
**Australian
Military Forces
Relief Trust Fund**

**Annual Report
2020 - 2021**

Trustees
Of the
Australian Military Forces Relief Trust Fund
As of
30 June 2021

Brigadier W.B. STOTHART, DSC, AM, CSC (Chair of Trustees)

Lieutenant Colonel C. KELLY, CSC, CSM

Captain D. KHANENKOV

Warrant Officer Class One K. BULLMAN, OAM

Warrant Officer Class One M. BATES, OAM

Warrant Officer Class One R. SHEPPARD

Mr T. HEENAN

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND SEVENTY-THIRD 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 2021 (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 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 June 2021.

Work Health and Safety

The Trustees and all those who assist the Trustees are either members of the Army, ex-service man and 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 its APS staff.

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 related incident claims during the period.

Audit Committee

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>.

The Audit Committee provides advice to the Trustees and its main objectives are:

- review internal controls and ensure adequate procedures are in place;
- review risk management and fraud control practices;
- improve the objectivity and reliability of financial reporting, and
- ensure the Board complies with all governance and other obligations.

Audit Committee Members

Captain Dmitry Khanenkov is the Chair of Audit Committee. He has number of years' 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 number of years' experience in resource management. He is a Regimental Audit Board member and a Non-Public Monies Account Treasurer in Army. (Independent member)

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. (Independent member)

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

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

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 members received no remunerations from the Trust. The Board met three times in Canberra during FY2020-21.

Name	Position	Meetings Attended	Appointment
BRIG W. Stothart	Chair of Trustees	3	21 Jan 2019
MR T. Heenan	Trustee	3	02 Jun 2011
CAPT D. Khanenkov	Trustee	1	01 Jun 2017
WO1 K. Bullman*	Trustee	1	20 Aug 2018
WO1 M. Bates	Trustee	2	20 Aug 2018
LTCOL C. Kelly	Trustee	2	11 Jan 2019
WO1 R. Sheppard	Trustee	0	23 May 2021

* Trustee resigned 01 Dec 2020

Board Members during 2020 -21

Brigadier Wade Stothart, DSC, AM, CSC. Brigadier Stothart joined the Australian Regular Army in 1987 and completed operational service in Bosnia, East Timor, Afghanistan, and the Middle East. Brigadier Stothart 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.

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

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 attended the Army Command and Staff Course at Queenscliff. Tim left the Army in March 2000 to serve as a Defence Public Servant. This service 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. He retired from the Public Service in 2019.

Warrant Officer Class One Ken Bullman, OAM. Warrant Officer Class One Bullman joined the Australian regular Army in March 1984 and has completed operational service in Bougainville, Iraq and Afghanistan. Ken's overseas representational duties have included exchange and regimental duties in the United Kingdom, New Zealand, Papua New Guinea, France and Belgium.

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

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. Warrant Officer Class One Sheppard holds a Diploma of Paramedicine and a Diploma in Nursing.

Loans assistance provided

The Fund has provided loan assistance totalling \$84,327,383 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 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
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

Hardship grants assistance provided

The Fund has provided hardship grant assistance totalling \$123,702 to eligible members and family since its establishment in 1947. This included an approximate total of 1,911 individuals or households who were determined to be financial hardship or necessitous circumstances. These circumstances have varied from bushfire, drought, flood relief, medical emergency, funeral and or helping with general living expenses.

During this reporting period, the Trustees approved four hardship grants to the value of \$13,222. These included funeral cost for an Army member's deceased wife, settled rent, utilities bills, vehicles' registrations for two ex-servicemen, and dependent child's school fees.

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.



WB Stothart, DSC, AM, CSC
Brigadier
Chair of Trustee

Date: 30th July 2021



C Kelly, CSC, CSM
Lieutenant Colonel
Trustee

Date: 30th July 2021

ANNUAL PERFORMANCE STATEMENT 2020-21

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 2020-21 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 members of the Australian Army, in particular members who have served in the Australian Army and for the dependants of these members. This accords with the objectives as defined in the *Services Trust Funds Act 1947*.

The AMFRTF has set goals to continually achieve this purpose. These goals cover the current and subsequent years of the AMFRTF Corporate Plan 2020-21.

