
**Australian
Military Forces
Relief Trust Fund**

**Annual Report
2021 - 2022**

Trustees
Of the
Australian Military Forces Relief Trust Fund
As of
30 June 2022

Brigadier M. PATCHING (Chair of Trustees)

Lieutenant Colonel C. KELLY, CSC, CSM

Warrant Officer Class One M. CLARKE, OAM

Mr T. HEENAN

Warrant Officer Class One R. SHEPPARD

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND SEVENTY-FOURTH ANNUAL REPORT

Minister for Veterans' Affairs and Defence Personnel

Dear Minister

The Trustees of the Australian Military Forces Relief Trust Fund (AMFRTF), trading as the Army Relief Trust Fund (ARTF), have the honour to submit their report of operations for the year ended 30th June 2022 (the period). This report is accompanied by audited Financial Statements for the period and associated notes which are to be read as part of this report.

The AMFRTF was established by the *Services Trust Funds Act 1947*. The AMFRTF provides benefits through loans and grants that contribute to the welfare of members of the Australian Army, in particular members who have served in the Australian Army and for the dependants of these members.

Ministerial Directions and Finance Minister's Orders

There were no Ministerial Directions or Finance Minister's Orders issued to the AMFRTF during the period.

Public Governance, Performance and Accountability Act 2013

The AMFRTF complies with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* with respect to:

- reporting to the Minister and Parliament;
- content of Annual Report;
- audit of the AMFRTF's 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.

Significant non-compliance issues with finance law

Section 17AG and 17BE of the *Public Governance, Performance and Accountability Rule* require that Commonwealth entities' annual reports must include a statement of any significant non-compliance issues that relate to the finance law that were reported to the responsible Minister under paragraph 19(1)(e) of the *PGPA Act*. During the reporting period there were no non-compliance issues reported.

Statutory powers of direction

The AMFRTF is a Corporate Commonwealth Entity and operates within the Defence Portfolio reporting to the Minister for Veterans' Affairs and Defence Personnel.

The Minister for Veterans' Affairs and Defence Personnel may, by instrument in writing published in the Gazette, authorise the Trustees to administer other property. This authority was not exercised during the year.

Reviews by outside bodies

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

Risk Management and Fraud Control

The Trustees 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 AMFRTF adopts Commonwealth and Defence best practice for risk management and fraud control to meet obligations to Army members and the Australian Government. The AMFRTF Risk Management and Fraud Control Plan was reviewed and updated in March 2022.

Work Health and Safety

The Trustees and all those who assist the Trustees are either members of the Army, ex-service personnel and/or the Australian Public Service (APS). The personnel undertake their duties as part of their service in the Army, volunteering and employment in the APS. The Fund utilises the Department of Defence's work health and safety protocols, security, training, welfare, reporting and other systems to ensure the health and safety of the Trustees and Department of Defence (Army Capability Branch) APS staffing resources received free of charge to support the Trust.

Indemnities and insurance premiums for officers

The AMFRTF has taken out insurance coverage with Comcover for directors' and officers' liability, fraud and fidelity, general liability and personal accident. There were no claims during the period.

Audit Committee: Charter and Membership

In accordance with the requirements of the *PGPA Act* the Fund has established an Audit Committee. The primary objectives of the AMFRTF Audit Committee are stated in the charter at <https://armyrtf.com.au/wp-content/uploads/AMFRTF-Audit-and-Risk-Committee-Charter-2.pdf> which was last updated in May 2022. The Committee reviews the appropriateness of the Trust's:

- financial and performance reporting;
- system of risk oversight and management; and
- system of internal control.

Warrant Officer Michael Clarke is the Chair of the Audit Committee. He enlisted into the Australian Army in June 1987. Warrant Officer Clarke has completed studies through the University of New England and holds a Bachelor of Administrative Leadership. He has also completed a Masters' Degree in Business and Masters' Degree in Project Management at the University of New South Wales (Trustee).

Captain Dmitry Khanenkov was the Chair of Audit Committee until 11 March 2022. He has experience in finance and resource management roles in Army. His qualifications include Bachelor of Economics and Graduate Diploma of Accounting. He also completed an Auditing & Compliance Officer training course through Army (Trustee).

Sergeant John Cox has a number of years' experience in resource management. He has been a Regimental Audit Board member and a Non-Public Monies Account Treasurer in the Army.

