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**THE**  
**RAAF WELFARE RECREATIONAL COMPANY**  
**ANNUAL REPORT 2017 - 2018**

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

*Annual Report*

*For the period*

*1 July 2017 to 30 June 2018*

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RWRC  
Brindabella Park (BP29-2-206)  
PO Box 7980  
Department of Defence  
CANBERRA BC ACT 2610

## RAAF WELFARE RECREATIONAL COMPANY

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## RAAF WELFARE RECREATIONAL COMPANY

### ANNUAL REPORT

#### ACCOUNTABLE AUTHORITY (DIRECTORS') REPORT OF OPERATIONS

Minister for Defence Personnel

Dear Minister

This report of operations by the Directors of the RAAF Welfare Recreational Company (RWRC) is for the year ended 30 June 2018. 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 *Corporations Act 2001*. The Hon Dan Tehan and the Hon Michael McCormack were also Responsible Minister's during the reporting period.

The initial seed funding for the Trust came from the profits of canteens operating during WW11 and subsequently disbanded. 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.

#### **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	Phillip Theodor Tammen, AM – Director General Air and Space Surveillance and Control, Acquisition and Sustainment Group. Director since 25 January 2017.
Group Captain	Debbie Richardson – Director Corporate Governance and Information Management – Air Force. Director since 21 August 2017.

Group Captain	Susan Stothart – Director, Senior Officer Management Personnel Branch – Air Force. Director since 18 February 2015. Resigned 21 August 2017.
Wing Commander	Peter Mark Gilbert – Commanding Officer No 28 Squadron. Director since 21 November 2011. Resigned 21 May 2018.
Wing Commander	Bruce Francis Perry – Staff Officer – Personnel Branch - Air Force. Director since 13 September 2011.
Squadron Leader	Sally Maynard – Logistic Operations, Capability, Acquisition and Sustainment Group. Director since 25 January 2017.
Flight Lieutenant	Jennifer Jones – Personnel Capability Officer – No 4 Squadron, RAAF Williamtown. Director since 25 January 2017.
Warrant Officer	Ann Larsen – Personnel Capability Specialist – Australian Defence Head Quarters. Director since 21 May 2018.

### **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**

The *Corporations Act 2001* and sections 17AG and 17BE of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) require that Commonwealth entities' Annual Reports must include a statement of any non-compliance issues notified to the responsible Minister under paragraph 19[1][e] of the *Public Governance, Performance and Accountability Act 2013* during the reporting period.

### **Organisational Structure**

The RAAF Welfare Recreational Company is a Commonwealth company within the General Government Sector 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 obligations under the Trust Deed, that is, to facilitate and manage 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 2017/2018 the RWRC Board met 6 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 P.T. Tammen	Chairman	6	5
Group Captain S. Stothart		nil	nil
Group Captain D. Richardson		6	6
Wing Commander P. M. Gilbert	Chair Audit Committee	3	nil
Wing Commander (Res) B.F. Perry		6	6
Squadron Leader S. Maynard		6	4
Flight Lieutenant J. Jones		6	5
Warrant Officer Ann Larsen		1	nil

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

### Board Qualifications

Name	App't	Qualifications
Air Commodore P.T. Tammen: Non-Executive Director	Chairman	Masters in Engineering Science, Graduate of Australian Command and Staff College, Masters in Project Management (Leadership). Defence and Strategic Studies Course Fellow of the Institution of Engineers Australia Graduate of Australian Institute of Company Directors
Group Captain D. Richardson Non-Executive Director		Batchelor of Arts (Hons), Master of Business Administration, Doctor of Business Administration, Graduate of Australian Institute of Company Directors
Group Captain S. Stothart: Non-Executive Director		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: Non-Executive Director		BBusStud; Grad Cert -Marketing
Wing Commander B.F. Perry: Non-Executive Director		Grad Cert Prof Mgt – Finance
Squadron Leader S Maynard Non-Executive Director		Nil
Flight Lieutenant J. Jones Non-Executive Director		Diploma of Management
Warrant Officer Ann Larsen Non-Executive Director		Diplomas of Administration, Business and Management

### 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, BP29-2-206, 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**

Directors of the RWRC are full time and reservist staff employed by the Commonwealth (Department of Defence) and, as such, fall within the policies and procedures of the Department of Defence for WHS purposes. Those who are contracted, fall within State provisions.

### **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 2018

### **Related Party/Entity Transactions**

There were no related entity transactions during the financial year. Directors who utilised holiday accommodation declared such use and paid the rates applicable to all other eligible users.