Results

Performance criterion		
Provide financial assistance to members of the Army through the provision of low cost and affordable loans.		
Criterion source		
AMFRTF Corporate Plan 2020-21 Activity 1		
Results		
1. Funds disbursed within the guidance annual budget \$4.420m.		
2. Number and types of loans are in scope. The following table shows the analysis of loan funded for the year ended 30 June 2021:		
Loan Type	Numbers of loans	Amounts \$
Debt consolidation	131	623,220
Dental	16	77,944
Education	12	57,400
Funeral expenses	3	12,300
Furniture / household needs	97	469,600
Housing purchase / repair / moving	50	238,400
Legal	26	124,800
Medical	39	168,050
Other – multi types	62	281,916
Travel	6	30,000
Vehicle repair / purchase	111	516,400
Wedding / engagement	32	156,000
Total	585	2,756,030

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 year ended 30 June 2021:		
Ranks	Loans %	Amounts \$
Private	38	1,050,820
Lance Corporal	9	249,200
Corporal	23	634,750
Sergeant	13	365,700
Warrant Officer	9	254,944
Lieutenant	2	55,000
Captain	4	106,600
Major	1	31,116
Lieutenant Colonel	1	7,900
Total	100	2,756,030

Performance criterion Provide financial assistance to former members or dependants in financial and necessitous circumstances through hardship grants.
Criterion source Corporate Plan 2020-21 Activity 2
Results A total of \$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 member, ex-servicemen and dependants helping with essential expenses.

Performance criterion Use sound financial management and investment practices in accordance with PGPA Act and <i>Services Trust Funds Act 1947</i> and other relevant standards, rules and legislation.
Criterion source Corporate Plan 2020-21 Activity 3
Results <ol style="list-style-type: none"> 1. The Statement of Comprehensive Income demonstrates the AMFRTF continues to be self-sustaining with a profit of \$178,693 for the reporting period. 2. There are no non-compliant findings on governance and legislative requirements for the reporting period. 3. Interest income on investment of \$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 \$2,881,759 and earns interest between 0.3% - 0.85% p.a. 4. Trustees approved \$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 attached financial statements for the year ended 30 June 2021 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.

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



W.B. Stothart, DSC, AM, CSC
Brigadier
Chair of Trustees

Date: 30th July 2021



C. Kelly, CSC, CSM
Lieutenant Colonel
Trustee

Date: 30th July 2021



Y. Ku
Ms.
Fund Secretary

Date: 30 July 2021



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 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 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 2021 and for the year then ended:

- Statement by the Trustees and Fund Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; 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 2021 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 identified above 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 Trustees are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Entity's ability 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 Trustees are 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; and
- 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
Senior Director
Delegate of the Auditor-General

Canberra
30 July 2021

CONTENTS	Page
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Primary financial statements

Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Cash Flow Statement	16

Overview

Australian Military Forces Relief Trust Fund	17
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Notes to the financial statements:

1. Financial Performance

1.1 Expenses	18
1.2 Own-Source Income	19

2. Financial Position

2.1 Financial Assets	20
2.2 Non-Financial Assets	21
2.3 Payables	21

3. People and Relationships

3.1 Resources Provided Free of Charge	22
3.2 Key Management Personnel Remuneration	22
3.3 Related Party Disclosures	23

4. Managing Uncertainties

4.1 Financial Instruments	24
4.2 Contingent Assets and Liabilities	25

5. Other Information

5.1 Current/non-current distinction for assets and liabilities	26
5.2 Economic Dependency	26

Appendix A - List of Requirements

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	164,374	165,147
Suppliers	1.1B	69,686	38,407
Grants	1.1C	13,222	2,885
Loss from loan re-measurement	1.1D	217,065	336,060
Total expenses		464,347	542,499
Own-Source Income			
Own-source revenue			
Loans revenue	1.2A	94,483	126,195
Interest	1.2B	278,999	486,656
Resources received free of charge	1.2C	164,374	165,147
Other income	1.2D	100,348	24,601
Total own-source revenue		638,204	802,599
Gains			
Reversal of write-downs and impairment	1.2E	4,836	10,800
Total gains		4,836	10,800
Total own-source income		643,040	813,399
Surplus		178,693	270,900
Total comprehensive income		178,693	270,900

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 2021

	Notes	2021 \$	2020 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	3,732,444	2,946,067
Loans and other receivables	2.1B	2,531,558	3,148,654
Total financial assets		6,264,002	6,094,721
Non-financial assets			
Prepayments	2.2A	277	277
Total non-financial assets		277	277
Total assets		6,264,279	6,094,998
LIABILITIES			
Payables			
Suppliers	2.3A	10,828	20,240
Total payables		10,828	20,240
Total liabilities		10,828	20,240
Net assets		6,253,451	6,074,758
EQUITY			
Retained surplus		6,253,451	6,074,758
Total equity		6,253,451	6,074,758

