
THE
RAAF WELFARE RECREATIONAL COMPANY
ANNUAL REPORT 2011 - 2012

THE
RAAF WELFARE RECREATIONAL COMPANY

Annual Report

For the period

1 July 2011 to 30 June 2012

© Commonwealth of Australia 2011

ISSN 0728-6996

This work is copyright. Apart from any use permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Royal Australian Air Force Welfare Recreational Company. Requests and inquiries concerning reproduction and rights should be addressed to:

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

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

Minister for Defence Science and Personnel

Dear Minister

This report of operations by the Directors of the RAAF Welfare Recreational Company (RWRC) is for the year ended 30 June 2012. 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 Minister for Defence Science and Personnel (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 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 be:

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. adopts best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies; and
7. identify and manage all actual and perceived conflicts of interest, promptly advising the Minister of any significant issues as they arise;
8. demonstrate its compliance with appropriate government policy and directions.⁹

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.

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 objects and comprised of 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 2011-2012 the RWRC Board met six times. These meetings were held in Canberra.

Board Member's Attendance at Meetings

Name	Special Responsibilities	Number of Possible Attendances	Number Actually Attended
Air Commodore R.P. W. Rodgers	Chairman	5	5
Air Commodore P.D. Brennan		5	4
Group Captain (Retd)D.B. Green		5	5
Wing Commander P. M. Gilbert		2	2
Squadron Leader K.M. Samin		5	5
Warrant Officer J.A Higgs		4	3
Warrant Officer L.M. Burns		1	0
Warrant J.J. Millar		3	0
Mr B.F. Perry	Secretary	4	4

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

Board Qualifications

NAME	APP'T	QUALIFICATIONS
Air Commodore R.P. W. Rodgers	Chairman	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;
Air Commodore P.D. Brennan		Dip AdminS; Dip GovMgt; Adv DipPers OpsMgt; Certified Practicing Logistician (Aus T'port & Log Council)
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
Warrant Officer J.A. Higgs		Nil
Mr B.F. Perry	Secretary	Grad Cert Prof Mgt – Finance

All Directors, with the exception of Warrant Officer Burns have completed the Company Directors Course.

Board Committees

Audit Committee

NAME	APPOINTMENT
Air Commodore P. D. Brennan	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
- assisting 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, BP29-2-164, Brindabella Park, Department of Defence, CANBERRA BC, ACT, 2610.

Indemnities and Insurance Premiums for Officers

The RWRC has taken out insurance coverage with AON Risk Services Australia Limited for Association Liability Insurance. The premium paid for financial year 2011-2012 was \$2,761.00. 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.

Occupational 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 OH&S 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 2012.

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 2011.

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:

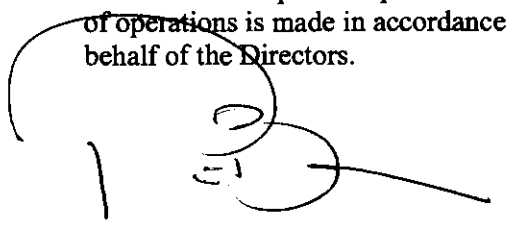
Australian Capital Territory
Miss D. Chalker

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.



P.D. BRENNAN AM, CSM
Air Commodore
A/Chairman of RWRC

10 October 2012



D.B. GREEN
Mr
Director

10 October 2012

CHAIRMAN'S REPORT

My second Annual Report as Chairman of the RAAF Welfare Recreational Company for the year ended 30 June 2012 reflects on a year of challenging and uncertain times. Unfavourable economic and environmental factors confronted the Company during the past year.

The continued effects of the Global Financial Crisis and the disastrous effects from the adverse weather conditions, specifically in Queensland have greatly affected the company business model, which focuses on the provision of low cost holiday facilities. Another underlying factor has been the competing commercial market forces in the tourism market.

The tourism indicators where RWRC has its flagship apartments, the Ambassador Apartments on the Gold Coast, have been weak at best. To entice people to the Gold Coast, commercial entities provide offers, with which our company cannot compete. On the far south coast of NSW, where the Company has six apartments in a complex of 18, the occupancy levels also declined. Privately owned apartments in the complex experienced a similar decline.

The RWRC Board does not accept these as a pre-condition and is confident that the company can ameliorate the performance. The current Board and management team have been very active in exploring all options to ensure that the benefits the Company provides are relevant to to-days Air Force. The Board approved significant capital improvements to the Ambassador Apartments, which have brought the apartments into the 21st century, in the standard and provision of amenities.

The Chief of Air Force, appointed a new Director, Wing Commander Peter Gilbert, who has a strong marketing background. The benefits from his appointment were evident through his leadership in the development of the Company's new website www.raafholidays.com.au, launched in April this year. Since the launch of the new site, there has been a significant increase in visits to the site.

In terms of investments, the Company has a diverse portfolio of investments; a long-term investment with *ipac* and number of short-term Interest Bearing Deposits with banks. The performance of the markets here and overseas has influenced the company's long-term investment, which resulted in the *ipac* returning an overall deficit by year's end. The Board is currently reviewing this investment strategy, noting that now is probably not the right time to move.

Operations

The provision of low cost holiday facilities for our Air Force family is a significant part of the Company's business model, acknowledging that returns on investments will offset any operating deficiency from the provision of low-cost holiday facilities. Points to note from the low cost holiday facilities activities of the Company's are as follows:

Ambassador (11 units) – Has followed the industry trend of weak occupancy levels on the Gold Coast, with an overall occupancy rate of 59% being achieved, a drop of 4% on last year. The net result was an operating loss of (\$119,230) which was an increase of \$37,338 on last financial year's loss of (\$81,892). Besides a reduction in revenue, the Company spent significant funds on upgrading the apartments during the year. The belief is that this investment was well over due and will assist in reversing the decline in patronage that has occurred over recent years; noting that over the past two years the environmental issues, confronted on the South East Queensland region has not helped.

