
THE
RAAF WELFARE RECREATIONAL COMPANY
ANNUAL REPORT 2013 - 2014

THE
RAAF WELFARE RECREATIONAL COMPANY

Annual Report

For the period

1 July 2013 to 30 June 2014

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The Secretary
RWRC
Brindabella Park (BP29-2-164)
PO Box 7980
Department of Defence
CANBERRA BC ACT 2610

RAAF WELFARE RECREATIONAL COMPANY**SIXTH ANNUAL REPORT****REPORT OF OPERATIONS**

Assistant Minister for Defence

Dear Minister

This report of operations by the Directors of the RAAF Welfare Recreational Company (RWRC) is for the year ended 30 June 2014. The report is accompanied by the Financial Statements for the period and other information which are to be read as part of this report.

Enabling Legislation and Responsible Minister

The RWRC was incorporated on 25 October 1972 to administer the assets of the RAAF Central Welfare Trust Fund (RCWTF) and is subject to the Corporation Act 2001.

The RWRC operates within the Defence portfolio, reporting to the Assistant Minister for Defence (the Minister).

Commonwealth Authorities and Companies Act 1997

The RWRC also complies with the requirements of the *Commonwealth Authorities and Companies Act 1997* with respect to:

- Reporting to Ministers and Parliament;
- Contents of Annual Report;
- Audit of the RWRC's financial statements by the Auditor-General;
- Banking and investment powers of authorities;
- General policies of the Australian Government; and
- Conduct of directors and officers, including the civil consequences of any breach of their duties by the directors and officers.

Ministerial Directions

In a letter to the Chairman of Trustees dated 27 May 2009, the then Minister for Defence Science and Personnel, the Hon Warren Snowdon MP, provided the following Statement of Expectations for the Board's guidance in the performance of its functions:

This Statement of Expectations formally outlines my expectations concerning the operations and performance of the RAAF Welfare Recreational Company (RWRC).

The Government's vision for the RWRC is that it will be a company that successfully manages the recreational facilities (including accommodation) of the RAAF Central Welfare Trust Fund (RCWTF), for the benefit of RAAF members, their families and other eligible persons.

As Chairman, you are to ensure that RWRC keeps me as the Minister for Defence Science and Personnel (the Minister) fully informed of any significant events or issues that may impact on the operations of the RWRC. All communication provided to me, as the Minister is to be forwarded, in parallel, to Defence.

Expectations for the Board are that it will ensure that RWRC will:

1. manage the assets of the RCWTF in a manner which ensures financial independence and long term viability;
2. encourage continuous improvement practices to maximise opportunities that will ensure its long term viability;
3. in response to this Statement of Expectations, provide the Minister with its Statement of Intent;
4. make both Statements publicly available;
5. provide the Minister with its quarterly and annual financial and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Air Force;
6. adopt best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies;
7. identify and manage all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise; and
8. demonstrate its compliance with appropriate government policy and directions.'

In response, the Chairman of the RWRC provided a Statement of Intent to the Minister, that the Board of Directors, undertake that we will:

1. manage the assets of the RAAF Central Welfare Trust Fund in a manner which ensures financial independence and long term viability;
2. encourage continuous improvement practices to maximise opportunities that will ensure its long term viability;
3. in response to the Statement of Expectations, provide the Minister with a Statement of Intent and make both statements publicly available;
4. provide the Minister with quarterly and annual financial and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Air Force;
5. adopt best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies;
6. identify and manage all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise;
7. demonstrate compliance with appropriate government policy and directions; and
8. monitor the performance of the RWRC using the performance indicators in the company's business plan to ensure expectations are achieved.

RWRC is subject to the following general policies:

The following policies were notified to RWRC by the responsible Minister prior to the commencement of the financial year and remain in force:

- National Code of Practice for the Construction Industry; and
- Foreign Exchange Risk Management Policy.

RWRC has complied with the above-mentioned policies as appropriate.

Compliance Reporting

CAC Act bodies in the General Government Sector (GGS) must report on legislative compliance and financial sustainability, on an annual basis, to the responsible Minister and the Minister for Finance and Deregulation (Finance Minister). To give effect to the policy, the Finance Minister requires the directors of each GGS CAC Act authority to provide a Compliance Report indicating whether or not, in their opinion:

- a. the provisions and requirements of the CAC Act, the *Commonwealth Authorities and Companies Regulations 1997* (CAC Regulations) and the *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* (CAC Orders), collectively 'the CAC Act legislation' have been complied with; and
- b. the costs of the body are forecast to be within estimated sources of external receipts for the current financial year, including, where appropriate, estimates of external receipts in the Australian Government's central budget system.

The Compliance Report is to be provided to the responsible Minister and the Finance Minister by the fifteenth day of the fourth month after the end of the financial year.

The Compliance Report is not part of the Annual Report.

Organisational Structure

The RAAF Welfare Recreational Company is a Commonwealth statutory authority within the GGS and is managed by Directors who are appointed by the Chief of Air Force. The RWRC owns properties on the Gold Coast in Queensland and at Merimbula on the far South Coast of New South Wales; Head Office is located in Canberra ACT.

Review of Operations and Future Prospects

Operations were in accordance with the RWRC's statutory objectives and comprised the provision of discounted recreational accommodation for RAAF members, their families and other eligible persons and to provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members. There were no significant changes in the RWRC's state of affairs or principal activities during the financial year.

In the opinion of the Directors, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the RWRC's operations, the results of those operations, or the RWRC's state of affairs in future financial years after this financial year.

Reviews by Outside Bodies

RWRC Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The financial statements are lodged with ASIC every year.

The RWRC financial statements are subject to audit by the Australian National Audit Office.

RWRC Board of Directors

- All members of the Board are appointed by the Chief of Air Force. The Board comprises serving and ex-serving members of the RAAF.

During 2013-2014 the RWRC Board met five times. These meetings were held in Canberra and at the Company facilities on the Gold Coast and Merimbula.

Board Member's Attendance at Meetings

Name	Special Responsibilities	Number of Possible Attendances	Number Actually Attended
Air Commodore A.R.B. Elfverson	Chairman	5	5
Air Commodore R.P. W. Rodgers		5	4*
Group Captain (Retd)D.B. Green	A/Secretary	5	5
Wing Commander P. M. Gilbert		5	5
Squadron Leader K.M. Samin		5	4*
Flight Lieutenant J.A Higgs		5	5
Mr B.F. Perry	Secretary	5	2*

* Absences due to work commitments in Air Force primary duties.

