



**Australian
Military Forces
Relief Trust Fund**

**Annual Report
2013/2014**



Australian Military Forces Relief Trust Fund

Trustees as at 30th June 2014

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

Lieutenant Colonel M. ZANATTA

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 SIXTH ANNUAL REPORT OF THE TRUSTEES

REPORT OF OPERATIONS

Assistant Minister for Defence

Dear Minister,

The Trustees of the Australian Military Forces Relief Trust Fund, trading as the Army Relief Trust Fund, have the honour to submit their report of operations for the year ended 30 June 2014. This report is accompanied by audited financial statements and associated notes for the period, that are an integral part of the report.

Enabling legislation and responsible Minister

The Australian Military Forces Relief Trust Fund was established by the *Services Trust Funds Act 1947*. In accordance with the Act, the AMFRTF provides benefits for members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members. These benefits take the form of loans, currently up to a maximum of \$5,000, and the provision of welfare grants to members and eligible persons in necessitous circumstances.

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

Statement of Intent

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

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

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

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

1. operates in accordance with the relevant legislation (*including the Services Trust Funds Act 1947 and the 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	3	2	Appointment terminated 29 April 2014
BRIGADIER P.E. DANIEL	Chairman	-	-	Appointed 26 June 2014
LTCOL M. ZANATTA*	Trustee	3	2	Appointed 10 November 2008
WO1 M.C. CROUCH*	Trustee	3	1	Appointment terminated 02 June 2014
WO2 A.G.J. BARNES*	Trustee	3	2	Appointment terminated 02 June 2014
Mr G.E. TYE	Trustee	3	3	Appointed 28 August 2005
Mr T. HEENAN*	Trustee	3	2	Appointed 02 June 2011

* Absences due to work and deployment commitments.

Trustees of the Australian Military Forces Relief Trust Fund

Brigadier P.E. Daniel, AM, CSC

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

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

In 1993, he deployed as part of the Australian contingent to the United Nations Transitional Authority in Cambodia (UNTAC). In 2005 he deployed as the Deputy Chief of Staff and Australian Contingent Commander for the Multi-National Force and Observers (MFO), Sinai, Egypt and in 2008 deployed as an embedded officer for the Multi-National Force Iraq as the Chief of Logistics Plans for which he was awarded the U.S. Bronze Star.

In 1998 he attended the Australian Command and Staff College where he completed a Masters in Defence Studies. In 2009/2010 he attended the National University in Washington DC, completing a Masters of Science in National Resourcing Strategy from the Industrial College of the Armed Forces.

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

Lieutenant Colonel M. Zanatta

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

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

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

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

Mr T. Heenan

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

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

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

Mr G.E. Tye

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

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

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

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.

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-A080, Russell offices, PO Box 7901, Canberra BC ACT 2600.

Occupation Health and Safety

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

Indemnities and insurance premiums for officers

The Fund has taken out insurance coverage with Comcover for Directors and Officers Liability, Fraud and Fidelity, General Liability and Personal Accident. The premium paid for the 2013/2014 financial year was \$7 334.30 (GST inclusive).

Loans assistance provided

The Fund has provided loan assistance totalling **\$61,819,503** to serving members since its inception. Loan assistance provided by the Fund in recent years is as follows:

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

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

Types of loan	Numbers of loans		Amounts	
	%	No.	%	\$
Furniture/household needs	18.46%	146	18.90%	667,140
Debt consolidation loans	32.74%	259	32.88%	1,160,780
Dental	1.14%	9	1.09%	38,600
Medical	3.79%	30	3.78%	133,500
Legal	5.06%	40	5.31%	187,500
Wedding expenses	3.16%	25	3.42%	120,800
Relief loans	5.06%	40	4.17%	147,300
Travel expenses	4.80%	38	4.82%	170,200
Funeral expenses	0.63%	5	0.65%	23,000
Motor vehicle expenses	17.32%	137	17.26%	609,200
Housing	5.31%	42	5.22%	184,400
Education expenses	2.53%	20	2.49%	88,000
Totals	100%	791	100%	3,530,420

The following table provides information on loans approved for the period by rank. The bulk of loans advanced during the 2013/2014 FY were directed to the junior ranks of the Australian Army.

