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**Australian  
Military Forces  
Relief Trust Fund**

**Annual Report  
2011/2012**

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# Australian Military Forces Relief Trust Fund

Trustees as at 30th June 2012

Brigadier G.J. REYNOLDS, AM (Chairman of Trustees)

Lieutenant Colonel M. ZANATTA

Warrant Officer Class Two A.G.J. BARNES

Mr G.E. TYE

Mr T. HEENAN

Secretary to the Trustees: Mr P.D. ALOMES, OAM

Assistant Secretary: Mrs D.L. PERRY

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

## SIXTY FOURTH ANNUAL REPORT OF THE TRUSTEES

### REPORT OF OPERATIONS

Minister for Defence Science and Personnel

Dear Minister,

The Trustees of the Australian Military Forces Relief Trust Fund, trading as the Army Relief Trust Fund, have the honour to submit their report of operations for the year ended 30 June 2012. This report is accompanied by audited financial statements and associated notes for the period, that are an integral part of the report.

#### Enabling legislation and responsible Minister

The Australian Military Forces Relief Trust Fund was established by the *Services Trust Funds Act 1947*. In accordance with the Act, the AMFRTF provides benefits for members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members. These benefits take the form of loans, currently up to a maximum of \$6,000, and the provision of welfare grants to members and eligible persons in necessitous circumstances.

The AMFRTF operates within the Defence Portfolio, reporting to the Minister for Defence Science and Personnel (the Minister).

#### Statement of Intent

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

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

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

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

1. operates in accordance with the relevant legislation *(including the Services Trust Funds Act 1947 and the Commonwealth Authorities and Companies Act 1997)*;
2. complies with appropriate government policy, including directions made by the Finance Minister;
3. provides financial assistance to members of the Australian Army and their families whilst maintaining its financial independence from government.
4. pursues continuous improvement practices to maximise opportunities that will ensure its long term viability;
5. in response to the Minister's Statement of Expectations, provides this Statement of Intent and makes both Statements publicly available.
6. provides the Minister with quarterly and annual financial and compliance reports, with copies provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Army;
7. adopts best practice governance principles and implements risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies; and
8. identifies and manages all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise.

## Organisational structure

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

## Review of operations and future prospects

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

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

## Risk Management

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

## Reviews by outside bodies

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

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

## Trustee attendances at meetings

Name of Trustee	Position	Meetings Eligible to Attend	Meetings Attended	Remarks
BRIGADIER G.J. REYNOLDS	Chairman	4	4	Appointed 27 June 2011
LTCOL M. ZANATTA	Trustee	4	1	Appointed 10 November 2008
WO1 W.J. DEGENARO	Trustee	0	0*	Appointed 11 February 2009
WO2 A.G. J. BARNES	Trustee	4	3	Appointed 1 December 2008
WO2 I. TUOHY	Trustee	2	0**	Appointed 22 August 2011
Mr G. E. TYE	Trustee	4	4	Appointed 28 August 2005
Mr T. HEENAN	Trustee	4	2	Appointed 02 June 2011

\* Absences due illness which unfortunately resulted in WO Degenaro's passing on 27 August 2011.

\*\* Absences due to work and study commitments. WO Tuohy was fatally injured in a car accident in March 2012.

## Trustees of the Australian Military Forces Relief Trust Fund

### Brigadier G.J. Reynolds, AM

Gavan Reynolds graduated from Royal Military College in 1987. He is a graduate of the Australian Army Command and Staff College and attended the Centre for Defence and Strategic Studies in 2010. He holds a Bachelor of Arts with Honours in Geography, Master of Defence Studies and a Master of Business Administration.

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Gavan Reynolds graduated from Royal Military College in 1987. He is a graduate of the Australian Army Command and Staff College and attended the Centre for Defence and Strategic Studies in 2010. He holds a Bachelor of Arts with Honours in Geography, Master of Defence Studies and a Master of Business Administration.

Brigadier Reynolds has served in various intelligence, training and personnel positions including as the Commanding Officer of the 1st Intelligence Battalion and Director of Officer Career Management. His operational service includes the Gulf War (1990-1991), military observer with the United Nations in Lebanon and Syria, J2 on the Headquarters of Joint Task Force 633 in Iraq and most recently in Afghanistan.