Board Qualifications

NAME	APP'T	QUALIFICATIONS
Air Commodore A.R.B. Elfverson	Chairman	Bachelor of Business Master of Management in Defence Studies
Air Commodore R.P. W. Rodgers		MDefS; Grad Dip DefS; Grad Dip MgtS; Adv Grad Dip Gov Mgt; Dip Gov Mgt; Adv Dip Pers Ops Mgt; Dip AdminS; Dip Teach Teac FurE;
Group Captain (Retd)D.B. Green		Fellowship Diploma Business Studies, RMIT;
Wing Commander P.M. Gilbert		BBusStud; GradCert -Marketing
Squadron Leader K.M. Samin		Nil
Flight Lieutenant J.A. Higgs		Nil
Mr B.F. Perry	Secretary	Grad Cert Prof Mgt – Finance

Board Committees

Audit Committee

NAME	APPOINTMENT
Air Commodore R.P. W. Rodgers	Director
Group Captain (Retd) D.B. Green	Director
Wing Commander P.M. Gilbert	Director

The RWRC has established an audit committee in accordance with the CAC Act. The committee is comprised of three members in accordance with regulations prescribing the minimum composition of audit committees. The primary objectives of the Audit Committee are:

- improving the effectiveness and efficiency of RWRC's internal control framework;
- ensuring that RWRC has appropriate risk identification and management practices in place;
- improving the objectivity and reliability of financial reporting;
- ensuring that RWRC has adequate procedures on matters of audit independence; and
- assist the Board to comply with all governance and other obligations.

The Audit Committee meets before each Directors meeting and tabled a report to the Board with the results of internal reviews of various aspects of Company management and operations conducted during the period under review.

Freedom of Information Procedures and Initial Contact Points

Requests for access to RWRC documents should be directed to the Board of Directors of the RAAF Welfare Recreational Company, BP29-2-163, Brindabella Park, Department of Defence, CANBERRA BC, ACT, 2610.

Indemnities and Insurance Premiums for Officers

The RWRC has taken out insurance coverage with Comcover for Association Liability Insurance. 14.65% of the liability cover relates to Directors' and Officers'. Where applicable, the insurance cover is provided for all Directors, staff and contractors.

Commonwealth Disability Strategy

Given the nature of the RWRC's size and activities, the Directors consider that the current organisational and operating procedures meet the requirements of the Commonwealth Disability Strategy.

Work Health and Safety

Staff supporting the operations of the RWRC are employed by the Commonwealth (Department of Defence) and, as such, fall within the policies and procedures of the Department of Defence for WHS purposes.

Risk Management and Fraud Control

The Directors have established a risk management and fraud control plan in line with the Commonwealth's endeavours to make risk management an integral part of everyday business practice. The RWRC does not receive any funding from the Commonwealth and therefore does not need to apply the promulgated *Commonwealth Fraud Control Guidelines*

(Guidelines). However, the Directors have adopted the Guidelines as best practice standards for fraud control and have implemented fraud control arrangements commensurate with the RWRC's activities. The RWRC's risk management and fraud control plan was reviewed and updated in April 2013.

Protective Security

The Directors consider that an appropriate protective security environment is fundamental to good business and management practice. Accordingly, the Directors have developed and implemented a security plan that is appropriate to the RWRC's functions and the security risks it faces. The RWRC's protective security plan was reviewed and updated in April 2013.

APPRECIATION

The Directors wish to express appreciation to all persons who assisted the RWRC during the period of this report. The efforts of the holiday facility managers have given RAAF members the confidence that the RWRC can provide high quality affordable accommodation. In particular, the Directors express their sincere appreciation for the services rendered by the operations staff and the managers of the RWRC owned facilities:

Australian Capital Territory
Miss D. Chalker

New South Wales
Mr N. Bourke
(Manager of Tuscany)

Queensland
Mr H. Wilkinson
Mrs J. Wilkinson
Mr. A. Wilkinson
(Managers of Ambassador)

CONCLUSION

The Directors are responsible under section 36 of the CAC Act for the preparation and content of the report of operations in accordance with Finance Minister's Orders. This report of operations is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



A.R.B. ELFVERSON
Air Commodore
Chairman of RWRC

27 October 2014



J.A. HIGGS
Flight Lieutenant
Director

27 October 2014

CHAIRMAN'S REPORT

I have pleasure in providing my first Chairman's report in what is and has been a challenging period for the business entity. I wish firstly to acknowledge the stewardship of AIRCDRE Rodgers and the Board over the past three years. Given the confines of the entity business model, all that could be done has been done to improve operational outcomes during that period.

Whilst acknowledging the efforts of the Board, there nonetheless remain challenges in addressing the performance of the business entity both in terms of financial outcomes and in terms of its continued relevance to members of the Air Force and wider Defence Organisation. It is in the construct of these thoughts that I report.

The outcomes for the current year echo past performances and are what would be expected of a business entity with its current construct. The managed fund, in line with improvements in the investment climate performed well and recorded growth. Term deposits, in line with low interest rates, provided returns that are more moderate. Holiday facilities, in line with challenges reported in the past, have underperformed (again, despite the efforts of the Board to improve occupancy).

It is important to summarise and note the challenges the Board has faced over recent years. The Global Financial Crisis (GFC) has directly affected the Company's performance. Compounding the immediate impact, and recovery period following the GFC, were cyclonic weather patterns over recent times in SEQLD and, importantly, during the peak occupancy periods that in turn had negative impact on holiday facility occupancy. The Board was hopeful that this year's outcomes would have reflected a more stable environment and seen growth in occupancy levels, particularly over the traditional peak periods. Unfortunately, this has not occurred.

With the advent of the *Public Governance Performance and Accountability Act* and the requirement for performance reporting, the Board will be afforded an opportunity to critically review all aspects of Company structure and performance and then test that structure and performance to determine if the entity can be and remain relevant to the needs of Air Force. The first opportunity to begin this process will be at a strategic planning day in February 2015. I fully expect outcomes of that meeting will drive reforms that will enhance the entity's value to Air Force and therefore put in place structures to ensure its longevity. That said, the alternative outcome might be the difficult task of critically reviewing the future of the entity.

Summary

The Board of Directors of the RAAF Welfare Recreational Company acknowledge that, despite the hard work conducted over recent times, performance has not met expectations. The Board now have some difficult considerations; perhaps the most profound being the continuation or otherwise of the current construct and model of the entity. Structural change will take time and will have to match the needs of the future Air Force. This is the challenge ahead and a challenge I am confident that the current Board will meet.

Finally, I also wish to acknowledge the Company's Finance Operations Manager, Miss Donna Chalker, for her ongoing support to the Board. Donna has recently left the Public Service and we wish her well.

A handwritten signature in cursive script, appearing to read 'A.R.B. Elfverson', followed by a period.

A.R.B. ELFVERSON

Air Commodore

Chair

RAAF Welfare Recreational Company

RAAF WELFARE RECREATIONAL COMPANY

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the accounts of RAAF Welfare Recreational Company for the year ended 30 June 2014 and the auditors' report thereon.

