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Australian  
Military Forces  
Relief Trust Fund

Annual Report  
2005/2006

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Australian Military Forces Relief Trust Fund

Trustees as at 30th June 2006

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**Vacant** (Chairman of Trustees)

Colonel **M.J. MILFORD** (Trustee)

Mr **G.E. TYE** (Trustee)

Warrant Officer Class 1 **J.S. HANSEN** (Trustee)

Secretary to the Trustees: Mr **P.B. ELLIOTT**

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Regional Committees as at 30th June 2006

**Queensland Regional Committee**

Squadron Leader K.C. DUN (Chairman)

Major D.B. THOMSON (Member)

Mr B.J. SHEFFIELD (Member)

WOFF T.J.A. MORAN

Mr R.L. GEDDES (Secretary)

**Southern Regional Committee**

Mr R. STEAD (Chairman)

Mr J. GAFFNEY (Member)

Mr R. L. MALEY (Secretary)

**Western Regional Committee**

Lieutenant Colonel A. McMARTIN, AM (Chairman)

Major A. AUSTIN (Member)

Major S.K. PRIGG, OAM (Member)

Mr C.G. DRUITT (Secretary)

**Central Committee**

Ms D.L. CHALKER (Chairman)

Mr B.F. PERRY (Member)

Mr A.M. McFARLANE (Member)

Mrs J. CHALLIS (Secretary)

**Eastern Regional Committee**

Major C. CHIDGEY (Chairman)

Captain M. HOSE (Member)

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AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND  
FIFTY EIGHTH ANNUAL REPORT OF THE TRUSTEES  
REPORT OF OPERATIONS

The Honourable Bruce Billson, MP  
Minister Assisting the Minister for Defence

Dear Minister,

The Trustees of the Australian Military Forces Relief Trust Fund have the honour to submit their report of operations for the year ended 30 June 2006. 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, up to a maximum of \$5,000, and the provision of welfare grants to members and eligible persons in necessitous circumstances.

The Minister Assisting the Minister for Defence, the Honourable Bruce Billson, MP is the Minister responsible for the Service Trust Funds at the date of this report.

Organisational structure

The AMFRTF is a Commonwealth statutory authority, within the General Government sector, and is directed by 4 Trustees appointed by the Minister. The Fund's central secretariat is located in Canberra and is staffed by the Fund Secretary. All the necessary administration, investing and accounting activities are carried out by the fund secretariat under the direction of the Trustees.

The Australian Military Forces Relief Trust Fund is assisted by a regional committee structure. There are 5 committees located in Sydney, Perth, Melbourne, Canberra and Brisbane. Their function is to receive and assess loan & grant applications from Army members and to refer applications outside their delegations to the Fund 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. Following the introduction of a charge on General loans (excluding Relief loans) in October 2004, the Fund has improved its profitability by a considerable margin. As a consequence, the Trustees have determined to examine further ways and means of delivering benefits to Army members in forms additional to the current loans and grants.

There have been no 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.

## Reviews by outside bodies

During the reporting period, the Fund's Annual Report for 2004/2005 was reviewed by the Senate's Foreign Affairs, Defence and Trade Legislation Committee. The Committee's findings were that the report provided clear concise information for the reported period and was in compliance with all the reporting requirements for statutory authorities.

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	Attended	Remarks
Brigadier D.L. MORRISON	Chairman	3	1	Appointed 11 March 2005 Terminated 13 April 2006
Colonel M.J. MILFORD	Trustee	4	3	Appointed 4 May 2004
Mr G. E. TYE	Trustee	4	4	Appointed 28 August 2005
WO1 J.S. HANSEN	Trustee	4	4	Appointed 28 December 2004

## 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 one of the Trustees, who is assisted by a suitably qualified departmental officer. The committee reviews the Fund's quarterly management financial statements and provides advice to the Trustees.

## Indemnities and insurance premiums for officers

The Fund has taken out insurance coverage with Comcover for Public Liability, Directors and Officers Liability and Fraud and Fidelity. The premium paid for the 2005/2006 year was \$8,838.42.

## 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 Australian Military Forces 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, Secretary to the Trustees of the AMF Relief Trust Fund, Department of Defence, CP2-5-141, Campbell Park Offices, Canberra ACT 2600.

