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**THE**  
**RAAF WELFARE RECREATIONAL COMPANY**  
**ANNUAL REPORT 2010 - 2011**

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**THE**  
**RAAF WELFARE RECREATIONAL COMPANY**

*Annual Report*

*For the period*

*1 July 2010 to 30 June 2011*

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The Secretary  
RWRC  
Russell Offices (R8-2-041A)  
PO Box 7909  
Department of Defence  
CANBERRA BC ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY****THIRD 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 2011. 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.'

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 wholly owned company 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 2010-2011 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 J.S. Hewitson	Chairman	3	2*
Air Commodore R.P. W. Rodgers	Chairman	3	3
Air Commodore P.D. Brennan		6	6
Group Captain (Retd) D.B. Green		6	6
Squadron Leader K.M. Samin		6	4*
Warrant Officer J.J. Millar		6	0*
Flight Lieutenant G.M. Goninon		3	0*
Warrant Officer L.M. Burns		3	3

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

**Board Qualifications**

<b>NAME</b>	<b>APP'T</b>	<b>QUALIFICATIONS</b>
Air Commodore J.S. Hewitson	Chairman	GRAD DIP AP Sc Aero; DipAppScNav; DipAdminS
Air Commodore R.P. W. Rodgers	Chairman	MDefS; GradDipDefS; GradDipMgtS; AdvGradDipGovMgt; DipGovMgt; AdvDipPersOpsMgt; DipAdminS; DipTeachTeacFurE;
Air Commodore P.D. Brennan		DipAdminS; DipGovMgt; AdvDipPersOpsMgt; Certified Practicing Logistician (Aus T'port & Log Council)
Group Captain (Retd)D.B. Green		Fellowship Diploma Business Studies, RMIT;
Squadron Leader K.M. Samin		Nil
Warrant Officer J.J. Millar		Nil
Flight Lieutenant G.M. Goninon		Nil
Warrant Officer L.M. Burns		Nil

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

**Board Committees****Audit Committee**

<b>NAME</b>	<b>APPOINTMENT</b>
Air Commodore P. D. Brennan	Director
Group Captain (Retd) D.B. Green	Director
Warrant Officer J.J. Millar	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, R8-2-041A, Russell Offices, 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 2010-2011 was \$2,861.79. 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 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 2011.

### **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  
SGT N. Lindsay  
(RWRC operations staff)

### New South Wales

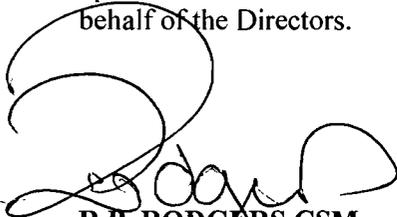
Mr N. Bourke  
(Manager of Tuscany)

### Queensland

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

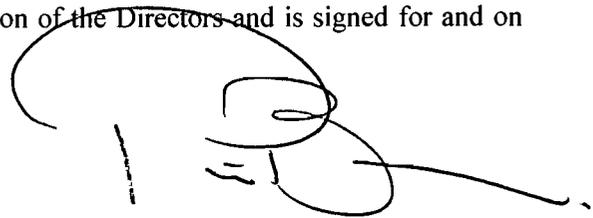
## CONCLUSION

The Directors are responsible under section 9 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.



**R.P. RODGERS CSM**  
Air Commodore  
Chairman of RWRC

25 October 2011



**P. D. BRENNAN AM, CSM**  
Air Commodore  
Director

25 October 2011

## CHAIRMAN'S REPORT

As Chairman of the RAAF Welfare Recreational Company, I have the pleasure to present my first Annual Report for the year ended 30 June 2011.

Initially, I take this opportunity to thank Air Commodore John Hewitson AM for his impeccable stewardship of the Company during his tenure as Chairman. Under his leadership, the Company continued to grow despite the challenges from the global financial crisis. I also extend my appreciation to Flight Lieutenant Gina Kimmins for her outstanding contribution to the Company during her seven year tenure as a Director.

There are still challenges that confront the Board. While the global financial crisis still lingers in the background, the occupancy levels in the Company's holiday facilities on the Gold Coast were affected by the severe adverse weather conditions in south east Queensland at the beginning of the year. Consequently, the Company was like most entities in the tourism industry in Queensland, faced a significant downturn in occupancy levels.

On a positive note, these unfortunate circumstances provided the Company with the opportunity to demonstrate the Company's core objectives of providing welfare support to our personnel, when funding is not available from the Commonwealth. To assist Air Force personnel and their families affected by the floods in south east Queensland earlier this year, the Board made the decision to set aside three units in the Ambassador Complex on the Gold Coast for three months (February to April) to provide respite for them, on an as required basis. During that time, 17 Air Force personnel and their families from RAAF Base Amberley accessed the units. This support was a good news story that feature in the September issue of the Air Force NEWS (Vol 53, No 16 page 14).

At the Company's Planning Day in April 2011, the Board renewed the Company's commitment to providing discounted accommodation to RAAF Personnel and their families as well as other defined eligible categories, which includes our Ex-Service community. With such a commitment, the Board acknowledged the need to fully understand the standard of accommodation in the portfolio of holiday facilities, which the Company owned. The Board committed to visit our facilities and familiarise itself with not only the Company's holiday facilities, but also equally as important, holiday facilities in the surrounding private market.

The first visit was in June to Ambassador Complex on the Gold Coast, where the Board also held a meeting. At this meeting, the decision was made to conduct a significant refurbishment program, which included painting the units, replacement of all curtains and television sets. Furthermore, to entice more of our people to use the units the Company will move from a High and Low season to three seasons: HIGH season - December/January school holidays, MID season – September, October, November and all other school holidays with the remainder of the year the LOW season.

At the Ambassador the Company has always provided the option for our people to either supply their own linen or pay for the provision of linen. With 75% of our

people paying for the provision of linen, the decision was taken by the Board that the provision of linen will be part of the holiday package and that when setting the new seasonal tariffs, the linen cost will be included.

The move to three seasons – High, Mid and Low; the revised tariffs and the inclusion of linen in the holiday package will commence from 1 February 2012. This has also been placed on the Company's website: [www.raafholidays.com.au](http://www.raafholidays.com.au)

## **Operations**

The major theme of the Board's strategies has been to provide access to low cost holiday facilities for our Air Force family, acknowledging these business lines may generate an operating deficiency; however, the intention is that this will be offset by the Company's returns on other investments. Points to note from the Company's holiday facilities are as follows:

***Ambassador*** – The Ambassador complex has 12 units, the Company owns 11 units and leases the other unit from the private owner. The occupancy levels at Ambassador have followed industry trends on the Gold Coast, with the Ambassador achieving an occupancy rate of 63%, a drop of 5% on last year. The net result was an operating loss of (\$81,892) was an increased loss of \$15,907 on last financial year's loss of (\$65,985). The cash operating loss was (\$20,940.00).

Despite the decline in occupancy levels, the Board considers Ambassador to be an important asset and after taking into account the adverse weather conditions in south east Queensland earlier this year, the Board is optimistic that with a renewed targeted marketing strategy and with the refurbishment program there will be a turn around in the occupancy levels.

***Tuscany*** – The Tuscany complex has 18 units, the Company owns six units and other 12 are privately owned. Tuscany also showed a reduction in usage with an occupancy level of only 53% been achieved. A similar decline in occupancy levels were reflected in privately owned units and the local market. The overall operating loss was (\$44,142), which was a decrease of \$7,870 on last financial year's loss of (\$52,012). The cash operating loss was only (\$4,210.00).

***Marrakai*** – The Company leases one unit in the Marrakai complex in Darwin. The unit recorded an increase of 15% in occupancy levels this year from 59% to 74%. The net loss was (\$11,850).

The Board will continue to support our people at the 'Top End', who deserve to have a quality discounted amenity available for their use.

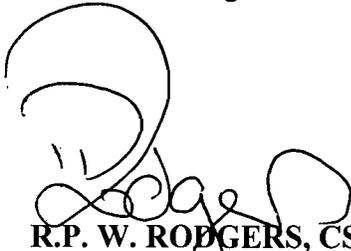
## ***Summary***

The overall performance of the Company was a loss of (\$12,636) with the equity increasing by \$25,377 from the financial year 09-10. The important measure in assessing the health of the Company is the value of the Assets \$8,231,046 against Liabilities of \$40,213. The Company is extremely healthy.

The Board acknowledges that there will continue to be challenges in the areas of occupancy levels and increased costs. However, the Board remains confident that by upgrading the facilities and targeting a new marketing strategy the occupancy levels will improve; particularly, in the slower parts of the year. Similarly, the Board is not in unique situation, when faced with the uncertainty in the global finances; however, the Board remains confident with the long term investment strategy and with the advice provided by the Company's *IPAC* financial manager. Notwithstanding the foregoing, the Company continues examine the Company's business model to ensure the Company is positioned to provide welfare support to the Air Force family.

In terms of increase costs, the Board will continue to review options to reduce overheads through 'shared services' with similar entities and through streamlining its operations.

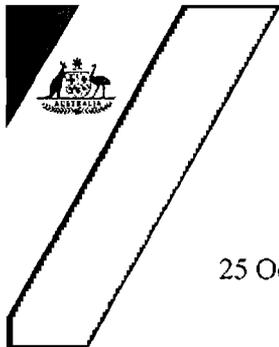
Finally, in terms of financial management of the Company, on behalf of the Board I offer my thanks the Company's Finance Operations Manager, Miss Donna Chalker for her enduring efforts over the past year.



**R.P. W. RODGERS, CSM**  
Air Commodore  
Chairman

5 October 2011

AUDIT-IN-CONFIDENCE



25 October 2011



Air Commodore Robert Rodgers  
Chairman  
RAAF Welfare Recreational Company  
(as Trustee of the RAAF Central Welfare Trust Fund)  
Russell Offices  
RS-2-40  
PO Box 7909  
Canberra BC ACT 2610

Dear Air Commodore Robert Rodgers

**RAAF WELFARE RECREATIONAL COMPANY AND  
RAAF CENTRAL WELFARE TRUST FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

I am writing to advise that my audits of the financial statements for the year ended 30 June 2011 of the RAAF Welfare Recreational Company and RAAF Central Welfare Trust Fund 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 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 2011 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 Assurance  
Director since 2008

GROUP CAPTAIN (Rtd) David Bruce Green  
International Logistics  
Director since 2003

SQUADRON LEADER Kim Michelle Samin, OAM  
Defence Signal Directorate  
Director since 2001

WARRANT OFFICER John J Millar, AM  
Warrant Officer - RAAF  
Director since 2008

WARRANT OFFICER Leah Maree Burns  
Director General Personnel - Air Force  
Director since 14 January 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.

		<b>Board Meetings</b>	
		Meetings eligible to attend	Meetings attended
AIR COMMODORE	John Stephen Hewitson, AM	3	2
AIR COMMODORE	Robert Peter William Rodgers, CSM	3	3
AIR COMMODORE	Peter David Brennan, AM, CSM	6	6
GROUP CAPTAIN (Rtd)	David Bruce Green	6	6
SQUADRON LEADER	Kim Michelle Samin, OAM	6	4
WARRANT OFFICER	John J Millar, AM	6	0
WARRANT OFFICER	Gina Maree Goninon	3	0
WARRANT OFFICER	Leah Maree Burns	3	3

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

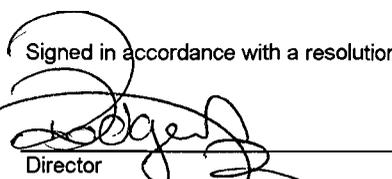
During or since the end of the previous financial year no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time 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 25<sup>th</sup> day of October 2011.

Signed in accordance with a resolution of the Directors.

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director



Air Commodore Robert Rodgers  
Chairman  
RAAF Welfare Recreational Company  
Russell Offices  
RS-2-40  
PO Box 7909  
Canberra BC ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY  
2010-11 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 2011, to the best of my knowledge and belief, there have been:

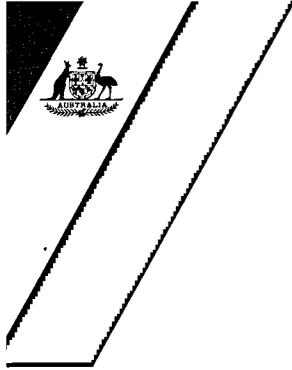
- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Ron Wah  
Audit Principal

Delegate of the Auditor-General

Canberra  
25 October 2011



## **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 2011, 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 the directors determine is necessary to enable the preparation of the financial report that 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.

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:

- (i) giving a true and fair view of the RAAF Welfare Recreational Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Australian National Audit Office



Ron Wah  
Audit Principal

Delegate of the Auditor-General

Canberra  
25 October 2011

## 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 2011 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 25<sup>th</sup> day of October 2011.

On behalf of the Directors

Director

Director

**RAAF WELFARE RECREATIONAL COMPANY**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
Continuing operations			
Revenues from ordinary activities	2	-	-
Expenses from ordinary activities		-	-
Operating result		<u>          -</u> <u>          -</u>	<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 2011

	NOTE	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables	8	<u>40,213</u>	<u>46,458</u>
<b>TOTAL CURRENT ASSETS</b>		<u>40,213</u>	<u>46,458</u>
<b>Non current assets</b>			
Receivables		<u>-</u>	<u>-</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>40,213</u>	<u>46,458</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	9	38,338	44,584
Provisions	10	<u>1,874</u>	<u>1,874</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>40,213</u>	<u>46,458</u>
<b>Non current liabilities</b>			
Payables		<u>-</u>	<u>-</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		40,213	46,458
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>
<b>EQUITY</b>			
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 2011**

	2011 \$	2010 \$
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

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

#### 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 2011**

#### **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 2011, exceed the liabilities of the trust as at 30 June 2011. 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 2011, the company had seven members.

## RAAF WELFARE RECREATIONAL COMPANY

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>7 AUDITORS' REMUNERATION</b>		
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>
 <b>8 RECEIVABLES</b>		
<b>CURRENT</b>		
Right of indemnity for liabilities incurred by the company on behalf of the Trust	<u>40,213</u>	<u>46,458</u>
 <b>9 PAYABLES</b>		
<b>CURRENT</b>		
Rentals in Advance	18,119	22,983
Trade creditors and accrued expenses	20,220	21,601
<b>TOTAL PAYABLES</b>	<u><u>38,339</u></u>	<u><u>44,584</u></u>

## RAAF WELFARE RECREATIONAL COMPANY

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

<b>10</b>	<b>PROVISIONS</b>	<b>2011</b>	<b>2010</b>
	AVM B.A. Eaton Memorial	<u><b>1,874</b></u>	<u><b>1,874</b></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	John Stephen Hewitson, AM
AIR COMMODORE	Robert Peter William Rodgers, CSM
AIR COMMODORE	Peter David Brennan, AM, CSM
GROUP CAPTAIN (Rtd)	David Bruce Green
SQUADRON LEADER	Kim Michelle Samin, OAM
WARRANT OFFICER	John J Millar, AM
WARRANT OFFICER	Gina Maree Goninon
WARRANT OFFICER	Leah Maree Burns

#### **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 2011

	Notes	2011 \$	2010 \$
<b>EXPENSES</b>			
Employee benefits	2A	128,146	111,612
Suppliers expenses	2B	428,945	400,777
Depreciation	2C	101,164	108,754
Finance costs	2D	2,610	2,063
Write-down and impairment of assets	2E	-	-
<b>Total expenses</b>		<u><u>660,865</u></u>	<u><u>623,206</u></u>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
Own-source revenue			
Sale of goods and rendering of services	3A	364,129	348,867
Interest	3B	155,954	93,942
<b>Total own-source revenue</b>		<u><u>520,083</u></u>	<u><u>442,809</u></u>
<b>GAINS</b>			
Other	3C	128,146	111,612
<b>Total gains</b>		<u><u>128,146</u></u>	<u><u>111,612</u></u>
<b>Total own-source income</b>		<u><u>648,229</u></u>	<u><u>554,421</u></u>
<b>Net cost of services</b>		12,636	68,785
<b>Surplus/(Deficit) on continuing operations</b>		<u><u>(12,636)</u></u>	<u><u>(68,785)</u></u>
<b>Other Comprehensive Income</b>			
Changes in asset revaluation reserves		-	423,930
Gains/losses on available for sale financial assets		38,012	63,484
<b>Total other comprehensive income</b>		<u><u>38,012</u></u>	<u><u>487,415</u></u>
<b>Total comprehensive income</b>		<u><u>25,376</u></u>	<u><u>418,630</u></u>

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

**RAAF CENTRAL WELFARE TRUST FUND**  
**Balance Sheet**  
**for the period ended 30 June 2011**

	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4A	1,372,341	1,378,468
Trade and other receivables	4B	64,533	31,233
Other Investment	4C	841,586	755,463
<b>Total financial assets</b>		<u><b>2,278,460</b></u>	<u><b>2,165,163</b></u>
<b>Non-financial assets</b>			
Land and Buildings	5A	5,877,244	5,955,000
Property, plant and equipment	5B,C	45,587	62,544
Other	5D	29,755	29,207
<b>Total non-financial assets</b>		<u><b>5,952,586</b></u>	<u><b>6,046,751</b></u>
<b>Total assets</b>		<u><b>8,231,046</b></u>	<u><b>8,211,913</b></u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	6A	(20,220)	(21,601)
Other	6B	(18,119)	(22,983)
<b>Total payables</b>		<u><b>(38,339)</b></u>	<u><b>(44,584)</b></u>
<b>Provisions</b>			
Other	7	(1,874)	(1,874)
<b>Total provisions</b>		<u><b>(1,874)</b></u>	<u><b>(1,874)</b></u>
<b>Total Liabilities</b>		<u><b>(40,213)</b></u>	<u><b>(46,458)</b></u>
<b>Net Assets</b>		<u><b>8,190,833</b></u>	<u><b>8,165,456</b></u>
<b>EQUITY</b>			
Reserves		3,384,948	3,346,936
Retained earnings		4,805,885	4,818,520
<b>Total equity</b>		<u><b>8,190,833</b></u>	<u><b>8,165,456</b></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 2011

	Retained earnings		Asset revaluation reserve		Financial assets reserve		Total Equity	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Opening balance</b>								
Balance carried forward from previous period	4,818,520	4,887,305	3,283,452	2,859,521	63,484	-	8,101,972	7,746,826
<b>Comprehensive Income</b>								
Other comprehensive income	-	-	-	423,930	38,012	63,484	38,012	487,415
<b>Deficit for the period</b>								
Total	(12,636)	(68,785)	-	-	-	-	(12,636)	(68,785)
<b>Comprehensive income</b>								
	(12,636)	(68,785)	-	423,930	38,012	63,484	25,376	418,630
<b>Closing balance as at 30 June</b>								
	4,805,885	4,818,520	3,283,452	3,283,451	101,496	63,484	8,190,833	8,165,456

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 2011

	Notes	2011 \$	2010 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from customers		349,067	344,844
Interest received		79,979	48,589
Distribution from managed fund - IPAC		46,167	20,339
Refund of imputation credits		2,739	3,458
Security deposits		5,020	-
Net GST received		-	-
<b>Total cash received</b>		<u>482,972</u>	<u>417,229</u>
<b>Cash used</b>			
Payments to suppliers and contractors		(433,142)	(395,479)
Grants paid		(547)	-
Net GST paid		(2,941)	(1,115)
<b>Total cash used</b>		<u>(436,630)</u>	<u>(396,594)</u>
<b>Net Cash from operating activities</b>	8	<u>46,342</u>	<u>20,635</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of property, plant & equipment		-	-
Other		424	5,952
<b>Total cash received</b>		<u>424</u>	<u>5,952</u>
<b>Cash used</b>			
Purchase of property, plant and equipment		(6,726)	(9,775)
Purchase of financial instruments		(46,167)	(20,339)
Other		-	(1,393)
<b>Total cash used</b>		<u>(52,893)</u>	<u>(31,507)</u>
<b>Net Cash from (used by) investing activities</b>		<u>(52,470)</u>	<u>(25,555)</u>
<b>Net increase (decrease) in cash held</b>		<u>(6,127)</u>	<u>(4,920)</u>
Cash and cash equivalents at the beginning of the reporting period		1,378,468	1,383,388
<b>Cash and cash equivalents at the end of the reporting period</b>	4A	<u>1,372,341</u>	<u>1,378,468</u>

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

**RAAF CENTRAL WELFARE TRUST FUND**

**Schedule of Asset Additions  
for the period ended 30 June 2011**

The following non-financial non-current assets were added in 2010-11

	Land	Buildings	Other property, plant & equipment	Total
By purchase - other	-	-	6,726	6,726
<b>Total additions</b>			<b>6,726</b>	<b>6,726</b>

The following non-financial non-current assets were added in 2009-10

	Land	Buildings	Other property, plant & equipment	Total
By purchase - other	-	-	9,775	9,775
<b>Total additions</b>			<b>9,775</b>	<b>9,775</b>

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 2011

BY TYPE	2011 \$	2010 \$
Other commitments		
Operating leases	(17,434)	(15,821)
<b>Total other commitments</b>	<u>(17,434)</u>	<u>(15,821)</u>
<b>BY MATURITY</b>		
Operating lease commitments		
One year or less	(17,434)	(15,821)
<b>Total operating lease commitments</b>	<u>(17,434)</u>	<u>(15,821)</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 2012.  
The Ambassador lease is an on-going lease.

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

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2011

#### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The RCWTF is an Australian Government Commonwealth wholly owned 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.

##### Basis of Preparation of the Financial Statements

This financial statement is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statement covers the RCWTF as an individual entity. The RCWTF is incorporated and domiciled in Australia.

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

The accounting policies set out below have been consistently applied to all years presented.

##### Reporting Basis and Conventions

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 2010; 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 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 the fair value of the consideration given in exchange for assets.

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 FMO, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the 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 executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are unrecognised and 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.

##### (a) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

##### Property Revaluation

Freehold land and building are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the RCWTF to have land and buildings independently valued progressively every three to five years.

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

##### Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment of losses.

The carrying amount of plant and equipment is reviewed periodically by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected cash flows have not been discounted to their present value in determining the recoverable amounts.

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

#### for the period ended 30 June 2011 (Continued)

##### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

###### *Depreciation*

The depreciable amount of all fixed assets including building, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the RCWTF commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

###### *Derecognition*

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

###### *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).

###### (b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

###### (c) Income Tax

The RCWTF is exempt from income tax by virtue of RAAF Welfare Recreational Company (RWRC) being endorsed as an Income Tax exempt charitable institution.

###### (d) 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).

###### (e) Gains

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.

###### (f) Leases

A distinction is made between operating and finance 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 expenses on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

###### (g) 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 asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

###### (h) 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 2011 (Continued)

##### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

###### (i) 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 the market value 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 accounting period.

###### *Key estimates – impairment*

The RCWTF assesses impairment at each reporting date by evaluation of conditions specific to the RCWTF that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

###### (j) Financial Assets

###### *Recognition*

Financial assets are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

###### *Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

###### (k) Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction cost. They are recognised and derecognised upon trade dates.

###### *Trade and other payables*

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Trust Fund prior to the end of the financial year that are unpaid and arise when the Trust Fund becomes obliged to make future payments in respect of the purchase of these goods and services.

**RAAF CENTRAL WELFARE TRUST FUND**

**Notes to and Forming Part of the Financial Statements**

**for the period ended 30 June 2011 (Continued)**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) ACCOUNTING POLICIES**

**Adoption of New Australian Accounting Standard Requirements**

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

All new or revised standards and interpretations issued prior to the signing of the Statement by the Chairman of the RCWTF and one of the Directors, that were applicable to the current reporting period had no material financial impact on the RCWTF and are not expected to have a future financial impact.

**Future Australian Accounting Standard Requirements**

All new or revised standards and interpretations that were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chairman of the RCWTF and one of the Directors, are not expected to have a material financial impact on the RCWTF for future reporting periods:

**(m) 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 proceeding reporting periods and therefore a schedule for such items has not been included in the financial statements.

**(n) Taxation**

The Authority 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:

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

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2011 (Continued)

NOTE 2.	EXPENSES	2011 \$	2010 \$
NOTE 2A:	<b>EMPLOYEE BENEFITS</b>		
	Wages and salaries	(128,146)	(111,612)
	Total employee benefits	<u>(128,146)</u>	<u>(111,612)</u>
NOTE 2B:	<b>Suppliers</b>		
	Goods and services		
	Property expenses	(341,570)	(328,053)
	Head office expenses	(40,642)	(25,772)
	Total goods and services	<u>(382,212)</u>	<u>(353,824)</u>
	Goods and services are made up of:		
	Provision of goods - related entities		
	Provision of goods - external entities	(353,824)	(353,824)
	Rendering of services - related parties		
	Rendering of services - external parties		
	<b>Other supplier expenses</b>		
	Operating lease rentals - related entities:		
	Minimum lease payments	(46,733)	(46,953)
	Total other supplier expenses	<u>(46,733)</u>	<u>(46,953)</u>
	Total supplier expenses	<u>(428,945)</u>	<u>(400,777)</u>
NOTE 2C:	<b>Depreciation</b>		
	Depreciation:		
	Property, plant and equipment	(23,408)	(26,300)
	Buildings	(77,756)	(82,454)
	Total depreciation	<u>(101,164)</u>	<u>(108,754)</u>
NOTE 2D:	<b>Finance Costs</b>		
	Investment fee	(2,063)	(2,063)
	Grants	(547)	
	Total finance costs	<u>(2,610)</u>	<u>(2,063)</u>
NOTE 2E	<b>Write-Down and Impairment of Assets</b>		
	Impairment on IPAC managed funds	-	-
	Total write-down and impairment of assets	<u>-</u>	<u>-</u>
NOTE 3.	<b>REVENUE</b>		
NOTE 3A:	<b>Sale of Goods and Rendering of Services</b>		
	Provision of goods - external entities	351,304	346,129
	Rendering of services - external parties	12,825	2,739
	Total sale of goods and rendering of services	<u>364,129</u>	<u>348,867</u>
NOTE 3B:	<b>Interest</b>		
	Deposits	155,954	93,942
	Total interest	<u>155,954</u>	<u>93,942</u>
	<b>GAINS</b>		
NOTE 3C:	<b>Other Gains</b>		
	Resources received free of charge	128,146	111,612
	Total other gains	<u>128,146</u>	<u>111,612</u>
	Total Revenue	<u>648,229</u>	<u>554,421</u>
NOTE 4:	<b>FINANCIAL ASSETS</b>		
NOTE 4A:	<b>Cash and Cash Equivalents</b>		
	Cash on hand or on deposit	1,372,341	1,378,468
	Total cash and cash equivalents	<u>1,372,341</u>	<u>1,378,468</u>

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2011 (Continued)

NOTE 4B:	Trade and Other Receivables	2011	2010			
	Goods and Services:	\$	\$			
	Goods and services - external parties	53,960	23,701			
	Total receivables for goods and services	<u>53,960</u>	<u>23,701</u>			
	Other receivables:					
	GST receivable from the Australian Taxation Office	10,573	7,532			
	Total other receivables	<u>10,573</u>	<u>7,532</u>			
	Total trade and other receivables (net)	<u>64,533</u>	<u>31,233</u>			
	Receivables are expected to be recovered in:					
	No more than 12 months	64,533	31,233			
	Total trade and other receivables (net)	<u>64,533</u>	<u>31,233</u>			
	Receivables are aged as follows:					
	Not overdue	64,533	31,233			
	Total receivables (gross)	<u>64,533</u>	<u>31,233</u>			
NOTE 4C:	Other Investments					
	Deposits	32,890	30,946			
	IPAC	808,696	724,517			
	Total other investments	<u>841,586</u>	<u>755,463</u>			
	Total other investments are expected to be recovered in:					
	More than 12 months	841,586	755,463			
	Total other investments	<u>841,586</u>	<u>755,463</u>			
NOTE 5:	NON-FINANCIAL ASSETS					
NOTE 5A:	Land and Buildings					
	Land:					
	Land at fair value	2,067,200	2,067,200			
	Total land	<u>2,067,200</u>	<u>2,067,200</u>			
	Buildings on freehold land:					
	Fair value	3,887,800	3,887,800			
	Accumulated depreciation	(77,756)	-			
	Total buildings on freehold land	<u>3,810,044</u>	<u>3,887,800</u>			
	Total land and buildings	<u>5,877,244</u>	<u>5,955,000</u>			
NOTE 5B:	Property, Plant and Equipment					
	Other property, plant and equipment:					
	Fair value	343,650	342,565			
	Accumulated depreciation	(298,063)	(280,021)			
	Total other property, plant and equipment	<u>45,587</u>	<u>62,544</u>			
	Total property, plant and equipment	<u>5,922,831</u>	<u>6,017,544</u>			
NOTE 5C:	Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2010-11)					
		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		-	-	(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				6,726	6,726
	Disposals				(275)	(275)
	Revaluations and impairments recognised in other comprehensive income					
	Depreciation expense		(77,756)	(77,756)	(23,408)	(101,164)
	Net book value 30 June 2011	2,067,200	3,810,044	5,877,244	39,410	5,916,654
	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)
		<u>2,067,200</u>	<u>3,810,044</u>	<u>6,032,756</u>	<u>45,587</u>	<u>5,922,831</u>

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

#### for the period ended 30 June 2011 (Continued)

##### Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2009-10)

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
<b>As at 1 Jul 2009</b>					
Gross book value	1,735,200	4,122,717	5,857,917	337,257	6,195,174
Accumulated depreciation and impairment		(244,393)	(244,393)	(258,312)	(502,705)
<b>Net book value 1 July 2009</b>	<b>1,735,200</b>	<b>3,878,324</b>	<b>5,613,524</b>	<b>78,945</b>	<b>5,692,469</b>
Additions				9,899	9,899
Disposals	-	-	-	-	-
Revaluations and impairments recognised in other comprehensive income	332,000	91,930	423,930		423,930
Depreciation expense		(82,454)	(82,454)	(26,300)	(108,754)
<b>Net book value 30 June 2010</b>	<b>2,067,200</b>	<b>3,887,800</b>	<b>5,955,000</b>	<b>62,544</b>	<b>6,017,544</b>
<b>Net book value as of 30 June 2010 represented by:</b>					
Gross book value	2,067,200	3,887,800	5,955,000	342,565	6,297,565
Accumulated depreciation	-	-	-	(280,021)	(280,021)
	<u>2,067,200</u>	<u>3,887,800</u>	<u>5,955,000</u>	<u>62,544</u>	<u>6,017,544</u>

	2011 \$	2010 \$
<b>NOTE 5D: Other Non-Financial Assets</b>		
Prepayments	24,536	18,968
Security Deposits	3,816	8,836
Tuscany Trust Account	1,393	1,393
Shares in Defcredit	10	10
<b>Total other non-financial assets</b>	<u><b>29,755</b></u>	<u><b>29,207</b></u>
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	24,536	18,968
More than 12 months	5,219	10,239
<b>Total other non-financial assets</b>	<u><b>29,755</b></u>	<u><b>29,207</b></u>
No indicators of impairment were found for other non-financial assets.		
<b>NOTE 6: PAYABLES</b>		
<b>NOTE 6A: Suppliers</b>		
Trade Creditors and Accruals	(20,220)	(21,601)
<b>Total supplier payables</b>	<u><b>(20,220)</b></u>	<u><b>(21,601)</b></u>
Supplier payables expected to be settled within 12 months:		
External parties	(20,220)	(21,601)
<b>Total</b>	<u><b>(20,220)</b></u>	<u><b>(21,601)</b></u>
<b>Total supplier payables</b>	<u><b>(20,220)</b></u>	<u><b>(21,601)</b></u>
<b>NOTE 6B: Other Payables</b>		
Prepayments received/unearned income	(18,119)	(22,983)
<b>Total other payables</b>	<u><b>(18,119)</b></u>	<u><b>(22,983)</b></u>
Total other payables are expected to be settled in:		
No more than 12 months	(18,119)	(22,983)
<b>Total other payables</b>	<u><b>(18,119)</b></u>	<u><b>(22,983)</b></u>
<b>NOTE 7: PROVISIONS</b>		
<b>Other Provisions</b>		
Provision for AVM B.A. Eaton Memorial	(1,874)	(1,874)
<b>Total other provisions</b>	<u><b>(1,874)</b></u>	<u><b>(1,874)</b></u>
Other provisions are expected to be settled in:		
More than 12 months	(1,874)	(1,874)
<b>Total other provisions</b>	<u><b>(1,874)</b></u>	<u><b>(1,874)</b></u>

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2011 (Continued)

**NOTE 8: CASH FLOW RECONCILIATION**

Reconciliation of cash and cash equivalents as per balance sheet to Cash Flow Statement	2011 \$	2010 \$
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	1,372,341	1,378,468
Balance sheet	<u>1,372,341</u>	<u>1,378,468</u>
Difference		
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(12,636)	(68,785)
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	101,164	108,754
Net write down of non-financial assets		
Loss on disposal of assets	275	-
Resources received free of charge - goods	128,146	111,612
Resources received free of charge - services	(128,146)	(111,612)
Impairment of financial asset	-	-
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in other receivable	(27,606)	(15,603)
(Increase)/decrease in prepayments	(5,568)	6,299
Increase/(decrease) in trade payable	(6,245)	(15,755)
(Increase)/decrease in receivables	<u>(3,041)</u>	<u>5,724</u>
Net cash from operating activities	<u>46,343</u>	<u>20,635</u>

**NOTE 9: 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 (Rtd)	David Bruce Green
SQUADRON LEADER	Kim Michelle Samin, OAM
WARRANT OFFICER	John Joseph Millar, AM
WARRANT OFFICER	Leah Maree Burns

- (b) Transactions with Directors

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

NOTE 10: REMUNERATION OF AUDITORS	2011 \$	2010 \$
Financial statement audit services were provided to the Trust	14,000	13,000
No other services were provided by the auditors of the financial statements		

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

for the period ended 30 June 2011 (Continued)

**NOTE 11. FINANCIAL INSTRUMENTS**

**NOTE 11A: Categories of Financial Instruments**

**Financial Assets**

Loans and receivables:

Cash on hand or on deposit	1,372,341	1,378,468
Trade and other receivables	64,533	31,233
Other investments - IPAC	<u>808,696</u>	<u>724,517</u>
<b>Total</b>	<u>2,245,570</u>	<u>2,134,217</u>
<b>Carrying amount of financial assets</b>	<u>2,245,570</u>	<u>2,134,217</u>

**Financial Liabilities**

At amortised cost:

Trade creditors	<u>(20,220)</u>	<u>(21,601)</u>
<b>Total</b>	<u>(20,220)</u>	<u>(21,601)</u>
<b>Carrying amount of financial liabilities</b>	<u>(20,220)</u>	<u>(21,601)</u>

**NOTE 11B: Net Income and Expense from Financial Assets**

Loans and receivables

Interest revenue	<u>32,890</u>	<u>30,946</u>
<b>Net gain/(loss) loans and receivables</b>	<u>32,890</u>	<u>30,946</u>
<b>Net gain/(loss) from financial assets</b>	<u>32,890</u>	<u>30,946</u>

**NOTE 11C: Fair Value of Financial Instruments**

	Carrying Amount 2011	Fair value 2011	Carrying Amount 2010	Fair value 2010
<b>Financial Liabilities</b>				
Payables	(20,220)	(20,220)	(21,601)	(21,601)
<b>Total</b>				

**NOTE 11D: Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Fund does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

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

	Not past due nor impaired 2011 \$	Not past due nor impaired 2010 \$	Past due or impaired 2011 \$	Past due or impaired 2010 \$
Cash at bank	1,372,341	1,378,468		
Receivables from goods and services	64,533	31,233		
Other investments	841,586	755,463		
<b>Total</b>				

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

#### for the period ended 30 June 2011 (Continued)

**NOTE 11E: Liquidity Risk**

The Trust financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities. It is 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 2011**

	within 1 year	Total
	\$	\$
Trade creditors	(20,220)	(20,220)
<b>Total</b>		

**Maturities for non-derivative financial liabilities 2010**

	within 1 year	Total
	\$	\$
Trade creditors	(21,601)	(21,601)
<b>Total</b>		

**NOTE 11F: Market Risk**

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

**Sensitivity Table - Market Risk (Interest Rate Movement)**
**Risk to which the Trust was exposed as at 30 June 2011**

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

**Risk to which the Trust was exposed as at 30 June 2010**

Moneys held as at 30 June	Variable	variable %	Profit and \$
Decrease in Interest Rate		-1%	(13,785)
Increase in Interest Rate		1%	13,785

**Interest Rate Risk**

The only interest-bearing items on the balance sheet are term deposits. All bear interest at a fixed interest rate and will not fluctuate due to changes in the market rate.

**Note 12. Compensation and Debt Relief**

There were no payments made for compensation and debt relief during the reporting period (2010: Nil).

**Note 13. Contingent Assets and Liabilities**
*Quantifiable Contingencies*

The RAAF Central Welfare Trust Fund held no quantifiable contingencies as at 30 June 2011 (2010: Nil).

*Unquantifiable Contingencies*

The RAAF Central Welfare Trust Fund held no unquantifiable contingencies as at 30 June 2011 (2010: Nil).

*Significant Remote Contingencies*

The RAAF Central Welfare Trust Fund held no significant remote contingencies as at 30 June 2011 (2010: Nil).

## RAAF CENTRAL WELFARE TRUST FUND

### Notes to and Forming Part of the Financial Statements

**Note 14. Events After the Reporting Period**

There were no events subsequent to 30 June 2011 and prior to the adoption of the Trust financial statements which, in the opinion of the trustees, need to be included in the financial statements.

**Note 15. Reporting of Outcomes of the Trust**

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

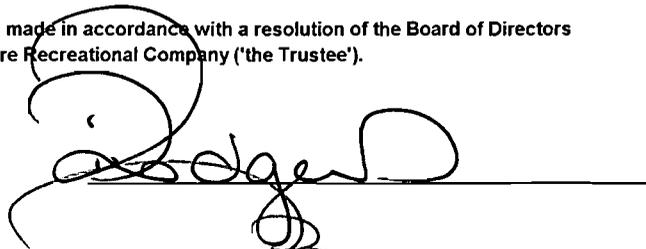
**DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY**

The directors of the trustee company declare that:

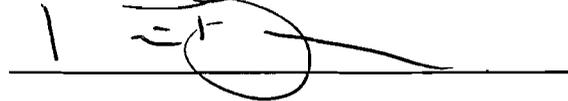
1. The financial statements and notes, as set out on pages 1 to 16 presents fairly the Trust's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply 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



Director



Dated this 25 day of October 2011



## INDEPENDENT AUDITOR'S REPORT

To the Minister for Veterans' Affairs and Defence Science and Personnel

I have audited the accompanying financial statements of RAAF Central Welfare Trust Fund for the year ended 30 June 2011, which comprise: the Directors' Declaration of the Trustee Company; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Asset Additions; 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 the trustees determine is necessary to enable the preparation of the financial statements that 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***

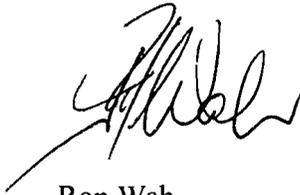
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***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 2011 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  
25 October 2011

## RAAF CENTRAL WELFARE TRUST FUND

### Additional Information to the Financial Statements for the period ended 30 June 2011

#### SUMMARY OF OPERATIONS

PROFIT/(LOSS) FROM:	2011		2010	
	\$		\$	
<b>HOLIDAY FACILITIES</b>				
Rental Operations - Surfers Paradise	(81,892)		(65,985)	
Rental Operations - Marrakai	(11,850)		(19,952)	
Rental Operations - Merimbula	(44,142)		(52,012)	
Rental Operations - Surfside	-		598	
RWRC Office	<u>(32,539)</u>	(170,423)	<u>(23,253)</u>	(160,604)

#### RAAF CENTRAL WELFARE TRUST FUND OPERATIONS

<b>INCOME</b>				
Bank Interest	81,571		63,970	
Interest from Loans	349		215	
Income received - IPAC Portfolio Management	74,030		29,751	
Refundable Imputation Credit	3,249		2,739	
Donations	9,576		-	
Miscellaneous Income	0		0	
	<u>168,775</u>		<u>96,675</u>	
<b>EXPENSES</b>				
Advertising	(8,379)		(2,793)	
Managed Portfolio Fees	(2,063)		(2,063)	
Grants	(547)		-	
	<u>(10,989)</u>	157,786	<u>(4,856)</u>	91,819
<b>SURPLUS (DEFICIT) FROM OPERATIONS :</b>		<u><u>(12,636)</u></u>		<u><u>(68,784)</u></u>

## RAAF CENTRAL WELFARE TRUST FUND

### SURFERS PARADISE RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Rent Received - Holiday Flats	190,262	202,181
Caretakers Fees	8,314	6,006
Blue Phone	295	250
Linen	-	194
Miscellaneous Income	9	-
Rental Income -Managers Unit	8,905	8,905
	207,785	217,537
<b>OPERATING EXPENSES</b>		
Cleaning - Wages, Materials & Pest Control	(25,034)	(25,528)
Fuel & Power	(15,827)	(16,672)
Laundry	(1,412)	(1,622)
Minor Equipment	(6,150)	(2,143)
Repairs and Maintenance	(10,647)	(10,256)
	(59,069)	(56,221)
<b>ADMINISTRATIVE EXPENSES</b>		
Depreciation - Building	(44,700)	(45,940)
Depreciation - Furn & Fittings (Flats)	(15,787)	(17,517)
Depreciation - Furn & Fittings (Office)	(192)	(192)
Depreciation - Furn & Fittings (Laundry)	(273)	(273)
Disposal of Asset	(275)	-
General Expenses	(7,118)	(5,208)
Insurance	(1,385)	(1,353)
Management Fees	(60,766)	(61,661)
Postage and Stationery	(584)	(863)
Rates and Taxes	(35,802)	(31,732)
Telephone	(3,927)	(4,353)
Body Corporate Fees	(35,655)	(36,572)
Rent - Apartment 8	(17,301)	(17,066)
Valuation Fees	-	(825)
Merchant Credit Card Fees	(3,933)	(3,745)
Computer Expenses	(2,911)	-
	(230,608)	(227,300)
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(81,892)</b>	<b>(65,985)</b>

## RAAF CENTRAL WELFARE TRUST FUND

### MARRAKAI RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Rent Received - Holiday Flats	29,312	18,046
	<u>29,312</u>	<u>18,046</u>
<b>EXPENDITURE</b>		
Cleaning	(4,590)	(3,145)
Fuel & Power	(4,104)	(3,979)
Management Fee	(3,036)	(1,407)
Rent - Apartments	(29,432)	(29,467)
	<u>(41,162)</u>	<u>(37,998)</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<u><b>(11,850)</b></u>	<u><b>(19,952)</b></u>

### RWRC OFFICE OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Bank Interest	4	6
Miscellaneous Income	1	-
Resources Received Free of Charge	<u>128,146</u>	<u>111,612</u>
	128,150	111,618
<b>EXPENDITURE</b>		
Bank Charges	(123)	(4)
Office Expenses	(7,005)	(1,772)
General Expenses	(1,000)	(980)
Audit, Accounting Fees	(17,500)	(13,030)
Computer Expenses	(2,988)	(3,462)
Legal Fees	(1,045)	(951)
Insurance	(2,602)	(2,780)
Depreciation - Furn & Fittings (Office)	(281)	(281)
Wages and Salaries	<u>(128,146)</u>	<u>(111,612)</u>
	(160,689)	(134,871)
<b>OPERATING SURPLUS (DEFICIT)</b>	<u><b>(32,539)</b></u>	<u><b>(23,253)</b></u>

## RAAF CENTRAL WELFARE TRUST FUND

### 10-16 MARINE PARADE MERIMBULA RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Rent Received - Holiday Flats	114,206	109,528
	<u>114,206</u>	<u>109,528</u>
<b>OPERATING EXPENSES</b>		
Cleaning - Wages, Materials & Pest Control	(12,982)	(11,607)
Fuel and Power	(7,387)	(7,143)
Minor Equipment	(271)	
Pay TV Rental	(1,886)	(1,937)
Repairs and Maintenance	(2,239)	(3,668)
	<u>(24,764)</u>	<u>(24,356)</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Depreciation - Building	(33,056)	(36,514)
Depreciation - Furn & Fittings (Flats)	(6,290)	(7,888)
Depreciation - Furn & Fittings (Outdoor)	(586)	(149)
Management Fees	(34,725)	(34,310)
Commission	(1,286)	(472)
Linen Cleaning and Replacements	(13,500)	(13,655)
General Expenses	(124)	(1,047)
Rates and Taxes	(12,780)	(12,529)
Body Corporate Fees	(30,955)	(29,920)
Computer Expenses	(282)	-
Valuation Fees	-	(700)
	<u>(133,583)</u>	<u>(137,184)</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<u><b>(44,142)</b></u>	<u><b>(52,012)</b></u>

## RAAF CENTRAL WELFARE TRUST FUND

### SURFSIDE RENTAL OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Rent Received - Holiday Flats	-	-
Miscellaneous Income	-	1,018
	-	1,018
<b>OPERATING EXPENSES</b>		
Cleaning - Wages, Materials & Pest Control	-	-
Fuel and Power	-	-
Minor Equipment	-	-
Pay TV Rental	-	-
Repairs and Maintenance	-	-
	-	-
<b>ADMINISTRATIVE EXPENSES</b>		
General Expenses	-	-
Management Fees	-	-
Telephone	-	-
Rent - Apartments	-	(420)
Merchant Credit Card Fees	-	-
	-	(420)
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>-</b>	<b>598</b>