DIRECTORS

The Directors in office at the date of this report are:

AIR COMMODORE	Andrew Ronald Brooks Efverson Director General Strategic Communication Director since 17 June 2013
AIR COMMODORE	Robert Peter William Rodgers, CSM Director General Personnel - Air Force Director since 14 January 2011
GROUP CAPTAIN (Retd)	David Bruce Green Director General Personnel - Air Force Director since 11 March 2003
WING COMMANDER	Peter Mark Gilbert Director General Personnel - Air Force Director since 24 November 2011
SQUADRON LEADER	Kim Michelle Samin, OAM Director General Personnel - Air Force Director since 22 August 2001
FLIGHT LIEUTENANT	Julie Anne Higgs International Policy Division Director since 13 September 2011
MR	Bruce Francis Pery Director General Personnel - Air Force Director since 13 September 2011

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were to act as trustee for the RAAF Central Welfare Trust Fund.

There were no changes in the nature of activities of the company during the year.

RAAF WELFARE RECREATIONAL COMPANY

DIRECTORS DECLARATION

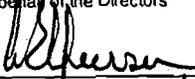
The Directors of the Company declare that:

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes satisfy the requirements of the *Australian Charities and Not for profits Commission Act 2012*.

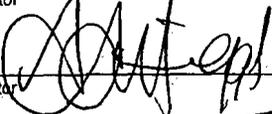
Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not for profit Commission Regulation 2013*.

Dated at Canberra this 27th day of October 2014.

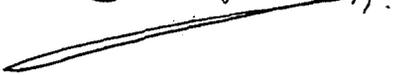
On behalf of the Directors



Director



Director





Mr Andrew Elfverson
Chairman
RAAF Welfare Recreational Company
(as Trustee of the RAAF Central Welfare Trust Fund)
(BP29-2-163) Brindabella Park
PO Box 7980
CANBERRA BC ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY
2013-14 CONSOLIDATED FINANCIAL REPORT
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the RAAF Welfare Recreational Company and consolidated entity for the year ended 30 June 2014, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
27 October 2014



INDEPENDENT AUDITOR'S REPORT

To the members of the RAAF Welfare Recreational Company

I have audited the accompanying financial report of the RAAF Welfare Recreational Company, which comprises the Consolidated Statement of Financial Position as at 30 June 2014, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, Notes to and forming part of the Consolidated Financial Statements, including a Summary of Significant Accounting Policies, and the Directors Declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the RAAF Welfare Recreational Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the RAAF Welfare Recreational Company's preparation of the financial report that gives 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 RAAF Welfare Recreational Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

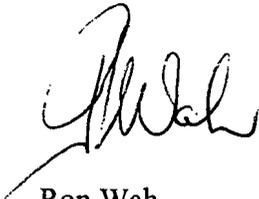
In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In my opinion the financial report of the RAAF Welfare Recreational Company is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
27 October 2014

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 June 2014**

	Notes	RCWTF		Consolidated	
		2014	2013	2014	2013
		\$	\$	\$	\$
Continuing operations					
Sale of goods and rendering of services	3A	366,602	363,779	366,602	363,779
Interest	3B	82,891	91,503	82,891	91,503
Other revenue	3C	68,322	114,814	68,322	114,814
Total revenue		517,815	570,096	517,815	570,096
Expenses					
Employee benefits	4A	68,322	114,814	68,322	114,814
Supplier	4B	477,907	439,219	477,907	439,219
Depreciation	4C	91,197	95,424	91,197	95,424
Finance costs	4D	1,547	2,063	1,547	2,063
Fair value remeasurement	4E	7,293	-	7,293	-
Total expenses		646,267	651,519	646,267	651,519
Loss for the year from continuing operations		(128,452)	(81,423)	(128,452)	(81,423)
Other Comprehensive Income					
Items not subject to subsequent reclassification to net cost of services					
Revaluations of land and buildings		-	(206,732)	-	(206,732)
Gain on available for sale assets		101,006	138,447	101,006	138,447
Other comprehensive income for the year		101,006	(68,285)	101,006	(68,285)
Total comprehensive income / (loss) for the year attributable to owners of the Company		(27,446)	(149,708)	(27,446)	(149,708)

The above Statement is to be read in conjunction with the accompanying notes

RAAF WELFARE RECREATIONAL COMPANY

Consolidated Statement of Financial Position as at 30 June 2014

	Notes	RCWTF		Consolidated	
		2014	2013	2014	2013
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6A	1,168,723	1,280,853	1,168,723	1,280,853
Trade and other receivables	6B	13,384	34,701	13,384	34,701
Other Investment	6C	1,121,040	963,608	1,121,040	963,608
Total financial assets		2,303,147	2,279,162	2,303,147	2,279,162
Non-current assets					
Land and buildings	7A,C	4,813,529	5,515,000	4,813,529	5,515,000
Property, plant and equipment	7B,C	62,652	64,573	62,652	64,573
Other non-current assets	7D	51,181	26,468	51,181	26,468
Total non-current assets		4,927,362	5,606,041	4,927,362	5,606,041
Assets held for sale	7E	627,886	-	627,886	-
Total assets		7,858,395	7,885,203	7,858,395	7,885,203
LIABILITIES					
Current liabilities					
Trade payables	8A	(27,284)	(22,029)	(27,284)	(22,029)
Other payables	8B	(14,690)	(17,654)	(14,690)	(17,654)
Total current liabilities		(41,974)	(39,682)	(41,974)	(39,682)
Provisions					
Other provisions	9	(1,874)	(1,874)	(1,874)	(1,874)
Total provisions		(1,874)	(1,874)	(1,874)	(1,874)
Total liabilities		(43,848)	(41,556)	(43,848)	(41,556)
Net assets		7,814,547	7,843,646	7,814,547	7,843,646
EQUITY					
Reserves		3,342,108	3,241,101	3,342,108	3,241,101
Retained earnings		4,472,439	4,602,544	4,472,439	4,602,544
Total equity		7,814,547	7,843,646	7,814,547	7,843,646

The above Statement is to be read in conjunction with the accompanying notes

RAAF WELFARE RECREATIONAL COMPANY

Consolidated Statement of Changes in Equity for the period ended 30 June 2014

	Retained earnings		Asset revaluation reserve		Other reserves		Total Equity	
	Consolidated 2014	RCWTF 2014	Consolidated 2014	RCWTF 2014	Consolidated 2014	RCWTF 2014	Consolidated 2014	RCWTF 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 01 July 2013	4,602,544	4,602,544	3,076,720	3,076,720	164,381	164,381	7,843,646	7,843,646
Transfer of unrecoverable assets to retained earnings	(1,653)	(1,653)	-	-	-	-	(1,653)	(1,653)
Profit (loss) for the year	4,600,891	4,600,891	3,076,720	3,076,720	164,381	164,381	7,841,993	7,841,993
Other comprehensive income	(128,452)	(128,452)	-	-	-	-	(128,452)	(128,452)
Total comprehensive income for the year	-	-	-	-	101,006	101,006	101,006	101,006
	(128,452)	(128,452)	-	-	101,006	101,006	(27,446)	(27,446)
Balance at 30 June 2014	4,472,439	4,472,439	3,076,720	3,076,720	265,387	265,387	7,814,547	7,814,547