Ranks of Applicants	Loan Nos	\$	% (Nos)	% (\$'s)
Private soldier	358	1,584,800	45.26%	44.89%
Lance Corporal	49	220,100	6.19%	6.23%
Corporal	182	809,700	23.00%	22.93%
Sergeant	82	359,820	10.37%	10.19%
Warrant Officer Class Two	46	209,200	5.82%	5.93%
Warrant Officer Class One	3	14,000	0.38%	0.40%
Lieutenant	24	113,900	3.03%	3.23%
Captain	29	137,500	3.67%	3.89%
Major	18	81,400	2.28%	2.31%
Lieutenant Colonel	1	5,000	0.13%	0.14%
Totals	791	3,530,420	100.00%	100.00%

Grants assistance provided

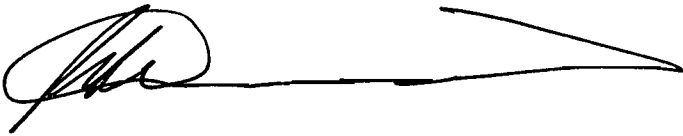
The Fund has provided grant assistance totalling **\$580,676** to eligible members and persons since its inception. This includes an approximate total of 1,890 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire and flood relief to 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.

Grants to the value of \$6,298 were provided during the reporting period (deceased members accounts - \$3 700.00) charitable grant \$598.00 and hardship grants - \$2 000.00).

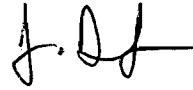
Conclusion

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.



P.E. DANIEL
Brigadier
Chairman of Trustees

3 September 2014



J. DENTON
Trustee

3 September 2014



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

I have audited the accompanying financial statements of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2014, which comprise: a Statement by the Trustees; the Statement of Comprehensive Income; Statement of Financial Position; 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

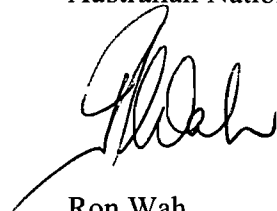
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

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 2014 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
3 September 2014

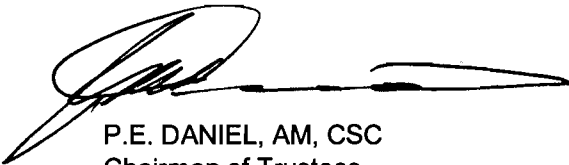
AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

STATEMENT BY TRUSTEES AND FUND SECRETARY

In our opinion, the attached financial statements for the year ended 30 June 2014 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.



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

5 September 2014



J. DENTON
Trustee

3 September 2014



P.D. ALOMES, OAM
Secretary

3 September 2014

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING 30 JUNE 2014

	Notes	2014 \$	2013 \$
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	(92,546)	(94,730)
Supplier	3B	(43,104)	(30,275)
Grants	3C	(6,298)	(19,090)
Write-down and impairment of assets	3D	(32,901)	(37,051)
Loss from loan remeasurement	3E	(395,021)	(349,157)
Total expenses		<u>(569,870)</u>	<u>(530,303)</u>
 OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	155,498	150,404
Interest	4B	446,412	443,773
Resources received free of charge	4C	92,546	94,730
Other revenue	4D	-	-
Total own-source revenue		<u>694,456</u>	<u>688,907</u>
 Net contribution by services		<u>124,586</u>	<u>158,604</u>
 Total comprehensive income		<u><u>124,586</u></u>	<u><u>158,604</u></u>

