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**Australian  
Military Forces  
Relief Trust Fund**

**Annual Report  
2018 - 2019**

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**Trustees**  
**Of the**  
**Australian Military Forces Relief Trust Fund**  
**As of**  
**30 June 2019**

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

Warrant Officer Class One K. BULLMAN, OAM

Warrant Officer Class One M. BATES

Captain D. KHANENKOV

Major C. KELLY, CSM

Mr T. HEENAN

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## **AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND SEVENTY-ONE ANNUAL REPORT**

Minister for Veterans 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 30<sup>th</sup> June 2019 (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 and Defence Personnel.

The Minister for Veterans 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*, 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 April 2019.

## Work Health and Safety

The Trustees and all those who assist the Trustees are either members of the Army or the Australian Public Service (APS), and undertake their duties as part of their service in the Army or 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 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.

## 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.

## Trustees attendances at Board meetings

Name	Position	Meetings Eligible to Attend	Meetings Attended	Remarks
BRIG L. WILTON	Chair of Trustees	2	2	Resigned 21 Jan 2019
BRIG W. STOTHART	Chair of Trustees	1	1	Appointed 21 Jan 2019
MR T. HEENAN	Trustee	3	3	Appointed 02 Jun 2011
MAJ J. DENTON	Trustee	2	2	Resigned 31 Dec 2019
WO1 K. BULLMAN	Trustee	3	3	Appointed 20 Aug 2018
WO1 M. BATES	Trustee	3	2	Appointed 20 Aug 2018
CAPT D. KHANENKOV	Trustee	3	3	Appointed 1 Jun 2017
MAJ C. KELLY	Trustee	1	1	Appointed 11 Jan 2019
MS M. HANNAFORD	Trustee	0	0	Resigned 06 Sep 2018

## **Board Members during 2018 -19**

### Brigadier L. Wilton, AM

Brigadier Leigh Wilton graduated from the Royal Military College, Duntroon, to the Royal Australian Army Ordnance Corps (RAAOC) in 1991. Her early appointments included regimental and staff positions as a supply officer, and as a project manager involved in the enhancement of the Standard Defence Supply System.

Brigadier Wilton's command experience includes a posting as the Officer Commanding Supply Company, 7th Combat Service Support Battalion and, being appointed as the inaugural Commanding Officer/Chief Instructor of the Army School of Ordnance.

Brigadier Wilton has held a range of staff appointments at both Lieutenant Colonel and Colonel. She has held positions as the Senior Officer Manager within the Career Management Agency, Directing Staff at both the Australian Command and Staff College (ACSC) and the Centre for Defence and Strategic Studies (CDSS), and as the Chief of Staff for Headquarters 633 – Afghanistan, and Chief of Staff for Army Headquarters.

Brigadier Wilton is a graduate of ACSC and CDSS. She holds a Master of Arts in Strategic Studies, a Masters of Management, a Bachelor of Business and a Graduate Diploma in Information Systems. Brigadier Wilton has also completed the Australian Institute of Company Directors Course.

Brigadier Wilton was appointed as the Director General Personnel – Army in 2016. In this role she also holds the appointment as Deputy Head Army People, and was recently recognised for her work by being awarded the Member of the Order of Australia (AM) on the Queen's Birthday 2018.

### Brigadier W.B. Stothart, DSC, AM, CSC

Brigadier Wade Stothart joined the Army in 1987 and graduated from the Australian Defence Force Academy (ADFA) with a Bachelor of Arts in 1989. He graduated from the Royal Military College (RMC) in 1990 and was commissioned to infantry and posted to the 3<sup>rd</sup> Battalion, the Royal Australian Regiment (3 RAR). Brigadier Stothart has served in a variety of regimental and training positions. He served as a Company Commander in 1 RAR in 2000/01 and had the honour to command 3 RAR, 'Old Faithful', in 2008/09.

Operational service has included a tour in Bosnia 1997/98 as part of the NATO Stabilisation Force (SFOR). He deployed to East Timor as a Company Commander with 1 RAR in 2000/01 and returned in 2008, with the majority of 3 RAR, in command of the ANZAC Battle Group. In July 2013 Brigadier Stothart deployed to Afghanistan as Commander Combined Team – Uruzgan (CT-U) until its end of mission on 15 December 2013. During this tour he was responsible for the transfer of responsibility for security in Uruzgan Province to the Afghan National Security Forces and the withdrawal of Coalition Forces. Brigadier Stothart is currently deployed to the Middle East as the CJ5 in the Headquarters of the Combined Joint Task Force - Operation Inherent Resolve, based in Kuwait.