Tuscany (Six apartments) – A 48% occupancy level was achieved for the six Tuscany apartments, a reduction of 5%. The overall, operating loss was (\$54,546), which was an increase of \$10,404 on last financial year's loss of (\$44,142). The Tuscany complex has 18 apartments, 12 apartments are privately owned. The privately owned apartments also had a similar decline in occupancy levels. The Board will need to review the number of apartments required in the long-term. Merimbula currently has an over supply of similar type accommodation; therefore, if a decision was made to reduce the number of apartments owned in the complex, it will need to be balanced against protecting the asset value.

Marrakai (one apartment) – The apartment in Darwin recorded a decrease of 10% in occupancy levels from the all time high of 74% occupancy of FY10-11. The net loss was (\$12,949). The Board has not changed its position on the requirement to maintain a quality low cost holiday facility up at the 'Top End' for our personnel posted to Tindal.

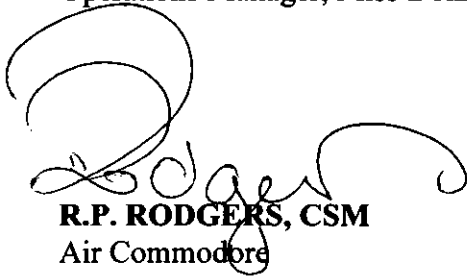
Summary

The most disappointing impact of the past year's performance has been the reduction in the equity of the Company of \$194,481.00. Notwithstanding, the drop in equity, as highlighted in previous years the Company is still in an extremely healthy position with Total Assets of over \$8m available to cover Total Liabilities of \$42,148.00.

The challenges faced by the Board in the holiday and investment environment are not unique; the tourism market on the Gold Coast is weak and the market forces that influence the *ipac* investment have been patchy at best. Notwithstanding the difficulties the Company low cost holiday facilities operated in during the last financial year, the Board is also very much cognisant of the fact that the 'benefit' our serving personnel receive from low cost holiday facilities may not be considered as necessary as in the past. Therefore, alternative 'benefits' may need to be developed, if the decline in occupancy levels continues into the future.

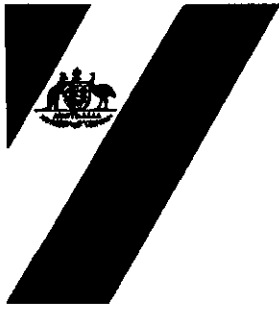
The Board remains confident in the need to maintain a long-term investment strategy, complemented by the short-term investments, but also accepts that regular reviews of the *ipac* investment are required and there may be requirement to alter the way ahead at an appropriate time in the future. The Company's future strategy in terms of either continuing to provide low cost holiday facilities or considering alternative benefits that better suit to-day's Air Force will be the most important strategy that the company needs to consider during the next financial year.

Finally, on behalf of the Board of Directors, I offer my thanks to the Company's Finance Operations Manager, Miss Donna Chalker for her enduring efforts.

A handwritten signature in black ink, appearing to read 'R.P. Rodgers', with a large, decorative flourish above the name.

R.P. RODGERS, CSM
Air Commodore
Chairman

28 September 2012



10 October 2012

Air Commodore Robert Rodgers
Chairman
RAAF Welfare Recreational Company
Brindabella Park
BP29-2-174
PO Box 7980
Canberra BC ACT 2610

Dear Air Commodore Robert Rodgers

**RAAF WELFARE RECREATIONAL COMPANY AND
RAAF CENTRAL WELFARE TRUST FUND
2011-12 FINANCIAL REPORT AND FINANCIAL STATEMENTS**

I am writing to advise that my audits of the financial report of the RAAF Welfare Recreational Company and the financial statements of the RAAF Central Welfare Trust Fund for the year ended 30 June 2012 have now been completed. I have the pleasure in attaching for your records a copy of my unqualified auditor's reports together with the financial report and financial statements to which they relate.

Yours sincerely

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

cc Mr Peter Brennan, Chair of Audit Committee
Mr Bruce Perry, Secretary 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 2012 and the auditors' report thereon.

DIRECTORS

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

AIR COMMODORE	Robert Peter William Rodgers, CSM Director General Personnel - Air Force Director since 14 January 2011
AIR COMMODORE	Peter David Brennan, AM, CSM Director General Logistics - Air Force Director since 29 February 2008
GROUP CAPTAIN (Retd)	David Bruce Green International Logistics Director since 11 March 2003
WING COMMANDER	Peter Mark Gilbert Centre for Defence Leadership and Ehtics Director since 24 November 2011
SQUADRON LEADER	Kim Michelle Samin, OAM Defence Signal Directorate Director since 22 August 2001
WARRANT OFFICER	Julie Anne Higgs Director General Personnel - Air Force Director since 13 September 2011
MR	Bruce Francis Perry 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

OPERATING RESULTS

Since the company acted solely as trustee and did not carry on any business activity on its own behalf, the company did not earn a profit or incur a loss during the year.

REVIEW OF OPERATIONS

A review of operations is not applicable as the company has not carried on any business activity on its own behalf during the year.

CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the company's accounts.

FUTURE DEVELOPMENTS

The company will continue to act solely as trustee and, at the date of this report, the Directors believe the company will not carry out any business activity on its own behalf in the foreseeable future. Accordingly, no operating result is likely to arise in the future.

AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to effect substantially the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

DIVIDENDS / DISTRIBUTIONS

There were no dividends / distributions recommended, declared or paid to members.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS

During the financial year, the Company paid a premium in respect of a policy insuring Directors and Officers against a liability incurred as such a Director or Officer to the extent permitted by the Corporations Law.

RAAF WELFARE RECREATIONAL COMPANY

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during and since the end of the financial year and the number of meetings attended by each director.

		Board Meetings	
		Meetings eligible to attend	Meetings attended
AIR COMMODORE	Robert Peter William Rodgers, CSM	5	5
AIR COMMODORE	Peter David Brennan, AM, CSM	5	4
GROUP CAPTAIN (Retd)	David Bruce Green	5	5
WING COMMANDER	Peter Mark Gilbert	2	2
SQUADRON LEADER	Kim Michelle Samin, OAM	5	5
WARRANT OFFICER	John Joseph Millar, AM	3	0
WARRANT OFFICER	Leah Maree Burns	1	0
WARRANT OFFICER	Julie Anne Higgs	4	3
MR	Bruce Francis Perry	4	4

In the cases of absences, directors were absent due to work commitments. In all instances leave of absence was sought and approved.