Gavan was appointed as a member of the Order of Australia in 2010 for exceptional service to the Army in the fields of personnel and intelligence. He was promoted to the rank of Brigadier in September 2010 and assumed the position of Director General Personnel - Army in June 2011.

Gavan is married to Natalia, an intellectual property specialist and they have a son, Reuben.

#### **Lieutenant Colonel M. Zanatta**

Maree Zanatta was born and raised in Mareeba, Queensland. After completing her university degree, Bachelor of Business (Accounting) at the University of Central Queensland, she was employed with the Australian Taxation Office (ATO) in Brisbane. During her employment with the ATO, Maree became a Certified Practising Accountant with the Australian Society of Certified Practising Accountants.

In 1997, Maree left the ATO and was employed as an Investigative Accountant with the Queensland Police Service. While employed with the Queensland Police, Maree attained her Postgraduate Diploma of Advanced Accounting qualification.

LTCOL Zanatta transferred to the Australian Army in July 2002 where she was posted as Staff Officer Two costing at Army Headquarters, where she earned a commendation from the Chief Finance Officer. Maree also attained her Master of Commerce (Information Technology).

From Army Headquarters, Maree has worked as the Officer Commanding Deployed Forces Cash Office; the Executive Officer Deployed Forces Support Unit; Staff Officer Two Finance Headquarters Joint Operations Command and Staff Officer One Special Operations Command. During 2007-2009 LTCOL Zanatta assumed command as the Commanding Officer Army Financial Services Unit. LTCOL Zanatta has deployed to OP CITADEL and OP CATALYST.

#### **Warrant Officer Class One W.J. Degenaro, OAM**

WO1 Degenaro enlisted in the Australian Regular Army on 28<sup>th</sup> January 1975 and was allocated to the Royal Regiment of Australian Artillery on completion of recruit training. He was employed in various junior positions in gun batteries as a gun number and signaller predominately in 8th/12th Medium Regiment and 4th Field Regiment during the years 1975 to 1989. WO1 Degenaro was promoted to Lance Bombardier in 1978, Bombardier in 1979 and Sergeant in 1982.

He was promoted to Warrant Officer Class One in Jan 1996 and since that time has held the appointments of Master Gunner of Proof and Experimental Establishment, Port Wakefield, Regimental Sergeant Major of the School of Artillery, 8th/12th Medium Regiment, Australian Defence Force Ceremonial and 7th Brigade. He has also held an appointment as Career Manager for the Royal Regiment of Australian Artillery, Soldier Career Management Agency, Queenscliff.

Warrant Officer Degenaro was awarded the Medal of the Order of Australia in the Queens Birthday Honours List in 2006. His overseas experience consists of a tour of Multi-national Force and Observers, Sinai as the Regimental Sergeant Major. He has also spent time with Rifle Company Butterworth and was involved in Operation Acolyte as the Regimental Sergeant Major. He completed six months in France to assist the Defence Attaché in ANZAC Day in Villiers Bretonneaux and the limited excavation of an Australian World War One mass grave in Fromelles.

#### **Warrant Officer Class Two A.G.J. Barnes**

Warrant Officer Class Two Alex Barnes enlisted into the Army on 26 April, 1989 and was posted to the First Battalion of the Royal Australian Regiment (1 RAR) as an Infantry soldier.

In 1998, he was posted to the Logistic Support Forces Financial Services Unit (Cash Office) as a cashier and promoted to Corporal. During this posting, he deployed on OP BEL ISI to Bougainville in 1999 and OP TANAGER in East Timor in 2000.

In 2001, he was posted to the Sixth Battalion of the Royal Australian Regiment as the Pay Office Corporal. During this posting he was tasked as a Low Level Search Leader for the Operation conducted during the Commonwealth Heads of Government Meeting in 1992. At the end of this posting he was promoted to Sergeant.

In 2007, he was posted to 8 Personnel Services Unit, the newly renamed Cash Office that he was posted to in 1998. During this posting he was deployed on OP CATALYST in Iraq as the Overwatch Battle Group's Cash Office Operator. At the end of this deployment, he was promoted to Warrant Officer Class Two. In 2008, he was posted to the Directorate of Military Personnel Administration - Army as the Unit Resource Manager and in 2010 posted to the Army Financial Services Unit as the Operations Warrant Officer.