Warrant Officer Alison Huber has extensive experience in resource management and serving in Army for over three decades. Warrant Officer Huber also has over twenty years management experience in Army's Non-Public Monies Account aspect.

A summary of attendance for the AMFRTF Audit Committee is listed in the following table:

Name	Meetings attended	Eligible meetings	Remuneration
WO1 M. Clarke*	1	1	\$0
CAPT D Khanenkov**	2	2	\$0
SGT J. Cox	3	3	\$0
WO1 A. Huber	3	3	\$0

*Appointed 11 May 2022; **Resigned 11 March 2022

Board of Trustees

The *Services Trust Funds Act 1947* provides for the establishment of the AMFRTF and the termination and appointment of Trustees by the responsible Minister. Board of Trustees members received no remuneration from the Trust. The Board met four times in the period.

Name	Position	Meetings Attended	Appointment
BRIG M. Patching	Chair of Trustees	2	07 Nov 2021
MAJGEN W. Stothart*	Chair of Trustees	2	21 Jan 2019
WO1 M. Bates**	Trustee	2	20 Aug 2018
WO1 M. Clarke	Trustee	2	25 Mar 2022
MR T. Heenan	Trustee	3	02 Jun 2011
LT N. Joshi****	Trustee	-	23 Mar 2022
LTCOL C. Kelly	Trustee	4	11 Jan 2019
CAPT D. Khanenkov***	Trustee	2	01 Jun 2017
WO1 R. Sheppard	Trustee	2	23 May 2021

* Chair of Trustees resigned 31 October 2021; ** Trustee resigned 16 January 2022; **** Trustee resigned 11 May 2022; *** Trustee resigned 11 March 2022

Board Members during the period.

Brigadier Matt Patching. Brigadier Matthew Patching joined the Australian Army in 1995 and completed operational and humanitarian service in Solomon Islands, Pakistan and Afghanistan. He holds a Bachelor of Engineering, Master of Arts, Master of Military Art and Science, Master of Management Studies and completed the Company Director's Course in 2017.

Major General Wade Stothart, DSC, AM, CSC. Major General Stothart joined the Australian Regular Army in 1987 and completed operational service in Bosnia, East Timor, Afghanistan, and the Middle East. He holds a Bachelor of Arts, Master of Arts (International Relations), Master of Management and completed the Company Directors Course in 2019.

Warrant Officer Class One Michael Bates, OAM. Warrant Officer Class One Bates joined the Australian Regular Army in March 1988 and has completed operational service in Namibia, East Timor, Middle East, Timor Leste, Solomon Islands and Vanuatu.

Warrant Officer Class One Michael Clarke, OAM. Warrant Officer Class One Michael Clarke enlisted into the Australian Army in June 1987. His overseas representational duties have included exchange and regimental duties in the United Kingdom, Turkey, Israel and Egypt. He has undertaken operational service in Iraq, East Timor and Sinai. Warrant Officer Clarke has completed studies through the University of New England and holds a Bachelor of Administrative Leadership. He has also completed a Master's Degree in Business and Master's Degree in Project Management at the University of New South Wales.

Mr T. Heenan. Mr Heenan graduated from the Officer Cadet School Portsea in December 1978 into the Royal Australian Infantry Corps. He served a variety of regimental and non-corps postings, undertook Technical Staff Officer training at the Royal Military College of Science, Shrivenham, UK in 1990, and in 1993, the Army Command and Staff Course at Queenscliff. Mr Heenan left the Army in March 2000 to serve as a Defence Public Servant, which included a three year exchange posting with the US Department of Defence in Washington DC and an 11 year tenure within Defence's Counter Improvised Explosive Device Task Force, before retiring in 2019.

Lieutenant Nakul Joshi. Lieutenant Joshi commissioned into the Australian Regular Army as a Specialist Service Officer (Finance) in April 2021. Prior to his career in the Army, Lieutenant Joshi worked with the Commonwealth Bank as a Financial Advisor. He holds a Bachelor of Business Studies (Finance) and Masters of Accounting and Finance.

Lieutenant Colonel Caroline Kelly, CSC, CSM. Lieutenant Colonel Kelly, CSC, CSM joined the Australian Army in 1991. She holds a Bachelor of Arts (Economics) and a Masters of Business; both from the UNSW.