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 2014

	Notes	2014	2013
ASSETS		\$	\$
Financial Assets			
Cash and cash equivalents	5A	1,793,635	1,999,106
Loans and other receivables	5B	3,112,288	2,783,124
Total financial assets		<u>4,905,923</u>	<u>4,782,230</u>
Non-Financial Assets			
Prepayments	6B	800	300
Total non-financial Assets		<u>800</u>	<u>300</u>
Total assets		<u><u>4,906,723</u></u>	<u><u>4,782,530</u></u>
LIABILITIES			
Payables			
Suppliers	7A	-	393
Total payables		<u>-</u>	<u>393</u>
Total liabilities		<u>-</u>	<u>393</u>
Net assets		<u><u>4,906,723</u></u>	<u><u>4,782,137</u></u>
EQUITY			
Retained surplus		<u>4,906,723</u>	<u>4,782,137</u>
Total equity		<u><u>4,906,723</u></u>	<u><u>4,782,137</u></u>

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

	Retained earnings		Total equity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Opening balance				
Balance carried forward from previous period	4,782,137	4,623,533	4,782,137	4,623,533
Comprehensive income				
Surplus for the period	124,586	158,604	124,586	158,604
Total comprehensive income	124,586	158,604	124,586	158,604
Closing balance as at 30 June	4,906,723	4,782,137	4,906,723	4,782,137

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 2014**

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Repayment of loans		3,283,915	3,054,063
Interest		56,732	107,714
Other		27,832	23,029
Total cash received		<u>3,368,479</u>	<u>3,184,806</u>
Cash used			
Issue of new loans		(3,530,502)	(2,958,542)
Grants		(2,598)	(19,090)
Suppliers		(38,767)	(50,236)
Refunds		(862)	(3,030)
Other		(1,221)	(1,070)
Total cash used		<u>(3,573,950)</u>	<u>(3,031,968)</u>
Net cash from (used by) operating activities	8	(205,471)	152,838
Net increase (decrease) in cash held		<u>(205,471)</u>	<u>152,838</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,999,106</u>	<u>1,846,268</u>
Cash and cash equivalents at the end of the reporting period	5A	<u><u>1,793,635</u></u>	<u><u>1,999,106</u></u>

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	17
Note 2	Events After the Reporting Period	21
Note 3	Expenses	22
Note 4	Income	22&23
Note 5	Financial Assets	23&24
Note 6	Non-Financial Assets	25
Note 7	Payables	25
Note 8	Cash Flow Reconciliation	26
Note 9	Remuneration of Auditors	27
Note 10	Resources Provided Free of Charge	27
Note 11	Economic Dependency	27
Note 12	Segment Reporting	27
Note 13	Average Staffing Levels	27
Note 14	Trustees Remuneration	27
Note 15	Trustees of the Fund	27
Note 16	Reporting of Outcomes	28
Note 17	Financial Instruments	29
Note 18	Compensation and Debt Relief	29

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

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

1.10 Acquisition of Assets

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

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

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

1.11 Taxation

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 was no subsequent event that has 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 2014