#### **Warrant Officer Class Two I. Tuohy**

Warrant Officer Class Two Ita Tuohy enlisted into the Army in 1998 and was posted to 1st Command Support Unit, Darwin. She subsequently served at Headquarters Company 3 Brigade and 3rd Signals Regiment, Townsville and 39th Personnel Support Battalion, Sydney.

Warrant Officer Tuohy deployed on Operation TANAGER (East Timor), Operation ASTUTE (Timor Leste), Operation VICFIRES ASSIST and Operation SLIPPER. She held a variety of appointments during those deployments.

She was posted to Army Headquarters in January 2010 and also promoted to the rank of Warrant Officer Class Two.

#### **Mr T. Heenan**

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

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

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

#### **Mr G.E. Tye**

Glen Tye served as a member of the Australian Public Service for 35 years resigning at age 55 in June 2007 as Director Personnel Support and Amenities in the Department of Defence, Canberra where he had responsibility for the provision of support to the Australian Military Forces Relief Trust Fund, Army Amenities Fund Company, Army Messes Trust Fund and the RAAF Welfare Recreation Company. Glen currently works part-time providing support to the ADF Financial Services Consumer Council.

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

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

#### **Corporate Governance**

The Fund operates in accordance with the *Services Trust Funds Act 1947* and provides assistance to serving and ex-serving members of the Australian Regular Army and their dependants. The Fund is a statutory authority with the status of a body corporate, managed and administered under the provisions of the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

In accordance with the requirements of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) the Fund has established an audit committee. The Committee consists of two members, chaired by Trustee Zanatta.

The Committee reviews the Fund's quarterly management financial statements and provides advice to the Trustees.

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

#### Indemnities and insurance premiums for officers

The Fund has taken out insurance coverage with Comcover for Directors and Officers Liability, Fraud and Fidelity, General Liability and Personal Accident. The premium paid for the 2011/2012 financial year was \$6975.42.

#### Statutory powers of direction

The Minister may, by instrument in writing published in the Government Gazette, authorise the Trustees to administer other property. This authority was exercised during the 2001/2002 FY with the Minister for Defence signing an instrument of authorisation under Section 13 of the *Services Trust Funds Act 1947*, for the Trustees of the AMF Relief Trust Fund to manage the Defence Family Financial Emergency Fund. The Minister also approved an initial grant of \$ 100,000 under the Defence Community Organisation's (DCO) Family Support Funding Program, to the AMFRTF to allow the Defence Family Financial Emergency Fund to be initiated. The Fund continues to operate under the Minister's Guidelines and with the co-operation and involvement of the DCO.

#### Freedom of information procedures and initial contact points

Requests for access to documents of the Trustees of the Australian Military Forces Relief Trust Fund should be directed to, the Secretary to the Trustees of the AMF Relief Trust Fund, Department of Defence, R1-3-AO99A, Russell offices, PO Box 7901, Canberra BC ACT 2600.

#### Occupation Health and Safety

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

#### Loans assistance provided

The Fund has provided loan assistance totalling **\$55,317,419** to serving members since its inception. Loan assistance provided by the Fund in recent years is as follows:

Reporting periods	Amounts loaned	Loan numbers
1 July 2003 to 30 June 2004	1,673,029	416
1 July 2004 to 30 June 2005	1,868,684	472
1 July 2005 to 30 June 2006	1,767,235	436
1 July 2006 to 30 June 2007	1,770,038	430
1 July 2007 to 30 June 2008	3,123,200	616
1 July 2008 to 30 June 2009	2,375,072	456
1 July 2009 to 30 June 2010	2,980,905	584
1 July 2010 to 30 June 2011	2,873,960	549
1 July 2011 to 30 June 2012	3,097,400	586



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

Types of loan	Numbers of loans		Amounts	
	%	No.	%	\$
Furniture/household needs	18.94%	111	18.89%	585,000
Debt consolidation loans	37.20%	218	37.88%	1,173,400
Dental	1.19%	7	1.25%	38,800
Medical	3.41%	20	3.34%	103,400
Legal	5.46%	32	5.51%	170,700
Wedding expenses	2.56%	15	2.61%	80,700
Relief loans	5.12%	30	4.90%	151,800
Travel expenses	2.73%	16	2.77%	85,700
Funeral expenses	1.19%	7	94.00%	29,200
Car repair and expenses	16.72%	98	16.20%	501,700
Housing	3.75%	22	3.97%	122,900
Education expenses	1.71%	10	1.75%	54,100
<b>Totals</b>	<b>100%</b>	<b>586</b>	<b>100%</b>	<b>3,097,400</b>

The following table provides information on loans approved for the period by rank. The bulk of loans advanced during the 2011/2012 FY were directed to the junior ranks of the Australian Army.