Captain Dmitry Khanenkov. Captain Khanenkov joined the Australian Regular Army in June 2015. He holds a Bachelor of Economics, Graduate Diploma of Accounting, Masters of Strategic Human Resource Management.

Warrant Officer Class One Racheal Sheppard. Warrant Office Class One Sheppard joined the Australian Army in Oct 2002 and has completed operational service in East Timor and the Middle East. She holds a Diploma of Paramedicine and a Diploma in Nursing.

Loans assistance provided

The Fund has provided loan assistance totalling \$87,456,983 to serving members since its inception in 1947. Loan assistance provided by the Fund in the last 10 years is as follows:

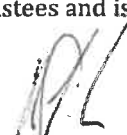
Reporting periods	Amounts loaned \$	Loan numbers
1 July 2012 to 30 June 2013	2,971,664	640
1 July 2013 to 30 June 2014	3,530,420	791
1 July 2014 to 30 June 2015	3,476,200	757
1 July 2015 to 30 June 2016	3,633,050	797
1 July 2016 to 30 June 2017	3,752,000	818
1 July 2017 to 30 June 2018	4,146,350	899
1 July 2018 to 30 June 2019	4,143,750	884
1 July 2019 to 30 June 2020	3,600,500	768
1 July 2020 to 30 June 2021	2,756,030	585
1 July 2021 to 30 June 2022	3,129,600	622

Hardship grants assistance provided


The Fund has provided hardship grant assistance totalling \$135,084 to eligible members and family since its establishment in 1947. This included an approximate total of 1,915 individuals or households in financial hardship or necessitous circumstances. During this reporting period, the Trustees approved four hardship grants to the value of \$11,382. These included settled rent, rental bond, removalist costs, utilities bills, and converting loans for two deceased members into grants to the value of \$2,996.

Conclusion

The Trustees are responsible, under the PGPA Act, for the preparation and content of the report of operations in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*. This report of operations is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.


M Patching
Brigadier
Chair of Trustee

Date: 29 July 2022


C Kelly, CSC, CSM
Lieutenant Colonel
Trustee

Date: 29 July 2022

ANNUAL PERFORMANCE STATEMENT 2021-22

Introductory statement

We, the Board of Trustees of the Australian Military Forces Relief Trust Fund (AMFRTF), as the accountable authority of the Fund present the AMFRTF 2021-22 Annual Performance Statement as required under section 39 (1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In our opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the AMFRTF and complies with the requirement under section 39(2) of the PGPA Act.

Purpose

The purpose of the AMFRTF is to provide benefits through loans and grants that contribute to the welfare of Australian Army members and their dependants. This accords with the objectives as defined in the *Services Trust Funds Act 1947*.

The AMFRTF has set goals to continually achieve this purpose as set out in the Corporate Plan.

Results

Performance criterion –Corporate Plan Activity 1		
Provide financial assistance to members of the Army through the provision of low cost and affordable loans.		
Intended Result		
Provide benefits for members of the Australian Army by providing loans in a prompt and efficient manner, with those in greatest need given priority.		
Measured Performance		
1. Funds disbursed within the guidance annual budget \$4.420 m (2021:\$4.420 m).		
2. Number and category of approved loans are reported. The following table shows the analysis of loan funded for the year ended 30 June 2022:		
Loan Type	Numbers of loans	Amounts \$
Debt consolidation	119	619,000
Dental	11	49,000
Education	19	93,900
Funeral expenses	6	30,300
Furniture / household needs	112	568,100
Housing purchase / repair / moving	91	467,200
Legal	31	153,400
Medical	37	168,900
Travel	15	73,500
Vehicle repair / purchase	128	633,900
Wedding / engagement	22	118,500
Other – multi types	31	153,900
Total	622	3,129,600

3. The target of greater than 75 per cent of loans issued to junior ranks (Sergeant and below) was met. The following table shows the analysis of loan funds for the period:		
Ranks	Loans %	Amounts \$
Private	37	1,159,500
Lance Corporal	9	258,100
Corporal	26	811,700
Sergeant	11	368,100
Warrant Officer	8	224,400
Lieutenant	2	84,000
Captain	4	137,800
Major	2	81,000
Lieutenant Colonel	1	5,000
Total	100	3,129,600

Performance criterion – Corporate Plan Activity 2 Provide financial assistance to former members or dependants in financial and necessitous circumstances through hardship grants.
Intended Result - As above
Measured Performance A total of \$11,382 (2021: \$13,222) was funded under hardship grants in this reporting period. These grants were within the approach to the strategic direction of the Board. Four hardship grants were provided to members, ex-servicemen and dependants helping with essential expenses.

