks it faces.

AAF Company Governance Statement

The AAF Company is responsible for governance within the company. The Audit Committee which provides advice to the Board on issues of governance.

As a guide to their activities, the Audit Committee developed 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 the PGPA Act for the preparation and content of the report of operations in accordance with *Finance Reporting Rule*. This report of operations is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



P. E. DANIEL, AM, CSC
Brigadier
Chairman of AAF Company

12 October 2015



G. FOLLETT
Director, AAF Company

12 October 2015

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 next year, 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 \$313,486, an increase from the previous year operating surplus of \$76,466. The outcome is mainly due to the results from higher investment returns even though returns were down in the June quarter.

The Board continues with its strategy to move away from regional facilities to the popular model of quality accommodation in population centres. This year saw the purchase of an apartment in the Docklands precinct of Melbourne and the sale of one apartment in Kalbarri north of Perth, with the remaining apartment due for sale in the new financial year.

The provision of grants for worthwhile projects showed a decrease in application and funding activity during the year. In 2014/15, \$54,855 was issued in grants (2013/14 \$91,959 & 2012/13 \$29,712).

Board Membership. As Chairman, 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, I would like to farewell and acknowledge the efforts of Brigadier Paul Nothard who has been a member since 2009 and Warrant Officer Kenneth Bullman who has been a member since 2011. I'm also pleased to note that the Board composition continues to reflect gender balance and accords with Government guidance.

Holiday Facilities. Two strategic decisions, in line with the accommodation and investment intent, taken this year were to sell the Kalbarri apartments and purchase the Docklands apartment. The depressed property market at Kalbarri was showing no signs of improvement and the Board elected to continue with the plan to sell. A Melbourne option, that met the design and type of facility criteria, was found at Docklands and settlement went through prior to the end of 2014. So far the new Docklands apartment has proven to be a huge success with many bookings months in advance.

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. There have been 13 Grants issued during the financial year to the value of \$54,855. Funds were provided to support Units for a wide range of activities. Of this two Grant, totalling \$31,000, were for requests for funding assistance associated with honouring the 100th anniversary of the Gallipoli landing and for a mural that reflects and honours the centenary of WW1.

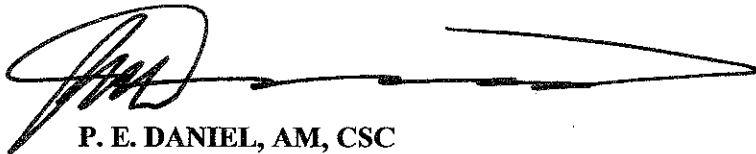
Investments. Returns for the two investment portfolios continue to reflect the more favourable investment climate and provide the entity with positive growth which again meets the strategic intent of the Board. That said, the Board are conscious of the reweighting to property that has resulted from the Melbourne purchases and has taken appropriate guidance and decisions to maintain the integrity of the investment construct. The overall worth of investments has decreased by \$52,349 from \$8,087,451 to \$8,035,103. This decrease is due

to \$926,000 withdrawal to purchase Docklands which has been partly offset by a return of \$873,651 for the year.

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 \$12,235,555 with liabilities of \$35,620 and thus the entity has a net 'worth' of \$12,199,935 (2013/14 \$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 limited in number, Army and other eligible members continue to utilise Army holiday facilities. Although the volume of grant applications decreased, as did the amount disbursed, there is still a tangible benefit being received by a broader spectrum of the Army.

A handwritten signature in black ink, appearing to read 'P. E. Daniel', followed by a long horizontal line that tapers to a point on the right.

P. E. DANIEL, AM, CSC
Brigadier
Chairman of AAF Company



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 2015, the Consolidated Statement of Profit or Loss and 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 including a Summary of Significant Accounting Policies, and Statement by the Directors 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 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 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 the AAF Company on 12 October 2015, 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 2015 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



Sean Benfield
Audit Principal
Delegate of the Auditor-General

Canberra
13 October 2015



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

**AAF COMPANY
CONSOLIDATED FINANCIAL REPORT 2014–15
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the AAF Company and consolidated entities for the year ended 30 June 2015, 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

Sean Benfield
Audit Principal

Delegate of the Auditor-General
Canberra

12 October 2015

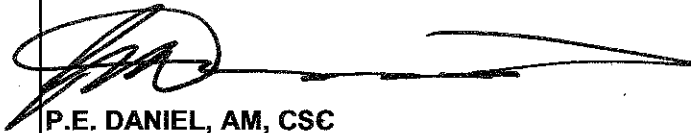
AAF Company**STATEMENT BY THE DIRECTORS**

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

The Directors of the Company declare that:

1. The attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



P.E. DANIEL, AM, CSC
Chair and Director

12 October 2015



G. FOLLETT
Director

12 October 2015

AAF Company

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Notes	Army Amenities Fund		Messes Trust Fund		Consolidated	
		2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
CONTINUING OPERATIONS							
Sale of goods and rendering of services	3A	133,702	132,595	-	-	133,702	132,595
Interest	3B	42	59	18,058	19,524	18,100	19,583
Finance Income	3B	549,082	331,575	-	-	549,082	331,575
Other revenue	3C	74,357	74,758	-	-	74,357	74,758
Total revenue		757,183	538,987	18,058	19,524	775,241	558,511
Employee benefits	4A	74,357	74,758	-	-	74,357	74,758
Supplier	4B	235,356	272,065	-	-	235,356	272,065
Depreciation	4C	77,396	69,147	-	-	77,396	69,147
Net loss on sale of asset	4D	7,902	0	-	-	7,902	-
Finance Costs	4E	48,686	46,550	-	-	48,686	46,550
Total expenses		443,697	462,520	-	-	443,697	462,520
Profit for the year from continuing operations		313,486	76,467	18,058	19,524	331,544	95,991
OTHER COMPREHENSIVE INCOME							
Items not subject to subsequent reclassification to profit or loss							
Revaluation of land and buildings		231,311	299,625	-	-	231,311	299,625
Gain on available for sale financial assets		373,257	587,063	-	-	373,257	587,063
Other comprehensive income for the year		604,568	886,688	-	-	604,568	886,688
Total comprehensive income for the year attributable to owners of the Company		918,054	963,155	18,058	19,524	936,112	982,679

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

AAF Company

Consolidated Statement of Financial Position
as at 30 June 2015

	Notes	Army Amenities Fund		Messes Trust Fund		Consolidated	
		2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
ASSETS							
Cash and cash equivalents	5A	156,308	135,155	661,350	642,872	817,658	776,027
Trade and other receivables	5B	3,427	2,800	1,610	2,031	5,037	4,831
Other financial assets	5C	8,035,103	8,087,451	-	-	8,035,103	8,087,451
Asset held for sale	5D	130,000	-	-	-	130,000	-
Total current assets		8,324,838	8,225,406	662,960	644,903	8,987,798	8,870,309
Land and buildings	6A	3,868,444	3,072,500	-	-	3,868,444	3,072,500
Plant and equipment	6B	29,587	10,398	-	-	29,587	10,398
Other non-financial assets	6C	12,686	3,627	-	-	12,686	3,627
Total non-current assets		3,910,717	3,086,526	-	-	3,910,717	3,086,525
Total assets		12,235,555	11,311,932	662,960	644,903	12,898,515	11,956,834
LIABILITIES							
Trade payables	7A	(22,187)	(21,162)	-	-	(22,187)	(21,162)
Other payables	7B	(8,636)	(4,385)	-	-	(8,636)	(4,385)
Total current liabilities		(30,823)	(25,547)	-	-	(30,823)	(25,547)
Employee Provisions	8	(4,797)	(4,504)	-	-	(4,797)	(4,504)
Total non-current liabilities		(4,797)	(4,504)	-	-	(4,797)	(4,504)
Total liabilities		(35,620)	(30,051)	-	-	(35,620)	(30,051)
Net assets		12,199,935	11,281,881	662,960	644,903	12,862,895	11,926,784
EQUITY							
Reserves		3,416,977	2,812,409	-	-	3,416,977	2,812,409
Retained earnings		8,782,958	8,469,472	662,960	644,903	9,445,918	9,114,375
Total equity		12,199,935	11,281,881	662,960	644,903	12,862,895	11,926,784

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 2015

	Retained earnings			Asset Revaluation Reserve			Other 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 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
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of assets	-	-	-	231,311	-	231,311	-	-	-	373,257	-	373,257
Profit/(loss) for the year	313,486	18,058	331,544	-	-	-	-	-	-	313,486	18,058	331,544
Total comprehensive income	313,486	18,058	331,544	231,311	-	231,311	373,257	-	373,257	918,054	18,058	936,112
Balance at 30 June 2015	8,782,958	662,961	9,445,919	2,180,745	-	2,180,745	1,236,232	-	1,236,232	12,199,935	662,961	12,862,896

for the year ended 30 June 2014

	Retained earnings			Asset Revaluation Reserve			Other 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
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of assets	-	-	-	299,625	-	299,625	587,063	-	587,063	587,063	-	587,063
Profit/(loss) for the year	76,467	19,524	95,991	-	-	-	-	-	-	76,467	19,524	95,991
Total comprehensive income	76,467	19,524	95,991	299,625	-	299,625	587,063	-	587,063	963,155	19,524	982,679
Balance as 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