### Loans assistance provided

The Fund has provided loan assistance totalling **\$39,096,844** to serving members since its inception. Loan assistance provided by the Fund in recent years is as follows:

Reporting period	Amount	Loan Numbers
1 July 2000 to 30 June 2001	831,918	238
1 July 2001 to 30 June 2002	1,089,099	302
1 July 2002 to 30 June 2003	1,654,895	421
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

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

Types of loan	Numbers of loans		Amounts	
	%	No	%	\$
Furniture/household needs	17.66%	77	17.72%	313,100
Debt consolidation loans	57.34%	250	59.25%	1,047,135
Medical, dental and legal	6.42%	28	6.66%	117,700
Emergency travel	2.29%	10	1.96%	34,600
Funeral expenses	2.06%	9	1.64%	28,900
Other	0.23%	1	0.28%	5,000
Car repair and expenses	8.49%	37	7.07%	124,900
Housing	2.06%	9	1.74%	30,700
Education expenses	3.44%	15	3.69%	65,200
<b>Totals</b>	<b>100.00%</b>	<b>436</b>	<b>100.00%</b>	<b>1,767,235</b>

The following table provides information on loans approved for the period by rank. The bulk of loans advanced during the 2005/2006 FY were directed to the junior ranks of the Australian Army.

Ranks of Applicants	Loan Nos	\$	% (Nos)	% (\$'s)
Private soldier	214	838,900	49.08%	47.47%
Lance Corporal	34	132,335	7.80%	7.49%
Corporal	80	330,500	18.35%	18.70%
Sergeant	41	166,000	9.40%	9.39%
Staff Sergeant	1	5,000	0.23%	0.28%
Warrant Officer Class 2	24	107,800	5.50%	6.10%
Warrant Officer Class 1	10	46,800	2.29%	2.65%
Staff Cadet	3	9,000	0.69%	0.51%
Lieutenant	12	50,900	2.75%	2.88%
Captain	11	52,000	2.52%	2.94%
Major	5	23,000	1.15%	1.30%
Lieutenant-Colonel	1	5,000	0.23%	0.28%
<b>Totals</b>	<b>436</b>	<b>1,767,235</b>	<b>100.00%</b>	<b>100.00%</b>

### Grants assistance provided

The Fund has provided grant assistance totalling **\$494,805** to eligible members and persons since its inception. This includes an approximate total of 1,870 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire relief to the purchase of medical equipment such as specialty beds suitable for quadraplegic 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.

The AMFRTF have sponsored and financially supported an entity known as the Army Welfare Fund from the early nineties (1993) to the present time. The Army Welfare Fund (AWF) is administered by the Defence Community Organisation (DCO) for the AMFRTF. The DCO's network of Military Support Officers, located within the Australia wide DCO branch structure, assess Army community clients and allocate support as appropriate. Assistance has previously been given for marriage guidance counselling, child care, medical, dental and pharmaceutical expenses, emergency travel, funeral support, emergency housekeeping, the payment of utility accounts, emergency accommodation, family support groups, small loans, alcohol counselling, food, courses for clients, clothing/miscellaneous and general counselling. The Fund has expended in excess of \$170,000 since initiation of the Army Welfare Fund in 1993.

### Appreciation

The Trustees wish to express their gratitude to all members of the regional committees who provided invaluable assistance to the Fund during the period of this report:

#### *Western Committee*

LtCol A. McMartin, AM  
Major S. Prigg, OAM  
Major D. Gibbins  
Major A. Austin  
Mr C.G. Druitt

#### *Southern Committee*

Mr R. Stead  
Ms S. Akhurst  
Mr B. Hall  
Mr R.L. Maley  
Mr J. Gaffney  
Mr C. Burke

#### *Queensland Committee*

SqnLdr B. Graham  
SqnLdr K.C. Dun  
Major D.B. Thomson  
Woff T.J.A. Moran  
Mr B.J. Sheffield  
Mr R.L. Geddes  
Mr A.F. Arndt