DIRECTORS' INTERESTS AND BENEFITS

During or since the end of the previous financial year no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

AUDITOR'S INDEPENDENCE DECLARATION

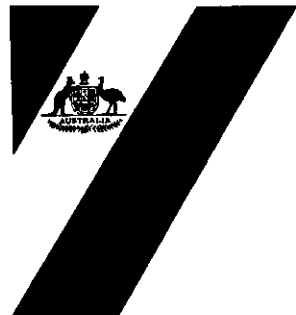
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4

Dated at Canberra this 20th day of October 2012.

Signed in accordance with a resolution of the Directors.

Director

Director



Sensitive



Air Commodore Robert Rodgers
Chairman
RAAF Welfare Recreational Company
Brindabella Park
BP29-2-174
PO Box 7980
Canberra BC ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY
2011-12 FINANCIAL REPORT
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the RAAF Welfare Recreational Company for the year ended 30 June 2012, 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
10 October 2012

Sensitive



INDEPENDENT AUDITOR'S REPORT

To the Directors of RAAF Welfare Recreational Company

I have audited the accompanying financial report of the RAAF Welfare Recreational Company, which comprises the Balance Sheet as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes to and Forming Part of the Accounts, including a Statement of Significant Accounting Policies, and the Directors' Declaration.

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 and the *Corporations Act 2001* 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

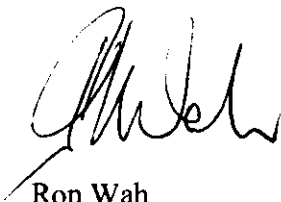
In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In my opinion the financial report of the RAAF Welfare Recreational Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the RAAF Welfare Recreational Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
10 October 2012

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 2012 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Canberra this 15th day of October 2012.

On behalf of the Directors



Director



Director

RAAF WELFARE RECREATIONAL COMPANY**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 \$	2011 \$
Continuing operations			
Revenues from ordinary activities	2	-	-
Expenses from ordinary activities		-	-
Operating result		<u>-</u>	<u>-</u>

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

RAAF WELFARE RECREATIONAL COMPANY

**BALANCE SHEET
AS AT 30 JUNE 2012**

	NOTE	2012 \$	2011 \$
ASSETS			
Current assets			
Receivables	8	<u>42,148</u>	<u>40,213</u>
TOTAL CURRENT ASSETS		<u>42,148</u>	<u>40,213</u>
Non current assets			
Receivables		<u>-</u>	<u>-</u>
TOTAL NON CURRENT ASSETS		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>42,148</u>	<u>40,213</u>
LIABILITIES			
Current liabilities			
Payables	9	40,274	38,338
Provisions	10	<u>1,874</u>	<u>1,874</u>
TOTAL CURRENT LIABILITIES		<u>42,148</u>	<u>40,213</u>
Non current liabilities			
Payables		<u>-</u>	<u>-</u>
TOTAL NON CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		42,148	40,213
NET ASSETS		<u>-</u>	<u>-</u>
EQUITY			
Members Funds		<u>-</u>	<u>-</u>

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

RAAF WELFARE RECREATIONAL COMPANY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
Opening Balance	Nil	Nil
Closing balance as at 30 June	<u>Nil</u>	<u>Nil</u>

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

RAAF WELFARE RECREATIONAL COMPANY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

		2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received/(Used)		nil	nil
Net cash flows from/(used in) operating activities		<u>nil</u>	<u>nil</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Received/(Used)		nil	nil
Net cash flows from/(used in) investing activities		<u>nil</u>	<u>nil</u>
Net increase/(decrease) in cash held	5	nil	nil
Cash and cash equivalents at the beginning of period		nil	nil
Cash and cash equivalents at the end of period	5	<u>nil</u>	<u>nil</u>

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

RAAF WELFARE RECREATIONAL COMPANY

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report is for the entity RAAF Welfare Recreational Company as an individual entity. The Company is a company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets.

(a) Segment information

The company acts as trustee for the RAAF Central Welfare Trust Fund which operates predominantly in one business and geographical segment, being the tourism and hospitality industry throughout Australia.

The Company did not trade in its own right during the financial year.

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

RAAF WELFARE RECREATIONAL COMPANY

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

2 OPERATING REVENUE

All expenditure incurred in administering the RAAF Welfare Recreational Company is reimbursed from the trust's funds. Accordingly, there was no result for the financial year, nor any information concerning financial performance items required to be disclosed.

3 TRUST LIABILITIES

Liabilities incurred on behalf of the Trust are liabilities of the company and have been included in the company Balance Sheet, together with the corresponding right to be indemnified out of Trust assets. Only liabilities (including provisions) of a legal or statutory nature have been included with the accounts.

4 RIGHT OF INDEMNITY

The book value of the assets of the trust, based on the trust's accounting policies and as reflected in the trust's Balance Sheet as at 30 June 2012, exceed the liabilities of the trust as at 30 June 2012. The Directors believe that the assets of the trust are both in a form appropriate and are sufficient to meet the trustee's right of indemnity from the trust for liabilities incurred on behalf of the trust as and when they fall due. However, the trust's assets supporting the right of indemnity are not directly available to meet any liabilities by the company acting in its own right.

5 STATEMENT CASH FLOWS

The Company acted solely as trustee of the Trust and did not carry on any business activity on its own behalf during the current year or the preceding year.

Therefore, there were no cash flows in relation to the company during the current or preceding financial year. All movements in assets and liabilities relate to the Trust and are not cash flows of the trustee.

6 COMPANY LIMITED BY GUARANTEE

The RAAF Welfare Recreational Company is a company Limited by Guarantee and by its Memorandum and Articles of Association members' liability is restricted to \$10 per member. At 30 June 2012, the company had seven members.