Performance criterion - Corporate Plan Activity 3 Use sound financial management and investment practices in accordance with PGPA Act and Services Trust Funds Act 1947 and other relevant standards, rules and legislation.
Intended Result - As above
Measured Performance <ol style="list-style-type: none"> 1. The Statement of Comprehensive Income demonstrates the AMFRTF continues to be self-sustaining with a profit of \$84,172 for the reporting period (2021: \$178,693). 2. There are no non-compliant findings on governance and legislative requirements for the reporting period. 3. Interest income on investment of \$17,591 (2021: \$22,686) has been reported for this period. The AMFRTF strategy of holding four term deposits with a minimum \$1.5m capital is to earn interest as a means to cover costs and ensure self-sustainment. It stands at \$2,899,868 (2021: \$2,881,758) and earns interest between 0.4% - 1.5% p.a. 4. Trustees approved \$6,894 (2021: \$9,861) of bad and doubtful debts to be written off. This was within the acceptable less than 1% range of the total debtor control.

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

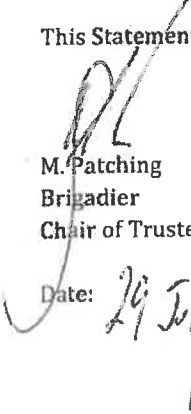
STATEMENT BY TRUSTEES AND FUND SECRETARY

In our opinion, the financial statements and notes for the year ended 30 June 2022 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.


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

In our opinion, the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and are signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.


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


M. Patching
Brigadier
Chair of Trustees

Date: 29 July 2022


C. Kelly, CSC, CSM
Lieutenant Colonel
Trustee

Date: 29 July 2022


C. Allnutt
Ms.
Fund Secretary

Date: 29 July 2022



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence Personnel

Opinion

In my opinion, the financial statements of the Australian Military Forces Relief Trust Fund (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*;
- (b) comply with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by Trustees and Fund Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Overview and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and accordingly I do not

express any form of assurance conclusion thereon.

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

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

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board of Trustees is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Board of Trustees is also responsible for the preparation and fair presentation of annual financial statements that comply with the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority.
- Conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention

in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jennifer Carter

Audit Principal

Delegate of the Auditor-General

Canberra

29 July 2022

CONTENTS	Page
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Primary financial statements

Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Cash Flow Statement	17

Overview

Australian Military Forces Relief Trust Fund	18
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Notes to the financial statements:

1. Financial Performance

1.1 Expenses	19
1.2 Own-Source Income	20

2. Financial Position

2.1 Financial Assets	21
2.2 Payables	22

3. People and Relationships

3.1 Resources Provided Free of Charge	23
3.2 Key Management Personnel Remuneration	23
3.3 Related Party Disclosures	24

4. Managing Uncertainties

4.1 Financial Instruments	25
4.2 Contingent Assets and Liabilities	26

5. Other Information

5.1 Current/non-current distinction for assets and liabilities	27
5.2 Economic Dependency	27

Appendix A - List of Requirements

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	154,944	164,374
Suppliers		35,832	69,686
Grants		11,382	13,222
Loss from loan re-measurement	1.1B	243,066	217,065
Impairment loss on financial instruments	1.1C	6,894	9,861
Total expenses		452,118	474,208
Own-Source Income			
Own-source revenue			
Member contributions	1.2A	107,870	94,483
Interest	1.2B	250,621	278,999
Resources received free of charge	1.2C	154,944	164,374
Other income	1.2D	13,557	100,348
Total own-source revenue		526,992	638,204
Gains			
Reversal of write-downs and impairment	1.2E	9,297	14,697
Total gains		9,297	14,697
Total own-source income		536,289	652,901
Surplus		84,171	178,693
Total comprehensive income		84,171	178,693