Staff appointments have included Strategic Operations Division, Personnel Branch, Future Land Warfare Branch and Chief of Staff Branch in Army Headquarters. In 2006 Brigadier Stothart was the Staff Officer Policy to the Chief of the Defence Force and in 2010 he was the Military Assistant to Commander Forces Command. He was appointed as the Director of Officer Career Management - Army, on promotion to Colonel, in 2011. In March 2015 he was promoted to Brigadier and took

up the role of Director General Career Management - Army. He will take up his next appointment as Director General Army People Capability in February 2019.

Brigadier Stothart completed a Master of Arts in International Relations from Deakin University in 2001. During his attendance at the Australian Command and Staff College course in 2002 he completed a Masters of Management through the University of Canberra, and for his performance at Staff College was awarded the Governor General's Prize. Brigadier Stothart attended the Centre for Defence Studies in 2014 and completed a Masters of Politics and Policy from Deakin University and was awarded the Vice Chief of the Defence Force Prize. On Australia Day 2013, Brigadier Stothart was appointed a Member of the Order of Australia for his service to Army in command and staff appointments. On Australia Day 2015, he was awarded a Distinguished Service Cross for distinguished command and leadership as Commander Combined Team - Uruzgan. On the Queen's Birthday in 2018 Brigadier Stothart was awarded a Conspicuous Service Cross for his contribution to Army people capability.

He has been married to Susan for 19 years and they have been blessed with two sons, Hugh (16) and Owen (14). Brigadier Stothart's interests include reading, current affairs and being actively involved in his sons sporting and school communities. He is a keen supporter of Australian Rules Football and supports Richmond.

#### Major J. Denton

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

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

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

Major Denton is currently on a fixed period of service and her current posting is as Staff Officer Grade 2 Workforce Supply (ARA) in Army HQ.

#### Mr T. Heenan

Tim graduated from the Officer Cadet School Portsea in December 1978 into the Royal Australian Infantry. He served a variety of regimental and non-corps postings with 5/7 RAR and various training and headquarters units. In 1990 he undertook Technical Staff Officer training at the Royal Military College of Science, Shrivenham UK, and in 1993 he attended the Army Command and Staff Course at Queenscliff.

During his later tenure with the ADF he served in Force Development (Land) within Headquarters ADF, and from 1997-1999 served as Project Manager of the Ground Surveillance Radar program within Project NINOX.

Tim left the Army in March 2000 to join the Defence Materiel Organisation (DMO), initially to coordinate DMO input into the ongoing review of the Capability Life Cycle Management Handbook and then to coordinate development of the Naval Shipbuilding and Repair Sector Strategic Plan submitted to Government in mid 2002.

In August 2002, Tim took up a three year exchange posting within the Office of the US Under Secretary of Defence (Acquisition, Technology & Logistics) located within the Pentagon.

In April 2006 Tim was seconded to the ADF's Counter Improvised Threat Task Force, precursor to his current position within the JCIT TF. In this role he has been responsible for developing and implementing Defence's bilateral and multilateral Improvised Threat information sharing framework and related strategic policy documentation. In this capacity he continues to maintain close linkages with Defence military personnel deployed on operations.

#### Captain D. Khanenkov

Captain Dmitry Khanenkov was born in Volgograd, Russia, on 16 May 1986. He migrated to Australia in 2008, and acquired Australian citizenship in July 2014.

Captain Khanenkov enlisted in the Australian Regular Army on 30 June 2015 and was posted to Headquarters Army Financial Services Unit. In 2016 he was posted to the Operations Cell of the Army Compliance and Assurance Unit. In January 2019 Captain Khanenkov was posted to Resource Management —Army cell of Directorate of Preparedness in Land Operations Branch of Army Headquarters.

Captain Khanenkov is a member of the Audit Committee of Army Relief Trust Fund.

Captain Khanenkov has a Bachelor of Economics and Graduate Diploma of Accounting; and also holds associate membership with CPA. He is currently studying a Masters of Strategic People Management at the Australian Defence Force Academy.

