



**Australian
Military Forces
Relief Trust Fund**

**Annual Report
2014/2015**



Australian Military Forces Relief Trust Fund

Trustees as at 30th June 2015

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

Colonel M. ZANATTA

Major J.E. DENTON

Warrant Officer R.C. DOCHERTY

Mr G.E. TYE

Mr T. HEENAN

Secretary to the Trustees: Ms L.D. JOHNSTONE

Assistant Operations Officer: Mrs D.L. PERRY

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

SIXTY SEVENTH ANNUAL REPORT OF THE TRUSTEES

Report on Operations

Assistant Minister for Defence

Dear Minister,

The Trustees of the Australian Military Forces Relief Trust Fund, trading as the Army Relief Trust Fund, have the honour to submit their report of operations for the year ended 30 June 2015. This report is accompanied by audited financial statements and associated notes for the period, that are an integral part of the report.

Enabling legislation and responsible Minister

The Australian Military Forces Relief Trust Fund was established by the *Services Trust Funds Act 1947*. In accordance with the Act, the AMFRTF provides benefits for members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members. These benefits take the form of loans, currently up to a maximum of \$5,000 and the provision of welfare grants to members and eligible persons in necessitous circumstances. We are pleased to advise that the bulk of loans advanced during the 2014/15 FY were directed to the junior ranks of the Australian Army.

The AMFRTF operates within the Defence Portfolio, reporting to the Assistant Minister for Defence (the Minister).

Statement of Intent

In September 2008 the Minister for Defence outlined his expectations concerning the operations and performance of the Australian Military Forces Relief Trust Fund.

This statement outlines the Board of Trustees intent concerning the operations and performance of the AMFRTF, as detailed in the Minister's Statement of Expectation.

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

The Board of Trustees of the AMFRTF will ensure that the AMFRTF:

1. operates in accordance with the relevant legislation (*including the Services Trust Funds Act 1947 and the Public Governance, Performance and Accountability Act 2013*);
2. complies with appropriate government policy, including directions made by the Finance Minister;
3. provides financial assistance to members of the Australian Army and their families whilst maintaining its financial independence from government.
4. pursues continuous improvement practices to maximise opportunities that will ensure its long term viability;
5. in response to the Minister's Statement of Expectations, provides this Statement of Intent and makes both Statements publicly available.
6. provides the Minister with annual financial and compliance reports, with copies provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Army;
7. adopts best practice governance principles and implements risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies; and
8. identifies and manages all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise.

Organisational structure

The AMFRTF is a Commonwealth statutory authority, within the General Government sector, and is directed by Trustees appointed by the Minister. The Fund's central secretariat is located in Canberra and is staffed by the Fund Secretary and the Assistant Operation Officer. All the necessary administration, investing and accounting activities are carried out by the Fund Secretariat under the direction of the Trustees.

Review of operations and future prospects

The Fund's operations over the review period were in accordance with its statutory objectives and consisted of the continued provision of benefits to members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members.

There have been no other significant changes to the Fund's state of affairs or principal activities during the financial year and, in the opinion of the Trustees, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected or may affect the Fund's operations, the result of those operations, or the Fund's state of affairs in financial years following the period under review.

Risk Management

The Trustees have developed and established a risk management plan in accordance with the requirement of the Commonwealth that Departments and Agencies develop and implement appropriate risk management strategies for their particular operations. The Fund's insurers, Comcover, have indicated that the plan is appropriate for a small agency such as the AMF Relief Trust Fund. The Fund participates in and has completed the Australian Institute of Criminology Annual Fraud against the Commonwealth survey.

Reviews by outside bodies

AMFRTF Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The Committee has not provided any adverse comment in relation to the AMFRTF's annual reports.

The Fund's financial statements are audited annually, in accordance with the requirements of the *Services Trust Funds Act 1947*, by the Australian National Audit Office.

Trustee attendances at meetings

Name of Trustee	Position	Meetings Eligible to Attend	Meetings Attended	Remarks
BRIGADIER P.E. DANIEL	Chairman	4	4	Appointed 26 June 2014
COL M. ZANATTA	Trustee	4	3	Appointed 10 November 2008
MAJ J. Denton	Trustee	4	4	Appointed 31 July 2014
WO2 R. Docherty	Trustee	4	2	Appointed 31 July 2014
Mr G.E. TYE	Trustee	4	4	Appointed 28 August 2005
Mr T. HEENAN	Trustee	4	3	Appointed 02 June 2011

* Absences due to work and deployment commitments.