Ranks of Applicants	Loan Nos	\$	% (Nos)	% (\$'s)
Private soldier	290	1,518,900	49.49%	49.04%
Lance Corporal	46	244,800	7.85%	7.90%
Corporal	119	636,100	20.31%	20.54%
Sergeant	53	271,500	9.04%	8.77%
Warrant Officer Class Two	26	133,500	4.44%	4.30%
Warrant Officer Class One	2	6,200	0.34%	0.20%
Lieutenant	17	97,300	2.90%	3.14%
Captain	21	117,100	3.58%	3.78%
Major	11	66,000	1.88%	2.13%
Lieutenant Colonel	1	6,000	0.17%	0.19%
<b>Totals</b>	<b>586</b>	<b>3,097,400</b>	<b>100.00%</b>	<b>100.00%</b>

#### Grants assistance provided

The Fund has provided grant assistance totalling ~~\$555,288~~ to eligible members and persons since its inception. This includes an approximate total of 1,880 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire and flood relief to the purchase of medical equipment such as speciality beds suitable for quadriplegic ex-members. Members have also received grants to cover the costs of emergency accommodation when a member or a family member is hospitalised, the purchase of eyeglasses and orthodontic work, substantial assistance for the purchase of an anti-cancer treatment that is not included on the Government's Pharmaceutical Benefits Scheme (PBS), and the provision of counselling services and other assistance.

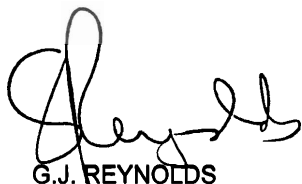
The Fund has also made a practice of converting outstanding loan balances owing by deceased members to grants. This follows upon an examination of the estate of the deceased and a recommendation to the Trustees as to the appropriate course of action. In the great majority of cases the amounts owing at death have effectively been forgiven by converting the outstanding balance to a grant.

Grants to the value of \$6 150 were paid during the reporting period.

### Conclusion

The Trustees wish to acknowledge the contributions of Warrant Officer Class One William Degenaro and Warrant Officer Class Two Ita Tuohy who lost their lives during this reporting year.

The Trustees are responsible, under section 9 of the CAC Act, for the preparation and content of the report of operations in accordance with the Finance Minister's Orders. This report is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.



G.J. REYNOLDS  
Brigadier  
Chairman of Trustees

17 August 2012



G. TYE  
Trustee

17 August 2012



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Minister for Defence Science and Personnel**

I have audited the accompanying financial statements of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2012, which comprise: a Statement by Trustees and Fund Secretary; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

### ***Trustees' Responsibility for the Financial Statements***

The Trustees of the Australian Military Forces Relief Trust Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Military Forces Relief Trust Fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Military Forces Relief Trust Fund's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustees as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

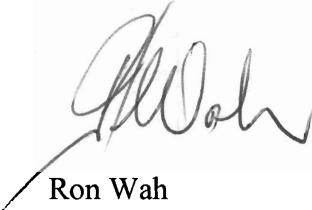
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Trust financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Ron Wah', is written over a light grey rectangular background.

Ron Wah  
Audit Principal

Delegate of the Auditor-General

Canberra  
17 August 2012

# 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 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

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.




G.J. REYNOLDS AM  
Chairman of Trustees

17 August 2012



G. TYE  
Trustee

17 August 2012



P.D. ALOMES OAM  
Secretary

17 August 2012

**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDING 30 JUNE 2012**

	Notes	30 Jun 2012 \$	30 Jun 2011 \$
<b>EXPENSES</b>			
Employee benefits	<b>3A</b>	(90,022)	(88,948)
Supplier	<b>3B</b>	(29,878)	(23,719)
Grants	<b>3C</b>	(43,585)	(28,400)
Depreciation and amortisation	<b>3D</b>	-	(16,750)
Write-down and impairment of assets	<b>3E</b>	(51,035)	(38,072)
Loss from loan remeasurement	<b>3F</b>	(373,045)	(368,341)
<b>Total expenses</b>		<b>(587,565)</b>	<b>(564,230)</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	<b>4A</b>	131,546	154,251
Interest	<b>4B</b>	479,710	459,921
Resources received free of charge	<b>4C</b>	90,022	88,948
Other Revenue	<b>4D</b>	37,435	
<b>Total own-source revenue</b>		<b>738,713</b>	<b>703,120</b>
<b>Net cost of services</b>		<b>151,148</b>	<b>138,890</b>
<b>Total comprehensive income</b>		<b>151,148</b>	<b>138,890</b>