#### Ms M. Hannaford

Michelle Hannaford commenced with the Department of Defence as a public servant in 2007, and has held various finance and specialist human resource roles across Army. Michelle is currently the Staff Officer Cultural Renewal – Army.

Michelle has worked across a wide range of Army's personnel areas including the Directorate of Officer Career Management, Directorate of Reserve Career Management, and the Career Management Executive. In 2012, Michelle transferred to Director General Personnel – Army to undertake specialist Human Resources functions in the field of organisational change as the Staff Officer Diversity – Army and most recently as the Staff Officer Cultural Renewal – Army. In 2015, Michelle also spent time on secondment to Defence People Group in the Organisational Development Unit as the Assistant Director – Pathway to Change. Prior to her career in Defence, Michelle gained qualifications as an embalmer completing ten years in the funeral industry across a range of operational and managerial roles.

Michelle holds a Bachelor of Business with Distinction and a Masters of Terrorism and Security.

#### Warrant Officer Class One MJ Bates

Warrant Officer Michael Bates enlisted in the Australian Regular Army on 9 March 1988. After recruit training he was allocated to the Royal Australian Engineers and posted to 7th Field Squadron in Enoggera, QLD.

After deploying to Namibia in 1989 he was posted to 18th Field Squadron in Townsville, QLD. After completing six years at 18th Field Sqn and later 3rd Combat Engineer Regiment he was posted to the School of Military Engineering as an instructor.

Warrant Officer Bates has had further deployments to Kuwait, East Timor, IRAQ, Timor Leste and the Solomon Islands. In Dec 2007 he posted to the Counter Explosive Hazards Centre in Fort Leonard Wood, Missouri, USA for 24 months.

Upon his return from the USA, he was promoted to Warrant officer Class One and appointed as the Regimental Sergeant Major of 21st Construction Regiment. During his tenure at 21st

Construction Regiment Warrant Officer Bates deployed to CTF635 Operation Anode-Solomon Islands as the Regimental Sergeant Major for that Task Force. In 2014 he was appointed the Regimental Sergeant Major of 3rd Combat Engineer Regiment and in his second year deployed to Vanuatu as part of Operation Pacific Assist.

In January 2016 Warrant Officer Bates was appointed as the Career Advisor for Combat Engineer and Explosive Ordnance Disposal trades. As of January 2018 he was appointed as the Regimental Sergeant Major Ceremonial – Army.

#### Warrant Officer Class One Ken Bullman, OAM

Warrant Officer Class One Ken Bullman was born in 1966 and raised in Sydney until enlisting in the Australian Regular Army in March 1984. After graduating from Kapooka, he was allocated to the Royal Australian Infantry Corps and initially served in the 3rd Battalion, the Royal Australian Regiment until transferring to the Royal Australian Corps of Military Police in 1988.

Warrant Officer Bullman was posted to numerous domestic and field policing units in Sydney, Brisbane, Wagga Wagga, Bandiana, and Townsville including an instructional posting at the Australian Defence Force Academy Canberra.

After successful completion of the Regimental Sergeant Major Course he advanced to the rank of Warrant Officer Class One and commenced his regimental appointments in 2006 as the Regimental Sergeant Major of the 1st Military Police Battalion followed by the Regimental Sergeant Major of the Defence Police Training Centre in 2008.

In 2010, Warrant Officer Bullman graduated from the Australian Command and Staff College Canberra. This saw the commencement of his formation level appointments as the Regimental Sergeant Major of the Royal Military College Duntroon in 2011, the Royal Military College of Australia in 2012 and the 4th Brigade in 2015. In 2017, he was appointed as the Command Sergeant Major of Training and Doctrine Forces Command.

In August 2018, Warrant Officer Bullman commenced his current appointment as the Regimental Sergeant Major Career Management Army and continues to hold the appointment as Corps Regimental Sergeant Major of the Royal Australian Corps of Military Police.

Overseas representational duties have included exchange and regimental duties in the United Kingdom, New Zealand, Papua New Guinea, France and Belgium.

Operational experience includes *Operation Relex II* Border Control operations in 2002; *Operation Bel Isi* Bougainville in 2003; *Operation Catalyst* Iraq in 2005; and *Operation Slipper* Afghanistan in 2013-14.