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

AAF Company

Consolidated Cash Flow Statement
for the year ended 30 June 2015

	Notes	Army Amenities Fund		Messes Trust Fund		Consolidated	
		2015	2015	2015	2014	2015	2014
		\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES							
Cash received							
Sale of goods and rendering services		144,874	145,347	-	-	144,874	145,347
Net taxation receipts from ATO		14,089	9,231	-	-	14,089	9,231
Interest		42	59	18,478	19,831	18,520	19,890
Total cash received		159,005	154,637	18,478	19,831	177,483	174,468
Cash used							
Employees		(17,569)	(17,561)	-	-	(17,569)	(17,561)
Suppliers		(234,973)	(271,890)	-	-	(234,973)	(271,890)
Net GST paid		(14,379)	(12,287)	-	-	(14,379)	(12,287)
Total cash used		(266,921)	(301,738)	-	-	(266,921)	(301,738)
Net cash from / (used by) operating activities	9B	(107,916)	(147,101)	18,478	19,831	(89,438)	(127,270)
INVESTING ACTIVITIES							
Cash received							
Proceeds from redemption of financial assets		926,000	250,000	-	-	926,000	250,000
Proceeds from disposal of property, plant and equipment		127,000	-	-	-	127,000	-
Proceeds from loan repayments		-	-	-	-	-	-
Total cash received		1,053,000	250,000	-	-	1,053,000	250,000
Cash used							
Payments for property, plant and equipment		(923,931)	(958)	-	-	(923,931)	(958)
Payments for financial assets		(923,931)	(100,958)	-	-	(923,931)	(100,958)
Total cash used		(1,847,862)	(101,916)	-	-	(1,847,862)	(101,916)
Net cash from investing activities		(794,862)	(351,916)	-	-	(794,862)	(351,916)
Net increase in cash held		21,153	1,940	18,478	19,831	39,631	21,771
Cash and cash equivalents at the beginning of the reporting period		135,155	133,215	642,872	623,041	778,027	756,256
Cash and cash equivalents at the end of the reporting period	9A	156,308	135,155	661,350	642,872	817,658	778,027

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 2015

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 and are required by section 97 of the Public Governance, Performance and Accountability Act 2013 and Corporations Act 2001.

The financial statements have been prepared in accordance with:

- a) Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accruals basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value.

The financial report is presented in Australian dollars and values are rounded to the nearest dollar.

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:

- a) The fair value of land and buildings is taken to be the market value when a formal valuation is determined every second year by a qualified valuer.
- b) 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 researches 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, an adjustment in value is then made.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies (continued)

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standards Requirements

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

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

Future Australian Accounting Standard Requirements

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

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.

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

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.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies (continued)

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.

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

The AAF Company has no lease commitments as at 30 June 2015.

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.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies (continued)

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.

1.12 Financial Liabilities

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

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

<u>Asset class</u>	<u>Fair value measurement</u>
Buildings excluding leasehold improvements	Market selling price
Property, plant and equipment	Depreciated replacement cost

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies (continued)

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. The key assumptions used to determine the fair value of the properties are provided in Note 6B.

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.

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.

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.

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

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

Impairment

All assets were assessed for impairment at 30 June 2015. 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.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

*for the year ended 30 June 2015***Note 1: Summary of Significant Accounting Policies (continued)****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.

Note 2: Events After the Reporting Period

There are no subsequent event that significantly affect (financial effect) the AAF Company.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 3: Income**

	Army Amenities Fund		Messes Trust Fund		Consolidated	
Revenue	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 3A: Sale of Goods and Rendering of Services						
Provision of goods - external parties	133,702	132,595	-	-	133,702	132,595
Total sale of goods and rendering of services	133,702	132,595	-	-	133,702	132,595
Note 3B: Interest						
Bank	42	59	18,058	19,524	18,100	19,583
Managed Funds	549,082	331,575	-	-	549,082	331,575
Total interest	549,124	331,634	18,058	19,524	567,182	351,158
Note 3C: Other revenue						
Resources received free of charge	74,357	74,758	-	-	-	74,758
Total other revenue	74,357	74,758	-	-	-	74,758