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

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND BALANCE SHEET AS AT 30 JUNE 2012

	Notes	30 Jun 2012	30 Jun 2011
<b>ASSETS</b>		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	<b>5A</b>	<b>1,846,268</b>	1,847,080
Loans and other receivables	<b>5B</b>	<b>2,780,130</b>	2,625,305
<b>Total financial assets</b>		<b>4,626,398</b>	4,472,385
<b>Non-Financial Assets</b>			
Prepayments	<b>6C</b>	<b>300</b>	
<b>Total non-financial Assets</b>		<b>300</b>	
<b>Total assets</b>		<b>4,626,698</b>	4,472,385
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	<b>7A</b>	<b>3,165</b>	
<b>Total payables</b>		<b>3,165</b>	
<b>Total liabilities</b>		<b>3,165</b>	
<b>Net assets</b>		<b>4,623,533</b>	4,472,385
<b>EQUITY</b>			
Retained surplus		<b>4,623,533</b>	4,472,385
<b>Total equity</b>		<b>4,623,533</b>	4,472,385

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 PERIOD ENDED 30 JUNE 2012**

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	<b>Retained Earnings</b>		<b>Total Equity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
<b>Opening balance</b>				
Balance carried forward from previous period	<b>4,472,385</b>	4,333,495	<b>4,472,385</b>	4,333,495
<b>Comprehensive income</b>				
Surplus for the period	<b>151,148</b>	138,890	<b>151,148</b>	138,890
<b>Total comprehensive income</b>	<b>151,148</b>	138,890	<b>151,148</b>	138,890
<b>Closing balance as at 30 June</b>	<b>4,623,533</b>	4,472,385	<b>4,623,533</b>	4,472,385

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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 2012

	Notes	2012 \$	2011 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Repayment of loans		2,944,831	2,950,788
Interest		179,381	163,391
Other		57,930	29,075
<b>Total cash received</b>		<b>3,182,142</b>	<b>3,143,254</b>
<b>Cash used</b>			
Issue of new loans		(3,095,150)	(2,965,285)
Grants		(43,585)	(28,400)
Suppliers		(40,809)	(35,479)
Refunds		(2,359)	(6,269)
Other		(1,051)	(8,441)
<b>Total cash used</b>		<b>(3,182,954)</b>	<b>(3,043,874)</b>
<b>Net cash from (used by) operating activities</b>	<b>8</b>	<b>(812)</b>	<b>99,380</b>
<b>Net increase (decrease) in cash held</b>		<b>(812)</b>	<b>99,380</b>
Cash and cash equivalents at the beginning of the reporting period		1,847,080	1,747,700
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5A</b>	<b>1,846,268</b>	<b>1,847,080</b>

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

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

## TABLE OF CONTENTS - NOTES

Note 1	Summary of Significant Accounting Policies	18
Note 2	Events After the Reporting Period	22
Note 3	Expenses	23
Note 4	Income	23&24
Note 5	Financial Assets	24&25
Note 6	Non-Financial Assets	26
Note 7	Payables	26
Note 8	Cash Flow Reconciliation	27
Note 9	Remuneration of Auditors	28
Note 10	Resources Provided Free of Charge	28
Note 11	Economic Dependency	28
Note 12	Segment Reporting	28
Note 13	Average Staffing Levels	28
Note 14	Trustees Remuneration	28
Note 15	Trustees of the Fund	28
Note 16	Reporting of Outcomes	29
Note 17	Financial Instruments	30
Note 18	Compensation and Debt Relief	30

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

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

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

The AMFRTF does not receive any direct Government funding.

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

#### 1.2 Basis of preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997*.

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMO) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars.