He was awarded the Medal of the Order of Australia (OAM) in the 2008 Queen's Birthday Honours List for meritorious service during successive appointments within the 1st Military Police Battalion. In the 2012 Bravery Council Honours List he was awarded the Commendation for Brave Conduct for his role in a building fire at the Royal Military College Duntroon. In 2014 he was awarded the United States Bronze Star Medal for meritorious service during Operation Enduring Freedom with the 205th Coalition Advisory Team and the US 4th Infantry Division Afghanistan.

Warrant Officer Bullman is married to Valda and together has three children Kristy, Gareth and Dael who are all serving soldiers in the Australian Regular Army.



Major Caroline Lee Kelly, CSM

Major Kelly entered the Australian Defence Force Academy in 1991 and graduated with a Bachelor of Arts (Economics) in 1993. She subsequently graduated from the Royal Military College in 1994 into the Royal Australian Army Ordnance Corps. Postings as a Lieutenant include South Queensland Logistic Group, as the Administration Officer, and the 3<sup>rd</sup> Brigade Administrative Support Battalion as the Pl Commander of the Supply and Combat Supply Platoons.

In 1998, Major Kelly was promoted to Captain and posted to Headquarters 5<sup>th</sup> Brigade as the Staff Officer Grade 3 Personnel and Logistics. During this posting Major Kelly acted as the Divisional Adjutant Quarter Master General of the 5th Brigade and was awarded a Commander 2nd Division commendation. At the conclusion of this posting, Major Kelly transferred to the Army Reserve to concentrate on raising her family.

During the period 2006-2009, Major Kelly undertook project work in Unrecovered War Casualties – Army (UWC-A) where she worked to locate, identify, repatriate and reinter the remains of soldiers from past conflicts. Major Kelly was awarded a Conspicuous Service Medal in the 2009 Queens Birthday Honours for her work during this period.

In June 2013, Major Kelly was promoted to Major upon re-enlistment into the Australian Regular Army and worked in Post Group of the Directorate of Career Management - Army. For her work in this role, Major Kelly was awarded a Deputy Chief of Army commendation.

After completing a Master of Business full time in 2016, Major Kelly has been employed in the Directorate of Personnel – Army in the Culture and Diversity section of Workforce Strategy – Army.

She is married to David, a serving Army Officer, and has two children aged 17 and 18.

### Loans assistance provided

The Fund has provided loan assistance totalling \$77,970,853 to serving members since its inception. Loan assistance provided by the Fund in the last 10 years is as follows:

Reporting periods	Amounts loaned \$	Loan numbers
1 July 2009 to 30 June 2010	2,980,905	584
1 July 2010 to 30 June 2011	2,873,960	549
1 July 2011 to 30 June 2012	3,097,400	586
1 July 2012 to 30 June 2013	2,971,664	640
1 July 2013 to 30 June 2014	3,530,420	791
1 July 2014 to 30 June 2015	3,476,200	757
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

### Grants assistance provided

The Fund has provided grant assistance totalling \$107,595 to eligible members and persons since its inception. This includes an approximate total of 1,903 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire, drought and flood relief to the purchase of medical equipment to helping with general living expenses.

The Fund has also made a practice of converting outstanding loan balances owing by deceased members to grants. In this reporting period, no loans were converted to a grant.

Two hardship grants to the value of \$3,843 were provided to support a former Army member for medical assistance and a current member's dependents during the reporting period.

### Conclusion

The Trustees are responsible, under the PGPA Act, for the preparation and content of the report of operations in accordance with the *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 Trustees

19<sup>th</sup> August 2019



D Khanenkov  
Captain  
Audit Committee

19 August 2019

## ANNUAL PERFORMANCE STATEMENT 2018-19

### 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 2018-19 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 2018-19.