For the period ended 30 June 2013

	Retained earnings		Asset revaluation reserve		Other reserves		Total Equity	
	Consolidated 2013	RCWTF 2013	Consolidated 2013	RCWTF 2013	Consolidated 2013	RCWTF 2013	Consolidated 2013	RCWTF 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 01 July 2012	4,683,967	4,683,967	3,283,452	3,283,452	25,934	25,934	7,993,353	7,993,353
Profit (loss) for the year	(81,423)	(81,423)	-	-	-	-	(81,423)	(81,423)
Other comprehensive income	-	-	-	-	138,447	138,447	138,447	138,447
Revaluation of assets	-	-	(206,732)	(206,732)	-	-	(206,732)	(206,732)
Total comprehensive income for the year	(81,423)	(81,423)	(206,732)	(206,732)	138,447	138,447	(149,708)	(149,708)
Balance as at 30 June 2013	4,602,544	4,602,544	3,076,720	3,076,720	164,381	164,381	7,843,646	7,843,646

The above Statement is to be read in conjunction with the accompanying notes

RAAF WELFARE RECREATIONAL COMPANY

Consolidated Cash Flow Statement for the period ended 30 June 2014

	Notes	RCWTF		Consolidated	
		2014	2013	2014	2013
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from:					
Sale of goods and rendering of services		357,383	349,301	357,383	349,301
Interest		46,923	62,839	46,923	62,839
Distribution from managed fund - IPAC		60,474	11,424	60,474	11,424
Refund of imputation credits		4,258	3,760	4,258	3,760
Net GST received		21	-	21	-
Total cash received		469,059	427,324	469,059	427,324
Payments to:					
Suppliers		(478,903)	(430,883)	(478,903)	(430,883)
Grants paid		(4,213)	-	(4,213)	-
Net GST paid		-	(681)	-	(681)
Total cash used		(483,116)	(431,564)	(483,116)	(431,564)
Net cash (used in) / generated by operating activities	10	(14,057)	(4,241)	(14,057)	(4,241)
INVESTING ACTIVITIES					
Cash Received					
Proceeds from loan repayments		(2,931)	-	(2,931)	-
Proceeds from investments		60,474	-	60,474	-
Net cash (used in) / generated by investing activities		(57,543)	-	(57,543)	-
Cash used for:					
Loans to related entities		(29,310)	-	(29,310)	-
Payments for property, plant and equipment		(11,220)	(13,126)	(11,220)	(13,126)
Payments of financial assets		-	(11,424)	-	(11,424)
Total cash used		(40,530)	(24,550)	(40,530)	(24,550)
Net cash used in investing activities		(98,073)	(24,550)	(98,073)	(24,550)
Net increase / (decrease) in cash and cash equivalents		(112,130)	(28,791)	(112,130)	(28,791)
Cash and cash equivalents at the beginning of the reporting period		1,280,853	1,309,644	1,280,853	1,309,644
Cash and cash equivalents at the end of the reporting period	6A	1,168,723	1,280,853	1,168,723	1,280,853

The above Statement is to be read in conjunction with the accompanying notes

RAAF WELFARE RECREATIONAL COMPANY**Table of Contents - Notes**

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RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Objective of the RAAF Welfare Recreational Company (RWRC)

The RWRC is an Australian Government Commonwealth controlled entity. It is a not-for-profit entity. The objective of the RWRC is the provision of discounted recreational accommodation for RAAF members, their families and other eligible persons and to provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members.

The RWRC does not receive nor is reliant on Australian Government funding.

(b) Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected of selected non-current assets and financial instruments for which fair value basis of accounting has been applied.

The statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and in accordance with the requirements of section 60.40 of the *Australian Charities and Not for profits Commission Regulation 2013*.

(c) Significant Account Judgements and Assumptions

Revaluation of Land and Buildings

When formal valuations of Land and Buildings are not conducted, the Board interrogates current market values through electronic mediums and informal enquiries to determine if there has been a material shift in local market values. Where there is no material shift, values remain unadjusted. Where those investigations reveal a material shift in values, a formal valuation is then conducted.

In the process of applying the accounting policies listed in this note, the RWRC has made a judgement that have the most significant impact on the amounts recorded in the financial statements: the fair value of land and buildings has been taken to be market value of similar properties as determined by an independent valuer.

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 reporting period.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the RWRC and subsidiary RAAF Central Welfare Trust Fund for the year ended 30 June 2014.

AASB 127 (Consolidated and Separate Financial Statements) requires a parent entity that is in a group to present consolidated financial statements that consolidate its investments in controlled entities in accordance with AASB 127. The parent and subsidiaries apply consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full. The financial statements of the subsidiaries are prepared for the same period as the parent entity.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by RWRC as at 30 June 2014 and the results of the controlled entities for the year then ended.

(e) Australian Accounting Standards and Interpretations

Adoption of AASB 127 - Consolidated and Separate Financial Statements

During 2012/13, the RWRC has adopted AASB 127 - *Consolidated and Separate Financial Statements*.

In prior years, separate financial statements were prepared for the RWRC and its Trustee entity - The RAAF Central Welfare Trust Fund (RCWTF). The RWRC now presents these statements as consolidated financial statements. This reduces duplicated information and presents more clearly the overall financial position of the entity.

The RWRC is the Trustee of the RCWTF. The principal activity of the RWRC was to act as Trustee to the fund. The Company does not, and did not, carry out any business activity of its own behalf and did not earn a profit nor incur a loss during the year.

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporations Regulation 2M.3.01 requires the following disclosures in relation to the parent entity:

Current Assets of the Parent Entity:	nil
Total Assets of the Parent Entity:	nil
Current Liabilities of the Parent Entity:	nil
Total Liabilities of the Parent Entity:	nil
Total Equity of the Parent Entity:	nil

As indicated, the entity did not and does not conduct business in its own right and therefore did not generate income or incur expenses. As such, no profit or loss was recorded. Additionally, the RWRC has no contingent liabilities, did not provide guarantees and has not entered into contracts in its own right for the acquisition of property, plant or equipment.

Comparative information is reflected in the financial statements and notes.

Changes in Accounting Policy and Disclosures

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

Other new standards/revised standards/interpretations/amending standards that were issued prior to the sign off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the RWRC.

Accounting Standard Requirements and Interpretations issued but not yet effective

All new standards/revised standards/interpretations/amending standards that were issued prior to the sign off date and are applicable to the future reporting period are not expected to have a future financial impact on the RWRC.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Revenue from rental accommodation is recognised on a proportional basis taking into account the period for which rent is received.