RAAF WELFARE RECREATIONAL COMPANY

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
7 AUDITORS' REMUNERATION		
Amounts received or due and receivable for:		
Audit of financial statements	<u>-</u>	<u>-</u>
Auditors remuneration is paid from Trust funds.	<u>-</u>	<u>-</u>
8 RECEIVABLES		
CURRENT		
Right of indemnity for liabilities incurred by the company on behalf of the Trust	<u>42,148</u>	<u>40,213</u>
9 PAYABLES		
CURRENT		
Rentals in Advance	18,260	18,119
Trade creditors and accrued expenses	22,014	20,220
TOTAL PAYABLES	<u><u>40,274</u></u>	<u><u>38,339</u></u>

RAAF WELFARE RECREATIONAL COMPANY

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

10	PROVISIONS	2012	2011
		\$	\$
	AVM B.A. Eaton Memorial	<u>1,874</u>	<u>1,874</u>

11 RELATED PARTY DISCLOSURES

DIRECTORS

The names of each person holding the position of Director of the company during the financial year are:

AIR COMMODORE	Robert Peter William Rodgers, CSM
AIR COMMODORE	Peter David Brennan, AM, CSM
GROUP CAPTAIN (Retd)	David Bruce Green
WING COMMANDER	Peter Mark Gilbert
SQUADRON LEADER	Kim Michelle Samin, OAM
WARRANT OFFICER	John Joseph Millar, AM
WARRANT OFFICER	Leah Maree Burns
WARRANT OFFICER	Julie Anne Higgs
MR	Bruce Francis Perry

RELATED PARTY TRANSACTIONS

There were no transactions with directors or director-related entities during the year.

The company acts solely as trustee for the RAAF Central Welfare Trust Fund. Also refer to note 3, 4 and 5.

RAAF CENTRAL WELFARE TRUST FUND

Statement of Comprehensive Income for the period ended 30 June 2012

	Notes	2012 \$	2011 \$
EXPENSES			
Employee benefits	3A	109,073	128,146
Supplier	3B	471,913	428,945
Depreciation	3C	95,580	101,164
Finance costs	3D	2,063	2,610
Total expenses		<u><u>678,629</u></u>	<u><u>660,865</u></u>
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	348,282	364,129
Interest	4B	101,357	155,954
Other revenue	4C	109,073	128,146
Total own-source revenue		<u><u>556,712</u></u>	<u><u>648,229</u></u>
Total own-source income		<u><u>556,712</u></u>	<u><u>648,229</u></u>
Net cost of services		121,917	12,637
Deficit on continuing operations		<u><u>(121,917)</u></u>	<u><u>(12,637)</u></u>
Other Comprehensive Income			
Changes in assets revaluation surplus		(75,562)	38,012
Total comprehensive income		<u><u>(75,562)</u></u>	<u><u>38,012</u></u>
Total comprehensive income		<u><u>(197,479)</u></u>	<u><u>25,376</u></u>

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

RAAF CENTRAL WELFARE TRUST FUND
Balance Sheet
as at 30 June 2012

	Notes	2012 \$	2011 \$
ASSETS			
Financial assets			
Cash and cash equivalents	5A	1,309,644	1,372,341
Trade and other receivables	5B	12,427	64,533
Other Investment	5C	818,206	841,586
Total financial assets		<u>2,140,277</u>	<u>2,278,460</u>
Non-financial assets			
Land and buildings	6A,C	5,799,488	5,877,244
Property, plant and equipment	6B,C	69,895	45,587
Other non-financial assets	6D	25,841	29,755
Total non-financial assets		<u>5,895,224</u>	<u>5,952,586</u>
Total assets		<u>8,035,501</u>	<u>8,231,046</u>
LIABILITIES			
Payables			
Suppliers	7A	(22,014)	(20,220)
Other payables	7B	(18,260)	(18,119)
Total payables		<u>(40,274)</u>	<u>(38,339)</u>
Provisions			
Other provisions	8	(1,874)	(1,874)
Total provisions		<u>(1,874)</u>	<u>(1,874)</u>
Total Liabilities		<u>(42,148)</u>	<u>(40,213)</u>
Net Assets		<u>7,993,353</u>	<u>8,190,833</u>
EQUITY			
Reserves		3,309,386	3,384,948
Retained surplus		4,683,967	4,805,885
Total equity		<u>7,993,353</u>	<u>8,190,833</u>

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

RAAF CENTRAL WELFARE TRUST FUND

Statement of Changes in Equity for the period ended 30 June 2012

	Retained earnings		Asset revaluation surplus		Other reserves		Total Equity	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Opening balance								
Balance carried forward from previous period	4,805,884	4,818,521	3,283,452	3,283,452	101,496	63,484	8,190,833	8,165,458
Comprehensive Income								
Other comprehensive income	-	-	-	-	(75,562)	38,012	(75,562)	38,012
Deficit for the period	(121,917)	(12,636)	-	-	-	-	(121,917)	(12,636)
comprehensive Income	(121,917)	(12,636)	-	-	(75,562)	38,012	(197,479)	25,376
Closing balance as at 30 June	4,683,967	4,805,885	3,283,452	3,283,452	25,934	101,496	7,993,353	8,190,833

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

RAAF CENTRAL WELFARE TRUST FUND

Cash Flow Statement for the period ended 30 June 2012

	Notes	2012 \$	2011 \$
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		342,302	349,067
Interest		91,572	79,979
Distribution from managed fund - IPAC		67,626	46,167
Refund of imputation credits		3,249	2,739
Security deposits		-	5,020
Net GST received		<u>2,919</u>	<u>-</u>
Total cash received		<u>507,667</u>	<u>482,972</u>
Cash used			
Suppliers		(446,135)	(433,142)
Grants paid		(12,490)	(547)
Net GST paid		-	(2,941)
Total cash used		<u>(458,625)</u>	<u>(436,630)</u>
Net Cash from operating activities	9	<u>49,042</u>	<u>46,342</u>
INVESTING ACTIVITIES			
Cash received			
Other		-	424
Total cash received		<u>-</u>	<u>424</u>
Cash used			
Purchase of property, plant and equipment		(44,114)	(6,726)
Purchase of financial instruments		(67,625)	(46,167)
Other		-	-
Total cash used		<u>(111,739)</u>	<u>(52,893)</u>
Net Cash used by investing activities		<u>(111,739)</u>	<u>(52,470)</u>
Net decrease in cash held			
Cash and cash equivalents at the beginning of the reporting period		(62,697)	(6,127)
Cash and cash equivalents at the end of the reporting period	5A	<u>1,372,341</u>	<u>1,378,468</u>
		<u>1,309,646</u>	<u>1,372,341</u>