### Results

<b>Performance criterion</b>		
Provide financial assistance to members of the Army through the provision of low cost and affordable loans.		
<b>Criterion source</b>		
AMFRTF Corporate Plan 2018-19 Activity 1		
<b>Results</b>		
1. Funds disbursed within the guidance annual budget \$4.160m.		
2. Number and types of loans are in scope. The following table shows the analysis of loan funds for the year ended 30 June 2019:		
<b>Loan Type</b>	<b>Numbers of loans</b>	<b>Amounts \$</b>
Debt consolidation	192	911,600
Dental	13	54,800
Education	26	114,200
Funeral expenses	10	42,900
Furniture / household needs	129	607,400
Housing purchase / repair / moving	93	450,000
Legal	43	200,500
Medical	48	204,450
Other - multi types	78	358,000
Travel	34	164,000
Vehicle repair / purchase	180	847,900
Wedding / engagement	38	188,000
<b>Total</b>	<b>884</b>	<b>4,143,750</b>

3. The target of greater than 75% 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 2019:

<b>Ranks</b>	<b>Loans %</b>	<b>Amounts \$</b>
Private	45	1,894,750
Lance Corporal	8	334,500
Corporal	22	901,400
Sergeant	12	466,100
Warrant Officer	6	239,500
Lieutenant	1	54,000
Captain	4	153,100
Major	2	90,400
Lieutenant Colonel	0	10,000
<b>Total</b>	<b>100</b>	<b>4,143,750</b>

<b><i>Performance criterion</i></b> Provide financial assistance to former members or dependants in financial and necessitous circumstances through hardship grants.
<b><i>Criterion source</i></b> Corporate Plan 2018-19 Activity 2
<b><i>Results</i></b> A total of \$3,843 was funded under hardship grants in this reporting period. These grants were within the approach to the strategic direction of the Board. Two hardship grants were provided to support a former Army member for medical assistance and a grant paid to cover expenses on behalf of dependants of a serving member during the reporting period.

<b><i>Performance criterion</i></b> 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.
<b><i>Criterion source</i></b> Corporate Plan 2018-19 Activity 3
<b><i>Results</i></b> <ol style="list-style-type: none"> <li>1. The Statement of Comprehensive Income demonstrates the AMFRTF continues to be self-sustaining with a profit of \$165,730 for the reporting period.</li> <li>2. There are no non-compliant findings on governance and legislative requirements for the reporting period.</li> <li>3. Interest income on investment of \$49,746 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 \$1,909,427 and earns interest between 2.40% -2.85% p.a.</li> <li>4. Trustees approved \$16,280 of bad and doubtful debts to be written off. This was within the acceptable less than 1% range of the total debtor control.</li> </ol>



## 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 for the year ended 30 June 2019:

- (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 Australian Military Forces Relief Trust Fund as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Military Forces Relief Trust Fund, which I have audited, comprise the following statements as at 30 June 2019 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 Australian Military Forces Relief Trust Fund 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* (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 2019 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 Australian Military Forces Relief Trust Fund 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 that Act. The Trustees are also responsible for such internal control as the Trustees determines 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 Australian Military Forces Relief Trust Fund'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**

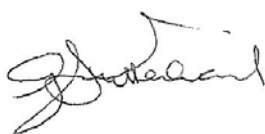
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 those charged with governance 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



Garry Sutherland  
Audit Principal  
Delegate of the Auditor-General  
Canberra  
19 August 2019

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**Appendix A - List of Requirements**

## 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 2019 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 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.



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

19<sup>th</sup> August 2019



D. KHANENKOV  
Captain  
Audit Committee

19 August 2019



Y. Ku  
Ms.  
Fund Secretary

19 August 2019



## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Statement of Comprehensive Income

for the period ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	168,732	143,273
Suppliers	1.1B	45,604	44,022
Grants	1.1C	3,843	22,419
Write-down and impairment of assets	1.1D	10,684	6,971
Loss from loan re-measurement	1.1E	428,934	423,432
<b>Total expenses</b>		<b>657,797</b>	<b>640,117</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	1.2A	166,184	154,922
Interest	1.2B	485,107	456,738
Resources received free of charge	1.2C	168,732	132,490
Other revenue	1.2D	3,504	276,477
<b>Total own-source revenue</b>		<b>823,527</b>	<b>1,020,627</b>
<b>Net surplus</b>		<b>165,730</b>	<b>380,510</b>
<b>Total comprehensive income</b>		<b>165,730</b>	<b>380,510</b>