Trustees of the Australian Military Forces Relief Trust Fund

Brigadier P.E. Daniel, AM, CSC

Brigadier Peter Daniel, AM, CSC, enlisted into the Army in 1984, graduating from the Royal Military College Duntroon in 1986. On graduation, he was commissioned into the Royal Australian Army Ordinance Corps. Brigadier Daniel has served in various corps, regimental and staff appointments. These include Supply Officer appointments at 1st Field Supply Company

and Puckapunyal Logistics Battalion, Company Commander at 3rd Field Supply Company, 3rd Brigade Administrative Support Battalion and as a Career Advisor at the Directorate of Officer Career Management -Army.

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 and 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 where he completed a Masters in Defence Studies. In 2009/2010 he attended the National University in Washington DC, completing a Masters of Science in National Resourcing Strategy from the Industrial College of the Armed Forces.

Peter was promoted to the rank of Brigadier in August 2010 and assumed the appointment as Director General Supply Chain of Joint Logistics Command. In December 2013 he commenced his current appointment as Director General Personnel - Army.

Colonel M. Zanatta

Colonel Maree Zanatta transferred to the Australian Army in July 2002, following an auditing career with the Australian Taxation Office, and the Queensland Police Service.

Colonel Zanatta is a Certified Practising Accountant with Australian Society of Certified Practising Accountants, and has been awarded with: Bachelor of Business (Accounting); Postgraduate Diploma of Advanced Accounting; Master of Commerce (Information Technology); Master of Business (Human Resource Management); and a Chief Finance Officer Commendation.

Colonel Zanatta has been posted as a Staff Officer at Army Headquarters, HQ Joint Operations Command and HQ Special Operations Command, Deployed Forces Cash Office, the Executive Officer Deployed Forces Support Unit, Staff Officer Two Finance Headquarters Joint Operations Command and assumed command as the Commanding Officer Army Financial Services Unit during 2007 to 2009. She is currently posted as the Director Financial Management, Joint Operations Command.

Colonel Zanatta has deployed to Operation CITADEL, Operation CATALYST and Operation SLIPPER.

Mr T. Heenan

Tim graduated from the Officer Cadet School Portsea in December 1978 into the Royal Australian Infantry. He served in a variety of regimental and non-corps postings with 5/7 Royal Australian Regiment and various training and headquarters units and participated in operational deployments to Butterworth and exchange postings with the British Army

In 1990 he undertook Technical Staff Officer training at Royal Military College of Science, Shrivenham UK and in 1993 attended the Army Command and Staff Course at Queenscliff. During his later tenure with the ADF he served in Force Development (Land) within Headquarters ADF, and from 1997-1999 served as Project Manager of the Ground Surveillance Radar program within Project NINOX.

Tim left the Army in March 2000 to take up an Executive Level position in the Defence Material Organisation. Tim has since worked in a range of positions within the Defence Material Organisation and Defence and was promoted into his current position as Director Counter Improvised Explosive Device Support on 7 September 2007.

Mr G.E. Tye

Glen Tye served as a member of the Australian Public Service for 35 years resigning at age 55 in June 2007 as Director Personnel Support and Amenities in the Department of Defence, Canberra where he had responsibility for the provision of support to the Australian Military Forces Relief Trust Fund, Army Amenities Fund Company, Army Messes Trust Fund and the RAAF Welfare Recreational Company. As Director, PS&A Glen was responsible for the formation and implementation of the ADF Financial Services Consumer Council in 2006.

Glen Tye has been a Trustee of the AMFRTF since 28 August 2005 and was formally recognised by the Chief of Army in 2007 for his enthusiastic and professional support for and innovation in facilitating the 'Operation Diamond' project for the AMFRTF.

Glen is a graduate of the Centre for Defence and Strategic Studies, Australian Defence College; a member of the Australian Institute of Company Directors and provides a wide range of experience and knowledge of Defence to the AMFRTF.