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

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

#### 1.3 Significant Accounting Judgements and Estimates

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

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

#### 1.4 New Australian Accounting Standards

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

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

## **Future Australian Accounting Standard Requirements**

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

### **1.5 Revenue**

Revenue from the sale of goods is recognised when:

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

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

The revenue is recognised when:

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

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

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

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

### **Resources Received Free of Charge**

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

### **Other Types of Revenue**

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

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

### **1.6 Cash**

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

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

### **1.7 Financial Assets**

The AMFRTF classifies its financial assets in the following categories:

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

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

### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

### Financial Assets at Fair Value Through Profit or Loss

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

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

Assets in this category are classified as current assets.

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

### Held-to-Maturity Investments

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

### Loans and Receivables

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

### Impairment of Financial Assets

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

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

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

## **1.8 Financial Liabilities**

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

### Financial Liabilities at Fair Value Through Profit or Loss.

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

### Other Financial Liabilities

- Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
- Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.
- The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

### **1.9 Contingent Liabilities and Contingent Assets**

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

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

### **1.10 Acquisition of Assets**

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

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

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

### **1.11 Taxation**

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

### **1.12 Intangibles**

The AMFRTF's intangibles comprise an internally-developed website for internal use. This asset is carried at cost less accumulated amortisation and accumulated impairment losses.

The website is amortised on a straight-line basis over its anticipated useful life. The useful life of the website is 4 years (2007-08 : 2010-11).

### **1.13 Competitive Neutrality**

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

### **1.14 Bad and doubtful debts**

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

### **1.15 Insurance**

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

### **1.16 Disclosure of Commitments**

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

### **1.17 Losses from Loan Re-measurement**

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

In accounting terms, AASB 139 requires that:

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

## **Note 2: Events After the Reporting Period**

There have been no events after the reporting date that have the potential to significantly affect the ongoing structure and financial activities of the AMFRTF.

**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
<b>Note 3: Expenses</b>		
<b>Note 3A: Employee Benefits</b>		
Wages and Salaries	(90,022)	(88,948)
<b>Total employee benefits</b>	<u>(90,022)</u>	<u>(88,948)</u>
<b>Note 3B: Supplier</b>		
General Expenses	(53)	36
Consultant's expenses - website	(5,402)	(4,546)
Audit Fees	(9,900)	(10,010)
Insurance expense	(6,976)	(6,335)
Printing	(719)	
Bank charges	(1,052)	(880)
Bad debts	(5,403)	
Debt Recovery Fees	(373)	(1,984)
<b>Total supplier expenses</b>	<u>(29,878)</u>	<u>(23,719)</u>
<b>Note 3C: Grants</b>		
Frontline Defence Services Flood Assistance	(37,435)	-
Grants	(6,150)	(28,400)
<b>Total grants</b>	<u>(43,585)</u>	<u>(28,400)</u>
<b>Note 3D: Depreciation and amortisation</b>		
Amortisation:		
Intangibles - website		(16,750)
<b>Total depreciation and amortisation</b>		<u>(16,750)</u>
<b>Note 3E: Write-Down and Impairment of Assets</b>		
Bad debts written off	(60,257)	(129,072)
Bad debts recovered	27,376	-
Decrease in impairment allowance account	(18,154)	91,000
<b>Total write-down and impairment of assets</b>	<u>(51,035)</u>	<u>(38,072)</u>
<b>Note 3F: Losses from Loan Remeasurement</b>		
Losses from initial recognition of loans and receivables at fair value (refer Note 1.17)	(373,045)	(368,341)
<b>Total losses from loan re-measurement</b>	<u>(373,045)</u>	<u>(368,341)</u>
<b>Note 4: Income</b>		
<b>REVENUE</b>		
<b>Note 4A: Sale of Goods and Rendering of Services</b>		
Members fund maintenance contribution	110,687	103,649
Bad and doubtful debt recoveries	20,725	-
Other	134	50,150
Army Welfare Fund - contributions	-	452
<b>Total sale of goods and rendering of services</b>	<u>131,546</u>	<u>154,251</u>
<b>Note 4B: Interest</b>		
Investments	90,416	96,375
Loan interest (refer Note 1.17)	379,625	357,267
Bank accounts	9,669	6,279
<b>Total interest</b>	<u>479,710</u>	<u>459,921</u>