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 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2.1A	2,291,306	2,185,983
Trade and other receivables	2.1B	3,532,460	3,464,260
<b>Total financial assets</b>		<b>5,823,766</b>	<b>5,650,243</b>
<b>Non-financial assets</b>			
Prepayments	2.2A	332	885
<b>Total non-financial assets</b>		<b>332</b>	<b>885</b>
<b>Total assets</b>		<b>5,824,098</b>	<b>5,651,128</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	2.3A	20,240	13,000
<b>Total Payables</b>		<b>20,240</b>	<b>13,000</b>
<b>Total Liabilities</b>		<b>20,240</b>	<b>13,000</b>
<b>Net assets</b>		<b>5,803,858</b>	<b>5,638,128</b>
<b>EQUITY</b>			
Retained surplus		5,803,858	5,638,128
<b>Total equity</b>		<b>5,803,858</b>	<b>5,638,128</b>

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

## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Statement of Changes in Equity

as at 30 June 2019

	Retained earnings		Total equity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Opening balance</b>				
Balance carried forward from previous period	<b>5,638,128</b>	5,257,618	<b>5,638,128</b>	5,257,618
<b>Adjusted opening balance</b>	<b>5,638,128</b>	5,257,618	<b>5,638,128</b>	5,257,618
<b>Comprehensive income</b>				
Surplus for the period	<b>165,730</b>	380,510	<b>165,730</b>	380,510
<b>Total comprehensive income</b>	<b>165,730</b>	380,510	<b>165,730</b>	380,510
<b>Closing balance as at 30 June</b>	<b>5,803,858</b>	5,638,128	<b>5,803,858</b>	5,638,128

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

## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Cash Flow Statement

for the period ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Repayment of loans		3,792,102	3,654,998
Interest		481,301	448,833
Donations		1,295	275,933
Loans overpayment & others		18,839	34,187
<b>Total cash received</b>		<b>4,293,537</b>	<b>4,413,951</b>
<b>Cash used</b>			
Issue of new loans		4,143,750	4,146,350
Grants		3,843	12,500
Suppliers		36,072	46,617
Loans refund		2,810	21,206
Other		1,739	1,620
<b>Total cash used</b>		<b>4,188,214</b>	<b>4,228,293</b>
<b>Net cash from / (used by) operating activities</b>		<b>105,323</b>	<b>185,658</b>
<b>Net increase / (decrease) in cash held</b>		<b>105,323</b>	<b>185,658</b>
Cash and cash equivalents at the beginning of the reporting period		2,185,983	2,000,325
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>2,291,306</b>	<b>2,185,983</b>

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

## OVERVIEW

The AMFRTF is a Corporate Commonwealth Entity. It is a not-for-profit entity. The AMFRTF was established by the *Services Trust Funds Act 1947*. The Act provides that the Trustees shall, subject to and in accordance with the regulations, apply the Fund in providing benefits for members of the Defence Forces who have served in, or in association with, the Australian Army and to the dependants of such members. The AMFRTF does not receive nor is it reliant on the Australian Government for funding.

### **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.

### **Comparative Information**

In the current year, the AMFRTF has reclassified donation income in the Cash Flow Statement as part of operating activities. These amounts were previously reflected as cash flows from financing activities. The AMFRTF has also reclassified the Bad & doubtful debt recoveries previously disclosed in Note 1.2A to reduce the impairment expense at Note 1.1D.

### **New Accounting Standards**

#### *Adoption of New Australian Accounting Standard Requirements*

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

The AMFRTF has applied the requirements of AASB 9 Financial Instruments from 1 July 2018. As a result, the AMFRTF has revisited the recognition and measurement requirements for its financial instruments including loans outstanding. Management has assessed that the implementation of this new standard did not have a material effect on the financial statements at this date. All other new /revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the AMFRTF's financial statements.

#### *Future Australian Accounting Standard Requirements*

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period(s) are not expected to have a future material impact on the AMFRTF's 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 2019

### 1.1: Expenses

	2019	2018
	\$	\$
<b>1.1A: Employee Benefits</b>		
Wages and salaries	<u>168,732</u>	<u>143,273</u>
<b>Total employee benefits</b>	<b><u>168,732</u></b>	<b><u>143,273</u></b>

#### Accounting Policy

AMFRTF receives resources free of charge in the form of staffing support from the Department of Defence. These amounts are recorded within wages and salaries expenses and the associated revenue is recorded at note 1.2C.