Major J. Denton

Major Denton enlisted in the Army Reserve in 1990 as a Private in the Royal Australian PAY Corps. She trained as a Unit Pay Representative and was posted to a variety of HQ 2 Division Units. Major Denton undertook continuous full time service from 1998 to 1999 and was commissioned during that time.

Major Denton has worked in a variety of roles as a member of the Australian Public Service including service in the Directorate of Business Management - HQJOC. Other civilian employment included contract accounting roles with the NSW State Government, various emergency services roles and, more recently, working as an Entitlements Advisor with ex-members assisting with their Department of Veterans Affairs claims.

Major Denton is a Certified Practising Accountant with CPA Australia and has been awarded a Bachelor of Commerce (Accounting) from the University of Wollongong as well as several post graduate qualifications. During her service with Army Major Denton has deployed to the USA on Talisman Saber 2009 as the Blue Force Assistant Financial Advisor.

Major Denton is currently on a fixed period of service and her current posting is as Staff Officer Grade 2 Industrial Relations/ Remuneration in Army HQ.

Warrant Officer Class Two R. Docherty

Warrant Officer Class Two Renae Docherty enlisted in the Australian Regular Army on 28 October 2003. Her posting include service with 3rd Combat Service Support Battalion, 4/3/Batallion the Royal NSW Regiment, 1st Recruit Training Battalion, 8th Personnel Services Company and the 3rd Battalion Royal Australian Regiment. Warrant Officer Docherty has been employed in various roles including payroll, cash management, financial management, financial compliance and ARMY Recruit Instruction.

Warrant Officer Docherty has deployed to Afghanistan on Operation SLIPPER on two occasions. The first with the Second Mentoring and Reconstruction Task Force in 2009 and the second with Force Support Unit Rotation Five - Kandahar in 2011. Both deployments were served in financial management roles.

Warrant Officer Docherty was promoted to Warrant Officer Class Two in January 2014 and is currently employed as the Operations Warrant Officer to the Army Financial Services Unit.

Corporate Governance

The Fund operates in accordance with the *Services Trust Funds Act 1947* and provides assistance to serving and ex-serving members of the Australian Regular Army and their dependants. The Fund is a statutory authority with the status of a body corporate, managed and administered under the provisions of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) the Fund has established an audit committee. The Committee consists of two members, chaired by Justine Denton. The Committee reviews the Fund's quarterly management financial statements and provides advice to the Trustees.

Trustees have tightened requirements in relation to recovery action for members who discharge but fail to meet their obligation to the Trust by repaying their outstanding liability. A Privacy Act clause has been included in the Loan Agreement which ultimately may lead to a member being 'listed' if they fail to meet their agreed obligation to the Trust and thus limit their ability to access credit. If a member seeks credit they will appear on a default listing that alerts the potential lender that the member has defaulted on their debt to the Trust and thus present as a credit risk.

Freedom of information procedures and initial contact points

Requests for access to documents of the Trustees of the Australian Military Forces Relief Trust Fund should be directed to, the Secretary to the Trustees of the AMF Relief Trust Fund, Department of Defence, R1-3-A080, Russell offices, PO Box 7901, Canberra BC ACT 2600.

Occupation Health and Safety

Staff supporting the operations of the AMFRTF are employed by the Commonwealth (Department of Defence) and, as such, fall within the policies and procedures of the Department (including undertaking mandatory OH&S training) for OH&S purposes.

Indemnities and insurance premiums for officers

The Fund has taken out insurance coverage with Comcover for Directors and Officers Liability, Fraud and Fidelity, General Liability and Personal Accident. The premium paid for the 2014/2015 financial year was \$2,156.75 (GST inclusive).

Loans assistance provided

The Fund has provided loan assistance totalling **\$62,295,703** to serving members since its inception. Loan assistance provided by the Fund in recent years is as follows:

Reporting periods	Amounts loaned	Loan numbers
1 July 2004 to 30 June 2005	1,868,684	472
1 July 2005 to 30 June 2006	1,767,235	436
1 July 2006 to 30 June 2007	1,770,038	430
1 July 2007 to 30 June 2008	3,123,200	616
1 July 2008 to 30 June 2009	2,375,072	456
1 July 2009 to 30 June 2010	2,980,905	584
1 July 2010 to 30 June 2011	2,873,960	549
1 July 2011 to 30 June 2012	3,097,400	586
1 July 2012 to 30 June 2013	2,971,664	640
1 July 2013 to 30 June 2014	3,530,420	791
1 July 2014 to 30 June 2015	3,476,200	757