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	3,718,587	3,732,444
Loans and other receivables	2.1B	<u>2,640,208</u>	<u>2,531,558</u>
Total financial assets		<u>6,358,795</u>	<u>6,264,002</u>
Non-financial assets			
Prepayments		<u>277</u>	<u>277</u>
Total non-financial assets		<u>277</u>	<u>277</u>
Total assets		<u>6,359,072</u>	<u>6,264,279</u>
LIABILITIES			
Payables			
Suppliers	2.2A	<u>21,450</u>	<u>10,828</u>
Total payables		<u>21,450</u>	<u>10,828</u>
Total liabilities		<u>21,450</u>	<u>10,828</u>
Net assets		<u>6,337,622</u>	<u>6,253,451</u>
EQUITY			
Retained surplus		<u>6,337,622</u>	<u>6,253,451</u>
Total equity		<u>6,337,622</u>	<u>6,253,451</u>

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

Statement of Changes in Equity

For the year ended 30 June 2022

	Retained earnings		Total equity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Opening balance				
Balance carried forward from previous period	6,253,451	6,074,758	6,253,451	6,074,758
Comprehensive income				
Surplus for the period	84,171	178,693	84,171	178,693
Total comprehensive income	84,171	178,693	84,171	178,693
Closing balance as at 30 June	6,337,622	6,253,451	6,337,622	6,253,451

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

Cash Flow Statement

for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
OPERATING ACTIVITIES			
Cash received			
Loan repayments from members		2,884,741	3,258,971
Interest		251,140	278,311
Donations		13,557	100,348
Loan overpayments		-	5,450
Total cash received		3,149,438	3,643,080
Cash used			
Loans provided to members		3,129,600	2,756,030
Grants		8,385	13,222
Audit fees		10,340	30,580
Suppliers (including contract labour)		14,870	48,646
Loan refunds		100	8,200
Bank fees		-	25
Total cash used		3,163,295	2,856,703
Net cash from operating activities		(13,857)	786,377
Net increase in cash held		(13,857)	786,377
Cash and cash equivalents at the beginning of the reporting period		3,732,444	2,946,067
Cash and cash equivalents at the end of the reporting period	2.1A	3,718,587	3,732,444

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

OVERVIEW

The Australian Military Forces Relief Trust Fund (AMFRTF) is a Corporate Commonwealth Entity and a not-for-profit entity. The AMFRTF was established by the *Services Trust Funds Act 1947* (the Act). 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 nor is it reliant on the Australian Government for funding.

The Basis of Preparation

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*. The financial statements have been prepared in accordance with:

Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR);

the *Australian Charities and Not-for-profits Commission Act 2012*; and

Australian Accounting Standards and Interpretations - including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board that apply for the reporting period.

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

The registered entity is a reporting entity and its general purpose financial report is prepared by the responsible entities in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation).

New Accounting Standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustments to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

Taxation

The AMFRTF is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST). The Australian Taxation Office has advised that the AMFRTF is a 'financial supply provider', consequently GST is not charged on revenue. The AMFRTF has no entitlement to input tax credits. Expenses are GST inclusive.

Comparative Information

In the current year, the AMFRTF has re-classified bad debts reported under "Reversal of write-downs and impairment" to be separately reported under "Impairment loss on financial assets". This has resulted in a \$9,861 transfer from gains to expenses in the Statement of Comprehensive Income in the prior year. This has no impact on the net result reported in the comparative figures and has been done to align with current year disclosures.

Events After the Reporting Period

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

Financial Performance	This section analyses the financial performance of AMFRTF for the year ended 30 June 2022	
1.1: Expenses		

	2022 \$	2021 \$
1.1A: Employee benefits		
Wages and salaries received free of charge	<u>154,944</u>	<u>164,374</u>
Total employee benefits	<u>154,944</u>	<u>164,374</u>

Accounting Policy

AMFRTF receives resources free of charge in the form of staffing support from the Department of Defence. The associated revenue for resources received free of charge is recorded at note 1.2C.

1.1B: Losses from Loan Re-measurement

Losses from initial recognition of loans at fair value	<u>243,066</u>	<u>217,065</u>
Total losses from loan re-measurement	<u>243,066</u>	<u>217,065</u>

Accounting Policy

Loans issued by the AMFRTF are classified as financial assets and initially measured at their fair value. The difference between the notional value of a loan and its fair value on the date of issue is recognised as a loss in the Statement of Comprehensive Income. Subsequently, loans are carried at amortised cost. Refer also to note 2.1B.