	2014	2013
	\$	\$
Note 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	<u>(92,546)</u>	<u>(94,730)</u>
Total employee benefits	<u><u>(92,546)</u></u>	<u><u>(94,730)</u></u>
Note 3B: Suppliers		
General expenses	(984)	(80)
Consultant's expenses - website	(15,700)	(11,112)
Audit fees	(9,900)	(10,890)
Insurance expense	(7,334)	(2,272)
Printing	(895)	(726)
Bank charges	(1,333)	(1,070)
Bad debts	(6,476)	-
Debt recovery fees	<u>(482)</u>	<u>(4,125)</u>
Total suppliers	<u><u>(43,104)</u></u>	<u><u>(30,275)</u></u>
Note 3C: Grants		
Frontline Defence Services Flood Assistance	-	-
Grants	<u>(6,298)</u>	<u>(19,090)</u>
Total grants	<u><u>(6,298)</u></u>	<u><u>(19,090)</u></u>
Note 3D: Write-Down and Impairment of Assets		
Bad debts written off	(86,915)	(78,371)
Bad debts recovered	20,357	28,508
Decrease (Increase) in impairment allowance account	<u>33,657</u>	<u>12,812</u>
Total write-down and impairment of assets	<u><u>(32,901)</u></u>	<u><u>(37,051)</u></u>
Note 3E: Losses from Loan Remeasurement		
Losses from initial recognition of loans and receivables at fair value (refer Note 1.17)	<u>(395,021)</u>	<u>(349,157)</u>
Total losses from loan re-measurement	<u><u>(395,021)</u></u>	<u><u>(349,157)</u></u>
Note 4: Income		
Own-Source-Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Members fund maintenance contribution	124,503	105,144
Bad and doubtful debt recoveries	20,357	28,508
Share - Vending Machine disbursement	<u>10,638</u>	<u>16,752</u>
Total sale of goods and rendering of services	<u><u>155,498</u></u>	<u><u>150,404</u></u>
Note 4B: Interest		
Investments	66,403	76,248
Loan interest (refer Note 1.17)	373,512	356,460
Bank accounts	<u>6,498</u>	<u>11,065</u>
Total interest	<u><u>446,412</u></u>	<u><u>443,773</u></u>

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
Note 4: Income (continued)	\$	\$
Note 4C: Resources Received Free of Charge		
Salaries	<u>92,546</u>	<u>94,730</u>
Total resources received free of charge	<u><u>92,546</u></u>	<u><u>94,730</u></u>
Note 4D: Frontline Defence Services Flood Assistance		
Grant	<u>-</u>	<u>-</u>
Total Frontline Defence Services Flood Assistance	<u><u>-</u></u>	<u><u>-</u></u>
Note 5 Financial Assets		
Note 5A Cash and Cash Equivalents		
Cash at bank and on hand	18,477	80,629
Cash management call account	123,065	316,575
Term deposits	<u>1,652,093</u>	<u>1,601,902</u>
Total cash and cash equivalents	<u><u>1,793,635</u></u>	<u><u>1,999,106</u></u>
Note 5B Loans and Other Receivables		
Loans outstanding	3,160,468	2,820,891
Accrued interest	51,280	35,110
Other	<u>-</u>	<u>14,038</u>
Total trade and other receivables (gross)	<u>3,211,747</u>	<u>2,870,039</u>
Less: Impairment allowance account	<u>(99,460)</u>	<u>(86,915)</u>
Total trade and other receivables (net)	<u><u>3,112,288</u></u>	<u><u>2,783,124</u></u>
Receivables are expected to be recovered in:		
No more than 12 months	2,391,602	2,175,199
More than 12 months	<u>768,865</u>	<u>645,692</u>
	<u><u>3,160,468</u></u>	<u><u>2,820,891</u></u>
Receivables are aged as follows:		
Not overdue	3,112,288	2,783,124
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	99,460	86,915
Total receivables (gross)	<u><u>3,211,748</u></u>	<u><u>2,870,039</u></u>
Impairment allowance is aged as follows:		
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<u>(99,460)</u>	<u>(86,915)</u>
Total impairment allowance account	<u><u>(99,460)</u></u>	<u><u>(86,915)</u></u>

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

**Reconciliation of the Impairment Allowance
Movements in relation to 2014**

	Goods and services	Total
Opening balance	(86,915)	(86,915)
Amounts written-off	-	-
Amounts recovered and reversed	20,357	20,357
Decrease recognised in net surplus	(32,901)	(32,901)
Closing balance	(99,459)	(99,459)

Movements in relation to 2013

	Goods and services	Goods and services
Opening balance	(78,372)	(78,372)
Amounts written-off	-	-
Amounts recovered and reversed	28,508	28,508
Increase recognised in net surplus	(37,051)	(37,051)
Closing balance	(86,915)	(86,915)