The following table provides information on loan statistics for the period under review :

Types of loan	Numbers of loans		Amounts	
	%	No.	%	\$
Furniture/household needs	18.49%	140	18.43%	640,800
Debt consolidation loans	32.89%	249	33.19%	1,153,700
Dental	2.25%	17	2.45%	85,000
Medical	6.87%	52	6.87%	238,900
Legal	4.89%	37	5.19%	180,400
Wedding expenses	2.51%	19	2.62%	91,000
Relief loans	2.91%	22	2.08%	72,400
Travel expenses	1.72%	13	1.66%	57,800
Funeral expenses	0.79%	6	0.76%	26,300
Motor vehicle expenses	18.63%	141	18.75%	651,800
Housing	5.28%	40	5.32%	185,100
Education expenses	2.77%	21	2.68%	93,000
Totals	100.00%	757	100.00%	3,476,200

The following table provides information on loans approved for the period by rank. **The bulk of loans advanced during the 2014/2015 FY were directed to the junior ranks of the Australian Army.**

Ranks of Applicants	Loan Nos	\$	% (Nos)	% (\$s)
Private soldier	364	1,685,300	48.08%	48.48%
Lance Corporal	54	240,400	7.13%	6.92%
Corporal	143	654,600	18.89%	18.83%
Sergeant	83	369,600	10.96%	10.63%
Warrant Officer Class Two	48	223,900	6.34%	6.44%
Warrant Officer Class One	8	33,900	1.06%	0.98%
Lieutenant	18	84,000	2.38%	2.42%
Captain	18	87,000	2.38%	2.50%
Major	18	82,500	2.38%	2.37%
Lieutenant Colonel	3	15,000	0.40%	0.43%
Totals	757	3,476,200	100.00%	100.00%

Grants assistance provided


The Fund has provided grant assistance totalling **\$65,435** to eligible members and persons since its inception. This includes an approximate total of 1,893 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire and flood relief to the purchase of medical equipment such as speciality beds suitable for quadriplegic ex-members. Members have also received grants to cover the costs of emergency accommodation when a member or a family member is hospitalised, the purchase of eyeglasses and orthodontic work, substantial assistance for the purchase of an anti-cancer treatment that is not included on the Government's Pharmaceutical Benefits Scheme (PBS), and the provision of counselling services and other assistance.

The Fund has also made a practice of converting outstanding loan balances owing by deceased members to grants.

Hardship grants to the value of \$6,759.21 were provided to 3 ex-members during the reporting period.

Conclusion

The Trustees are responsible, under the PGPA Act, for the preparation and content of the report of operations in accordance with the Financial Reporting Rule and the Australian Charities and Not-for-Profits Commission Act 2012. This report is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.



P.E. DANIEL
Brigadier
Chairman of Trustees



J.E. DENTON
Trustee

17 September 2015

September 2015



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

I have audited the accompanying annual financial statements of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2015, which comprise:

- Statement by the Trustees;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes comprising a Summary of Significant Accounting Policies.

Trustees Authority's Responsibility for the Financial Statements

The Trustees of the Australian Military Forces Relief Trust Fund is responsible under the *Public Governance, Performance and Accountability Act 2013* and the *Australian Charities and Not-for-profits Commission Act 2012*, for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Trustees is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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 followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Military Forces Relief Trust Fund:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*;
- (b) present fairly the financial position of the Australian Military Forces Relief Trust Fund as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Garry Sutherland

Senior Director

Delegate of the Auditor-General

Canberra

17 September 2015

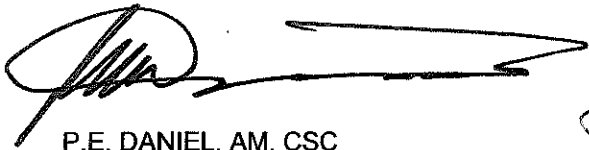
AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

STATEMENT BY TRUSTEES AND FUND SECRETARY

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 the *Australian Charities and Not-for-Profits Commission Act 2012* and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

This Statement is made in accordance with a resolution of the Trustees.