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 2021

	Retained earnings		Total equity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Opening balance				
Balance carried forward from previous period	6,074,758	5,803,858	6,074,758	5,803,858
Comprehensive income				
Surplus for the period	178,693	270,900	178,693	270,900
Total comprehensive income	178,693	270,900	178,693	270,900
Closing balance as at 30 June	6,253,451	6,074,758	6,253,451	6,074,758

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 2021

	Notes	2021 \$	2020 \$
OPERATING ACTIVITIES			
Cash received			
Loan repayments from members		3,258,971	3,769,308
Interest		278,311	505,776
Donations		100,348	24,401
Loan overpayments		5,450	2,600
Total cash received		3,643,080	4,302,085
Cash used			
Loans provided to members		2,756,030	3,600,500
Grants		13,222	2,885
Audit fees		30,580	20,240
Suppliers (including contract labour)		48,646	17,125
Loan refunds		8,200	5,587
Bank fees		25	987
Total cash used		2,856,703	3,647,324
Net cash from operating activities		786,377	654,761
Net increase in cash held		786,377	654,761
Cash and cash equivalents at the beginning of the reporting period		2,946,067	2,291,306
Cash and cash equivalents at the end of the reporting period	2.1A	3,732,444	2,946,067

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

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:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b. Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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.

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.

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.

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 2021	
1.1: Expenses		

	2021 \$	2020 \$
1.1A: Employee benefits		
Wages and salaries received free of charge	<u>164,374</u>	<u>165,147</u>
Total employee benefits	<u>164,374</u>	<u>165,147</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: Suppliers

Goods and services supplied or rendered

General expenses	298	1,028
Contract labour	42,860	-
Consultants expenses - website	2,063	2,475
Audit fees	20,680	20,240
Insurance expense	2,973	2,656
Printing	787	733
Computer expenses	-	10,288
Bank charges	25	987
Total suppliers	<u>69,686</u>	<u>38,407</u>

1.1C: Grants

Hardship Grants	<u>13,222</u>	<u>2,885</u>
Total grants	<u>13,222</u>	<u>2,885</u>

Accounting Policy

Competitive Neutrality

The AMFRTF was established to provide benefits to eligible persons and does not carry out Government business activities on a commercial basis nor operate in a competitive, or potentially competitive, environment. Therefore it is not required to make Australian Income Tax Equivalent payments to the Government.

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.

1.1D: Losses from Loan Re-measurement

Losses from initial recognition of loans at fair value	<u>217,065</u>	<u>336,060</u>
Total losses from loan re-measurement	<u>217,065</u>	<u>336,060</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 Income Statement. Subsequently, loans are carried at amortised cost. Refer also to note 2.1B.

1.2: Own-Source Income

	2021 \$	2020 \$
1.2A: Loans Revenue		
Members fund maintenance contribution	<u>94,483</u>	<u>126,195</u>
Total loans revenue	<u>94,483</u>	<u>126,195</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. Loan interest is then recognised based on the fair value of the loan (adjusted for the maintenance contribution) using the effective interest rate method.

1.2B: Interest

Investments	22,686	35,365
Loan interest	252,647	447,502
Bank accounts	<u>3,666</u>	<u>3,789</u>
Total interest	<u>278,999</u>	<u>486,656</u>

Accounting Policy

Interest revenue is recognised using the effective interest method.

1.2C: Resources Received Free of Charge

Salaries	<u>164,374</u>	<u>165,147</u>
Total resources received free of charge	<u>164,374</u>	<u>165,147</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	79,156	24,401
Military Army Shop contributions	21,192	-
Miscellaneous	<u>-</u>	<u>200</u>
Total other income	<u>100,348</u>	<u>24,601</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 losses	<u>4,836</u>	<u>10,800</u>
Total reversals of previous asset write-downs and impairments	<u>4,836</u>	<u>10,800</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.