#### *Central Committee*

Ms D.L. Chalker  
Mr A.M. McFarlane  
Mr B.F. Perry  
Mrs J. Challis

#### *Eastern Committee*

Major C. Chidgey  
Major G. Powys  
Capt. M. Hose

### 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.

G.E. TYE  
A/Chairman of Trustees

J.S. HANSEN  
Warrant Officer Class 1  
Trustee

August 2006

August 2006



## INDEPENDENT AUDIT REPORT

To the Minister Assisting the Minister for Defence

### **Matters relating to the Electronic Presentation of the Audited Financial Statements**

This audit report relates to the financial statements published in both the annual report and on the website of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2006. The Trustees are responsible for the integrity of both the annual report and the web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to from the audited financial statements.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Australian Military Forces Relief Trust Fund annual report.

### **Scope**

#### ***The financial statements and Trustees' responsibility***

The financial statements comprise:

- Statement by Trustees and Fund Secretary;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2006.

The Trustees are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of the Australian Military Forces Relief Trust Fund and that comply with the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997, Accounting Standards and mandatory financial reporting requirements in Australia. The members of the Trustees are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### **Audit Approach**

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Australian Military Forces Relief Trust Fund's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements: and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Trustees.

### ***Independence***

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

### **Audit 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; and
- (b) give a true and fair view of the Australian Military Forces Relief Trust Fund financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Mark Moloney

Senior Director

Delegate of the Auditor-General

Canberra

12-Sep-06

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 2006 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*.

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.E. TYE  
A/Chairman of Trustees

J.S. HANSEN  
Trustee

P.B. ELLIOTT  
Secretary

August 2006

August 2006

August 2006

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>	<b>4</b>		
Interest		128,073	119,758
Members fund maintenance contribution		125,098	99,777
Resources received free of charge		40,956	42,604
Donations		100,000	-
Other revenues		2,828	10,260
		<b>396,956</b>	<b>272,399</b>
<b>EXPENSE</b>			
<b>Expenses from ordinary activities</b>	<b>3</b>		
Grants		12,500	13,853
Bad and doubtful debts		20,250	9,197
Debt collection fees		530	2,779
Salaries		40,956	42,604
Audit fees		7,370	7,150
Insurance		8,838	9,127
Bank charges / government taxes		816	1,313
Computer expenses		1,482	1,500
		<b>92,743</b>	<b>87,523</b>
<b>Net surplus / (deficit) from ordinary activities</b>		<b>304,213</b>	<b>184,876</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners.</b>		<b>304,213</b>	<b>184,876</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 2006

	Notes	2006 \$	2005 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash	5	242,914	241,554
Receivables	6,7,8	1,910,294	1,763,852
Investments	9	2,083,294	1,923,726
Total financial assets		<u>4,236,502</u>	<u>3,929,132</u>
<b>TOTAL ASSETS</b>		<u><u>4,236,502</u></u>	<u><u>3,929,132</u></u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Other	10	3,157	-
Total payables		<u>3,157</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><u>3,157</u></u>	<u><u>-</u></u>
<b>NET ASSETS</b>		<u><u>4,233,345</u></u>	<u><u>3,929,132</u></u>
<b>EQUITY</b>			
Accumulated surpluses	11	4,233,345	3,929,132
<b>TOTAL EQUITY</b>		<u><u>4,233,345</u></u>	<u><u>3,929,132</u></u>
Current liabilities		(3,157)	-
Non-current liabilities		-	-
Current assets		3,724,332	3,487,858
Non-current assets		512,100	441,274

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Repayment of loans		1,734,681	1,718,505
Interest		128,075	116,161
Other		134,131	7,199
<b>Total cash received</b>		<b><u>1,996,887</u></b>	<b><u>1,841,865</u></b>
<b>Cash used</b>			
Issue of new loans		1,773,711	1,868,684
Grants		12,500	13,853
Bank charges		816	1,113
Payments to suppliers		42,607	30,622
Refunds		6,327	2,542
<b>Total cash used</b>		<b><u>1,835,961</u></b>	<b><u>1,916,814</u></b>
<b>Net cash from/(used by) operating activities</b>	<b>12</b>	<b><u>160,927</u></b>	<b><u>(74,949)</u></b>
<b>Net increase/ (decrease) in cash held</b>		<b>160,927</b>	<b>(74,949)</b>
Cash at the beginning of the reporting period		<b>2,165,280</b>	2,240,229
<b>Cash at the end of the reporting period</b>	<b>12</b>	<b><u>2,326,207</u></b>	<b><u>2,165,280</u></b>