### 1.1B: Suppliers

General expenses	366	865
Consultants expenses - website	7,304	15,166
Audit fees	21,540	21,591
Insurance expense	2,597	2,404
Printing	709	2,376
Computer expenses	1,185	-
Bank charges	1,739	1,620
Legal fees	<u>10,164</u>	<u>-</u>
<b>Total suppliers</b>	<b><u>45,604</u></b>	<b><u>44,022</u></b>

### 1.1C: Grants

Grants	<u>3,843</u>	<u>22,419</u>
<b>Total grants</b>	<b><u>3,843</u></b>	<b><u>22,419</u></b>

### 1.1D: Write-Down and Impairment of Assets

Impairment of assets	<u>10,684</u>	<u>6,971</u>
<b>Total write-down and impairment of assets</b>	<b><u>10,684</u></b>	<b><u>6,971</u></b>

#### 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.

### 1.1E: Losses from Loan Re-measurement

Losses from initial recognition of loans at fair value	<u>428,934</u>	<u>423,432</u>
<b>Total losses from loan re-measurement</b>	<b><u>428,934</u></b>	<b><u>423,432</u></b>

#### 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 Revenue

	2019	2018
	\$	\$
<b>Own-Source-Revenue</b>		
<b>1.2A: Sale of Goods and Rendering of Services</b>		
Members fund maintenance contribution	147,646	141,781
Military Army Shop contributions	<u>18,538</u>	<u>13,141</u>
<b>Total sale of goods and rendering of services</b>	<b><u>166,184</u></b>	<b><u>154,922</u></b>

### Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the AMFRTF retains no managerial involvement or effective control over the goods;

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Impairment of any debts is reviewed at end of the reporting period.

### *Other Types of revenue*

A charge is recovered from loan applicants to help defray administrative expenses and to provide growth in the AMFRTF. These member contributions are recognised as income in the year the loan is made and form part of the outstanding loan amount.

## 1.2B: Interest

Investments	49,746	43,119
Loan interest	432,389	408,610
Bank accounts	<u>2,972</u>	<u>5,009</u>
<b>Total interest</b>	<b><u>485,107</u></b>	<b><u>456,738</u></b>

### Accounting Policy

Interest revenue is recognised using the effective interest method.

## 1.2C: Resources Received Free of Charge

Salaries	<u>168,732</u>	<u>132,489</u>
<b>Total resources received free of charge</b>	<b><u>168,732</u></b>	<b><u>132,489</u></b>

### 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.

## 1.2D: Other Revenue

Donations	1,295	275,933
Miscellaneous	<u>2,209</u>	<u>544</u>
<b>Total Other Revenue</b>	<b><u>3,504</u></b>	<b><u>276,477</u></b>

<b>Financial Position</b>	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**

	2019	2018
	\$	\$
<b>2.1A: Cash and Cash Equivalents</b>		
Cash at bank and on hand	99,902	189,534
Cash management call account	281,977	129,013
Term deposits	1,909,427	1,867,436
<b>Total cash and cash equivalents</b>	<b>2,291,306</b>	<b>2,185,983</b>

**Accounting Policy**

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

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 9 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

**2.1B: Trade and Other Receivables**

Loans outstanding	3,579,377	3,520,578
Accrued interest	27,726	23,921
<b>Total trade and other receivables (gross)</b>	<b>3,607,103</b>	<b>3,544,499</b>
Less: Impairment allowance	(74,643)	(80,239)
<b>Total trade and other receivables (net)</b>	<b>3,532,460</b>	<b>3,464,260</b>

Loans for Army members were made under contract for a period up to two years. No security is required. Interest of 2% is charged as a management 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.

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2019**

	Loans	Total
	\$	\$
<b>As at 1 July 2018</b>	<b>(80,239)</b>	<b>(80,239)</b>
Bad debts written off	16,280	16,280
Amounts recovered and reversed	20,850	20,850
Increase recognised in net surplus	(31,534)	(31,534)
<b>Total as at 30 June 2019</b>	<b>(74,643)</b>	<b>(74,643)</b>



### Movements in relation to 2018

	Loans	Total
	\$	\$
<b>As at 1 July 2017</b>	<b>(97,639)</b>	<b>(97,639)</b>
Bad debts written off	24,372	24,372
Amounts recovered and reversed	37,575	37,575
Increase recognised in net surplus	(44,547)	(44,547)
<b>Total as at 30 June 2018</b>	<b>(80,239)</b>	<b>(80,239)</b>

#### 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

	2019	2018
	\$	\$
<b>Intangibles</b>		
Web site at cost	67,000	67,000
Accumulated amortisation	(67,000)	(67,000)
<b>Total intangibles</b>	<b>-</b>	<b>-</b>

#### Accounting Policy

The AMFRTF's intangibles comprise an externally developed website. The asset is carried at cost less accumulated amortisation. Software is amortised on a straight-line basis over its anticipated useful life.