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 4: Expenses**

	Army Amenities Fund		Messers Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 4A: Employee Benefits						
Wages and Salaries	(74,357)	(74,758)	-	-	(74,357)	(74,758)
Total employee benefits	(74,357)	(74,758)	-	-	(74,357)	(74,758)
Note 4B: Suppliers						
Goods and services or rendered						
Property expenses	(140,713)	(132,778)	-	-	(140,713)	(132,778)
Head office expenses	(39,788)	(47,328)	-	-	(39,788)	(47,328)
Other (Grants)	(54,855)	(91,959)	-	-	(54,855)	(91,959)
Total goods and services or rendered	(235,356)	(272,065)	-	-	(235,356)	(272,065)
Goods and services supplied in connection with						
Provision of goods - related entities	-	-	-	-	-	-
Provision of goods - external entities	(235,356)	(272,065)	-	-	(235,356)	(272,065)
Rendering of services - related parties	-	-	-	-	-	-
Rendering of services - external parties	-	-	-	-	-	-
Total goods and services supplied	(235,356)	(272,065)	-	-	(235,356)	(272,065)
Other suppliers						
Operating lease rentals - related entities:						
Minimum lease payments	-	-	-	-	-	-
Total other suppliers	(235,356)	(272,065)	-	-	(235,356)	(272,065)
Total suppliers	(235,356)	(272,065)	-	-	(235,356)	(272,065)
Note 4C: Depreciation						
Property, plant and equipment						
Buildings	(6,380)	(14,334)	-	-	(6,380)	(14,334)
	(71,016)	(54,813)	-	-	(71,016)	(54,813)
Total depreciation	(77,396)	(69,147)	-	-	(77,396)	(69,147)
Note 4D: Losses on sale of assets						
Net loss on sale of asset	(7,902)	-	-	-	(7,902)	-
Total losses on sale of assets	(7,902)	-	-	-	(7,902)	-
Note 4E: Finance Costs						
Finance costs	(48,686)	(46,550)	-	-	(48,686)	(46,550)
Total finance costs	(48,686)	(46,550)	-	-	(48,686)	(46,550)

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 5: Current Assets**

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 5A: Cash and Cash Equivalents						
Cash on hand or on deposit	156,308	135,155	661,350	642,872	817,658	778,027
Total cash and cash equivalents	156,308	135,155	661,350	642,872	817,658	778,027
Note 5B: Trade and Other Receivables						
Goods and Services receivables in connection with						
Interest	-	-	1,610	2,031	1,610	2,031
External parties	-	-	-	-	-	-
Total goods and services receivables	-	-	1,610	2,031	1,610	2,031
Other receivables						
GST receivable from the Australian Taxation Office	3,427	2,800	-	-	3,427	2,800
Total other receivables	3,427	2,800	-	-	3,427	2,800
Total trade and other receivables (gross)	3,427	2,800	-	-	3,427	2,800
Less Impairment allowance account						
Goods and services	-	-	-	-	-	-
Total Impairment allowance account	-	-	-	-	-	-
Total trade and other receivables (net)	3,427	2,800	-	-	3,427	2,800
Trade and other receivables (net) expected to be recovered						
No more than 12 months	3,427	2,800	1,610	2,031	5,037	4,831
Total trade and other receivables (net)	3,427	2,800	1,610	2,031	5,037	4,831
Trade and other receivables (gross) aged as follows						
Not overdue	3,427	2,800	1,610	2,031	5,037	4,831
Total trade and other receivables (gross)	3,427	2,800	1,610	2,031	5,037	4,831

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 2015

Note 5: Current Assets (continued)

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
Available for sale financial assets	\$	\$	\$	\$	\$	\$
Managed funds	8,035,103	8,087,451	-	-	8,035,103	8,087,451

Note 5C: Other financial assets

Available for sale financial assets
Managed funds

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 5D: Asset held for sale

After a review of all holiday facilities was conducted the Board decided to sell the properties at Kalbarri in WA. As the location was no longer attracted Army members the sale would allow alternative locations to be investigated for future purchases.

Kalbarri unit 62 was sold in March 2015 and unit 19 remains on the market.

	Army Amenities Fund	
	2015	2014
Kalbarri property Unit 19	\$	\$
Fair Value (b)	130,000	-
Less: Accumulated Depreciation	130,000	-
Total asset held for sale		

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 6: Non-current Assets**

	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 6A: Land and Buildings						
Land						
Land at fair value	690,000	690,000	-	-	690,000	690,000
Total Land	<u>690,000</u>	<u>690,000</u>	-	-	<u>690,000</u>	<u>690,000</u>
Buildings on freehold land:						
Fair value	3,201,554	2,382,500	-	-	3,201,554	2,382,500
Accumulated depreciation	(23,110)	-	-	-	(23,110)	-
Total buildings on freehold land	<u>3,178,444</u>	<u>2,382,500</u>	-	-	<u>3,178,444</u>	<u>2,382,500</u>
Total land and buildings	<u>3,868,444</u>	<u>3,072,500</u>	-	-	<u>3,868,444</u>	<u>3,072,500</u>

No indicators of impairment were found for land and buildings.