**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
<b>Note 4: Income (continued)</b>	<b>\$</b>	<b>\$</b>
<b>Note 4C: Resources received free of charge</b>		
Salaries	<u>90,022</u>	<u>88,948</u>
<b>Total resources received free of charge</b>	<u><u>90,022</u></u>	<u><u>88,948</u></u>
<b>Note 4D: Frontline Defence Services Flood Assistance</b>		
Grant	<u>37,435</u>	<u>          </u>
<b>Total Frontline Defence Services Flood Assistance</b>	<u><u>37,435</u></u>	<u><u>          </u></u>
 <b>Note 5 Financial Assets</b>		
<b>Note 5A Cash and Cash Equivalents</b>		
Cash at bank and on hand	123,930	64,869
Cash management call account	356,503	159,678
Term deposits	<u>1,365,835</u>	<u>1,622,533</u>
<b>Total cash and cash equivalents</b>	<u><u>1,846,268</u></u>	<u><u>1,847,080</u></u>
 <b>Note 5B Loans and Other Receivables</b>		
Loans outstanding	2,802,985	2,644,435
Accrued interest	55,517	40,444
Other	-	683
<b>Total trade and other receivables (gross)</b>	<u>2,858,502</u>	<u>2,685,562</u>
Less: Impairment allowance account	<u>(78,372)</u>	<u>(60,257)</u>
<b>Total trade and other receivables (net)</b>	<u><u>2,780,130</u></u>	<u><u>2,625,305</u></u>
 Receivables are expected to be recovered in:		
No more than 12 months	2,111,226	1,942,608
More than 12 months	<u>691,759</u>	<u>701,827</u>
<b>Total trade and other receivables (net)</b>	<u><u>2,802,985</u></u>	<u><u>2,644,435</u></u>
 Receivables are aged as follows:		
Not overdue	2,780,130	2,625,305
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<u>78,372</u>	<u>60,257</u>
<b>Total receivables (gross)</b>	<u><u>2,858,502</u></u>	<u><u>2,685,562</u></u>
 The impairment allowance account is aged as follows:		
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<u>(78,372)</u>	<u>(60,257)</u>
	<u><u>(78,372)</u></u>	<u><u>(60,257)</u></u>

**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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**Reconciliation of the impairment allowance account**

**Movements in relation to 2012**

---

	Goods and services	Total
<b>Opening balance</b>	<b>(60,257)</b>	<b>(60,257)</b>
Amounts written-off	12,195	12,195
Amounts recovered and reversed	20,725	20,725
Increase recognised in net surplus	<b>(51,035)</b>	<b>(51,035)</b>
<b>Closing balance</b>	<b>(78,372)</b>	<b>(78,372)</b>

**Movements in relation to 2011**

---

	Goods and services	Total
<b>Opening balance</b>	<b>(151,257)</b>	<b>(151,257)</b>
Amounts written-off	129,072	129,072
Amounts recovered and reversed	-	-
Increase recognised in net surplus	<b>(38,072)</b>	<b>(38,072)</b>
<b>Closing balance</b>	<b>(60,257)</b>	<b>(60,257)</b>

**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>6 Non-Financial Assets</b>		
<b>6A Intangibles</b>		
Web site at cost	67,000	67,000
Accumulated amortisation	<u>(67,000)</u>	<u>(67,000)</u>
<b>Total intangibles (Non-current)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>6B Reconciliation of the opening and closing balances of intangibles (2010-11)</b>		
As at 1 July 2010		
Gross book value	-	67,000
Accumulated amortisation and impairment	<u>-</u>	<u>(50,250)</u>
<b>Net book value 1 July 2010</b>	-	16,750
Amortisation expense	<u>-</u>	<u>(16,750)</u>
<b>Net book value 30 June 2011</b>	<u><u>-</u></u>	<u><u>-</u></u>
Net book value as of 30 June 2011 represented by :		
Gross book value	-	67,000
Accumulated amortisation	<u>-</u>	<u>(67,000)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>6C Prepayments</b>		
	<u>300</u>	<u>-</u>
<b>Total other non-financial assets</b>	<u><u>300</u></u>	<u><u>-</u></u>
Total other non-financial assets expected to be recovered in:		
no more than 12 months	300	-
more than 12 months	<u>-</u>	<u>-</u>
<b>Total other non-financial assets</b>	<u><u>300</u></u>	<u><u>-</u></u>
No indicators of impairment were found for other non-financial assets.		
<b>7 Payables</b>		
<b>7A Suppliers</b>		
Trade creditors and accruals	<u>3,165</u>	<u>-</u>
<b>Total supplier payables</b>	<u><u>3,165</u></u>	<u><u>-</u></u>
Settlement was usually within 30 days		