### 2.2A: Prepayments

Prepayments	332	885
<b>Total prepayments</b>	<b>332</b>	<b>885</b>

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

### 2.3: Payables

	2019	2018
	\$	\$
<b>2.3A: Suppliers</b>		
Trade creditors and accruals	20,240	13,000
<b>Total Suppliers</b>	<b>20,240</b>	<b>13,000</b>

#### 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:

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

	<u>2019</u>	<u>2018</u>
The average staffing levels for the AMFRTF during the period	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 L. WILTON	<b>Chair</b>	28/01/2016	21/01/2019
Brigadier W. STOTHART	<b>Chair</b>	21/01/2019	
Major J. DENTON	<b>Trustee</b>	31/07/2014	31/12/2018
Warrant Officer Class One K. BULLMAN	<b>Trustee</b>	20/08/2018	
Warrant Officer Class One M. BATES	<b>Trustee</b>	20/08/2018	
Captain D. KHANENKOV	<b>Trustee</b>	01/06/2017	
Mr T. HEENAN	<b>Trustee</b>	02/06/2011	
Major C. KELLY	<b>Trustee</b>	11/01/2019	
Ms M. HANNAFORD	<b>Trustee</b>	01/06/2017	06/09/2018

Key management personnel remunerations excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's 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 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

	2019 \$	2018 \$
<b>4.1A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	2,291,306	2,185,983
Loans and receivables	3,532,460	3,464,259
<b>Total financial assets</b>	<b>5,823,766</b>	<b>5,650,242</b>
<b>Financial Liabilities</b>		
Trade creditors and accruals	20,240	13,000
<b>Total financial liabilities</b>	<b>20,240</b>	<b>13,000</b>

#### Classification of Financial assets on the date of initial application of AASB 9.

Financial asset category	Cash and cash equivalents	Loans and receivables	Total financial assets
AASB 139 classification	Held-to-maturity	Held-to-maturity	
AASB 9 new classification	Amortised Cost	Amortised Cost	
AASB 139 carrying amount at 1 July 2018	2,185,983	3,464,259	<b>5,650,242</b>
AASB 9 carrying amount at 1 July 2018	2,185,983	3,464,259	<b>5,650,242</b>

There were no changes to the carrying amounts of financial assets on the initial application of AASB 9.

#### Accounting Policy

##### Financial Assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, 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.

Comparatives have not been restated on initial application.

##### 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.

## 4.1: Financial Instruments continued

### 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.

### **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).

	2019	2018
	\$	\$

### **4.1B: Net Gains and Losses from Financial Assets**

#### **Loans and receivables**

Bank interest revenue	52,718	48,128
Members contributions on loans	147,646	141,781
Loan interest revenue	432,389	408,610
Loss on initial recognition of loans on receivables at fair value	(428,934)	(423,432)
<b>Net gain on financial assets</b>	<b>203,819</b>	<b>175,087</b>

## 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 an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

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

## Other information

### 5.1: Aggregate Assets and Liabilities

	2019	2018
	\$	\$
<b>Loans and receivables expected to be recovered in:</b>		
No more than 12 months	3,532,460	3,464,259
More than 12 months	-	-
<b>Total loans and receivables</b>	<u>3,532,460</u>	<u>3,464,259</u>
Liabilities expected to be settled in:		
No more than 12 months	20,240	13,000
More than 12 months	-	-
<b>Total liabilities</b>	<u>20,240</u>	<u>13,000</u>

### 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.

### 5.3: Segment Reporting

The AMFRTF operates across Australia and exists to provide benefits through loans and grants that contribute to the welfare of members of the Australian Army and for the dependants of these members.

## Appendix A – List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
<b>17BE</b>	<b>Contents of annual report</b>		
17BE(a)	3	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	11	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	11	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)	11	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)	4	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17BE(k)	N/A	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
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)	N/A	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



<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
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)	13	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(ta)	N/A	Information about executive remuneration	Mandatory
<b>17BF</b>	<b>Disclosure requirements for government business enterprises</b>		
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