Revenue from the sale of goods is recognised upon delivery of goods to the customer.

Revenue from managed investment funds are recognised as and when distributions are declared by the fund manager.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

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.

(g) Gains

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

(h) Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

(i) 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.

(j) Financial Assets

The RWRC classifies its financial assets in the following categories:

- a) available-for-sale financial assets; and
- b) 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.

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity).

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 applying the effective interest rate.

(k) 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'.

Other Financial Liabilities

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

(l) 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 RWRC has no contingent assets or contingent liabilities in either the current or proceeding reporting period.

(m) Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$250, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. It is the policy of the RWRC to have land and buildings independently valued progressively every three to five years.

Revaluation adjustments were made on a class basis. Any relevant increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the RWRC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and all necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are:

Class of Asset	Depreciation Rate	Prior Year
Buildings	2%	2%
Furniture & Fittings	15 – 20 %	15 – 20 %

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exists, all asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(n) Taxation

The RWRC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

(o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) 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 had the potential to significantly affect the ongoing structure and financial activities of the RWRC.

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

NOTE 3:	OWN SOURCE REVENUE				
NOTE 3A:	Sale of Goods and Rendering of Services	RCWTF		Consolidated	
	Sale of goods in connection with				
	Related parties	362,110	359,521	362,110	359,521
	External parties	4,492	4,258	4,492	4,258
	Total sale of goods	<u>366,602</u>	<u>363,779</u>	<u>366,602</u>	<u>363,779</u>
	Total sale of goods and rendering of services	<u>366,602</u>	<u>363,779</u>	<u>366,602</u>	<u>363,779</u>
NOTE 3B:	Interest				
	Deposits	81,640	91,503	81,640	91,503
	Fair value	1,251	-	1,251	-
	Total interest	<u>82,891</u>	<u>91,503</u>	<u>82,891</u>	<u>91,503</u>
NOTE 3C:	Other Revenue				
	Resources received free of charge - services	68,322	114,814	68,322	114,814
	Total other revenue	<u>68,322</u>	<u>114,814</u>	<u>68,322</u>	<u>114,814</u>
	Total Revenue	<u>517,815</u>	<u>570,096</u>	<u>517,815</u>	<u>570,096</u>
NOTE 4:	EXPENSES				
		2014	2013	2014	2013
		\$	\$	\$	\$
NOTE 4A:	Employee benefits				
	Wages and salaries	(68,322)	(114,814)	(68,322)	(114,814)
	Total employee benefits	<u>(68,322)</u>	<u>(114,814)</u>	<u>(68,322)</u>	<u>(114,814)</u>
NOTE 4B:	Suppliers				
	Goods and services supplied or rendered				
	Property expenses	(390,095)	(362,150)	(390,095)	(362,150)
	Head office expenses	(30,441)	(28,180)	(30,441)	(28,180)
	Grants	(4,213)	-	(4,213)	-
	Total goods and services supplied or rendered	<u>(424,749)</u>	<u>(390,330)</u>	<u>(424,749)</u>	<u>(390,330)</u>
	Goods supplied in connection with				
	Related parties	-	-	-	-
	External parties	(424,749)	(390,330)	(424,749)	(390,330)
	Total goods supplied	<u>(424,749)</u>	<u>(390,330)</u>	<u>(424,749)</u>	<u>(390,330)</u>
	Total goods and services supplied or rendered	<u>(424,749)</u>	<u>(390,330)</u>	<u>(424,749)</u>	<u>(390,330)</u>
	Other suppliers				
	Operating lease rentals in connection with				
	Related parties				
	Minimum lease payments	(53,158)	(48,889)	(53,158)	(48,889)
	Total other suppliers	<u>(53,158)</u>	<u>(48,889)</u>	<u>(53,158)</u>	<u>(48,889)</u>
	Total suppliers	<u>(477,907)</u>	<u>(439,219)</u>	<u>(477,907)</u>	<u>(439,219)</u>
NOTE 4C:	Depreciation				
	Property, plant and equipment	(17,612)	(17,668)	(17,612)	(17,668)
	Buildings	(73,585)	(77,756)	(73,585)	(77,756)
	Total depreciation	<u>(91,197)</u>	<u>(95,424)</u>	<u>(91,197)</u>	<u>(95,424)</u>
NOTE 4D:	Finance Costs				
	Investment fee	(1,547)	(2,063)	(1,547)	(2,063)
	Total finance costs	<u>(1,547)</u>	<u>(2,063)</u>	<u>(1,547)</u>	<u>(2,063)</u>
NOTE 4E:	Loan Remeasurement				
	Loss on remeasurement	(7,293)	-	(7,293)	-
	Total loss on loan Remeasurement	<u>(7,293)</u>	<u>-</u>	<u>(7,293)</u>	<u>-</u>

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014 (Continued)

NOTE 5: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3: Unobservable inputs for the asset

NOTE 5A: Fair Value Measurements
Fair Value measurements at the end of the reporting period by hierarchy for assets liabilities in 2014

Fair value measurements at the end of the reporting period using				
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Non-financial assets	\$	\$	\$	\$
Land	1,717,200		1,717,200	
Buildings on freehold land	3,096,329		3,096,329	
Other property, plant and equipment	62,652			62,652
Total non-financial assets	4,876,181		4,813,529	62,652
Total fair value measurements of assets in the statement of financial position	4,876,181		4,813,529	62,652

The RWRC did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

Fair value measurement - highest and best

The RWRC's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all assets is considered their highest and best.

NOTE 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements
Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014

	Category (Level 2 or Level 3)	Fair Value	Valuation techniques ¹	Inputs used	Range	(weighted average) ²
Non-financial assets		\$				
Land	Level 2	1,717,200	Market comparables	Sales price of comparable land	Land size	N/A
				Long-term land appreciation rate		
Buildings on freehold land	Level 2	3,096,329	Market comparables	Sale price of comparable apartment size		N/A
Other property, plant and equipment	Level 3	62,652	Depreciated replacement cost	Ambassador Tuscany		\$0.100m - \$0.200m (\$0.150m) \$0.50m - \$0.100m (\$0.75m)
Liabilities						

1. No change in valuation technique occurred during the period.

2. Significant unobservable inputs only. Not applicable for assets in the level 2 category.

Recurring and non-recurring Level 3 fair value measurements - valuation process

The significant unobservable inputs used in the fair value measurement of the entity's plant and equipment is the ATO depreciation rate guide of the different Assets.