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
6 Non-Financial Assets		
6A Intangibles		
Web site at cost	67,000	67,000
Accumulated amortisation	<u>(67,000)</u>	<u>(67,000)</u>
Total intangibles (Non-current)	<u><u>-</u></u>	<u><u>-</u></u>
6B Other Non-Financial Assets		
Prepayments	<u>800</u>	<u>300</u>
Total other non-financial assets	<u><u>800</u></u>	<u><u>300</u></u>
Total other non-financial assets expected to be recovered in:		
no more than 12 months	800	300
more than 12 months	<u>-</u>	<u>-</u>
Total other non-financial assets	<u><u>800</u></u>	<u><u>300</u></u>
No indicators of impairment were found for other non-financial assets.		
7 Payables		
7A Suppliers		
Trade creditors and accruals	<u>-</u>	<u>3,165</u>
Total supplier payables	<u><u>-</u></u>	<u><u>3,165</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 2014

	2014	2013
	\$	\$
8 Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of financial position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	1,793,635	1,999,106
Statement of financial position	<u>1,793,635</u>	<u>1,999,106</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities.		
Net contribution by services	124,586	158,604
Resources received free of charge	(92,546)	(94,730)
Depreciation/amortisation	-	-
Salaries and overheads	92,546	94,730
Changes in assets/liabilities		
Decrease/(increase) in receivables	(329,164)	(2,994)
Decrease/(increase) in prepayments	(500)	-
Increase/(decrease) in payables	<u>(393)</u>	<u>(2,772)</u>
Net cash from /(used by) operating activities	<u>205,471</u>	<u>152,838</u>

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

9 Remuneration of Auditors

The 2013/2014 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 (2013 - \$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

	2014	2013
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 P.E. DANIEL	Chairman	Appointed 26 June 2014
Brigadier G.J. REYNOLDS	Chairman	Ceased 29 April 2014
Lieutenant Colonel M. ZANATTA	Trustee	
Warrant Officer Class One M.C. CROUCH	Trustee	Ceased 02 June 2014
Warrant Officer Class Two A.J.G. BARNES	Trustee	Ceased 02 June 2014
Mr G.E. TYE	Trustee	
Mr T. HEENAN	Trustee	

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
(a) Expenses	\$	\$
Employee benefits	(92,546)	(94,730)
Suppliers	(43,104)	(30,275)
Grants	(6,298)	(19,090)
Impairment of assets	(32,901)	(37,051)
Loss on initial recognition of loans and receivables at fair value	(395,021)	(349,157)
Depreciation and ammortisation	-	-
Total expenses	(569,870)	(530,303)
(b) Costs recovered from provision of goods and services to the non-government sector		
Goods and services	155,498	150,404
Resources received free of charge	92,546	94,730
Total Costs recovered	248,044	245,134
(c) Other external income		
Bank interest	72,901	87,313
Loan interest (AASB139)	373,512	356,460
Grants	-	-
Total other external income	446,412	443,773
(d) Net cost/(contribution) of outcome	124,586	158,604

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

17 FINANCIAL INSTRUMENTS	2014	2013
	\$	\$
17A Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash at bank	1,793,635	1,999,106
Loans and receivables	3,211,747	2,870,039
	<u>5,005,382</u>	<u>4,869,145</u>
17B Net Income and Expense from Financial Assets		
Loans and receivables		
Bank interest revenue	72,901	87,313
Members contributions on loans	124,503	105,144
Loan interest revenue	373,512	356,460
Loss on initial recognition of loans on receivables at fair value	<u>(395,021)</u>	<u>(349,157)</u>
Net gain from loans and receivables	<u>175,895</u>	<u>199,760</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 \$1,652,093 held with three investment institutions and members' loans outstanding of \$3,160,468.

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 Risk

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. (2013: Nil payments made).