1.1C: Impairment loss on financial assets

Bad debts	<u>6,894</u>	<u>9,861</u>
Total impairment loss on financial assets	<u>6,894</u>	<u>9,861</u>

1.2: Own-Source Income

	2022	2021
	\$	\$
1.2A: Member contributions		
Members fund maintenance contribution	<u>107,870</u>	<u>94,483</u>
Total loans revenue	<u>107,870</u>	<u>94,483</u>

Accounting Policy

AMFRTF charges a maintenance contribution fee to loan recipients to cover administrative expenses and to support growth in the AMFRTF. These contribution fees are recognised as income in the year the loan is made and form part of the outstanding loan balance.

1.2B: Interest

Loans	230,680	252,647
Investments	17,591	22,686
Bank accounts	<u>2,350</u>	<u>3,666</u>
Total interest	<u>250,621</u>	<u>278,999</u>

Accounting Policy

Loan interest is recognised using the effective interest rate method based on the fair value of the loan (adjusted for the maintenance contribution).

Investment and bank interest is recognised using the effective interest method.

1.2C: Resources received free of charge

Salaries	<u>154,944</u>	<u>164,374</u>
Total resources received free of charge	<u>154,944</u>	<u>164,374</u>

Accounting Policy

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. Refer also to note 3.1.

1.2D: Other income

Donations	276	79,156
Military Army Shop contributions	<u>13,281</u>	<u>21,192</u>
Total other income	<u>13,557</u>	<u>100,348</u>

Accounting Policy

Other income is recognised when AMFRTF gains control of the amount, this is usually when the cash is received in the case of donations and contributions.

1.2E: Reversal of write-downs and impairment

Reversal of impairment of loans	2,514	7,183
Bad and doubtful debt recovered	<u>6,783</u>	<u>7,514</u>
Total reversals of previous asset write-downs and impairments	<u>9,297</u>	<u>14,697</u>

Financial Position	This section analyses the AMFRTF assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.
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2.1: Financial Assets

	2022 \$	2021 \$
2.1A: Cash and cash equivalents		
Cash at bank and on hand	142,796	227,113
Cash management call account	675,923	623,573
Term deposits	2,899,868	2,881,758
Total cash and cash equivalents	3,718,587	3,732,444

Accounting Policy

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

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

2.1B: Loans and other receivables

Loans outstanding	2,658,152	2,558,279
Accrued interest	8,775	9,294
Total loans and other receivables (gross)	2,666,927	2,567,573
Less: Impairment allowance	(26,719)	(36,015)
Total loans and other receivables (net)	2,640,208	2,531,558

Loans for Army members are made under contract for a period up to two years. No security is required. Interest of 2% per annum is charged as a maintenance contribution fee on general loans.

Accounting Policy

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest are measured at amortised cost using the effective interest method adjusted for any loss allowance. Impairment of any debts is reviewed at end of the reporting period.

Bad and Doubtful Debts

Bad debts are provided for or written off during the period in which they are identified according to the impairment requirements of AASB 9 *Financial Instruments*.

Reconciliation of the impairment allowance

Movements in relation to 2022

	Loans \$	Total \$
As at 1 July 2021	(36,015)	(36,015)
Bad debts written off	6,894	6,894
Amounts recovered and reversed	6,783	6,783
Increase recognised in net surplus	(4,381)	(4,381)
Total as at 30 June 2022	(26,719)	(26,719)

Movements in relation to 2021

	Loans	Total
	\$	\$
As at 1 July 2020	(50,712)	(50,712)
Bad debts written off	9,861	9,861
Amounts recovered and reversed	7,514	7,514
Increase recognised in net surplus	(2,678)	(2,678)
Total as at 30 June 2021	(36,015)	(36,015)

Accounting Policy

Financial assets are assessed for impairment at the end of each reporting period using an expected credit loss model.

2.2: Payables

	2022	2021
	\$	\$
2.2A: Suppliers		
Trade creditors and accruals	21,450	10,828
Total Suppliers	21,450	10,828

Accounting Policy

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

People and relationships

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

3.1: Resources Provided Free of Charge

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

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

	2022	2021
Full time equivalent (FTE) staff received free of charge	1.9	2.0

3.2: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the AMFRTF directly or indirectly, including any Trustee (whether executive or otherwise) of the AMFRTF. AMFRTF has determined the key management personnel to be the Trustees and the Minister for Defence Personnel.