Recurring Level 3 fair value measurement - sensitivity of inputs

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014 (Continued)

		RCWTF		Consolidated	
NOTE 6:	CURRENT ASSETS	2014	2013	2014	2013
		\$	\$	\$	\$
NOTE 6A:	Cash and Cash Equivalents				
	Cash on hand or on deposit	1,168,723	1,280,853	1,168,723	1,280,853
	Total cash and cash equivalents	1,168,723	1,280,853	1,168,723	1,280,853
NOTE 6B:	Trade and Other Receivables				
	Goods and Services:				
	Goods and services - external parties	4,492	25,968	4,492	25,968
	Total receivables for goods and services	4,492	25,968	4,492	25,968
	Other receivables:				
	GST receivable from the Australian Taxation Office	8,892	8,733	8,892	8,733
	Total other receivables	8,892	8,733	8,892	8,733
	Total trade and other receivables (net)	13,384	34,701	13,384	34,701
	Receivables are expected to be recovered in:				
	No more than 12 months	13,384	34,701	13,384	34,701
	Total trade and other receivables (net)	13,384	34,701	13,384	34,701
	Receivables are aged as follows:				
	Not overdue	13,384	34,701	13,384	34,701
	Total receivables (gross)	13,384	34,701	13,384	34,701
NOTE 6C:	Other investments				
	Deposits	8,931	12,978	8,931	12,978
	IPAC	1,112,109	950,630	1,112,109	950,630
	Total other investments	1,121,040	963,608	1,121,040	963,608
	Total other investments are expected to be recovered in:				
	More than 12 months	1,121,040	963,608	1,121,040	963,608
	Total other investments	1,121,040	963,608	1,121,040	963,608
NOTE 7:	NON-CURRENT ASSETS				
NOTE 7A:	Land and Buildings				
	Land:				
	Land at fair value	1,717,200	1,717,200	1,717,200	1,717,200
	Total land	1,717,200	1,717,200	1,717,200	1,717,200
	Buildings on freehold land:				
	Fair value	3,162,800	3,797,800	3,162,800	3,797,800
	Accumulated depreciation	(66,471)	-	(66,471)	-
	Total buildings on freehold land	3,096,329	3,797,800	3,096,329	3,797,800
	Total land and buildings	4,813,529	5,515,000	4,813,529	5,515,000
NOTE 7B:	Property, Plant and Equipment				
	Other property, plant and equipment:				
	Fair value	315,897	321,679	315,897	321,679
	Accumulated depreciation	(253,245)	(257,106)	(253,245)	(257,106)
	Total other property, plant and equipment	62,652	64,573	62,652	64,573
	Total property, plant and equipment	4,876,181	5,579,573	4,876,181	5,579,573

Revaluation of non-current assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2013, an independent valuer conducted the revaluations.

Revaluation decrement for land was nil (2013: \$350,000).

Revaluation increments include nil for buildings on freehold land (2013: \$143,268).

All increments and decrements were transferred to the asset revaluation reserve by asset class and included in the equity section of the balance sheet. No decrements were expenses (2013: nil)

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

NOTE 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014 - Consolidated

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
As at 1 Jul 2013					
Gross book value	1,717,200	3,797,800	5,515,000	321,679	5,836,679
Accumulated depreciation				(257,106)	(257,106)
Net book value 1 July 2013	1,717,200	3,797,800	5,515,000	64,573	5,579,573
Additions:					
By purchase				15,691	15,691
Revaluations and impairments recognised in other comprehensive income				-	
Depreciation expense		(73,585)	(73,585)	(17,612)	(91,197)
Assets held for sale		(627,886)	(627,886)		(627,886)
Disposals:					
Other				(21,473)	(21,473)
Accumulated depreciation				21,473	21,473
Net book value 30 June 2014	1,717,200	3,096,329	4,813,529	62,652	4,876,181

Net book value as of 30 June 2014 represented by:

Gross book value	1,717,200	3,169,914	4,887,114	315,897	5,203,011
Accumulated depreciation		(73,585)	(73,585)	(253,245)	(326,830)
Net book value 30 June 2014	1,717,200	3,096,329	4,813,529	62,652	4,876,181

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2013 - Consolidated

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
As at 1 Jul 2012					
Gross book value	2,067,200	3,887,800	5,955,000	369,418	6,324,418
Accumulated depreciation		(155,512)	(155,512)	(299,523)	(455,035)
Net book value 1 July 2012	2,067,200	3,732,288	5,799,488	69,895	5,869,383
Additions:					
By purchase				13,126	13,126
Revaluations and impairments recognised in other comprehensive income	(350,000)	143,268	(206,732)	-	(206,732)
Depreciation expense		(77,756)	(77,756)	(17,668)	(95,424)
Disposals:					
Other				(781)	(781)
Net book value 30 June 2013	1,717,200	3,797,800	5,515,000	64,573	5,579,573

Net book value as of 30 June 2013 represented by:

Gross book value	1,717,200	3,797,800	5,515,000	321,679	5,836,679
Accumulated depreciation				(257,106)	(257,106)
Net book value 30 June 2013	1,717,200	3,797,800	5,515,000	64,573	5,579,573

	RCWTF		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
NOTE 7D: Other Non-Current Assets				
Prepayments	27,279	21,249	27,279	21,249
Loan	20,336	-	20,336	-
Security Deposits	3,556	3,816	3,556	3,816
Tuscany Trust Account	-	1,393	-	1,393
Shares in DEFBANK	10	10	10	10
Total other non-current assets	51,181	26,468	51,181	26,468

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

		RCWTF		Consolidated	
		2014	2013	2014	2013
		\$	\$	\$	\$
NOTE 7D:	Total other non-current assets - are expected to be recovered in:				
(continued)	No more than 12 months	33,141	21,249	33,141	21,249
	More than 12 months	18,040	5,219	18,040	5,219
	Total other non-current assets	<u>51,181</u>	<u>26,468</u>	<u>51,181</u>	<u>26,468</u>
	No indicators of impairment were found for other non-financial assets.				
NOTE 7E	Assets Held for Sale				
	Six apartments were purchased in 1996 from the proceeds of the sale of the Headquarters Support Command Officers and Sergeants Messes. Due to declining occupancy within the hospitality industry generally, and being experienced by the Company, the Board have decided to sell two of the six apartments. The apartments are located at Merimbula. The apartments were advertised in March 2014 and the Board anticipates sale within 12 months. The Board is committed to the sale of the apartments and there is no plan to alter the sale strategy.				
		2014		2013	
		\$		\$	
	Tuscany apartments				
	Fair value of apartments	635,000		-	
	Less: Accumulated depreciation	(7,114)		-	
	Carrying amount	<u>627,886</u>		<u>-</u>	
NOTE 8:	PAYABLES				
NOTE 8A:	Suppliers				
	Trade Creditors and Accruals	(27,284)	(22,029)	(27,284)	(22,029)
	Total supplier payables	<u>(27,284)</u>	<u>(22,029)</u>	<u>(27,284)</u>	<u>(22,029)</u>
	Supplier payables expected to be settled within 12 months:				
	External parties	(27,284)	(22,029)	(27,284)	(22,029)
	Total	<u>(27,284)</u>	<u>(22,029)</u>	<u>(27,284)</u>	<u>(22,029)</u>
	Total supplier payables	<u>(27,284)</u>	<u>(22,029)</u>	<u>(27,284)</u>	<u>(22,029)</u>
NOTE 8B:	Other Payables				
	Prepayments received/uneamed income	(14,690)	(17,654)	(14,690)	(17,654)
	Total other payables	<u>(14,690)</u>	<u>(17,654)</u>	<u>(14,690)</u>	<u>(17,654)</u>
	Total other payables are expected to be settled in:				
	No more than 12 months	(14,690)	(17,654)	(14,690)	(17,654)
	Total other payables	<u>(14,690)</u>	<u>(17,654)</u>	<u>(14,690)</u>	<u>(17,654)</u>
NOTE 9:	PROVISIONS				
	Other Provisions				
	Provision for AVM B.A. Eaton Memorial	(1,874)	(1,874)	(1,874)	(1,874)
	Total other provisions	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>
	Other provisions are expected to be settled in:				
	More than 12 months	(1,874)	(1,874)	(1,874)	(1,874)
	Total other provisions	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2014 (Continued)