**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>8 Cash Flow Reconciliation</b>		
Reconciliation of cash and cash equivalents as per		
Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	1,846,268	1,847,080
Balance sheet	1,846,268	1,847,080
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities.		
Net cost of services	151,148	138,890
Resources received free of charge	(90,022)	(88,948)
Depreciation/amortisation	-	16,750
Salaries and overheads	90,022	88,948
Decrease/(increase) in receivables	(154,825)	(45,185)
Decrease/(increase) in prepayments	(300)	-
Increase/(decrease) in payables	3,165	(11,075)
Net cash from /(used by) operating activities	<u>(812)</u>	<u>99,380</u>

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2012

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#### 9 Remuneration of Auditors

The 2011/2012 financial statements of the AMFRTF have been audited by the Auditor-General. The fair value of the services provided was \$9 000 exclusive of GST (2011 - \$9,000). No other services were provided by the Auditor-General.

#### 10 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.

#### 11 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.

#### 12 Segment Reporting

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

#### 13 Average Staffing Levels

	2012	2011
The average staffing levels for the AMFRTF during the period were:	1.2	1.2

#### 14 Trustees Remuneration

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

#### 15 Trustees of the Fund

The following persons were Trustees during the reporting period:

Brigadier G.J. REYNOLDS	Chairman	
Lieutenant Colonel M. ZANATTA	Trustee	
Warrant Officer Class One W.J. DEGENARO	Trustee	Resigned 22 August 2011
Warrant Officer Class Two A.J.G. BARNES	Trustee	
Warrant Officer Class Two I. TUOHY	Trustee	Appointed 22 August 2011
Mr G.E. TYE	Trustee	
Mr T. HEENAN	Trustee	

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# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## 16 REPORTING OF OUTCOMES AND OUTPUTS

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

**Table A: Net cost of Outcome Delivery**

	2012	2011
<b>(a) Expenses</b>	\$	\$
Employee benefits	(90,022)	(88,948)
Suppliers	(29,878)	(23,719)
Grants	(43,585)	(28,400)
Impairment of assets	(51,035)	(38,072)
Loss on initial recognition of loans and receivables at fair value	(373,045)	(368,341)
Depreciation and amortisation	-	(16,750)
<b>Total expenses</b>	<b>(587,565)</b>	<b>(564,230)</b>
<b>(b) Costs recovered from provision of goods and services to the non-government sector</b>		
Goods and services	131,546	154,251
Resources received free of charge	90,022	88,948
<b>Total Costs recovered</b>	<b>221,568</b>	<b>243,199</b>
<b>(c) Other external income</b>		
Bank interest	100,085	102,654
Loan interest (AASB139)	379,625	357,267
Grants	37,435	-
<b>Total other external income</b>	<b>517,145</b>	<b>459,921</b>
<b>(d) Net cost/(contribution) of outcome</b>	<b>151,148</b>	<b>138,890</b>

# AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17 FINANCIAL INSTRUMENTS	2012	2011
	\$	\$
<b>17A Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
Loans and receivables		
Cash at bank	1,846,268	1,847,080
Loans and receivables	2,858,502	2,685,562
Carrying amount of financial assets	<u>4,704,770</u>	<u>4,532,642</u>
<b>17B Net Income and Expense from Financial Assets</b>		
Loans and receivables		
Bank interest revenue	100,085	102,654
Members contributions on loans	110,687	103,649
Loan interest revenue	379,625	357,267
Loss on initial recognition of loans on receivables at fair value	<u>(373,045)</u>	<u>(368,341)</u>
<b>Net gain from loans and receivables</b>	<u>217,352</u>	<u>195,229</u>

## 17C Credit risk exposure

The AMFRTF's maximum exposures to credit risk at reporting date is the risk that arises from the potential default on members loans. The AMFRTF has no significant exposures to concentrations of credit risk, except for \$1,365,835 held with two investment institutions and members' loans outstanding of \$2,802,985

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

## 17D Liquidity risk

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

## 17E Market exposure

The AMFRTF holds basic financial instruments that do not expose the AMFRTF to certain market risks. The AMFRTF is not exposed to 'currency risk', 'other price risk' or 'interest rate risk'.

## 18 Compensation and Debt Relief

### Departmental

No payments were made during the reporting period. (2011: Nil payments made).