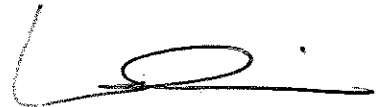
P.E. DANIEL, AM, CSC
Chairman of Trustees

17 September 2015



J.E. DENTON
Trustee

17 September 2015



L.D. JOHNSTONE
Secretary

17 September 2015

Statement of Comprehensive Income
for the period ended 30 June 2015

	Notes	2015 \$	2014 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	(92,218)	(92,546)
Supplier	3B	(49,866)	(43,104)
Grants	3C	(6,759)	(6,298)
Write-down and impairment of assets	3D	(30,258)	(32,901)
Loss from loan remeasurement	3E	(360,587)	(395,021)
Total expenses		(539,688)	(569,870)
 Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	4A	156,115	155,498
Interest	4B	423,372	446,412
Resources received free of charge	4C	92,218	92,546
Other revenue	4D	5,458	-
Total own-source revenue		677,163	694,456
 Net cost of services		137,475	124,586
 Total comprehensive income		137,475	124,586

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

Statement of Financial Position
as at 30 June 2015

	Notes	2015	2014
ASSETS		\$	\$
Financial assets			
Cash and cash equivalents	5A	1,950,431	1,793,635
Trade and other receivables	5B	3,092,877	3,112,288
Total financial assets		<u>5,043,308</u>	<u>4,905,923</u>
Non-financial assets			
Prepayments	6B	890	800
Total non-financial assets		<u>890</u>	<u>800</u>
Total assets		<u><u>5,044,198</u></u>	<u><u>4,906,723</u></u>
Net assets		<u><u>5,044,198</u></u>	<u><u>4,906,723</u></u>
EQUITY			
Retained surplus		<u>5,044,198</u>	<u>4,906,723</u>
Total equity		<u><u>5,044,198</u></u>	<u><u>4,906,723</u></u>

There were no liabilities during the year.

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

Statement of Changes in Equity
for the period ended 30 June 2015

	Retained earnings		Total equity	
	2015	2014	2015	2014
	\$	\$	\$	\$
Opening balance				
Balance carried forward from previous period	4,906,723	4,782,137	4,906,723	4,782,137
Adjusted opening balance	4,906,723	4,782,137	4,906,723	4,782,137
Comprehensive income				
Surplus for the period	137,475	124,586	137,475	124,586
Total comprehensive income	137,475	124,586	137,475	124,586
Closing balance as at 30 June	5,044,198	4,906,723	5,044,198	4,906,723

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

Cash Flow Statement
for the period ended 30 June 2015

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Repayment of loans		3,580,862	3,283,915
Interest		79,340	56,732
Other		18,863	27,832
Total cash received		3,679,065	3,368,479
Cash used			
Issue of new loans		(3,481,200)	(3,530,502)
Grants		(6,759)	(2,598)
Suppliers		(32,127)	(38,767)
Refunds		(919)	(862)
Other		(1,264)	(1,221)
Total cash used		(3,522,269)	(3,573,950)
Net cash from (used by) operating activities	7	156,796	(205,471)
Net increase (decrease) in cash held		156,796	(205,471)
Cash and cash equivalents at the beginning of the reporting period		1,793,635	1,999,106
Cash and cash equivalents at the end of the report	5A	1,950,431	1,793,635

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

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Note 1: Summary of Significant Accounting Policies

1.1 Objective of the Australian Military Forces Relief Trust Fund (AMFRTF)

The AMFRTF is an Australian Government controlled entity and was established by the *Services Trust Funds Act 1947*. The Act provides that the Trustees shall, subject to and in accordance with the regulations, apply the Fund in providing benefits for members of the Defence Forces who have served in, or in association with, the Australian Army and to the dependants of such members.

The AMFRTF does not receive any direct Government funding.

The AMFRTF has a single outcome which is to provide benefits to eligible persons.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the Public Governance, Performance and Accountability Act 2013 and the Australian Charities and Not-for-Profits Commission Act 2012.

The financial statements have been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to AMFRTF or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

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

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the AMFRTF has not made any judgements that could have a significant impact on the amounts recorded in the financial statements.

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to the current period, none have had a financial impact on the AMFRTF.