NOTE 10: CASH FLOW RECONCILIATION
**Reconciliation of cash and cash equivalents as per balance sheet
to Cash Flow Statement**
Cash and cash equivalents as per:

Cash flow statement	1,168,723	1,280,853	1,168,723	1,280,853
Balance sheet	1,168,723	1,280,853	1,168,723	1,280,853
Difference	-	-	-	-

Reconciliation of deficit on continuing operations to net cash from operating activities:

Deficit on continuing operations	(128,452)	(81,423)	(128,452)	(81,423)
Adjustments for non-cash items				
Depreciation/amortisation	91,197	95,424	91,197	95,424
Loss on disposal of assets	-	781	-	781
Fair Value	6,043	-	6,043	-
Assets brought to account but unpaid at end of period	(4,471)	-	(4,471)	-
Resources received free of charge - goods	68,322	114,814	68,322	114,814
Resources received free of charge - services	(68,322)	(114,814)	(68,322)	(114,814)
Changes in assets/liabilities				
(Increase)/decrease in net receivable	25,523	(17,804)	25,523	(17,804)
(Increase)/decrease in prepayments	(6,030)	(627)	(6,030)	(627)
Increase/(decrease) in supplier payable	2,133	(591)	2,133	(591)
Net cash from operating activities	(14,057)	(4,241)	(14,057)	(4,241)

Note 11: Contingent Assets and Contingent Liabilities
Quantifiable Contingencies

The RAAF Welfare Recreational Company held no quantifiable contingencies as at 30 June 2014 (2013: Nil).

Unquantifiable Contingencies

The RAAF Welfare Recreational Company held no unquantifiable contingencies as at 30 June 2014 (2013: Nil).

Significant Remote Contingencies

The RAAF Welfare Recreational Company held no significant remote contingencies.

NOTE 12: RELATED PARTY DISCLOSURES
(a) The directors of the Trustee Company, the RAAF Welfare Recreational Company, who held office during the financial year were:

AIR COMMODORE	Andrew Ronald Brooks Eifverson
AIR COMMODORE	Robert Peter William Rodgers, CSM
GROUP CAPTAIN (Retd)	David Bruce Green
WING COMMANDER	Peter Mark Gilbert
SQUADRON LEADER	Kim Michelle Samin, OAM
FLIGHT LIEUTENANT	Julie Anne Higgs
MR	Bruce Francis Perry

(b) Transactions with Directors

No income was received or due or receivable by any director of the Trustee company:
- from the RWRC or any related party in connection with the management of the RWRC
- from the RWRC in connection with the management of a related party

NOTE 13: REMUNERATION OF AUDITORS
Fair value of the services provided

Financial statement audit services were provided to the RWRC

Total

	RCWTF		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial statement audit services were provided to the RWRC	12,500	12,500	12,500	12,500
Total	12,500	12,500	12,500	12,500

No other services were provided by the ANAO

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

NOTE 14: FINANCIAL INSTRUMENTS

NOTE 14A: Categories of Financial Instruments

Financial Assets

Loans and receivables:

Cash on hand or on deposit	1,168,723	1,280,853	1,168,723	1,280,853
Trade and other receivables	13,385	34,701	13,385	34,701
Other investments - IPAC	1,112,109	950,630	1,112,109	950,630
Total	2,294,217	2,266,184	2,294,217	2,266,184
Carrying amount of financial assets	2,294,217	2,266,184	2,294,217	2,266,184

Financial Liabilities

At amortised cost:

Trade creditors	(27,284)	(22,029)	(27,284)	(22,029)
Total	(27,284)	(22,029)	(27,284)	(22,029)
Carrying amount of financial liabilities	(27,284)	(22,029)	(27,284)	(22,029)

NOTE 14B: Net Income and Expense from Financial Assets

Loans and receivables

Interest revenue	8,931	12,978	8,931	12,978
Net gain from loans and receivables	8,931	12,978	8,931	12,978
Net gain from financial assets	8,931	12,978	8,931	12,978

NOTE 14C: Fair Value of Financial Instruments

	Carrying Amount 2014	Fair value 2014	Carrying Amount 2013	Fair value 2013
Financial Liabilities				
Trade creditors	(27,284)	(27,284)	(22,029)	(22,029)
Total				

NOTE 14D: Credit Risk

The RWRC was exposed to minimal credit risk as receivables were cash and trade receivables.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and cash equivalent				
Receivables from goods and services	13,385	34,701		
Other investments	1,112,109	950,630		
Total	1,125,494	985,331		

NOTE 14E: Liquidity Risk

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

Maturities for non-derivative financial liabilities 2014

	within 1 year \$	Total \$
Trade creditors	(27,284)	(27,284)
Total		

Maturities for non-derivative financial liabilities 2013

	within 1 year \$	Total \$
Trade creditors	(22,029)	(22,029)
Total		

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

NOTE 14F: Market Risk

The RWRC held basic financial instruments that do not expose the RWRC to certain market risks, such as 'Currency risk' and 'Other price risk'.

Sensitivity Table - Market Risk (Interest Rate Movement)
Risk to which the Trust was exposed as at 30 June 2014

Moneys held as at 30 June	Risk Variable	Change in risk variable %	Effect on Profit and Loss 2014 \$
Decrease in Interest Rate		-1%	(11,687)
Increase in Interest Rate		1%	11,687

Risk to which the Trust was exposed as at 30 June 2013

Moneys held as at 30 June	Risk Variable	Change in risk variable %	Effect on Profit and Loss 2013 \$
Decrease in Interest Rate		-1%	(12,809)
Increase in Interest Rate		1%	12,809

Note 15: COMMITMENTS

BY TYPE	2014 \$	2013 \$	2014 \$	2013 \$
Commitments payable				
Other commitments				
Operating leases	(21,456)	(20,744)	(21,456)	(20,744)
Total other commitments	(21,456)	(20,744)	(21,456)	(20,744)

BY MATURITY

Commitments payable	2014 \$	2013 \$	2014 \$	2013 \$
Operating lease commitments				
One year or less	(21,456)	(20,744)	(21,456)	(20,744)
Total Operating lease commitments	(21,456)	(20,744)	(21,456)	(20,744)

The commitments stated are in relation to leases held at Ambassador and Marrakai. Marrakai lease is a non-cancellable lease with a 1 year term, due to expire January 2015. The Ambassador lease is an on-going lease.