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

RAAF CENTRAL WELFARE TRUST FUND

**Schedule of Commitments
as at 30 June 2012**

BY TYPE	2012	2011
	\$	\$
Commitments payable		
Other commitments		
Operating leases	<u>(16,640)</u>	<u>(17,434)</u>
Total other commitments	<u><u>(16,640)</u></u>	<u><u>(17,434)</u></u>
 BY MATURITY		
Commitments payable		
Operating lease commitments		
One year or less	<u>(16,640)</u>	<u>(17,434)</u>
Total operating lease commitments	<u><u>(16,640)</u></u>	<u><u>(17,434)</u></u>

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 2013.
The Ambassador lease is an on-going lease.

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Objective of the RAAF Welfare Trust Fund (RCWTF)

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

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

(b) Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2011; and

Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

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

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

(c) Significant Account Judgements and Estimates

In the process of applying the accounting policies listed in this note, the RCWTF has made the following judgements 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 carrying amounts of assets and liabilities within the next reporting period.

(d) New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

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 RCWTF.

Future Australian Accounting Standard Requirements

Other 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 RCWTF.

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

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.

Sale of Assets

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

(f) 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.

(g) 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.

(h) Financial Assets

The RCWTF 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.

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.

(i) 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).

(j) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote. RCWTF has no contingencies in either the current or preceding reporting periods and therefore a schedule for such items has not been included in the financial statements.

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements for the period ended 30 June 2012 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$250, which are expensed in the year of acquisition (other than where the 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 RCWTF 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 RCWTF using, in all cases, the straight-line method of depreciation.

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 %

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.

Impairment

All assets were assessed for impairment at 30 June 2012. 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 it's carrying amount.

Derecognition

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

(l) Taxation

The RCWTF 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.

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements for the period ended 30 June 2012 (Continued)

Note 2. Events After the Reporting Period

There were no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the RCWTF.

NOTE 3.	EXPENSES	2012 \$	2011 \$
NOTE 3A:	Employee benefits		
	Wages and salaries	(109,073)	(128,146)
	Total employee benefits	<u>(109,073)</u>	<u>(128,146)</u>
NOTE 3B:	Supplier		
	Goods and services		
	Property expenses	(380,547)	(341,570)
	Head office expenses	(31,259)	(40,642)
	Grants	(12,490)	(547)
	Total goods and services	<u>(424,296)</u>	<u>(382,759)</u>
	Goods and services are made up of:		
	Provision of goods - related entities	-	-
	Provision of goods - external parties	(424,296)	(382,212)
	Rendering of services - related parties	-	-
	Rendering of services - external parties	-	-
	Total goods and services	<u>(424,296)</u>	<u>(382,212)</u>
	Other supplier expenses		
	Operating lease rentals - related entities:		
	Minimum lease payments	(47,617)	(46,733)
	Total other supplier expenses	<u>(47,617)</u>	<u>(46,733)</u>
	Total supplier expenses	<u>(471,913)</u>	<u>(429,492)</u>
NOTE 3C:	Depreciation		
	Property, plant and equipment	(17,824)	(23,408)
	Buildings	(77,756)	(77,756)
	Total depreciation	<u>(95,580)</u>	<u>(101,164)</u>
NOTE 3D:	Finance Costs		
	Investment fee	(2,063)	(2,063)
	Total finance costs	<u>(2,063)</u>	<u>(2,063)</u>
NOTE 4.	INCOME		
NOTE 4A:	Own source revenue		
	Sale of Goods and Rendering of Services		
	Provision of goods - external entities	336,781	351,304
	Rendering of services - external parties	9,501	12,825
	Total sale of goods and rendering of services	<u>346,282</u>	<u>364,129</u>
NOTE 4B:	Interest		
	Deposits	101,357	155,954
	Total interest	<u>101,357</u>	<u>155,954</u>
NOTE 4C:	Other Revenue		
	Resources received free of charge - services	109,073	128,146
	Total other revenue	<u>109,073</u>	<u>128,146</u>
	Total Revenue	<u>556,712</u>	<u>648,229</u>
NOTE 5:	FINANCIAL ASSETS		
NOTE 5A:	Cash and Cash Equivalents		
	Cash on hand or on deposit	1,309,644	1,372,341
	Total cash and cash equivalents	<u>1,309,644</u>	<u>1,372,341</u>

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012 (Continued)