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

AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND  
SCHEDULES OF COMMITMENTS AND CONTINGENCIES  
AS AT 30 JUNE 2006

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	Notes	2006 \$	2005 \$
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SCHEDULE OF COMMITMENTS  
AS AT 30 JUNE 2006

BY TYPE

CAPITAL COMMITMENTS		NIL	NIL
Total capital commitments		NIL	NIL
OTHER COMMITMENTS		NIL	NIL
Total other commitments		NIL	NIL
COMMITMENTS RECEIVABLE		NIL	NIL
Net commitments		NIL	NIL

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SCHEDULE OF CONTINGENCIES  
AS AT 30 JUNE 2006

CONTINGENT LIABILITIES		NIL	NIL
Total Contingent Liabilities		NIL	NIL
CONTINGENT ASSETS		NIL	NIL
Net Contingent Liabilities		NIL	NIL

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

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AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND  
STATEMENT OF CHANGES in EQUITY  
FOR THE YEAR ENDED 30 JUNE 2006

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>	<b>3,929</b>	3,744	-	-	-	-	<b>3,929</b>	3,744
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in Accounting policies	-	-	-	-	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>3,929</b>	3,744	-	-	-	-	<b>3,929</b>	3,744
<b>Income and Expense</b>								
Revaluation adjustment	-	-	-	-	-	-	-	-
<b>Subtotal income and expenses recognised directly in equity</b>	-	-	-	-	-	-	-	-
Net Operating Result	<b>304</b>	185	-	-	-	-	<b>304</b>	185
<b>Total income and expenses</b>	<b>304</b>	185	-	-	-	-	<b>304</b>	185
<b>Transactions with Owners</b>								
<i>Distributions to owners</i>								
Returns on Capital Dividends	-	-	-	-	-	-	-	-
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-
<b>Sub-total Transactions with Owners</b>	-	-	-	-	-	-	-	-
<b>Transfers between equity components</b>	-	-	-	-	-	-	-	-
<b>Closing balance at 30 June</b>	<b>4,233</b>	3,929	-	-	-	-	<b>4,233</b>	3,929

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

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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 2006

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## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Objectives of Agency

In accordance with its enabling legislation, the *Services Trust Funds Act 1947*, the Australian Military Forces Relief Trust Fund provides benefits to members of the Australian Defence Force who have served in, or in association with the Australian Army and to the dependants of such members. These benefits take the form of interest free relief loans, welfare grants and the provision of low fee general loans.

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

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

The statements have been prepared in accordance with:

- \* Finance Minister's Orders (or FMO's, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 01 July 2005)*);
- \* Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- \* Interpretations issued by the AASG and UIG that apply for the reporting period.

This is the first financial report to be prepared under the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are disclosed at their full amount.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not unperformed are not recognised unless required by an Accounting Standard.

Revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.2.b Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the AMFRTF to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.



**AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**1.2.b Statement of Compliance** (continued)

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the AMFRTF in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the AMFRTF's initial assessment at this date, but may change. The AMFRTF intends to adopt all of the standards upon their application date –

Title	Standard affected	Application Date *	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1-Jan-06	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1-Jan-06	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1-Jan-06	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.  Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1-Jan-06	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB4, AASB1023, AASB 139 , AASB 132.	1-Jan-06	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101 AASB 114, AASB 117, AASB133, AASB 139, AASB 1, AASB 4, AASB 1023, AASB 1038	1-Jan-07	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31-Dec-06	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1-Jan-07	Revise the disclosure requirements for financial instruments from AASB 132	No expected impact.

\* Application date is for annual reporting periods beginning on or after the date shown.

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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 2006**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**1.3 Revenue**

The revenues described in this Note are revenues relating to the core operating activities of the Fund. Interest and other revenue are credited to revenue as they accrue.

A charge is levied on all General Loan applicants (applicants for Relief loans are exempted) to assist with defraying administrative expenses and to provide growth in the Fund. These Fund Maintenance Contributions are brought to account in the year the loan is advanced and form part of the outstanding loan amount.

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 – During the reporting period the following services were provided by the Department of Defence for the benefit of the AMF Relief Trust Fund:

- \* Office accommodation including computer, telephone, postage and stationery support;
- \* Use of the Australian Defence Force pay system to recover loan repayments from Army members ;
- \* Salary for the Australian Military Forces Relief Trust Fund Secretary; and
- \* Assistance to the AMFRTF regional committees from Defence Force personnel on an ad-hoc basis.

A costing has been included in the financial statements to reflect the fair value of the Secretary's salary (see note 4). The remainder of the resources provided cannot be reliably measured.

**1.4 Taxation/Competitive Neutrality**

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

**1.5 Bad and Doubtful Debts**

Bad debts are written off in the period in which they are recognised. Doubtful debts are expensed and a provision raised at 90 days. Recovery attempts are assisted by the use of a debt collector.

**1.6 Cash and cash equivalents**

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

**1.7 Financial Risk Management**

The AMF Relief Trust Fund's activities expose it to normal commercial financial risk. As a result of the nature of the AMFRTF's business and internal and Australian Government policies, dealing with the management of financial risk, the AMFRTF's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

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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 2006**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**1.8 Financial instruments**

Accounting policies in relation to financial instruments are disclosed at Note 17.

**1.9 Economic dependency**

The Fund is reliant upon the Department of Defence for the provision of administrative support, computer and communication facilities and office accommodation for the AMFRTF Secretariat.

**1.10 Segment reporting**

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

**1.11 Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

**1.12 Insurance**

The Trustees have arranged for insurance coverage for the Fund with Comcover. Policies for Fraud and Fidelity, Directors and Officers Liability and Public (General) Liability Insurance were taken out for the 2005/2006 year at a premium cost of \$8,838.42

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**2 THE IMPACT OF THE TRANSITION TO AEIFRS FROM PREVIOUS AGAAP**

The AMF Relief Trust Fund does not hold any physical assets nor does it have any employees. The only assets are financial assets held in the form of cash at bank, term deposits with Australian Institutions and the Fund's loan portfolio. This is comprised of several hundred small loans to serving members of the Australian Army. All of these assets are recognised at their nominal amounts and are carried in the accounts at face value.

The Fund is a small conservative investor and has no foreseeable requirement to access overseas capital markets. It does not invest in the Stock Market nor does it participate in or undertake offshore investing activity. The Fund believes that these positions will not change and considers that the introduction of AEIFRS has not and will not impact on the Fund's financial statements

	2005	2004
<b>Recognition of total equity as presented under previous AGAAP to that under AEIFRS</b>		
Total equity under previous AGAAP	3,929,132	3,744,256
Total equity translated to AEIFRS	3,929,132	3,744,256

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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 2006

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	2006 \$	2005 \$
<b>3 OPERATING EXPENSES</b>		
Components of operating expenses:		
<i>Loan administration expenses</i>		
Grants	12,500	13,853
Doubtful debts	-	9,197
Bad debts	20,250	-
Debt collection fees	530	2,779
	33,280	25,829
<i>General administration expenses</i>		
Salaries	40,956	42,604
Audit fees	7,370	7,150
Insurance	8,838	9,127
Computer expenses	1,482	1,500
Miscellaneous	-	200
	58,647	60,581
<i>Cost of investing activity</i>		
Bank charges/government taxes	816	1,113
<b>TOTAL OPERATING EXPENSES</b>	<b>92,743</b>	<b>87,523</b>
<b>4 OPERATING REVENUES</b>		
Operating revenues comprise:		
<i>Interest &amp; fund maintenance contributions</i>		
Investments	120,130	110,144
Fund maintenance contribution	125,098	99,777
Bank accounts	7,943	9,614
	253,172	219,535
<i>Resources received free of charge</i>		
Salaries	40,956	42,604
	40,956	42,604
<i>Other operating revenue</i>		
Debt recoveries	2,828	9,131
Miscellaneous	-	201
Donations	100,000	928
	102,828	10,260
<b>TOTAL OPERATING REVENUES</b>	<b>396,956</b>	<b>272,399</b>

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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 2006

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	2006 \$	2005 \$
<b>5 CASH AND CASH EQUIVALENTS</b>		
Components of cash:		
Cash at bank and on hand	144,715	117,743
Cash management call account	31,670	81,220
Advances to regional committees	66,529	42,591
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>242,914</b>	<b>241,554</b>
<hr/>		
<b>6 TOTAL LOANS OUTSTANDING</b>		
<i>Loans outstanding at beginning of period</i>	1,738,581	1,490,084
Add Members fund maintenance contribution	125,098	99,777
Add New loans issued	1,778,011	1,868,684
	<u>3,641,691</u>	<u>3,458,545</u>
Less Repayments	(1,738,618)	(1,716,738)
Less Debts written off	(16,980)	(3,226)
	<u>1,886,093</u>	<u>1,738,581</u>
<i>Loans outstanding at end of period</i>	1,886,093	1,738,581
Represented by :		
Current loans outstanding	1,373,993	1,297,307
Non-current loans outstanding	512,100	441,274
	<u>1,886,093</u>	<u>1,738,581</u>
<hr/>		
<b>7 PROVISION FOR DOUBTFUL DEBTS</b>		
<i>Provision for doubtful debts at beginning of period</i>	12,458	15,118
Doubtful debts written off	(9,242)	(3,226)
Debt recoveries	(2,828)	(9,450)
Increase (decrease) in doubtful debts	3,269	10,016
	<u>3,657</u>	<u>12,458</u>
<i>Provision for doubtful debts at end of period</i>	3,657	12,458

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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 2006**

	Notes	2006 \$	2005 \$
<b>8 RECEIVABLES</b>			
<b>CURRENT</b>			
Sundry Debtors		61	5,000
Loans outstanding	6	1,373,993	1,297,307
<u>Less: Provision for doubtful debts</u>	7	<b>(3,657)</b>	<b>(12,458)</b>
		<u>1,370,396</u>	<u>1,289,849</u>
Interest receivable		27,798	32,729
Total current receivables		<u>1,398,194</u>	<u>1,322,578</u>
<b>NON-CURRENT</b>			
Loans outstanding	6	512,100	441,274
<b>TOTAL RECEIVABLES (NET)</b>		<u>1,910,294</u>	<u>1,763,852</u>
Receivables (gross) includes receivables overdue by			
~ not overdue		1,910,294	1,763,852
~ less than 30 days		Nil	Nil
~ 30 to 60 days		Nil	Nil
~ more than 60 days		3,657	12,458
Total receivables (gross)		<u>1,913,951</u>	<u>1,776,310</u>
The provision for doubtful debts is aged as follows:			
~ not overdue		Nil	Nil
~ overdue by :			
~ less than 30 days		Nil	Nil
~ 30 to 60 days		Nil	Nil
~ more than 60 days		3,657	12,458
Total provision for doubtful debts		<u>3,657</u>	<u>12,458</u>
<b>9 INVESTMENTS</b>			
<b>CURRENT (Term Deposits)</b>			
Victorian Teachers Credit Union		570,303	530,500
RACV Finance		300,000	250,000
IMB Limited		591,185	557,721
CPS Credit Union of SA Ltd		621,806	585,504
<b>TOTAL INVESTMENTS</b>		<u>2,083,294</u>	<u>1,923,726</u>
<b>10 PAYABLES</b>			
Sundry creditors		3,157	-
<b>TOTAL PAYABLES</b>		<u>3,157</u>	<u>-</u>

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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 2006

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11 EQUITY	2006 \$	2005 \$
Accumulated results		
Balance 1 July	3,929,132	3,744,256
Net surplus	<u>304,213</u>	<u>184,876</u>
Balance 30 June	<u><u>4,233,345</u></u>	<u><u>3,929,132</u></u>

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12 CASH FLOW STATEMENT – RECONCILIATION OF CASH

For the purposes of this statement, cash includes cash on hand and deposits held at call with banks including a cash management call account and term deposits. Cash at the end of the year is shown as follows:

	2006 \$	2005 \$
Cash at bank and on hand	211,244	160,334
Term deposits	2,083,294	1,923,726
Cash management call account	31,670	81,220
	<u>2,326,207</u>	<u>2,165,280</u>
Reconciliation of cash flows from operations with operating surplus		
Operating surplus	304,213	184,876
Non-cash items		
Resources received free of charge	(40,956)	(42,604)
Salaries and overheads	40,956	42,604
Changes in assets and liabilities		
Decrease/(increase) current receivables	(75,617)	(156,013)
Decrease/(increase) non-current receivables	(70,826)	(103,742)
Increase/(decrease) creditors	3,157	(70)
Net cash from /(used by) operating activities	<u><u>160,927</u></u>	<u><u>(74,949)</u></u>

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	<b>2006</b>	<b>2005</b>	<b>Difference</b>
Note 8:			
CURRENT			
Loans outstanding	1,373,993	1,297,307	76,686
		<i>Deduct \$1,069</i>	<u>-1,069</u>
			<b>75,617</b>
NON-CURRENT			
Loans outstanding	512,100	441,274	<b>70,826</b>

	<b>2005</b>	<b>2004</b>	<b>Difference</b>
Note 8:			
CURRENT			
Loans outstanding	1,297,307	1,152,552	144,755
		<i>Add Prov'n 4 D/debts</i>	<u>12,458</u>
			157,213
		<i>Deduct \$1,200</i>	<u>- 1,200</u>
			<b>156,013</b>
NON-CURRENT			
Loans outstanding	441,274	337,532	<b>103,742</b>

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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 2006**

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### 13 AUDITORS REMUNERATION

The 2005/2006 financial statements of the AMF Relief Trust Fund have been audited by the Australian National Audit Office at an estimated cost, inclusive of GST, of \$8,030 (\$7,370 in 2004/2005). No other services were provided by the Auditor-General during the reporting period nor were any other fees paid by the AMF Relief Trust Fund.

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### 14 TRUSTEES OF THE FUND

The following persons were Trustees during the reporting period:

Brigadier **D.L. MORRISON** (Chairman of Trustees)  
(appointed 11 March 2005, terminated 13 April 2006)

Colonel **M.J. MILFORD**, (Trustee)  
(appointed 4 May 2004)

Warrant Officer Class 1 **J.S. HANSEN** (Trustee)  
(appointed 28 December 2004)

Mr **G.E. TYE**, (Trustee)  
(appointed 28 August 2005)

Ms **A.G. NEILSON**, (Trustee)  
(appointed 19 March 2003, terminated 28 August 2005)

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### 15 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 Fund's administration.

Under Part 2, Section 14 of the *Services Trust Fund 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 reporting period.

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### 16 SUBSEQUENT EVENTS

There have been no post balance day events that have had a material effect on the Financial Statements.

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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 2006**

**17 FINANCIAL INSTRUMENTS**

a) *Terms, conditions and accounting policies*

FINANCIAL INSTRUMENT	NOTES	ACCOUNTING POLICIES AND METHODS (including recognition criteria and measurement basis).	NATURE OF UNDERLYING INSTRUMENT (including significant terms and conditions affecting the amount, timing and certainty of cash flows.
<b>Financial Assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	<b>5</b>	Cash deposits are recognised at their nominal amounts with interest being credited to revenue as it accrues.	Surplus funds are placed at call with the Fund's banker. Interest is earned on the daily balance at the prevailing rate.
Receivables	<b>8</b>	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts.	Credit terms are determined by the Fund from time to time.
Investments	<b>9</b>	Investments are recognised at their purchase prices with interest being credited to revenue as it accrues.	Investments are all term deposits with annual interest payments. The weighted average fixed interest rate is 6.11%. Maturities range from 8 September 2006 to 22 March 2007.
<b>Financial Liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Creditors	<b>10</b>	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received, irrespective of having been invoiced.	Settlement is usually made net 30 days.

b) *Net Fair Values of Financial Assets and Liabilities*

- Financial Assets – The net fair values of cash, deposits on call, term deposits and receivables approximate their carrying amounts  
 Financial Liabilities – The net fair values for accrued expenses and creditors are approximated by their carrying amounts.

c) *Credit Risk Exposure*

The Fund's maximum exposure to credit risk at reporting date, in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Fund has no significant exposures to any concentrations of credit risk.