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

The following persons were Trustees during the reporting period:

		<u>Appointed:</u>	<u>Ceased:</u>
Brigadier M. PATCHING	Chair	07/11/2021	N/A
Brigadier W. STOTHART	Chair	21/01/2019	31/10/2021
Mr T. HEENAN	Trustee	02/06/2011	N/A
Captain D. KHANENKOV	Trustee	01/06/2017	11/03/2022
Warrant Officer Class One M. BATES	Trustee	20/08/2018	16/01/2022
Lieutenant Colonel C. KELLY	Trustee	11/01/2019	N/A
Warrant Officer Class One M. CLARKE, OAM	Trustee	25/03/2022	N/A
Warrant Officer Class One R. SHEPPARD	Trustee	23/05/2021	N/A
Lieutenant Nakul JOSHI	Trustee	23/03/2022	11/05/2022

Key management personnel remuneration excludes the remuneration and other benefits of the Minister for Defence Personnel. The Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the AMFRTF.

3.3: Related Party Disclosures

Related party relationships:

The AMFRTF is an Australian Government controlled entity. Related parties to AMFRTF are the Minister for Defence Personnel, Cabinet Ministers, Trustees, key management personnel and other Australian Government entities.

Transactions with related parties:

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

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

Managing uncertainties

This section analyses how the AMFRTF manages financial risks within its operating environment

4.1: Financial Instruments

	2022 \$	2021 \$
4.1A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	3,718,587	3,732,444
Loans and other receivables	<u>2,640,208</u>	<u>2,531,558</u>
Total financial assets at amortised cost	<u>6,358,795</u>	<u>6,264,002</u>
Financial liabilities at amortised cost		
Trade creditors and accruals	<u>21,450</u>	<u>10,828</u>
Total financial liabilities at amortised cost	<u>21,450</u>	<u>10,828</u>

Accounting Policy

Financial assets

The AMFRTF classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date. All financial assets are presently measured at amortised cost.

Financial assets at amortised cost

Financial assets are measured at amortised cost when the financial asset is held in order to collect the contractual cash flows and the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

4.1: Financial Instruments continued

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.

Financial liabilities at amortised cost

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 interest basis.

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

	2022	2021
	\$	\$

4.1B: Net gains and losses from financial assets

Financial assets at amortised cost

Cash and cash equivalents		
Bank interest revenue	19,941	26,352
Net gain from cash and cash equivalents	19,941	26,352

Loans and receivables

Members contributions on loans	107,870	94,483
Loan interest revenue	230,680	252,647
Loss on initial recognition of loans on receivables at fair value	(243,066)	(217,065)
Net gain from loans and receivables	95,484	130,065

Net gain on financial assets at amortised cost	115,425	156,417
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4.2: Contingent Assets and Liabilities

Accounting Policy

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

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.

Other information

5.1: Current/non-current distinction for assets and liabilities

	2022 \$	2021 \$
Assets expected to be recovered in no more than 12 months:		
Cash and cash equivalents	3,718,587	3,732,444
Loans and other receivables	2,040,219	1,943,771
Prepayments	277	277
Total no more than 12 months	5,759,083	5,676,492
Assets expected to be recovered in more than 12 months:		
Loans and other receivables	599,989	587,787
Total more than 12 months	599,989	587,787
Total assets	6,359,072	6,264,279
Liabilities expected to be settled in no more than 12 months:		
Suppliers	21,450	10,828
Total no more than 12 months	21,450	10,828
Total more than 12 months	-	-
Total liabilities	21,450	10,828

5.2: 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.

-END OF FINANCIAL STATEMENTS-

Appendix A – List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	3	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	3	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	3	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	3	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
17BE(d)	3	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	N/A	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	N/A	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(g)	7	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	3	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	5	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	5	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(ka)	N/A	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
17BE(l)	4	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	3	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
17BE(p)	N/A	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	10	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(s)	N/A	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	4	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(taa)	4	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	Mandatory
17BE(ta)	5	Information about executive remuneration	Mandatory