NOTE 5B:	Trade and Other Receivables	2012	2011			
		\$	\$			
	Goods and Services:					
	Goods and services - external parties	<u>4,690</u>	<u>53,960</u>			
	Total receivables for goods and services	<u>4,690</u>	<u>53,960</u>			
	Other receivables:					
	GST receivable from the Australian Taxation Office	<u>7,737</u>	<u>10,573</u>			
	Total other receivables	<u>7,737</u>	<u>10,573</u>			
	Total trade and other receivables (net)	<u>12,427</u>	<u>64,533</u>			
	Receivables are expected to be recovered in:					
	No more than 12 months	<u>12,427</u>	<u>64,533</u>			
	Total trade and other receivables (net)	<u>12,427</u>	<u>64,533</u>			
	Receivables are aged as follows:					
	Not overdue	<u>12,427</u>	<u>64,533</u>			
	Total receivables (gross)	<u>12,427</u>	<u>64,533</u>			
NOTE 5C:	Other Investments					
	Deposits	<u>17,447</u>	<u>32,890</u>			
	IPAC	<u>800,759</u>	<u>808,696</u>			
	Total other investments	<u>818,206</u>	<u>841,586</u>			
	Total other investments are expected to be recovered in:					
	More than 12 months	<u>818,206</u>	<u>841,586</u>			
	Total other investments	<u>818,206</u>	<u>841,586</u>			
NOTE 6:	NON-FINANCIAL ASSETS					
NOTE 6A:	Land and Buildings					
	Land:					
	Land at fair value	<u>2,067,200</u>	<u>2,067,200</u>			
	Total land	<u>2,067,200</u>	<u>2,067,200</u>			
	Buildings on freehold land:					
	Fair value	<u>3,887,800</u>	<u>3,887,800</u>			
	Accumulated depreciation	<u>(155,512)</u>	<u>(77,756)</u>			
	Total buildings on freehold land	<u>3,732,288</u>	<u>3,810,044</u>			
	Total land and buildings	<u>5,799,488</u>	<u>5,877,244</u>			
NOTE 6B:	Property, Plant and Equipment					
	Other property, plant and equipment:					
	Fair value	<u>369,418</u>	<u>343,650</u>			
	Accumulated depreciation	<u>(299,523)</u>	<u>(298,063)</u>			
	Total other property, plant and equipment	<u>69,895</u>	<u>45,587</u>			
	Total property, plant and equipment	<u>5,869,383</u>	<u>5,922,831</u>			
NOTE 6C:	Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2012					
		Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
		\$	\$	\$	\$	\$
	As at 1 Jul 2011					
	Gross book value	2,067,200	3,887,800	5,955,000	343,650	6,298,650
	Accumulated depreciation		(77,756)	(77,756)	(298,063)	(375,819)
	Net book value 1 July 2011	<u>2,067,200</u>	<u>3,810,044</u>	<u>5,877,244</u>	<u>45,587</u>	<u>5,922,831</u>
	Additions:					
	By purchase				44,114	44,114
	Revaluations and impairments recognised in other comprehensive income					
	Depreciation expense		(77,756)	(77,756)	(17,824)	(95,580)
	Disposals:					
	Other				(1,981)	(1,981)
	Net book value 30 June 2012	<u>2,067,200</u>	<u>3,732,288</u>	<u>5,799,488</u>	<u>69,895</u>	<u>5,869,383</u>
	Net book value as of 30 June 2012 represented by:					
	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 30 June 2012	<u>2,067,200</u>	<u>3,732,288</u>	<u>5,799,488</u>	<u>69,895</u>	<u>5,869,383</u>

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements for the period ended 30 June 2012 (Continued)

NOTE 6C:
(Continued)

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2011

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
As at 1 Jul 2010					
Gross book value	2,067,200	3,887,800	5,955,000	342,565	6,297,565
Accumulated depreciation and impairment	-	-	-	(280,021)	(280,021)
Net book value 1 July 2010	2,067,200	3,887,800	5,955,000	62,544	6,017,544
Additions:					
By purchase	-	-	-	6,726	6,726
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-
Depreciation expense	-	(77,756)	(77,756)	(23,408)	(101,164)
Disposals:					
Other	-	-	-	(275)	(275)
Net book value 30 June 2011	2,067,200	3,810,044	5,877,244	45,587	5,922,831
Net book value as of 30 June 2011 represented by:					
Gross book value	2,067,200	3,887,800	5,955,000	343,650	6,298,650
Accumulated depreciation	-	(77,756)	(77,756)	(298,063)	(375,819)
Net book value 30 June 2011	2,067,200	3,810,044	5,877,244	45,587	5,922,831

NOTE 6D:

Other Non-Financial Assets

	2012 \$	2011 \$
Prepayments	20,622	24,536
Security Deposits	3,816	3,816
Tuscany Trust Account	1,393	1,393
Shares in Defcredit	10	10
Total other non-financial assets	25,841	29,755
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	20,622	24,536
More than 12 months	5,219	5,219
Total other non-financial assets	25,841	29,755

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

NOTE 7:

PAYABLES

NOTE 7A:

Suppliers

Trade Creditors and Accruals	(22,014)	(20,220)
Total supplier payables	(22,014)	(20,220)
Supplier payables expected to be settled within 12 months:		
External parties	(22,014)	(20,220)
Total	(22,014)	(20,220)
Total supplier payables	(22,014)	(20,220)

NOTE 7B:

Other Payables

Prepayments received/unearned income	(18,260)	(18,119)
Total other payables	(18,260)	(18,119)
Total other payables are expected to be settled in:		
No more than 12 months	(18,260)	(18,119)
Total other payables	(18,260)	(18,119)

NOTE 8:

PROVISIONS

Other Provisions

Provision for AVM B.A. Eaton Memorial	(1,874)	(1,874)
Total other provisions	(1,874)	(1,874)
Other provisions are expected to be settled in:		
More than 12 months	(1,874)	(1,874)
Total other provisions	(1,874)	(1,874)

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012 (Continued)

NOTE 9: CASH FLOW RECONCILIATION

Reconciliation of cash and cash equivalents as per balance sheet to Cash Flow Statement	2012 \$	2011 \$
Cash and cash equivalents as per:		
Cash flow statement	1,309,644	1,372,341
Balance sheet	<u>1,309,644</u>	<u>1,372,341</u>
Difference	<u>-</u>	<u>-</u>
 Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(121,917)	(12,636)
 Adjustments for non-cash items		
Depreciation/amortisation	95,580	101,164
Loss on disposal of assets	1981	275
Resources received free of charge - goods	88,312	128,146
Resources received free of charge - services	(88,312)	(128,146)
 Changes in assets/liabilities		
(Increase)/decrease in net receivable	67,549	(30,647)
(Increase)/decrease in prepayments	3,914	(5,568)
Increase/(decrease) in supplier payable	1935	(6,245)
Net cash from operating activities	<u>49,042</u>	<u>46,342</u>

Note 10. Contingent Assets and Liabilities

Quantifiable Contingencies

The RAAF Central Welfare Trust Fund held no quantifiable contingencies as at 30 June 2012 (2011: Nil).

Unquantifiable Contingencies

The RAAF Central Welfare Trust Fund held no unquantifiable contingencies as at 30 June 2012 (2011: Nil).

Significant Remote Contingencies

The RAAF Central Welfare Trust Fund held no significant remote contingencies as at 30 June 2012 (2011: Nil).

NOTE 11: 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	Robert Peter William Rodgers, CSM
AIR COMMODORE	Peter David Brennan, AM, CSM
GROUP CAPTAIN (Retd)	David Bruce Green
WING COMMANDER	Peter Mark Gilbert
SQUADRON LEADER	Kim Michelle Samin, OAM
WARRANT OFFICER	John Joseph Millar, AM
WARRANT OFFICER	Leah Maree Burns
WARRANT OFFICER	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 RCWTF or any related party in connection with the management of the RCWTF
 - from the RCWTF in connection with the management of a related party

NOTE 12: REMUNERATION OF AUDITORS	2012 \$	2011 \$
Fair value of the services provided		
Financial statement audit services were provided to the RCWTF	12,500	14,000
Total	<u>12,500</u>	<u>14,000</u>

No other services were provided by the ANAO

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012 (Continued)

NOTE 9: CASH FLOW RECONCILIATION

Reconciliation of cash and cash equivalents as per balance sheet to Cash Flow Statement	2012 \$	2011 \$
Cash and cash equivalents as per:		
Cash flow statement	1,309,644	1,372,341
Balance sheet	<u>1,309,644</u>	<u>1,372,341</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(121,917)	(12,636)
Adjustments for non-cash items		
Depreciation/amortisation	95,580	101,164
Loss on disposal of assets	1981	275
Resources received free of charge - goods	109,073	128,146
Resources received free of charge - services	(109,073)	(128,146)
Changes in assets/liabilities		
(Increase)/decrease in net receivable	67,549	(30,647)
(Increase)/decrease in prepayments	3,914	(5,568)
Increase/(decrease) in supplier payable	1,935	(6,245)
Net cash from operating activities	<u>49,042</u>	<u>46,343</u>

Note 10. Contingent Assets and Liabilities

Quantifiable Contingencies

The RAAF Central Welfare Trust Fund held no quantifiable contingencies as at 30 June 2012 (2011: Nil).

Unquantifiable Contingencies

The RAAF Central Welfare Trust Fund held no unquantifiable contingencies as at 30 June 2012 (2011: Nil).

Significant Remote Contingencies

The RAAF Central Welfare Trust Fund held no significant remote contingencies as at 30 June 2012 (2011: Nil).

NOTE 11: 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	Robert Peter William Rodgers, CSM
AIR COMMODORE	Peter David Brennan, AM, CSM
GROUP CAPTAIN (Retd)	David Bruce Green
WING COMMANDER	Peter Mark Gilbert
SQUADRON LEADER	Kim Michelle Samin, OAM
WARRANT OFFICER	John Joseph Millar, AM
WARRANT OFFICER	Leah Maree Burns
WARRANT OFFICER	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 RCWTF or any related party in connection with the management of the RCWTF
 - from the RCWTF in connection with the management of a related party

NOTE 12: REMUNERATION OF AUDITORS	2012 \$	2011 \$
Fair value of the services provided		
Financial statement audit services were provided to the RCWTF	12,500	14,000
Total	<u>12,500</u>	<u>14,000</u>

No other services were provided by the ANAO

RAAF CENTRAL WELFARE TRUST FUND

Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2012 (Continued)

NOTE 13E: Liquidity Risk

The RCWTF's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the RCWTF 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 2012

	within 1 year \$	Total \$
Trade creditors	(22,014)	(22,014)
Total		

Maturities for non-derivative financial liabilities 2011

	within 1 year \$	Total \$
Trade creditors	(20,220)	(20,220)
Total		

NOTE 13F: Market Risk

The RCWTF held basic financial instruments that do not expose the RCWTF 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 2012

Moneys held as at 30 June	Change in risk variable %	Effect on Profit and Loss 2012 \$
Decrease in Interest Rate	Variable -1%	(13,096)
Increase in Interest Rate	1%	13,096

Risk to which the Trust was exposed as at 30 June 2011

Moneys held as at 30 June	Change in risk variable %	Effect on Profit and Loss 2011 \$
Decrease in Interest Rate	Variable -1%	(13,723)
Increase in Interest Rate	1%	13,723

Note 14. Compensation and Debt Relief

There were no payments made for compensation and debt relief during the reporting period (2011: Nil).

Note 15. Reporting of Outcomes of the Trust

The RCWTF does not receive any Australian Government budgetary funding. However, the RCWTF has a single outcome which follows directly from adhering to the stated purpose of the RCWTF. The operational result of the RCWTF outcome is demonstrated in the RCWTF financial statements.

Note 16. RAAF CENTRAL WELFARE TRUST FUND DETAILS

The office of the Trust is situated at:

C/- RAAF Welfare Recreational Company
Department of Defence
Russell Offices (R8-2-40)
CANBERRA ACT 2600

RAAF CENTRAL WELFARE TRUST FUND

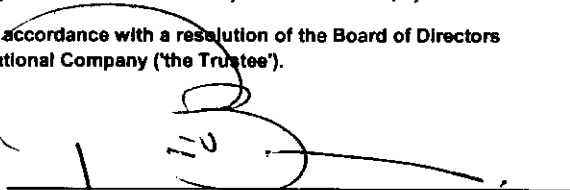
DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

The directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 16 presents fairly the Trust's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the provisions of the Trust Deed dated 11 September 1989.
2. In the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the RAAF Welfare Recreational Company ('the Trustee').

Director

A handwritten signature in black ink, appearing to be 'J. V.', written over a horizontal line. The signature is somewhat stylized and includes a large loop.

Director

A handwritten signature in black ink, appearing to be 'A. Green', written over a horizontal line. The signature is cursive and flows across the line.

Dated this *Tenth* day of October 2012



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence Science and Personnel

I have audited the accompanying financial statements of the RAAF Central Welfare Trust Fund for the year ended 30 June 2012, which comprise: a Statement by the Trustees, the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Trustees' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the RAAF Central Welfare Trust Fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RAAF Central Welfare Trust Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Opinion

In my opinion, the financial statements of the RAAF Central Welfare Trust Fund:

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

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
10 October 2012

RAAF CENTRAL WELFARE TRUST FUND

Additional Information to the Financial Statements for the period ended 30 June 2012

SUMMARY OF OPERATIONS

PROFIT/(LOSS) FROM:	2012		2011	
	\$		\$	
HOLIDAY FACILITIES				
Rental Operations - Surfers Paradise	(119,230)		(81,892)	
Rental Operations - Marrakai	(12,949)		(11,850)	
Rental Operations - Merimbula	(54,546)		(44,142)	
RWRC Office	<u>(27,302)</u>	(214,028)	<u>(32,539)</u>	(170,423)
 RAAF CENTRAL WELFARE TRUST FUND OPERATIONS				
INCOME				
Bank Interest	76,124		81,571	
Interest from Loans	-		349	
Income received - IPAC Portfolio Management	25,229		74,030	
Refundable Imputation Credit	3,760		3,249	
Donations	5,741		9,576	
Miscellaneous Income	0		0	
	<u>110,854</u>		<u>168,775</u>	
 EXPENSES				
Advertising	(4,190)		(8,379)	
Managed Portfolio Fees	(2,063)		(2,063)	
Grants	<u>(12,490)</u>		<u>(547)</u>	
	(18,742)	92,112	(10,989)	157,786
 SURPLUS (DEFICIT) FROM OPERATIONS :		<u><u>(121,917)</u></u>		<u><u>(12,636)</u></u>

RAAF CENTRAL WELFARE TRUST FUND

SURFERS PARADISE RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2012

	2012	2011
	\$	\$
INCOME		
Rent Received - Holiday Flats	187,144	190,262
Caretakers Fees	8,563	8,314
Blue Phone	173	295
Miscellaneous Income	-	9
Rental Income -Managers Unit	9,362	8,905
	205,242	207,785
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(32,904)	(25,034)
Fuel & Power	(14,364)	(15,827)
Laundry	(1,958)	(1,412)
Minor Equipment	(3,589)	(6,150)
Repairs and Maintenance	(28,331)	(10,647)
	(81,146)	(59,069)
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(44,700)	(44,700)
Depreciation - Furn & Fittings (Flats)	(11,872)	(15,787)
Depreciation - Furn & Fittings (Office)	(205)	(192)
Depreciation - Furn & Fittings (Laundry)	(67)	(273)
Disposal of Asset	(1,981)	(275)
General Expenses	(5,753)	(7,118)
Insurance	(1,175)	(1,385)
Legal Fees	(1,250)	-
Management Fees	(64,859)	(60,766)
Postage and Stationery	(1,305)	(584)
Rates and Taxes	(38,412)	(35,802)
Telephone	(3,818)	(3,927)
Body Corporate Fees	(45,513)	(35,655)
Rent - Apartment 8	(17,349)	(17,301)
Merchant Credit Card Fees	(3,706)	(3,933)
Computer Expenses	(1,382)	(2,911)
	(243,326)	(230,608)
OPERATING SURPLUS (DEFICIT)	(119,230)	(81,892)

RAAF CENTRAL WELFARE TRUST FUND

MARRAKAI RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2012

	2012 \$	2011 \$
INCOME		
Rent Received - Holiday Flats	26,332	29,312
	26,332	29,312
EXPENDITURE		
Cleaning	(3,570)	(4,590)
Fuel & Power	(3,039)	(4,104)
Management Fee	(2,403)	(3,036)
Rent - Apartments	(30,269)	(29,432)
	(39,281)	(41,162)
OPERATING SURPLUS (DEFICIT)	(12,949)	(11,850)

RWRC OFFICE OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2012

	2012 \$	2011 \$
INCOME		
Bank Interest	4	4
Miscellaneous Income	43	1
Resources Received Free of Charge	109,073	128,146
	109,120	128,150
EXPENDITURE		
Bank Charges	(136)	(123)
Office Expenses	(210)	(7,005)
General Expenses	(3,237)	(1,000)
Audit, Accounting Fees	(12,500)	(17,500)
Computer Expenses	(7,844)	(2,988)
Legal Fees	(577)	(1,045)
Insurance	(2,563)	(2,602)
Depreciation - Furn & Fittings (Office)	(281)	(281)
Wages and Salaries	(109,073)	(128,146)
	(136,423)	(160,689)
OPERATING SURPLUS (DEFICIT)	(27,302)	(32,539)

RAAF CENTRAL WELFARE TRUST FUND

10-16 MARINE PARADE MERIMBULA RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2012

	2012 \$	2011 \$
INCOME		
Rent Received - Holiday Flats	105,164	114,206
	<u>105,164</u>	<u>114,206</u>
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(11,433)	(12,982)
Fuel and Power	(9,158)	(7,387)
Minor Equipment	-	(271)
Pay TV Rental	(1,952)	(1,886)
Repairs and Maintenance	(1,836)	(2,239)
	<u>(24,378)</u>	<u>(24,764)</u>
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(33,058)	(33,056)
Depreciation - Furn & Fittings (Flats)	(4,814)	(6,290)
Depreciation - Furn & Fittings (Outdoor)	(586)	(586)
Management Fees	(35,570)	(34,725)
Commission	(1,082)	(1,286)
Linen Cleaning and Replacements	(12,314)	(13,500)
General Expenses	(353)	(124)
Rates and Taxes	(12,984)	(12,780)
Body Corporate Fees	(34,387)	(30,955)
Computer Expenses	(187)	(282)
Valuation Fees	-	-
	<u>(135,333)</u>	<u>(133,583)</u>
OPERATING SURPLUS (DEFICIT)	<u><u>(54,546)</u></u>	<u><u>(44,142)</u></u>