Future Australian Accounting Standard Requirements

Of the new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to future periods, none have had a material financial impact on the AMFRTF.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the AMFRTF retains no managerial involvement nor effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the AMFRTF.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at reporting date.

The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the AMFRTF.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Resources Received Free of Charge

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

Other Types of Revenue

A charge is recovered from loan applicants to assist with the defraying of administrative expenses and to provide some growth in the AMFRTF. These contributions by members are recognised as income in the year that the loan is advanced and form part of the outstanding loan amount.

Revenue from interest is recognised in the period in which it is earned.

1.6 Cash

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

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.7 Financial Assets

The AMFRTF classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments; and
- c) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are derivatives that are not designated and effective as a hedging instrument.; or
- c) are a part of an identified portfolio of financial instruments that the AMFRTF manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. The AMFRTF had no such instruments during the current or prior financial year.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the AMFRTF has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by the application of the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial assets held at cost - If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.8 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The AMFRTF had no such instruments during the current or prior financial year.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

1.9 Contingent Liabilities and Contingent Assets

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

The AMFRTF has no contingencies in either the current or the immediately preceding reporting periods therefore a Schedule for such items has not been included in the financial statements.

1.10 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the AMFRTF's accounts immediately prior to the restructuring.

There were no assets acquired in this or the comparative period, therefore a Schedule of Asset Additions is not provided.

1.11 Taxation / Competitive Neutrality

The AMFRTF is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). The AMFRTF has no entitlement to input tax credits. Expenses are GST inclusive.

Competitive Neutrality

The AMFRTF was established to provide benefits to eligible persons and does not carry out Government business activities on a commercial basis. Therefore it is not required to make Australian income tax equivalent payments to the Government.

1.12 Bad and doubtful debts

Bad debts are written off in the period in which they are identified.

1.13 Insurance

The AMFRTF has insured for risks with the Government's insurable risk managed fund, Comcover.

1.14 Disclosure of Commitments

The Fund has no commitments in either the current or the immediately preceding reporting periods therefore a schedule for such items has not been included in the financial statements.

1.15 Losses from Loan Re-measurement

In accordance with AASB 139, the decision to provide a loan at no interest rate represents income foregone by the lender. The income foregone (or financial loss) should be recognised at the time of the decision to make the loan rather than over the life of the loan. Therefore the accounting standard requires that the loss be recognised at the time that the loan is made. After initial recognition, the loan should be treated consistent with a commercial loan (as represented by the recognition of interest revenue over the remaining life of the loan).

In accounting terms, AASB 139 requires that:

1. Financial assets issued at less than a market rate are required to be discounted to their fair value, with the difference between the issue price and the fair value (that is, the financial loss for interest foregone) being recognised as a loss in the statement of comprehensive income and as a reduction in the value of the loan receivable.
2. Over the life of the loan, a notional interest income be recognised as interest revenue in the statement of comprehensive income and an increase in the loan receivable.

Note 2: Events After the Reporting Period

There was no subsequent event that has the potential to significantly affect the ongoing structure and financial activities of the AMFRTF.

Note 3: Expenses

	2015	2014
	\$	\$
Note 3A: Employee Benefits		
Wages and salaries	<u>(92,218)</u>	<u>(92,546)</u>
Total employee benefits	<u>(92,218)</u>	<u>(92,546)</u>
Note 3B: Suppliers		
General expenses	-	(984)
Consultant's expenses - website	(14,703)	(15,700)
Audit fees	(9,900)	(9,900)
Insurance expense	(2,158)	(7,334)
Printing	(946)	(895)
Bank charges	(1,264)	(1,333)
Bad debts	(16,920)	(6,476)
Debt recovery fees	(3,975)	(482)
Total suppliers	<u>(49,866)</u>	<u>(43,104)</u>
Note 3C: Grants		
Grants	(6,759)	(6,298)
Total grants	<u>(6,759)</u>	<u>(6,298)</u>
Note 3D: Write-Down and Impairment of Assets		
Bad debts written off	(99,460)	(86,915)
Bad debts recovered	23,078	20,357
Decrease (Increase) in impairment allowance account	46,124	33,657
Total write-down and impairment of assets	<u>(30,258)</u>	<u>(32,901)</u>
Note 3E: Losses from Loan Remeasurement		
Losses from initial recognition of loans and receivables at fair value (refer Note 1.15)	(360,587)	(395,021)
Total losses from loan re-measurement	<u>(360,587)</u>	<u>(395,021)</u>