One building is held for sale (note 6D) and is expected to be sold or disposed of within the next 12 months.

Note 6B - Plant and Equipment

	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Plant and equipment:						
Fair value	146,598	138,088	-	-	146,598	138,088
Accumulated depreciation	(117,011)	(127,690)	-	-	(117,011)	(127,690)
Total plant and equipment	<u>29,587</u>	<u>10,398</u>	-	-	<u>29,587</u>	<u>10,398</u>
Total property, plant and equipment	<u>3,898,031</u>	<u>3,082,898</u>	-	-	<u>3,898,031</u>	<u>3,082,898</u>

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

One property is held for sale (note 6D) and is expected to be sold or disposed of within the next 12 months.

Revaluations of non-current assets

The valuations have been performed on the basis of current buying and selling market as at 30 June 2015.

- (a) No revaluation was required as at the financial year ended 30 June 2015, in accordance with a independent appraisal by Melissa Clarken of Professionals Goolwa.
- (b) The revaluation was conducted as at the financial year ended 30 June 2015, in accordance with an independent appraisal by Mr Paul Brandenburg of Ray White Kalbarri.
- (c) The revaluation was conducted as at the financial year ended 30 June 2015, in accordance with an independent appraisal by Mr Leonard Cherry from James & Fear Randwick.
- (d) New purchase and value unchanged as at the financial year ended 30 June 2015, in accordance with an independent appraisal by Chris Hensen from Lucas Real Estate Docklands.
- The increment for 2015 consisted of a revaluation increment of \$185,000 for buildings. Therefore the net movement in the asset revaluation surplus in 2015 was \$185,000.

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Furniture and Fittings						
At cost	142,234	133,724	-	-	142,234	133,724
Less : Accumulated depreciation	(113,050)	(123,884)	-	-	(113,050)	(123,884)
	<u>29,184</u>	<u>9,840</u>	-	-	<u>29,184</u>	<u>9,840</u>
Computer Hardware						
At cost	4,364	4,364	-	-	4,364	4,364
Less : Accumulated depreciation	(3,962)	(3,806)	-	-	(3,962)	(3,806)
	<u>402</u>	<u>558</u>	-	-	<u>402</u>	<u>558</u>
Land and Buildings						
Goolwa						
Land - At valuation (a)	690,000	690,000	-	-	690,000	690,000
Buildings - At valuation (a)	330,000	330,000	-	-	330,000	330,000
Less : Accumulated depreciation	(8,251)	-	-	-	(8,251)	-
	<u>1,011,749</u>	<u>1,020,000</u>	-	-	<u>1,011,749</u>	<u>1,020,000</u>
Kalbarri (held for sale)						
Buildings - At valuation (b)	-	272,500	-	-	-	272,500
Buildings - At cost	-	-	-	-	-	-
Less : Accumulated depreciation	-	-	-	-	-	-
	-	<u>272,500</u>	-	-	-	<u>272,500</u>
Coogee						
Buildings - At valuation (c)	1,980,000	1,780,000	-	-	1,980,000	1,780,000
Less : Accumulated depreciation	-	-	-	-	-	-
	<u>1,980,000</u>	<u>1,780,000</u>	-	-	<u>1,980,000</u>	<u>1,780,000</u>
Docklands						
Buildings - At cost (d)	891,555	-	-	-	891,555	-
Less : Accumulated depreciation	(14,859)	-	-	-	(14,859)	-
	<u>876,696</u>	<u>0</u>	-	-	<u>876,696</u>	<u>0</u>
Total property, plant and equipment	<u>3,898,031</u>	<u>3,082,898</u>	-	-	<u>3,898,031</u>	<u>3,082,898</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 6: Non-current Assets (continued)**Note 6B - Property, Plant and Equipment (continued)**

	Land	Buildings	Total - Land and Buildings	Plant and Equipment	TOTAL
As at 1 July 2014					
Gross book value	690,000	2,382,500	3,072,500	138,088	3,210,588
Accumulated depreciation and impairment	-	-	-	(127,690)	(127,690)
Net book value 01 July 2014	690,000	2,382,500	3,072,500	10,398	3,082,898
Additions:					
By purchase	-	891,555	891,555	28,205	919,760
Revaluations and impairments recognised in other comprehensive income	-	185,000	185,000	-	185,000
Assets held for sale	-	(130,000)	(130,000)	-	(130,000)
Depreciation expense	-	(71,016)	(71,016)	(6,380)	(77,396)
Other movements:					
Disposals:					
Building	-	(127,500)	(127,500)	-	(127,500)
Plant and Equipment	-	-	-	(19,695)	(19,695)
Write-back accumulated depreciation	-	47,905	47,905	17,059	64,964
Net book value 30 June 2015	690,000	3,178,444	3,868,444	29,587	3,898,031
Net book value 30 June 2015 represented by:					
Gross book value	690,000	3,201,554	3,891,554	146,598	4,038,152
Accumulated depreciation	-	(23,110)	(23,110)	(117,011)	(140,121)
Net book value 30 June 2015	690,000	3,178,444	3,868,444	29,587	3,898,031