Note 16: RAAF WELFARE RECREATIONAL COMPANY DETAILS

The office of the RWRC is situated at:

Department of Defence
Brindabella Park (BP29-2-163)
CANBERRA ACT 2600

RAAF WELFARE RECREATIONAL COMPANY

**Additional Information to the Consolidated Financial Statements
for the year ended 30 June 2014 (Continued)**

SUMMARY OF OPERATIONS

PROFIT/(LOSS) FROM:	2014		2013	
	\$		\$	
HOLIDAY FACILITIES				
Rental Operations - Surfers Paradise	(105,450)		(69,555)	
Rental Operations - Marrakai	(20,293)		(15,856)	
Rental Operations - Merimbula	(46,446)		(61,260)	
RWRC Office	<u>(28,697)</u>	(200,886)	<u>(28,446)</u>	(175,117)
 RAAF CENTRAL WELFARE TRUST FUND OPERATIONS				
INCOME				
Bank Interest	42,876		58,366	
Income received - IPAC Portfolio Management	38,764		33,133	
Fair Value Interest	1,251			
Refundable Imputation Credit	4,492		4,258	
	<u>87,382</u>		<u>95,757</u>	
 EXPENSES				
Advertising	(1,894)		-	
Managed Portfolio Fees	(1,547)		(2,063)	
Fair Value Expense	(7,293)		-	
Grants	<u>(4,213)</u>		<u>-</u>	
	<u>(14,948.38)</u>	72,434	<u>(2,063)</u>	93,694
 SURPLUS (DEFICIT) FROM OPERATIONS :				
	<u><u>(128,452)</u></u>		<u><u>(81,423)</u></u>	

**RAAF WELFARE RECREATIONAL COMPANY (Trustee of the)
RAAF CENTRAL WELFARE TRUST FUND**

**SURFERS PARADISE
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
INCOME		
Rent Received - Holiday Flats	217,816	221,655
Caretakers Fees	9,032	8,777
Blue Phone	11	71
Rental Income -Managers Unit	1,707	10,540
	<hr/>	<hr/>
	228,566	241,043
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(49,600)	(50,141)
Fuel & Power	(19,643)	(16,814)
Laundry	(1,719)	(1,530)
Minor Equipment	(2,139)	(2,398)
Repairs and Maintenance	(4,750)	(4,922)
	<hr/>	<hr/>
	(77,852)	(75,806)
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(47,500)	(44,700)
Depreciation - Furn & Fittings (Flats)	(10,464)	(11,293)
Depreciation - Furn & Fittings (Office)	(158)	(158)
Disposal of Asset	-	(781)
General Expenses	(5,894)	(3,428)
Insurance	-	(429)
Management Fees	(65,756)	(66,688)
Postage and Stationery	(540)	(660)
Rates and Taxes	(43,749)	(37,402)
Telephone	(3,657)	(3,897)
Pest Control	(230)	(200)
Body Corporate Fees	(52,443)	(42,209)
Rent - Apartment 8	(17,160)	(17,160)
Merchant Credit Card Fees	(4,302)	(4,270)
Computer Expenses	(3,118)	(1,517)
Valuation Fees	(880)	-
Pay TV Rental	(314)	-
	<hr/>	<hr/>
	(256,164)	(234,793)
OPERATING SURPLUS (DEFICIT)	<u>(105,450)</u>	<u>(69,555)</u>

**RAAF WELFARE RECREATIONAL COMPANY (Trustee of the)
RAAF CENTRAL WELFARE TRUST FUND**

**MARRAKAI
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
INCOME		
Rent Received - Holiday Flats	29,987	25,227
	<hr/>	<hr/>
	29,987	25,227
EXPENDITURE		
Cleaning	(4,590)	(2,890)
Fuel & Power	(6,641)	(3,941)
Management Fee	(3,051)	(2,523)
Rent - Apartments	(35,998)	(31,729)
	<hr/>	<hr/>
	(50,280)	(41,083)
OPERATING SURPLUS (DEFICIT)	<u>(20,293)</u>	<u>(15,856)</u>

**RWRC OFFICE
OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
INCOME		
Bank Interest	-	4
Miscellaneous Income	130	11
Resources Received Free of Charge	68,322	114,814
	<hr/>	<hr/>
	68,452	114,828
EXPENDITURE		
Bank Charges	(471)	(101)
Office Expenses	(820)	(38)
General Expenses	(6,116)	(11,395)
Audit, Accounting Fees	(12,500)	(12,500)
Computer Expenses	(2,261)	(2,508)
Legal Fees	(1,391)	(614)
Insurance	(4,987)	(847)
Depreciation - Furn & Fittings (Office)	(281)	(281)
Minor Equipment	-	(178)
Wages and Salaries	(68,322)	(114,814)
	<hr/>	<hr/>
	(97,149)	(143,274)
OPERATING SURPLUS (DEFICIT)	<u>(28,697)</u>	<u>(28,446)</u>

**RAAF WELFARE RECREATIONAL COMPANY (Trustee of the)
RAAF CENTRAL WELFARE TRUST FUND**

**10-16 MARINE PARADE MERIMBULA
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
INCOME		
Rent Received - Holiday Flats	103,427	93,240
	<u>103,427</u>	<u>93,240</u>
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(10,964)	(11,266)
Fuel and Power	(8,975)	(10,067)
Pay TV Rental	(2,007)	(1,978)
Repairs and Maintenance	(414)	(641)
	<u>(22,360)</u>	<u>(23,951)</u>
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(26,085)	(33,056)
Depreciation - Furn & Fittings (Flats)	(6,123)	(5,349)
Depreciation - Furn & Fittings (Outdoor)	(586)	(586)
Management Fees	(37,785)	(36,740)
Commission	(80)	(115)
Linex Cleaning and Replacements	(11,209)	(11,347)
General Expenses	(1,130)	-
Rates and Taxes	(13,968)	(13,605)
Body Corporate Fees	(29,747)	(29,587)
Computer Expenses	-	(164)
Valuation Fees	(800)	-
	<u>(127,512)</u>	<u>(130,549)</u>
OPERATING SURPLUS (DEFICIT)	<u>(46,446)</u>	<u>(61,260)</u>