Note 4: Own-Source Income

	2015	2014
	\$	\$
Own-Source-Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Members fund maintenance contribution	123,003	124,503
Bad and doubtful debt recoveries	23,078	20,357
Share - Vending Machine disbursement	10,034	10,638
Total sale of goods and rendering of services	<u>156,115</u>	<u>155,498</u>
Note 4B: Interest		
Investments	54,198	66,403
Loan interest (refer Note 1.15)	363,004	373,512
Bank accounts	6,170	6,498
Total interest	<u>423,372</u>	<u>446,412</u>

Note 4: Own-Source Income (continued)

	2015	2014
	\$	\$
Note 4C: Resources Received Free of Charge		
Salaries	92,218	92,546
Total resources received free of charge	<u>92,218</u>	<u>92,546</u>
Note 4D: Other Revenue		
Miscellaneous	5,458	-
Total Other Revenue	<u>5,458</u>	<u>-</u>

Note 5: Financial Assets

	2015	2014
	\$	\$
Note 5A: Cash and Cash Equivalents		
Cash at bank and on hand	115,941	18,477
Cash management call account	309,227	123,065
Term deposits	1,525,263	1,652,093
Total cash and cash equivalents	<u>1,950,431</u>	<u>1,793,635</u>
Note 5B: Trade and Other Receivables		
Loans outstanding	3,167,209	3,160,468
Accrued interest	32,308	51,280
Total trade and other receivables (gross)	<u>3,199,517</u>	<u>3,211,748</u>
Less: Impairment allowance account	(106,640)	(99,460)
Total trade and other receivables (net)	<u>3,092,877</u>	<u>3,112,288</u>
Other receivables (net) expected to be recovered in:		
No more than 12 months	2,500,947	2,391,602
More than 12 months	666,262	768,865
	<u>3,167,209</u>	<u>3,160,468</u>
Trade and other receivables (gross) aged as follows:		
Not overdue	3,092,877	3,112,288
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	106,640	99,460
Total trade and other receivables (gross)	<u>3,199,517</u>	<u>3,211,748</u>
Impairment allowance is aged as follows:		
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(106,640)	(99,460)
Total impairment allowance	<u>(106,640)</u>	<u>(99,460)</u>

Reconciliation of the Impairment Allowance

Movements in relation to 2015

	Goods and services	Total
	\$	\$
As at 1 July 2014	(99,459)	(99,459)
Amounts written-off	-	-
Amounts recovered and reversed	23,077	23,077
Decrease recognised in net surplus	(30,258)	(30,258)
Total as at 30 June 2015	(106,640)	(106,640)

Movements in relation to 2014

	Goods and services	Goods and services
	\$	\$
As at 1 July 2013	(86,915)	(86,915)
Amounts written-off	-	-
Amounts recovered and reversed	20,357	20,357
Increase recognised in net surplus	(32,901)	(32,901)
Total as at 30 June 2014	(99,459)	(99,459)

Note 6: Non-Financial Assets

	2015	2014
	\$	\$
6A: Intangibles		
Web site at cost	67,000	67,000
Accumulated amortisation	<u>(67,000)</u>	<u>(67,000)</u>
Total intangibles	<u><u>-</u></u>	<u><u>-</u></u>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

6B: Other Non-Financial Assets

Prepayments	<u>890</u>	<u>800</u>
Total other non-financial assets	<u><u>890</u></u>	<u><u>800</u></u>

Total other non-financial assets expected to be recovered in:

No more than 12 months	890	800
More than 12 months	<u>-</u>	<u>-</u>
Total other non-financial assets	<u><u>890</u></u>	<u><u>800</u></u>

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

Note 7: Cash Flow Reconciliation

	2015	2014
	\$	\$
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	1,950,432	1,793,635
Statement of financial position	<u>1,950,432</u>	<u>1,793,635</u>
Discrepancy	<u><u>-</u></u>	<u><u>-</u></u>
Reconciliation of net cost of services to net cash from/(used by) operating activities.		
Net cost of services	137,475	124,586
Adjustments for non-cash items		
Resources received free of charge	(92,218)	(92,546)
Salaries and overheads	92,218	92,546
Movements in assets/liabilities		
Assets		
Decrease/(increase) in receivables	19,411	(329,164)
Decrease/(increase) in prepayments	(90)	(500)
Liabilities		
Increase/(decrease) in payables	-	(393)
Net cash from/(used by) operating activities	<u><u>156,796</u></u>	<u><u>205,471</u></u>

Note 8: Remuneration of Auditors

The 2014/2015 financial statements of the AMFRTF have been audited by the Auditor-General. The fair value of the services provided was \$9 000 exclusive of GST (2014 - \$9,000). No other services were provided by the Auditor-General.

Note 9: Resources Provided Free of Charge

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

- a. Salaried Australian Public Servants,
- b. Office accommodation with computer, telephone, postage and stationery support, and
- c. Use of the Australian Defence Force pay system to recover loan repayments from serving Australian Army members.

Note 10: Economic Dependency

The AMFRTF receives economic support from the Department of Defence by way of the provision of administrative support, computer and communication facilities, staff and office accommodation for the AMFRTF Secretariat. However, the Trustees consider that in the event that the support provided by the Department of Defence was withdrawn, the AMFRTF is in a position to be economically self sufficient.

Note 11: Segment Reporting

The AMFRTF operates across Australia and exists to provide benefits to serving and ex-serving members of the Australian Army and their dependants.

Note 12: Average Staffing Levels

	2015	2014
The average staffing levels for the AMFRTF during the period were:	1.2	1.2

Note 13: Trustees Remuneration

Under Part 2, Section 11 (1) of the *Services Trust Fund Act 1947*, Trustees are not entitled to receive from the Fund any remuneration for any work done by them in relation to the administration of the Fund. Under Part 2, Section 14 of the *Services Trust Funds Act 1947*, a person who is a Trustee or a dependant of a Trustee shall not receive any benefits from the Fund. The Trustees received no remuneration or benefits from the Fund during the period.

Note 14: Trustees of the Fund

The following persons were Trustees during the reporting period:

Brigadier P.E. DANIEL	Chairman	
Colonel M. ZANATTA	Trustee	
Major J. DENTON	Trustee	Appointed 31 July 2014
Warrant Officer Class Two R. DOCHERTY	Trustee	Appointed 31 July 2014
Mr G.E. TYE	Trustee	
Mr T. HEENAN	Trustee	

Note 15: Reporting of Outcomes

The AMFRTF was established under the *Services Trust Funds Act 1947* to provide support to serving and ex-serving members of the Australian Army. The AMFRTF has a single outcome which is the objective to provide benefits to eligible persons.

Note 15A: Net Cost of Outcome Delivery

	Outcome 1	
	2015	2014
	\$	\$
Expenses	(539,688)	(569,870)
Own-sourced income	677,163	694,456
Net cost/(contribution) of outcome delivery	137,475	124,586

Note 16: Financial Instruments

	2015	2014
	\$	\$
16A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash at bank	1,950,431	1,793,635
Loans and receivables	3,199,517	3,211,748
Total financial assets	5,149,948	5,005,383
16B: Net Gains and Losses from Financial Assets		
Loans and receivables		
Bank interest revenue	60,368	72,901
Members contributions on loans	123,003	124,503
Loan interest revenue	363,004	373,512
Loss on initial recognition of loans on receivables at fair value	(360,587)	(395,021)
Net gain on financial assets	185,788	175,895

16C: Credit Risk Exposure

The AMFRTF's maximum exposures to credit risk at reporting date is the risk that arises from the potential default on members loans. The AMFRTF has no significant exposures to concentrations of credit risk, except for \$1,525,263 held with three investment institutions and members' loans outstanding of \$3,167,210.

Under the Australian Government Guarantee Scheme deposits up to \$1 million are covered by the Financial Claims Scheme. The AMFRTF manages its risk from members loans through use of the Defence Force pay system.

Note 16: Financial Instruments (continued)

16D: Liquidity Risk

The exposure to liquidity risk is based on the notion that the AMFRTF will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

16E: Market Risk

The AMFRTF holds basic financial instruments that do not expose the AMFRTF to certain market risks such as 'currency risk' and 'other price risk'.