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 6: Non-current Assets (continued)**Note 6B - Property, Plant and Equipment (continued)**

	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:					
Plant and Equipment Write-back accumulated depreciation	-	-	-	(814)	(814)
	-	-	-	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 year ended 30 June 2015**Note 6: Non-current Assets (continued)**

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 6C: Other non-financial assets						
Prepayments	12,686	3,627	-	-	12,686	3,627
Total other non-financial assets	12,686	3,627	-	-	12,686	3,627
Total other non-current assets expected to be recovered in:						
no more than 12 months	12,686	3,627	-	-	12,686	3,627
Total other non-current assets	12,686	3,627	-	-	12,686	3,627

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

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 7: Payables**

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 7A: Suppliers						
Trade creditors and accruals	(22,187)	(21,162)	-	-	(22,187)	(21,162)
Total suppliers	<u>(22,187)</u>	<u>(21,162)</u>	<u>-</u>	<u>-</u>	<u>(22,187)</u>	<u>(21,162)</u>
Supplier payables expected to be settled						
No more than 12 months	(22,187)	(21,162)	-	-	(22,187)	(21,162)
More than 12 months	-	-	-	-	-	-
Total suppliers	<u>(22,187)</u>	<u>(21,162)</u>	<u>-</u>	<u>-</u>	<u>(22,187)</u>	<u>(21,162)</u>
Suppliers in connection with						
Related parties	(22,187)	(21,162)	-	-	(22,187)	(21,162)
External parties	(22,187)	(21,162)	-	-	(22,187)	(21,162)
Total suppliers	<u>(8,636)</u>	<u>(4,385)</u>	<u>-</u>	<u>-</u>	<u>(8,636)</u>	<u>(4,385)</u>
Note 7B: Other Payables						
Prepayments received/unearned income	(8,636)	(4,385)	-	-	(8,636)	(4,385)
Total other payables	<u>(8,636)</u>	<u>(4,385)</u>	<u>-</u>	<u>-</u>	<u>(8,636)</u>	<u>(4,385)</u>
Other payables expected to be settled						
No more than 12 months	(8,636)	(4,385)	-	-	(8,636)	(4,385)
More than 12 months	-	-	-	-	-	-
Total other payables	<u>(8,636)</u>	<u>(4,385)</u>	<u>-</u>	<u>-</u>	<u>(8,636)</u>	<u>(4,385)</u>

Note 8: Provisions

	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 8A: Employee provisions						
Leave	(4,797)	(4,504)	-	-	(4,797)	(4,504)
Total employee provisions	<u>(4,797)</u>	<u>(4,504)</u>	<u>-</u>	<u>-</u>	<u>(4,797)</u>	<u>(4,504)</u>
Employee provisions are expected to be settled in:						
No more than 12 months	(4,797)	(4,504)	-	-	(4,797)	(4,504)
More than 12 months	-	-	-	-	-	-
Total employee provisions	<u>(4,797)</u>	<u>(4,504)</u>	<u>-</u>	<u>-</u>	<u>(4,797)</u>	<u>(4,504)</u>

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 9: Cash Flow Reconciliation

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 9A: Reconciliation of cash and cash equivalents as per statement of financial position to Cash Flow Statement						
Cash and cash equivalents as per						
Cash flow statement	156,308	135,155	661,350	642,872	-	778,027
Statement of financial position	156,308	135,155	661,350	642,872	-	778,027
Discrepancy	-	-	-	-	-	-
Note 9B: Reconciliation of net cost of services to net cash from/(used by) operating activities						
Net cost of services	313,486	76,467	18,058	19,524	331,544	95,991
Adjustments for non-cash items						
Depreciation / amortisation	77,396	69,147	-	-	77,396	69,147
Resources free of charge - goods	74,357	74,758	-	-	74,357	74,758
Resources free of charge - services	(74,357)	(74,758)	-	-	(74,357)	-74,758
Return on investments	(502,584)	(285,025)	-	-	(502,584)	(285,025)
Loss (Gain) on disposal of assets	7,902	-	-	-	7,902	-
Movement in assets and liabilities						
Assets						
(Increase) / Decrease in net receivables	(627)	(687)	420	307	(207)	(380)
(Increase) / Decrease in prepayments	(9,059)	(797)	-	-	9,059	(797)
Liabilities						
Increase / (Decrease) in payables	1,026	(8,609)	-	-	(1,026)	(8,609)
Increase / (Decrease) in other liabilities	4,544	2,404	-	-	4,544	2,404
Net cash from/(used by) operating activities	(107,916)	(147,101)	18,478	19,831	(89,438)	(127,270)

Note 9C: The Consolidated Entity has no credit stand-by or financing facilities in place.

Note 9D: 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 2015

Note 10: Related Party Disclosures

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

Peter Edmond Daniel	Army Officer	Appointed 5 February 2014	
Paul Michael Nothard	Army Officer	Appointed 1 February 2009	Resigned 15 May 2015
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	Resigned 5 January 2015
Gabrielle Maree Follett	Army Officer	Appointed 18 August 2014	
Kate Victoria Radcliffe	Public Servant	Appointed 26 June 2012	
Michelle Wyatt	Army Officer	Appointed 25 July 2013	

Directors act in a honorary capacity therefore no income was received or due or receivable by any director of the AAF Company during the financial year 2014-15:

- 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 11: Remuneration of Auditors

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
Fair value of the services provided						
Financial statement audit services	\$ 12,500	\$ 12,500	\$ -	\$ -	\$ 12,500	\$ 12,500
Total	12,500	12,500	-	-	12,500	12,500

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 year ended 30 June 2015**Note 12: 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.

Note 12a: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			For Level 2 and 3 fair value measurements		
	2015	2014	Category (level 1, 2 or 3)	Valuation technique	Inputs used	Range
	\$	\$				
Non-financial assets						
Land	690,000	690,000	2	Market comparables	Sale prices of comparable land size. Long term land appreciation rate.	n/a
Buildings	3,178,444	2,382,500	2	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	29,587	10,398	3	Depreciated replacement cost	Depreciation rates applied to like assets by the Australian Taxation Office guide.	\$0.138m - \$0.200m (\$0.169m)
Total fair value measurements of assets in the statement of financial position	3,898,031	3,082,898				

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 year ended 30 June 2015

Note 13: Financial Instruments

	Army Amenities Fund		Messes Trust Fund		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Note 13A: Categories of Financial Instruments						
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	156,308	135,155	661,350	642,872	817,658	778,027
Trade and other receivables	3,427	2,800	1,610	2,031	5,037	4,831
Other investments - managed funds - FIDUCIAN	6,197,779	5,425,848	-	-	-	5,425,848
Other investments - managed funds - ASGARD	1,837,324	2,661,603	-	-	-	2,661,603
Total Loans and receivables	8,194,838	8,225,406	662,960	644,903	822,695	8,870,309
Total financial assets	8,194,838	8,225,406	662,960	644,903	822,695	8,870,309
Financial Liabilities						
Financial liabilities measured at amortised cost						
Trade creditors	22,187	(21,162)	-	-	-	(21,162)
Total financial liabilities measured at amortised cost	22,187	(21,162)	-	-	-	(21,162)
Total financial liabilities	22,187	(21,162)	-	-	-	(21,162)
Note 13B: Net Gains or Losses on Financial Assets						
Loans and receivables						
Interest revenue	42	59	18,058	19,524	18,100	19,583
Net gain/(loss) on loans and receivables	42	59	18,058	19,524	18,100	19,583
Net gain/(loss) on financial assets	42	59	18,058	19,524	18,100	19,583

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015**Note 13: Financial Instruments (continued)****Note 13C: Fair Value of Financial Instruments**

	Army Amenities Fund				Messes Trust Fund				Consolidated			
	Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014	Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
Financial Liabilities												
Payables	(22,187)	(22,187)	(21,162)	(21,162)	-	-	-	-	(22,187)	(22,187)	(21,162)	(21,162)
Total Financial Liabilities	(22,187)	(22,187)	(21,162)	(21,162)	-	-	-	-	(22,187)	(22,187)	(21,162)	(21,162)

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 2015.

Note 13D: Risk**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.

Note 13D (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				Messes Trust Fund				Consolidated			
	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate
Current Assets	2015	2,014	2015	2,014	2015	2,014	2015	2,014	2015	2,014	2015	2,014
Cash	0.55	-	156,308	135,155	-	-	-	-	0.55	-	156,308	135,155
Other	0	8,035,103	8,087,451	-	-	-	-	-	0	8,035,103	8,087,451	-
Receivable	n/a	3,427	2,800	-	-	-	-	-	n/a	3,427	2,800	-
Total Current Assets		8,038,530	8,090,251	135,155						8,194,838	8,225,406	

	Army Amenities Fund				Messes Trust Fund				Consolidated			
	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate	Weighted average effective interest rate	Non-interest bearing rate	Fixed interest rate	Floating interest rate
Current Assets	2015	2,014	2015	2,014	2015	2,014	2015	2,014	2015	2,014	2015	2,014
Cash	2.08	-	-	-	-	-	-	-	2.08	-	-	-
Receivable	n/a	-	-	-	-	-	-	-	n/a	-	-	-
Total Current Assets		-	-	-						662,960	644,903	644,903

AAF Company

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 13: Financial Instruments (continued)**Note 13D (a): Interest Rate Risk cont.**

Consolidated									
	Weighted average effective interest rate	Non-interest bearing rate		Fixed interest rate		Floating interest rate		Totals	
	2,014	2015	2,014	2015	2,014	2015	2,014	2015	2,014
Current Assets									
Cash	0.55	-	-	156,308	135,155	-	-	817,658	135,155
Other	0	8,035,103	8,087,451	-	-	661,350	642,872	8,035,103	8,730,323
Receivable	n/a	3,427	2,800	-	-	1,610	2,031	5,037	4,831
Total Current Assets		8,038,530	8,090,251	156,308	135,155	662,960	644,903	8,857,798	8,870,309

	Army Amenities Fund			Messes Trust Fund			Consolidated		
	Carrying Amount 2014	Carrying Amount 2013	Fair Value 2013	Carrying Amount 2014	Fair Value 2014	2013	Carrying Amount 2014	Fair Value 2014	Fair Value 2013
Current Liabilities									
Trade Creditors	(22,187)	(21,162)	(21,162)	-	-	-	(22,187)	(22,187)	(21,162)
Total Current Liabilities	(22,187)	(21,162)	(21,162)	-	-	-	(22,187)	(22,187)	(21,162)

Note 15D (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 year ended 30 June 2015

Note 13: Financial Instruments (continued)**Note 13D (b): Liquidity Risk cont.****Maturities for non-derivative financial liabilities**

2015		2014	
Within 1 year	Total	Within 1 year	Total
\$	\$	\$	\$
(22,187)	(22,187)	(21,162)	(21,162)

Trade creditors**Note 13D (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	Past due or impaired	2015	Not past due nor impaired	Past due or impaired	2015	Not past due nor impaired	Past due or impaired	2015
Cash at bank	\$ 156,308	\$ -	\$ -	\$ 661,350	\$ -	\$ -	\$ 817,658	\$ -	\$ -
Receivables from goods and services	3,427	2,800	-	1,610	2,031	-	5,037	4,831	-
Other investments - managed funds	8,035,103	8,087,451	-	-	-	-	8,035,103	8,087,451	-
Total	8,324,838	8,225,406	-	662,960	644,903	-	8,987,798	8,870,309	-

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 14: 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 2015 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 year ended 30 June 2015

Note 14: Sensitivity Analysis (continued)**Interest rate risk cont.****Sensitivity Table - Market Risk (Interest Rate Movement)**

Risk to which the Consolidated Entity was exposed as at 30 June 2015

	Army Amenities Fund	Messes Trust Fund	Consolidated
	Effect on Profit & Loss 2015	Change in risk variable 2015	Effect on Profit & Loss 2015
Moneys held at 30 June			
Decrease in Interest Rate	\$ (1,563)	% -1%	\$ (8,177)
Increase in Interest Rate	\$ 1,563	% 1%	\$ 8,177

Risk Variable

Risk to which the Consolidated Entity was exposed as at 30 June 2014

	Army Amenities Fund	Messes Trust Fund	Consolidated
	Effect on Profit & Loss 2014	Change in risk variable 2014	Effect on Profit & Loss 2014
Moneys held at 30 June			
Decrease in Interest Rate	\$ (1,352)	% -1%	\$ (7,780)
Increase in Interest Rate	\$ 1,352	% 1%	\$ 7,780

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 year ended 30 June 2015****Note 15: Contingent Liabilities and Contingent Assets****Quantifiable Contingencies**

The Consolidated Entity had no quantifiable contingencies as at 30 June 2015 (2014: nil).

Unquantifiable Contingencies

As at 30 June 2015, the Consolidated Entity had no unquantifiable contingencies (2014: nil).

Significant Remote Contingencies

The Consolidated Entity has no significant remote contingencies as at 30 June 2015 (2014: nil).

Note 16: 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 17: Company Details

The principal place of business for the AAF Company is :

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