2.1: Financial Assets

	2021 \$	2020 \$
2.1A: Cash and Cash Equivalents		
Cash at bank and on hand	227,113	316,400
Cash management call account	623,573	865,756
Term deposits	2,881,758	1,763,911
Total cash and cash equivalents	3,732,444	2,946,067

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	2,558,279	3,190,760
Accrued interest	9,294	8,606
Total loans and other receivables (gross)	2,567,573	3,199,366
Less: Impairment allowance	(36,015)	(50,712)
Total loans and other receivables (net)	2,531,558	3,148,654

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

Accounting Policy

Loans and Receivables

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.

Reconciliation of the Impairment Allowance

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)

Movements in relation to 2020

	Loans	Total
	\$	\$
As at 1 July 2019	(74,643)	(74,643)
Bad debts written off	13,130	13,130
Amounts recovered and reversed	16,969	16,969
Increase recognised in net surplus	(6,168)	(6,168)
Total as at 30 June 2020	(50,712)	(50,712)

Accounting Policy

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

2.2: Non-Financial Assets

	2021	2020
	\$	\$
2.2A: Prepayments		
Prepayments	277	277
Total prepayments	277	277

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

2.3: Payables

	2021	2020
	\$	\$
2.3A: Suppliers		
Trade creditors and accruals	10,828	20,240
Total Suppliers	10,828	20,240

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.

	<u>2021</u>	<u>2020</u>
Full time equivalent (FTE) staff received free of charge	2	2

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.

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 W. STOTHART	Chair	21/01/2019	
Mr T. HEENAN	Trustee	02/06/2011	
Captain D. KHANENKOV	Trustee	01/06/2017	
Warrant Officer Class One K. BULLMAN	Trustee	20/08/2018	01/12/2020
Warrant Officer Class One M. BATES	Trustee	20/08/2018	
Lieutenant Colonel C. KELLY	Trustee	11/01/2019	
Warrant Officer Class One R. Sheppard	Trustee	23/05/2021	

Key management personnel remunerations excludes the remuneration and other benefits of the Minister for Defence and the Minister for Veterans' Affairs and 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	

	2021 \$	2020 \$
4.1A: Categories of Financial Instruments		
Financial Assets at amortised cost		
Cash and cash equivalents	3,732,444	2,946,067
Loans and receivables	2,531,558	3,148,654
Total financial assets at amortised cost	6,264,002	6,094,721
Financial Liabilities at amortised cost		
Trade creditors and accruals	10,828	20,240
Total financial liabilities at amortised cost	10,828	20,240

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.
<u><i>Financial Assets at Amortised Cost</i></u>
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.
<u><i>Effective Interest Method</i></u>
Income is recognised on an effective interest rate basis except for financial assets at fair value through profit or loss.
<u><i>Impairment of Financial Assets</i></u>
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.
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'.
<u><i>Financial Liabilities at Fair Value Through Profit or Loss</i></u>
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.

4.1: Financial Instruments continued

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).

	2021	2020
	\$	\$

4.1B: Net Gains and Losses from Financial Assets

Financial assets at amortised cost

Cash and cash equivalents		
Bank interest revenue	26,352	39,154
Net gain from cash and cash equivalents	26,352	39,154

Loans and receivables

Members contributions on loans	94,483	126,195
Loan interest revenue	252,647	447,502
Loss on initial recognition of loans on receivables at fair value	(217,065)	(336,060)
Net gain from loans and receivables	130,065	237,637
Net gain on financial assets at amortised cost	156,417	276,791

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

	2021 \$	2020 \$
Assets expected to be recovered in no more than 12 months:		
Cash and cash equivalents	3,732,444	2,946,067
Loans and other receivables	1,943,771	2,512,936
Prepayments	277	277
Total no more than 12 months	5,676,492	5,459,280
Assets expected to be recovered in more than 12 months:		
Loans and other receivables	587,787	635,718
Total more than 12 months	587,787	635,718
Total assets	6,264,279	6,094,998
Liabilities expected to be settled in no more than 12 months:		
Suppliers	10,828	20,240
Total no more than 12 months	10,828	20,240
Total more than 12 months	-	-
Total liabilities	10,828	20,240

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)	3	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)	13	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

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(j)	4	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	3	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
17BE(ka)	22	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)	5	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

PGPA Rule Reference	Part of Report	Description	Requirement
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)	9	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
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)	N/A	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)	22	Information about executive remuneration	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BF		Disclosure requirements for government business enterprises	
17BF(1)(a)(i)	N/A	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	If applicable, mandatory
17BF(1)(b)	N/A	Information on dividends paid or recommended	If applicable, mandatory
17BF(1)(c)	N/A	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
17BF(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory