
THE
RAAF WELFARE RECREATIONAL COMPANY
ANNUAL REPORT 2014 - 2015

THE
RAAF WELFARE RECREATIONAL COMPANY

Annual Report

For the period

1 July 2014 to 30 June 2015

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The Secretary
RWRC
Brindabella Park (BP29-2-163)
PO Box 7980
Department of Defence
CANBERRA BC ACT 2610

RAAF WELFARE RECREATIONAL COMPANY**ANNUAL REPORT****ACCOUNTABLE AUTHORITY REPORT OF OPERATIONS**

Minister for Defence

Dear Minister

This report of operations by the Directors of the RAAF Welfare Recreational Company (RWRC) is for the year ended 30 June 2015. 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.

Public Governance, Performance and Accountability Act 2013 and Australian Charities and Not-for-profits Commission Act 2012

The RWRC also complies with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA)* and the *Australian Charities and Not-for-profits Commission Act 2012* with respect to:

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

Ministerial Directions

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

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

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

As Chairman, you are to ensure that RWRC keeps me as the Minister for Defence Science and Personnel (the Minister) fully informed of any significant events or

issues that may impact on the operations of the RWRC. All communication provided to me, as the Minister is to be forwarded, in parallel, to Defence.

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

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

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

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

8. monitor the performance of the RWRC using the performance indicators in the company's business plan to ensure expectations are achieved.

Accountable Authority

The following persons formed the Accountable Authority (Board) of the RAAF Welfare Recreational Company during or since the end of the financial year:

Air Commodore	Andrew Ronald Brooks Elfverson – Deputy Head Cadet, Reserve Support and Employer Division. Director since 17 June 2013.
Air Commodore	Robert Peter William Rodgers, AM, CSM – Director General Personnel – Air Force. Ceased 18 February 2015.
Group Captain (Rtd)	David Bruce Green. Ceased 30 April 2015.
Group Captain	Susan Stothart – Director, Senior Officer Management Personnel Branch – Air Force. Director since 18 February 2015.
Wing Commander	Peter Mark Gilbert – Project Manager Personnel Performance System – Personnel Branch – Air Force. Director since 21 November 2011.
Squadron Leader	Kim Michelle Samin, OAM – Deputy Director Operations – Personnel Branch - Air Force. Director since 22 August 2001.
Flight Lieutenant	Julie Anne Higgs – Strategic Communications OPSO. Director since 13 September 2011.
Mr	Bruce Francis Perry – Deputy Director – Personnel Branch - 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.

RWRC is subject to the following general policies:

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

- National Code of Practice for the Construction Industry; and

- Foreign Exchange Risk Management Policy.

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

Compliance Reporting

Commonwealth entities and Commonwealth companies in the General Government Sector are required to provide an annual report on compliance (Compliance Report) within the PGPA framework to the responsible Minister and the Finance Minister. To give effect to the policy, the Finance Minister requires accountable authorities to provide a compliance report indicating whether or not, in their opinion they and their entity have complied with the provisions and requirements of the PGPA framework.

The Compliance Report is to be provided to the Finance Minister, through the Finance Secretary, and to the entity's responsible 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 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 objectives and comprised the provision of discounted recreational accommodation for RAAF members, their families and other eligible persons and to provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members. There were no significant changes in the RWRC's state of affairs or principal activities during the financial year.

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

Reviews by Outside Bodies

RWRC Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The financial statements are lodged with the Australian Charities and Not-for-profits Commission every year.

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

RWRC Board of Directors (Accountable Authority)

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 2014/2015 the RWRC Board met five times. These meetings were held in Canberra and at the Company facility on the Gold Coast.

Board Member Attendance at Meetings

Name	Special Responsibilities	Number of Possible Attendances	Number Actually Attended
Air Commodore A.R.B. Elfverson	Chairman	5	5
Air Commodore R.P. W. Rodgers		3	0*
Group Captain (Retd) D.B. Green		4	4
Group Captain S. Stothart		2	2
Wing Commander P. M. Gilbert	Chair Audit Committee	5	5
Squadron Leader K.M. Samin		5	5
Flight Lieutenant J.A Higgs		5	3*
Mr B.F. Perry		5	5

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

Board Qualifications

Name	App't	Qualifications
Air Commodore A.R.B. Elfverson	Chairman	Bachelor of Business Master of Management in Defence Studies
Air Commodore R.P. W. Rodgers		MDefS; Grad Dip DefS; Grad Dip MgtS; Adv Grad Dip Gov Mgt; Dip Gov Mgt; Adv Dip Pers Ops Mgt; Dip AdminS; Dip Teach Teac FurE;
Group Captain (Retd) D.B. Green		Fellowship Diploma Business Studies, RMIT;
Group Captain S. Stothart		Bachelor of Business; Master of Management; Master of Defence Studies Graduate Diploma of Hospitality and Tourism; Graduate Diploma of Applied Finance; Graduate of Australian Institute of Company Directors
Wing Commander P.M. Gilbert		BBusStud; GradCert -Marketing
Squadron Leader K.M. Samin		Nil
Flight Lieutenant J.A. Higgs		Nil
Mr B.F. Perry		Grad Cert Prof Mgt – Finance

Audit Committee

Name	Appointment
Wing Commander P.M. Gilbert	Director / Chair
Mr P. Elliott	Independent member
Ms K. Ryan	Independent member

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

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

The Audit Committee meets before each Directors meeting and tables 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 Secretary of the RAAF Welfare Recreational Company, BP29-2-163, Brindabella Park, Department of Defence, CANBERRA BC, ACT, 2610.

Indemnities and Insurance Premiums for Officers

The RWRC has taken out insurance coverage with Comcover for Association Liability Insurance. Where applicable, the insurance cover is provided for all Directors, staff and contractors.

Commonwealth Disability Strategy

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

Work Health and Safety

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

Risk Management and Fraud Control

The Directors have established a risk management and fraud control plan in line with the Commonwealth's endeavours to make risk management an integral part of everyday business practice. The RWRC does not receive any funding from the Commonwealth and therefore does not need to apply the promulgated *Commonwealth Fraud Control Guidelines* (Guidelines). However, the Directors have adopted the Guidelines as best practice standards for fraud control and have implemented fraud control arrangements commensurate with the RWRC's activities. The RWRC's risk management and fraud control plan was reviewed and updated in April 2015.

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 2015.

Auditors Independence Declaration

A copy of the Auditor's Independence Declaration is required under s.307C of the *Corporations Act 2001* and is included within this Report.

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.

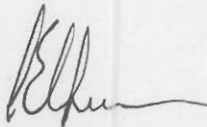
New South Wales

Mr N. Bourke
(Manager of Tuscany apartments in
Merimbula, NSW)

Queensland

Mr H. Wilkinson
Mrs J. Wilkinson
Mr. A. Wilkinson
(Managers of Ambassador
apartments on the Gold Coast,
QLD)

Signed in accordance with a resolution of the Directors



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

06 October 2015



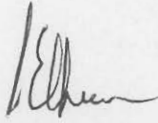
P.D. ALOMES
Squadron Leader
Secretary / CFO RWRC

6 October 2015

PERFORMANCE STATEMENT

We, as members of, and on behalf of the Accountable Authority of the RAAF Welfare Recreational Company, present a 2014/2015 Performance Statement for the Company. Noting the Performance Statement is not a mandatory requirement for 2014/2015, the Board nonetheless have elected to include the Statement as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In our opinion the Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, complies with subsection 39(2) of the PGPA Act and is signed in accordance with a Resolution of the Directors.



A.R.B. ELFVERSON
Air Commodore
Chair
RAAF Welfare Recreational Company

06 October 2015



P.D. ALOMES
Squadron Leader
Secretary
RAAF Welfare Recreational
Company

6 October 2015

PERFORMANCE STATEMENT 2014/2015

RECREATIONAL FACILITIES

Performance Measure 1	Achievement	Analysis
<p>Achieve target occupancy levels:</p> <p><i>Ambassador</i> – 75% (<i>Gold Coast</i>)</p> <p><i>Tuscany</i> – 75% (<i>Merimbula</i>)</p> <p><i>Marrakai</i> – 75% (<i>Darwin</i>)</p>	<p>Achievement</p> <p><i>Ambassador:</i> 65% occupancy achieved</p> <p><i>Tuscany:</i> 43% occupancy achieved</p> <p><i>Marrakai:</i> 54% occupancy achieved</p>	<p>The occupancy level at <i>Ambassador</i> showed a small but welcome increase. Conditions for 2014/2015 were not as volatile as in previous years. However, profiling has indicated that the months of December/January (either side of the holiday period) and May present as 'low' occupancy periods. Occupancy at <i>Tuscany</i> continues to disappoint however; the commercial market is also somewhat subdued. The poor outcome vindicates the decision to rationalise its asset holdings at Merimbula. Changes to conditions of service over the years have resulted in the reasons for the <i>Marrakai</i> leased apartment being no longer valid. As such, and after consultation, the entity will not extend beyond January 2016.</p>
<p>Performance Measure 2</p> <p>Achieve a cash neutral operational outcome for recreational facilities</p>	<p>Achievement</p> <p><i>Ambassador:</i> Income up 11%, expenses up 5.85% and improved operational outcome. Nonetheless, an operational '<i>cash</i>' loss of \$0.043m.</p> <p><i>Tuscany:</i> Disappointing outcome and validates the Board decision to rationalise holdings. Income is down a disappointing 21% whilst overall expenses reduced a marginal 3%. An operational '<i>cash</i>' loss of \$0.030m.</p> <p><i>Marrakai:</i> Whilst the '<i>cash</i>' loss of \$0.022 is disappointing, the main purpose for the leased apartment is to support members posted to the remote locality of Katherine.</p>	<p>Analysis</p> <p>The overall 'cash' loss on holiday facility operations, whilst disappointing, was not unexpected. Decisions taken and implemented will improve outcomes during 2015/2016 but will not take full effect until 2016/2017 when it is anticipated the entity will be close to achieving a cash neutral operational outcome.</p>

Performance Measure 3	Achievement	Analysis
Demonstrate majority occupancy of Air Force personnel	All facilities reflected majority occupancy by Air Force personnel.	All facilities recorded Air Force occupancy of around 50% - a pleasing outcome. The challenge therefore is in the numbers using the facilities, not the profile.

Recreational Amenities and Welfare Activities

- Given operational outcomes of the business entity over recent years, funding to support activities has been withdrawn and will remain that way until initiatives such as asset rationalisation are finalised and the entity financial position and outcomes are righted.

FINANCES

Performance Measure 1	Achievement	Analysis
Financial statements indicate operating surplus	The Operating loss for 2014/15 was \$0.139m; a slight increase on the 2013/14 recorded loss of \$0.128m. If the accounting treatment for recognising the land component of asset sales is discounted, the loss was \$0.079m.	The operational outcome will improve during 2015/16 and 2016/17 as decisions taken and implemented by the Board impact operations.

Performance Measure 2	Achievement	Analysis
Property valuations are accurate	A desktop exercise for the Gold Coast revealed that book values for the <i>Ambassador</i> apartments reflected 'fair value'. The apartments at <i>Tuscany</i> were subject to fair value assessment with an increase in value, including write-back of depreciation, of \$0.143m being realised.	Property values on the Gold Coast, post Global Financial Crisis, have been somewhat flat with current values very similar to 2010 values. However, the forthcoming Commonwealth Games, low interest rates and a positive investment outlook may see improved asset values in the short to medium term. These same market influences (minus the Commonwealth Games) are slowly improving the SNSW market.

Performance Measure 3	Achievement	Analysis
<i>Returns on investments reflect growth against CPI</i>	Cash returns on property are negative given the operating losses. Returns on the entity's managed fund reflected the somewhat buoyant market with the value of the fund increasing 8.82% and returns of 8.50%. The All Groups CPI for the FY was 1.5%.	Property. Asset rationalisation, tariff changes, targeted marketing and improved asset values will improve returns on property. Investment. A more buoyant financial market provided a very positive 2014/2015 outcome for the managed Fund.

TRUST VALUE

Performance Measure 1	Achievement	Analysis
<i>Discontinue leasing at Ambassador and review lease at Marrakai (Darwin)</i>	Leases on two apartments will discontinue during 2015/2016 and thus improve bottom line. The overall value of the Trust has increased (by just under 1%) when all facets of business operations are considered. It is anticipated this improvement will continue during 2015/16.	Whilst discontinuing leases will assist to mitigate expenses, improvements in investment outcomes and recreational facility returns along with asset rationalisations will add to Trust value in the coming years.

ADMINISTRATIVE OBJECTIVES

Performance Measure 1	Achievement	Analysis
<i>Annual Report provided to Minister by 15 October</i>	The Secretariat is on track to provide a draft copy of the 2014/2015 Report by 15 October.	The entity will comply with provisions that require the responsible Minister to be provided a copy of the Annual Report by the end of October.

<p>Performance Measure 2 <i>Annual Return lodged with the Australian Charities and not for profits Commission by end of calendar year</i></p>	<p>Achievement The 2014/2015 Annual Financial Report will be lodged within timeframes.</p>	<p>Analysis The entity will comply with provisions that require the Annual Financial Report to be lodged with the Commission by the end of the calendar year.</p>
<p>Performance Measure 3 <i>Board changes are processed in accordance with mandated timeframes</i></p>	<p>Achievement All changes in appointments processed in accordance with timeframes.</p>	<p>Analysis The entity is compliant with processing timeframes for reporting changes in appointments.</p>

SUMMARY

The decisions taken by the Board to reshape operations are beginning to impact. Whilst the recreational facilities continued to run at an operational loss, results at the flag ship facility on the Gold Coast have improved. Costs at this facility will be further reduced by *letting go* the one leased apartment within the complex and, coupled with marketing initiatives, improved occupancy and financial outcomes may result. Further rationalisation of holdings at Merimbula will occur during 2015/16. An improved operational outcome should therefore follow. The lease on the apartment at Marrakai will not be extended beyond January 2016. Improvements in service conditions mean that the original rationale for leasing the apartment is no longer valid.

Air Force members continue to be the majority of users at recreational facilities however; as with the other Services, the challenge lies within the numbers (or lack thereof) of eligible persons using the facilities. The entity continues to be well served by the Board and its Secretariat.

Whilst the operational outcome for the entity was a disappointing loss of (138 839), the recognition of land component of asset sales has impacted the outcome. That said, the overall outcome for the entity shows a pleasing, albeit small, positive growth of \$12 943; the first positive growth in Trust value since 2009/2010.

RAAF WELFARE RECREATIONAL COMPANY

DIRECTORS' DECLARATION

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

The Directors of the Company declare that:

1. The attached consolidated 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 2015 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.

Signed in accordance with a resolution of the Directors.

Dated at Canberra this ^{6th} day of October 2015.

On behalf of the Directors

Director

Director



Air Commodore Andrew Elfverson
Chairman
RAAF Welfare Recreational Company
Russell Offices R1-5-A065
PO BOX 7902
Russell ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY
CONSOLIDATED FINANCIAL REPORT 2014-15
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the RAAF Welfare Recreational Company and consolidated entity for the year ended 30 June 2015, 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

Sean Benfield
Audit Principal

Delegate of the Auditor-General
Canberra

6 October 2015



INDEPENDENT AUDITOR'S REPORT

To the members of the RAAF Welfare Recreational Company

I have audited the accompanying financial report of the RAAF Welfare Recreational Company, which comprises the Consolidated Statement of Financial Position as at 30 June 2015, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, Notes to and Forming Part of the Consolidated Financial Statements including a Summary of Significant Accounting Policies, and the Directors' Declaration of the consolidated entity comprising the RAAF Welfare Recreational Company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the RAAF Welfare Recreational Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 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 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*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of RAAF Welfare Recreational Company on 6 October 2015, would be in the same terms if it had been given to the directors at the time the auditor's report was made.

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 consolidated entity's financial position as at 30 June 2015 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



Sean Benfield
Audit Principal
Delegate of the Auditor-General

Canberra
7 October 2015

RAAF WELFARE RECREATIONAL COMPANY

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 June 2015**

	Notes	RCWTF		Consolidated	
		2015 \$	2014 \$	2015 \$	2014 \$
Continuing operations					
Sale of goods and rendering of services	3A	368,526	366,602	368,526	366,602
Interest	3B	129,089	82,891	129,089	82,891
Other revenue	3C	38,866	68,322	38,866	68,322
Total revenue		536,481	517,815	536,481	517,815
Expenses					
Employee benefits	4A	38,866	68,322	38,866	68,322
Supplier	4B	555,975	479,454	555,975	479,454
Depreciation	4C	80,479	91,197	80,479	91,197
Fair value remeasurement	4D	-	7,293	-	7,293
Total expenses		675,320	646,267	675,320	646,267
Loss for the year from continuing operations		(138,839)	(128,452)	(138,839)	(128,452)
Other Comprehensive Income					
Items not subject to subsequent reclassification to profit or loss					
Revaluations of land and buildings		143,284	-	143,284	-
Gain on available for sale assets		8,498	101,006	8,498	101,006
Other comprehensive income for the year		151,782	101,006	151,782	101,006
Total comprehensive income / (loss) for the year attributable to owners of the Company		12,943	(27,446)	12,943	(27,446)

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

RAAF WELFARE RECREATIONAL COMPANY

**Consolidated Statement of Financial Position
as at 30 June 2015**

	Notes	RCWTF		Consolidated	
		2015 \$	2014 \$	2015 \$	2014 \$
ASSETS					
Current assets					
Cash and cash equivalents	6A	1,397,530	1,168,723	1,397,530	1,168,723
Trade and other receivables	6B	14,085	22,315	14,085	22,315
Other Investment	6C	1,215,842	1,112,109	1,215,842	1,112,109
Assets held for sale	7E	378,480	627,886	378,480	627,886
Total current assets		3,005,937	2,931,033	3,005,937	2,931,033
Non-current assets					
Land and buildings	7A,C	4,771,598	4,813,529	4,771,598	4,813,529
Property, plant and equipment	7B,C	45,952	62,652	45,952	62,652
Other non-current assets	7D	46,544	51,181	46,544	51,181
Total non-current assets		4,864,094	4,927,362	4,864,094	4,927,362
Total assets		7,870,031	7,858,395	7,870,031	7,858,395
LIABILITIES					
Current liabilities					
Trade payables	8A	(22,496)	(27,284)	(22,496)	(27,284)
Other payables	8B	(18,172)	(14,690)	(18,172)	(14,690)
Total current liabilities		(40,668)	(41,974)	(40,668)	(41,974)
Non-current liabilities					
Provisions					
Other provisions	9	(1,874)	(1,874)	(1,874)	(1,874)
Total provisions		(1,874)	(1,874)	(1,874)	(1,874)
Total liabilities		(42,542)	(43,848)	(42,542)	(43,848)
Net assets		7,827,489	7,814,547	7,827,489	7,814,547
EQUITY					
Reserves		3,493,889	3,342,108	3,493,889	3,342,108
Retained earnings		4,333,600	4,472,439	4,333,600	4,472,439
Total equity		7,827,489	7,814,547	7,827,489	7,814,547

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

RAAF WELFARE RECREATIONAL COMPANY

**Consolidated Statement of Changes in Equity
for the period ended 30 June 2015**

	Retained earnings		Asset revaluation reserve		Other reserves		Total Equity	
	Consolidated		Consolidated	RCWTF	Consolidated		Consolidated	
	2015	RCWTF 2015	2015	2015	2015	RCWTF 2015	2015	RCWTF 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance								
Balance at 01 July 2014	4,472,439	4,472,439	3,076,720	3,076,720	265,387	265,387	7,814,546	7,814,546
Profit (loss) for the year	4,472,439	4,472,439	3,076,720	3,076,720	265,387	265,387	7,814,546	7,814,546
Other comprehensive income	(138,839)	(138,839)	-	-	-	-	(138,839)	(138,839)
Total comprehensive income for the year	-	-	143,284	143,284	8,498	8,498	151,782	151,782
	(138,839)	(138,839)	143,284	143,284	8,498	8,498	12,943	12,943
Balance at 30 June 2015	4,333,600	4,333,600	3,220,004	3,220,004	273,885	273,885	7,827,489	7,827,489

For the period ended 30 June 2014

	Retained earnings		Asset revaluation reserve		Other reserves		Total Equity	
	Consolidated		Consolidated	RCWTF	Consolidated		Consolidated	
	2014	RCWTF 2014	2014	2014	2014	RCWTF 2014	2014	RCWTF 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance								
Balance at 01 July 2013	4,602,544	4,602,544	3,076,720	3,076,720	164,381	164,381	7,843,646	7,843,646
Transfer of unrecoverable assets to retained earnings	(1,653)	(1,653)	-	-	-	-	(1,653)	(1,653)
Profit (loss) for the year	4,600,891	4,600,891	3,076,720	3,076,720	164,381	164,381	7,841,993	7,841,993
Other comprehensive income	(128,452)	(128,452)	-	-	-	-	(128,452)	(128,452)
Total comprehensive income for the year	-	-	-	-	101,006	101,006	101,006	101,006
	(128,452)	(128,452)	-	-	101,006	101,006	(27,446)	(27,446)
Balance as at 30 June 2014	4,472,439	4,472,439	3,076,720	3,076,720	265,387	265,387	7,814,546	7,814,546

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

RAAF WELFARE RECREATIONAL COMPANY

Consolidated Cash Flow Statement for the period ended 30 June 2015

	Notes	RCWTF		Consolidated	
		2015 \$	2014 \$	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from:					
Sale of goods and rendering of services		359,958	357,383	359,958	357,383
Interest		36,580	46,923	36,580	46,923
Distribution from managed fund - IPAC		95,234	60,474	95,234	60,474
Refund of imputation credits		4,497	4,258	4,497	4,258
Net GST received		24,511	21	24,511	21
Total cash received		520,780	469,059	520,780	469,059
Payments to:					
Suppliers		(500,988)	(478,903)	(500,988)	(478,903)
Grants paid		-	(4,213)	-	(4,213)
Total cash used		(500,988)	(483,116)	(500,988)	(483,116)
Net cash (used in) / generated by operating activities	10	19,792	(14,057)	19,792	(14,057)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Received					
Proceeds from loan repayments		5,862	(2,931)	5,862	(2,931)
Proceeds from sale of property		300,643	-	300,643	-
Proceeds from investments		-	60,474	-	60,474
Net cash (used in) / generated by investing activities		306,505	(57,543)	306,505	(57,543)
Cash used for:					
Loans to related entities		-	(29,310)	-	(29,310)
Payments for property, plant and equipment		(2,256)	(11,220)	(2,256)	(11,220)
Payments for investments		(95,234)	-	(95,234)	-
Total cash used		(97,490)	(40,530)	(97,490)	(40,530)
Net cash used from (used in) investing activities		209,015	(98,073)	209,015	(98,073)
Net increase / (decrease) in cash and cash equivalents		228,807	(112,130)	228,807	(112,130)
Cash and cash equivalents at the beginning of the reporting period		1,168,723	1,280,853	1,168,723	1,280,853
Cash and cash equivalents at the end of the reporting period	6A	1,397,530	1,168,723	1,397,530	1,168,723

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

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

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RAAF WELFARE RECREATIONAL COMPANY**Notes to and Forming Part of the Consolidated Financial Statements****for the year ended 30 June 2015****NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Objective of the RAAF Welfare Recreational Company (RWRC)**

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

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

(b) Basis of Preparation

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

The statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board section 97 of the *Public Governance, Performance and Accountability Act 2013*.

(c) Significant Account Judgements and Assumptions*Revaluation of Land and Buildings*

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

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

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(d) Basis of Consolidation

The consolidated financial report comprise the financial report of the RWRC and subsidiary RAAF Central Welfare Trust Fund for the year ended 30 June 2015.

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

The consolidated financial report incorporates the assets and liabilities of all subsidiaries controlled by RWRC as at 30 June 2015 and the results of the controlled entity for the year then ended.

(e) Australian Accounting Standards and Interpretations*Adoption of AASB 127 - Consolidated and Separate Financial Statements*

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

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

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2015 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Comparative information is reflected in the financial report and notes.

Changes in Accounting Policy and Disclosures

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

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

Accounting Standard Requirements and Interpretations issued but not yet effective

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

(f) Revenue

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

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

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

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

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

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

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

(g) Gains

Sale of Assets

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

(h) Leases

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

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

(i) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(j) Financial Assets

The RWRC classifies its financial assets in the following categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2015 (Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets

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

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

(k) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other Financial Liabilities

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

(l) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in Note 11. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote. The RWRC has no contingent assets or contingent liabilities in either the current or preceding reporting period.

(m) Property, Plant and Equipment

Asset Recognition Threshold

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

Revaluations

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

<i>Asset class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Plant and equipment	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. It is the policy of the RWRC to have land and buildings independently valued progressively every three to five years. The key assumptions to determine the fair value of the properties are provided in Note 5.

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

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

Depreciation

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

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

Depreciation rates applying to each class of depreciable asset are:

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

Impairment

All assets were assessed for impairment at 30 June 2015. 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.

RAAF WELFARE RECREATIONAL COMPANY**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)****NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Derecognition*

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

(n) Taxation

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

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

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

(o) Comparative Figures

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

(p) Losses from Loan Re-measurement

In accordance with AASB 139, the decision to provide a loan at no interest rate represents income foregone by the lender. The income foregone (or financial loss) should be recognised at the time of the decision to make the loan rather than over the life of the loan. Therefore the accounting standard requires that the loss be recognised at the time that the loan is made. After initial recognition, the loan should be treated consistent with a commercial loan (as represented by the recognition of interest revenue over the remaining life of the loan).

In accounting terms, AASB 139 requires that:

1. Financial assets issued at less than a market rate are required to be discounted to their fair value, with the difference between the issue price and the fair value (that is, the financial loss for interest foregone) being recognised as a loss in the statement of comprehensive income and as a reduction in the value of the loan receivable.
2. Over the life of the loan, a notional interest income be recognised as interest revenue in the statement of comprehensive income and an increase in the loan receivable.

Note 2: Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the RWRC. The second 'for sale' apartment at Merimbula was sold and the sale finalised during July 2015. The apartment was sold for \$332,500.00.

RAAF WELFARE RECREATIONAL COMPANY

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

NOTE 3:	OWN SOURCE REVENUE	2015	2014	2015	2014
		\$	\$	\$	\$
NOTE 3A:	Sale of Goods and Rendering of Services	RCWTF		Consolidated	
	Sale of goods in connection with				
	Related parties	362,765	362,110	362,765	362,110
	External parties	5,761	4,492	5,761	4,492
	Total sale of goods	368,526	366,602	368,526	366,602
	Total sale of goods and rendering of services	368,526	366,602	368,526	366,602
NOTE 3B:	Interest				
	Deposits and managed fund	126,935	81,640	126,935	81,640
	Fair value interest amortisation	2,154	1,251	2,154	1,251
	Total interest	129,089	82,891	129,089	82,891
NOTE 3C:	Other Revenue				
	Resources received free of charge - services	38,866	68,322	38,866	68,322
	Total other revenue	38,866	68,322	38,866	68,322
	Total Revenue	536,481	517,815	536,481	517,815
NOTE 4:	EXPENSES	2015	2014	2015	2014
		\$	\$	\$	\$
NOTE 4A:	Employee benefits				
	Wages and salaries	(38,866)	(68,322)	(38,866)	(68,322)
	Total employee benefits	(38,866)	(68,322)	(38,866)	(68,322)
NOTE 4B:	Suppliers				
	Goods and services supplied or rendered				
	Property expenses	(474,467)	(391,642)	(474,467)	(391,642)
	Head office expenses	(25,166)	(30,441)	(25,166)	(30,441)
	Grants	-	(4,213)	-	(4,213)
	Total goods and services supplied or rendered	(499,633)	(426,296)	(499,633)	(426,296)
	Goods supplied in connection with				
	Related parties	-	-	-	-
	External parties	(499,633)	(426,296)	(499,633)	(426,296)
	Total goods supplied	(499,633)	(426,296)	(499,633)	(426,296)
	Total goods and services supplied or rendered	(499,633)	(426,296)	(499,633)	(426,296)
	Other suppliers				
	Operating lease rentals in connection with				
	Related parties				
	Minimum lease payments	(56,342)	(53,158)	(56,342)	(53,158)
	Total other suppliers	(56,342)	(53,158)	(56,342)	(53,158)
	Total suppliers	(555,975)	(479,454)	(555,975)	(479,454)
NOTE 4C:	Depreciation				
	Property, plant and equipment	(17,223)	(17,612)	(17,223)	(17,612)
	Buildings	(63,256)	(73,585)	(63,256)	(73,585)
	Total depreciation	(80,479)	(91,197)	(80,479)	(91,197)
NOTE 4D:	Loan Remeasurement				
	Loss on reameasurement	-	(7,293)	-	(7,293)
	Total loss on loan Remeasurement	-	(7,293)	-	(7,293)

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

NOTE 5: FAIR VALUE MEASUREMENTS

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

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

NOTE 5A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period		For levels 2 and 3 fair value measurements			
	2015 \$	2,014 \$	Category (level 1, 2, or 3)	Valuation technique	Inputs used	Range (weighted average)
Non-financial assets						
Land	1,595,241	1,717,200	Level 2	Market comparables	Sales price of comparable land size. Long-term land appreciation rate.	
Buildings on freehold land	3,176,357	3,096,329	Level 2	Market comparables	Sale of comparable apartments in geographic location.	
Other property, plant and equipment	45,952	62,652	Level 3	Depreciated replacement cost	Asset replacement cost reduced by depreciation and obsolescence.	
Total non-financial assets	4,817,550	4,876,181				
Total fair value measurements in the statement of financial position	4,817,550	4,876,181				

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

2. Fair value measurements - highest and best use differs from current use for non-financial assets. The highest and best use of all non-financial assets are the same as their current use.

No change in valuation technique occurred during the period.

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

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

A reconciliation of other property, plant and equipment has been included in note 7.

There have been no transfers between level 1 and level 2 during the reporting period.

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

		RCWTF		Consolidated	
		2015	2014	2015	2014
		\$	\$	\$	\$
NOTE 6:	CURRENT ASSETS				
NOTE 6A:	Cash and Cash Equivalents				
	Cash on hand or on deposit	1,397,530	1,168,723	1,397,530	1,168,723
	Total cash and cash equivalents	1,397,530	1,168,723	1,397,530	1,168,723
NOTE 6B:	Trade and Other Receivables				
	Goods and Services:				
	Goods and services - external parties	6,131	4,492	6,131	4,492
	Accrued interest	4,051	8,931	4,051	8,931
	Total receivables for goods and services	10,182	13,423	10,182	13,423
	Other receivables:				
	GST receivable from the Australian Taxation Office	3,903	8,892	3,903	8,892
	Total other receivables	3,903	8,892	3,903	8,892
	Total trade and other receivables (net)	14,085	22,315	14,085	22,315
	Receivables are expected to be recovered in:				
	No more than 12 months	14,085	22,315	14,085	22,315
	Total trade and other receivables (net)	14,085	22,315	14,085	22,315
	Receivables are aged as follows:				
	Not overdue	14,085	22,315	14,085	22,315
	Total receivables (gross)	14,085	22,315	14,085	22,315
NOTE 6C:	Other Investments				
	AMP Managed Investment Portfolio	1,215,842	1,112,109	1,215,842	1,112,109
	Total other investments	1,215,842	1,112,109	1,215,842	1,112,109
	Total other investments are expected to be recovered in:				
	More than 12 months	1,215,842	1,112,109	1,215,842	1,112,109
	Total other investments	1,215,842	1,112,109	1,215,842	1,112,109
NOTE 7:	NON-CURRENT ASSETS				
NOTE 7A:	Land and Buildings				
	Land:				
	Fair value	1,595,241	1,717,200	1,595,241	1,717,200
	Total land	1,595,241	1,717,200	1,595,241	1,717,200
	Buildings on freehold land:				
	Fair value	3,313,198	3,162,800	3,313,198	3,162,800
	Accumulated depreciation	(136,841)	(66,471)	(136,841)	(66,471)
	Total buildings on freehold land	3,176,357	3,096,329	3,176,357	3,096,329
	Total land and buildings	4,771,598	4,813,529	4,771,598	4,813,529
NOTE 7B:	Property, Plant and Equipment				
	Other property, plant and equipment:				
	Fair value	293,137	315,897	293,137	315,897
	Accumulated depreciation	(247,185)	(253,245)	(247,185)	(253,245)
	Total other property, plant and equipment	45,952	62,652	45,952	62,652
	Total property, plant and equipment	4,817,550	4,876,181	4,817,550	4,876,181

Revaluation of non-current assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1(m). On 30 June 2015 an independent valuer, Opteon Property Group, conducted revaluations of the Tuscany apartments.

Revaluation decrement / increment for land was nil (2014: nil).

Revaluation increments include \$143 284 for buildings on freehold land (2014: nil).

A revaluation increment of \$143 284 was transferred to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

NOTE 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2015 - Consolidated

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
As at 1 Jul 2014					
Gross book value	1,717,200	3,169,914	4,887,114	315,897	5,203,011
Accumulated depreciation	-	(73,585)	(73,585)	(253,245)	(326,830)
Net book value 1 July 2014	1,717,200	3,096,329	4,813,529	62,652	4,876,181
Additions:					
By purchase	-	-	-	2,256	2,256
Revaluations and impairments recognised in other comprehensive income	-	143,284	143,284	-	143,284
Depreciation expense	-	(63,256)	(63,256)	(17,223)	(80,479)
Assets held for sale	(121,959)	-	(121,959)	-	(121,959)
Disposals:					
Other	-	-	-	(25,016)	(25,016)
Accumulated depreciation	-	-	-	23,283	23,283
Net book value 30 June 2015	1,595,241	3,176,357	4,771,598	45,952	4,817,550
Net book value as of 30 June 2015 represented by:					
Gross book value	1,595,241	3,313,198	4,908,439	293,137	5,201,576
Accumulated depreciation	-	(136,841)	(136,841)	(247,185)	(384,026)
Net book value 30 June 2015	1,595,241	3,176,357	4,771,598	45,952	4,817,550

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014 - Consolidated

	Land	Buildings	Total land and buildings	Other property, plant and equipment	Total
	\$	\$	\$	\$	\$
As at 1 Jul 2014					
Gross book value	1,717,200	3,797,800	5,515,000	321,679	5,836,679
Accumulated depreciation	-	-	-	(257,106)	(257,106)
Net book value 1 July 2013	1,717,200	3,797,800	5,515,000	64,573	5,579,573
Additions:					
By purchase	-	-	-	15,691	15,691
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-
Depreciation expense	-	(73,585)	(73,585)	(17,612)	(91,197)
Assets held for sale	-	(627,886)	(627,886)	-	(627,886)
Disposals:					
Other	-	-	-	(21,473)	(21,473)
Accumulated depreciation	-	-	-	21,473	21,473
Net book value 30 June 2014	1,717,200	3,096,329	4,813,529	62,652	4,876,181
Net book value as of 30 June 2013 represented by:					
Gross book value	1,717,200	3,169,914	4,887,114	315,897	5,203,011
Accumulated depreciation	-	(73,585)	(73,585)	(253,245)	(326,830)
Net book value 30 June 2014	1,717,200	3,096,329	4,813,529	62,652	4,876,181

NOTE 7D:

	RCWTF		Consolidated	
	2015	2014	2015	2014
	\$	\$	\$	\$
Other non-current assets				
Prepayments	26,350	27,279	26,350	27,279
Loan	16,628	20,336	16,628	20,336
Security Deposits	3,556	3,556	3,556	3,556
Shares in DEFBANK	10	10	10	10
Total other non-current assets	46,544	51,181	46,544	51,181

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

		RCWTF		Consolidated	
		2015	2014	2015	2014
		\$	\$	\$	\$
NOTE 7D:	Total other non-current assets - are expected to be recovered in:				
(continued)	No more than 12 months	31,101	33,141	31,101	33,141
	More than 12 months	15,443	18,040	15,443	18,040
	Total other non-current assets	<u>46,544</u>	<u>51,181</u>	<u>46,544</u>	<u>51,181</u>
	No indicators of impairment were found for other non-financial assets.				
NOTE 7E	Assets Held for Sale				
	Six apartments were purchased in 1996 from the proceeds of the sale of the Headquarters Support Command Officer's and Sergeant's Messes. Due to declining occupancy within the hospitality industry generally, and being experienced by the Company, the Board have decided to sell two of the six apartments. The apartments are located at Merimbula. The apartments were advertised in March 2014 and the Board anticipated sale within 12 months. One apartment was sold during the reporting period. The Board is committed to the sale strategy.				
		2015	2014		
		\$	\$		
	Tuscany apartments				
	Fair value of apartments	382,037	635,000		
	Less: Accumulated depreciation	(3,557)	(7,114)		
	Carrying amount	<u>378,480</u>	<u>627,886</u>		
NOTE 8:	PAYABLES	2015	2014	2015	2014
		\$	\$	\$	\$
NOTE 8A:	Suppliers				
	Trade creditors and accruals	(22,496)	(27,284)	(22,496)	(27,284)
	Total supplier payables	<u>(22,496)</u>	<u>(27,284)</u>	<u>(22,496)</u>	<u>(27,284)</u>
	Supplier payables expected to be settled within 12 months:				
	External parties	(22,496)	(27,284)	(22,496)	(27,284)
	Total	<u>(22,496)</u>	<u>(27,284)</u>	<u>(22,496)</u>	<u>(27,284)</u>
	Total supplier payables	<u>(22,496)</u>	<u>(27,284)</u>	<u>(22,496)</u>	<u>(27,284)</u>
NOTE 8B:	Other Payables				
	Prepayments received/earned income	(18,172)	(14,690)	(18,172)	(14,690)
	Total other payables	<u>(18,172)</u>	<u>(14,690)</u>	<u>(18,172)</u>	<u>(14,690)</u>
	Total other payables are expected to be settled in:				
	No more than 12 months	(18,172)	(14,690)	(18,172)	(14,690)
	Total other payables	<u>(18,172)</u>	<u>(14,690)</u>	<u>(18,172)</u>	<u>(14,690)</u>
NOTE 9:	PROVISIONS				
	Other Provisions				
	Provision for AVM B.A. Eaton Memorial	(1,874)	(1,874)	(1,874)	(1,874)
	Total other provisions	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>
	Other provisions are expected to be settled in:				
	More than 12 months	(1,874)	(1,874)	(1,874)	(1,874)
	Total other provisions	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>	<u>(1,874)</u>

RAAF WELFARE RECREATIONAL COMPANY

Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2015 (Continued)

NOTE 10: CASH FLOW RECONCILIATION

Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement

Cash and cash equivalents as per:

Cash flow statement	1,397,530	1,168,723	1,397,530	1,168,723
Statement of financial position	1,397,530	1,168,723	1,397,530	1,168,723
Discrepancy	-	-	-	-

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

Deficit on continuing operations	(138,839)	(128,452)	(138,839)	(128,452)
Adjustments for non-cash items				
Depreciation/amortisation	80,479	91,197	80,479	91,197
Loss on disposal of assets	72,455	-	72,455	-
Fair Value	(2,154)	6,043	(2,154)	6,043
Assets brought to account but unpaid at end of period	-	(4,471)	-	(4,471)
Resources received free of charge - goods	38,866	68,322	38,866	68,322
Resources received free of charge - services	(38,866)	(68,322)	(38,866)	(68,322)
Changes in assets/liabilities				
(Increase)/decrease in net receivables	3,241	25,523	3,241	25,523
(Increase)/decrease in prepayments	929	(6,030)	929	(6,030)
Increase/(decrease) in supplier payables	3,682	2,133	3,682	2,133
Net cash from operating activities	19,792	(14,057)	19,792	(14,057)

Note 11: Contingent Assets and Contingent Liabilities

Quantifiable Contingencies

The RAAF Welfare Recreational Company held no quantifiable contingencies as at 30 June 2015 (2014: Nil).

Unquantifiable Contingencies

The RAAF Welfare Recreational Company held no unquantifiable contingencies as at 30 June 2015 (2014: Nil).

Significant Remote Contingencies

The RAAF Welfare Recreational Company held no significant remote contingencies.

NOTE 12: RELATED PARTY DISCLOSURES

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

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

(b) Transactions with Directors

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

NOTE 13: REMUNERATION OF AUDITORS

Fair value of the services provided

Financial statement audit services were provided to the RWRC
Total

RCWTF		Consolidated	
2015	2014	2015	2014
\$	\$	\$	\$
12,500	12,500	12,500	12,500
12,500	12,500	12,500	12,500

No other services were provided by the ANAO

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

NOTE 14: FINANCIAL INSTRUMENTS

NOTE 14A: Categories of Financial Instruments

Current Assets

Loans and receivables:

Cash on hand or on deposit	1,397,530	1,168,723	1,397,530	1,168,723
Trade and other receivables	14,085	22,315	14,085	22,315
Other investments - AMP	1,215,842	1,112,109	1,215,842	1,112,109
Total	2,627,457	2,303,147	2,627,457	2,303,147
Carrying amount of current assets	2,627,457	2,303,147	2,627,457	2,303,147

Current Liabilities

Current liabilities measured at amortised cost:

Trade creditors	(22,496)	(27,284)	(22,496)	(27,284)
Total	(22,496)	(27,284)	(22,496)	(27,284)
Carrying amount of current liabilities	(22,496)	(27,284)	(22,496)	(27,284)

NOTE 14B: Net Income and Expense from Current Assets

Loans and receivables

Interest revenue	4,051	12,978	4,051	12,978
Net gain from loans and receivables	4,051	12,978	4,051	12,978
Net gain from current assets	4,051	12,978	4,051	12,978

NOTE 14C: Fair Value of Financial Instruments

	Carrying Amount 2015	Fair value 2015	Carrying Amount 2014	Fair value 2014
Financial Liabilities				
Trade creditors	(22,496)	(22,496)	(27,284)	(27,284)
Total	(22,496)	(22,496)	(27,284)	(27,284)

NOTE 14D: Credit Risk

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

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

	Not past due nor impaired 2015 \$	Not past due nor impaired 2014 \$	Past due or impaired 2015 \$	Past due or impaired 2014 \$
Cash and cash equivalent	1,397,530	1,168,723		
Receivables from goods and services	14,085	22,315		
Other investments	1,215,842	1,112,109		
Total	2,627,457	2,303,147		

NOTE 14E: Liquidity Risk

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

Maturities for non-derivative current liabilities 2015

	within 1 year \$	Total \$
Trade creditors	(22,496)	(22,496)
Total		

Maturities for non-derivative current liabilities 2014

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

RAAF WELFARE RECREATIONAL COMPANY

**Notes to and Forming Part of the Consolidated Financial Statements
for the year ended 30 June 2015 (Continued)**

NOTE 14F: Market Risk

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

Sensitivity Table - Market Risk (Interest Rate Movement)

Risk to which the Trust was exposed as at 30 June 2015

Moneys held as at 30 June	Risk Variable	Change in risk variable %	Effect on Profit and Loss 2015 \$
Decrease in Interest Rate		-1%	(13,975)
Increase in Interest Rate		1%	13,975

Risk to which the Trust was exposed as at 30 June 2014

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

Note 15:

COMMITMENTS

BY TYPE	2015 \$	2014 \$	2015 \$	2014 \$
Commitments payable				
Other commitments				
Operating leases	(36,982)	(21,456)	(36,982)	(21,456)
Total other commitments	(36,982)	(21,456)	(36,982)	(21,456)

BY MATURITY

Commitments payable	2015 \$	2014 \$	2015 \$	2014 \$
Operating lease commitments				
One year or less	(36,982)	(21,456)	(36,982)	(21,456)
Total Operating lease commitments	(36,982)	(21,456)	(36,982)	(21,456)

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 2016. The Ambassador lease is an on-going lease but will cease 30 April 2016.

Note 16:

RAAF WELFARE RECREATIONAL COMPANY DETAILS

The office of the RWRC is situated at:

Department of Defence
Brindabella Park (BP29-2-163)
CANBERRA ACT 2610

RAAF WELFARE RECREATIONAL COMPANY

**Supplementary Information not forming part of the Financial Report
for the year ended 30 June 2015**

SUMMARY OF OPERATIONS

PROFIT/(LOSS) FROM:	2015		2014	
	\$		\$	
HOLIDAY FACILITIES				
Rental Operations - Surfers Paradise	(102,206)		(105,450)	
Rental Operations - Marrakai	(21,838)		(20,293)	
Rental Operations - Merimbula	(124,305)		(46,446)	
RWRC Office	<u>(24,388)</u>	(272,737)	<u>(28,697)</u>	(200,886)
RAAF CENTRAL WELFARE TRUST FUND OPERATIONS				
INCOME				
Bank Interest	31,655		42,876	
Income received - IPAC Portfolio Management	95,234		38,764	
Fair Value Interest	2,154		1,251	
Refundable Imputation Credit	5,761		4,492	
	<u>134,804</u>		<u>87,382</u>	
EXPENSES				
Advertising	(736)		(1,894)	
Managed Portfolio Fees			(1,547)	
Fair Value Expense			(7,293)	
Grants			(4,213)	
General Expenses	<u>(170)</u>		<u>(14,948.38)</u>	72,434
	(906)	133,898	(14,948.38)	72,434
SURPLUS (DEFICIT) FROM OPERATIONS :		<u><u>(138,839)</u></u>		<u><u>(128,452)</u></u>

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

**SURFERS PARADISE
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
INCOME		
Rent Received - Holiday Flats	237,642	217,816
Caretakers Fees	9,032	9,032
Blue Phone	7	11
Miscellaneous Income	147	-
Rental Income -Managers Unit	7,449	1,707
	<hr/>	<hr/>
	254,277	228,566
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(54,351)	(49,600)
Fuel & Power	(22,072)	(19,643)
Laundry	(2,366)	(1,719)
Minor Equipment	(1,528)	(2,139)
Repairs and Maintenance	(5,160)	(4,750)
	<hr/>	<hr/>
	(85,476)	(77,852)
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(47,500)	(47,500)
Depreciation - Furn & Fittings (Flats)	(11,123)	(10,464)
Depreciation - Furn & Fittings (Office)	(158)	(158)
General Expenses	(2,046)	(5,894)
Management Fees	(67,399)	(65,756)
Postage and Stationery	(607)	(540)
Rates and Taxes	(43,398)	(43,749)
Telephone	(3,848)	(3,657)
Pest Control	-	(230)
Body Corporate Fees	(61,178)	(52,443)
Rent - Apartment 8	(16,474)	(17,160)
Merchant Credit Card Fees	(4,679)	(4,302)
Computer Expenses	(4,740)	(3,118)
Valuation Fees	-	(880)
Pay TV Rental	(7,856)	(314)
	<hr/>	<hr/>
	(271,006)	(256,164)
OPERATING SURPLUS (DEFICIT)	<hr/>	<hr/>
	(102,206)	(105,450)

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

**MARRAKAI
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2015**

	2015 \$	2014 \$
INCOME		
Rent Received - Holiday Flats	26,716	29,987
	<hr/>	<hr/>
	26,716	29,987
EXPENDITURE		
Cleaning	(3,245)	(4,590)
Fuel & Power	(2,939)	(6,641)
Management Fee	(2,502)	(3,051)
Rent - Apartments	(39,868)	(35,998)
	<hr/>	<hr/>
	(48,554)	(50,280)
OPERATING SURPLUS (DEFICIT)	<hr/> (21,838)	<hr/> (20,293)

**RWRC OFFICE
OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2015**

	2015 \$	2014 \$
INCOME		
Bank Interest	46	-
Miscellaneous Income	107	130
Resources Received Free of Charge	<hr/> 38,866	<hr/> 68,322
	39,019	68,452
EXPENDITURE		
Bank Charges	(563)	(471)
Office Expenses	(1,075)	(820)
General Expenses	(2,580)	(6,116)
Audit, Accounting Fees	(12,500)	(12,500)
Computer Expenses	(2,178)	(2,261)
Legal Fees	(2,219)	(1,391)
Insurance	(3,146)	(4,987)
Depreciation - Furn & Fittings (Office)	(281)	(281)
Wages and Salaries	<hr/> (38,866)	<hr/> (68,322)
	(63,407)	(97,149)
OPERATING SURPLUS (DEFICIT)	<hr/> (24,388)	<hr/> (28,697)

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

**10-16 MARINE PARADE MERIMBULA
RENTAL OPERATIONS FOR THE PERIOD
ENDED 30 JUNE 2015**

	2015 \$	2014 \$
INCOME		
Rent Received - Holiday Flats	81,665	103,427
	<u>81,665</u>	<u>103,427</u>
OPERATING EXPENSES		
Cleaning - Wages, Materials & Pest Control	(8,545)	(10,964)
Fuel and Power	(8,631)	(8,975)
Pay TV Rental	(2,019)	(2,007)
Repairs and Maintenance	(2,781)	(414)
	<u>(21,976)</u>	<u>(22,360)</u>
ADMINISTRATIVE EXPENSES		
Depreciation - Building	(15,756)	(26,085)
Depreciation - Furn & Fittings (Flats)	(5,075)	(6,123)
Depreciation - Furn & Fittings (Outdoor)	(586)	(586)
Management Fees	(38,220)	(37,785)
Computer Expenses / Commission	(87)	(80)
Linen Cleaning and Replacements	(8,591)	(11,209)
General Expenses	-	(1,130)
Rates and Taxes	(14,355)	(13,968)
Body Corporate Fees	(28,869)	(29,747)
Disposal of Asset	(72,456)	-
Valuation Fees	-	(800)
	<u>(183,994)</u>	<u>(127,512)</u>
OPERATING SURPLUS (DEFICIT)	<u>(124,305)</u>	<u>(46,446)</u>