### **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 2018.



### **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  
Mrs Y. Wilkinson  
(Managers of Ambassador  
apartments on the Gold Coast,  
QLD)

Signed in accordance with a resolution of the Directors.



**P.T. TAMMEN**  
Air Commodore  
Chair of RWRC

24 September 2018



**S. MAYNARD**  
Squadron Leader  
Director RWRC

27 September 2018

**PERFORMANCE STATEMENT**

We, as members of, and on behalf of the Accountable Authority of the RAAF Welfare Recreational Company (trustee of the RAAF Central Welfare Trust Fund), have elected to present a 2017/2018 Performance Statement for the Company as designated under paragraph 95(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.

The purpose of the RAAF Welfare Recreational Company is to provide amenity and related services to Air Force members and their families not normally provided at Departmental level.

The RAAF Welfare Recreational Company achieves the purpose through the effective management of the RAAF Central Welfare Trust Fund through which the purpose is achieved and reported upon in this statement.



**P.T. TAMMEN**  
Air Commodore  
Chair  
RAAF Welfare Recreational Company

27 September 2018



**S. MAYNARD**  
Squadron Leader  
Director  
RAAF Welfare Recreational  
Company

27 September 2018

## PERFORMANCE STATEMENT 2017/2018

### RECREATIONAL FACILITIES

Performance Measure 1	Achievement	Analysis
<p><b><i>Achieve target occupancy levels:</i></b></p> <p><i>Ambassador</i> – 75% (Gold Coast)</p> <p><i>Tuscany</i> – 75% (Merimbula)</p>	<p><b><i>Ambassador:</i></b> 50% occupancy achieved</p> <p><b><i>Tuscany:</i></b> 39% occupancy achieved</p>	<p>The occupancy level at <i>Ambassador</i> dipped during 17/18 not unlike the drop in commercial stays for the area. The first five months of the financial year were disappointing as was occupancy and either side of the Xmas school holiday period. The last seven months of the financial year recovered somewhat with occupancy 7% higher than the same period the previous year.</p>
Performance Measure 2	Achievement	Analysis
<p><b><i>Achieve a cash neutral operational outcome for recreational facilities</i></b></p>	<p><b><i>Ambassador:</i></b> Cash outcome deteriorated from previous year due to a decline in occupancy.</p> <p><b><i>Tuscany:</i></b> Cash outcome deteriorated as apartment sales were finalised and leading into the sales, occupancy dipped.</p> <p>Overall ‘cash’ outcome for the two holiday facilities was <b>-\$0.075m</b></p>	<p><i>Ambassador</i> outcomes were impacted by the undertaking of a moderate maintenance program; particularly September through November as well as quieter than expected occupancy during the Xmas/New year holiday period.</p> <p><i>Tuscany</i> outcomes have validated the decision to exit the complex, with that exercise now complete.</p>
Performance Measure 3	Achievement	Analysis
<p><b><i>Demonstrate majority occupancy of Air Force personnel</i></b></p>	<p>The two facilities reflected reduced occupancy by Air Force personnel. Despite the reduction, serving Air Force personnel remain the highest user group.</p>	<p>Air Force members remained the highest user group at 38% occupancy. The slight reduction at both facilities was offset somewhat by a similar increase in occupancy by the ex-serving member cohort.</p>

## 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
<i>Financial statements indicate operating surplus</i>	<b>The Operating loss</b> for 17/18 was <b>-\$0.29m</b> – a welcome improvement on prior year losses of <b>-\$0.111m</b> and <b>-\$0.054m</b> in 15/16 and 16/17 respectively. Included in the outcome was a loss on ‘for sale’ assets of <b>-\$0.039m</b> . Total comprehensive income was \$0.471m occasioned by the positive revaluation of the <i>Ambassador</i> apartments.	As anticipated, the operational outcome has improved during 17/18 despite the impact of lower than anticipated occupancy. With the completion of the disposal of loss making assets, the restructure of the investment profile and a more aggressive marketing framework there is a guarded optimism for a small operational surplus in 18/19.
Performance Measure 2	Achievement	Analysis
<i>Property valuations are accurate</i>	The sale of all apartments at the <i>Tuscany</i> complex has been completed; fulfilling the decision made at the 2015 Strategy meeting. A formal valuation of the <i>Ambassador</i> apartments resulted in a revaluation increment of \$0.500m.	The revaluation provided a welcome increase of 9.38% in the value of land and buildings. This was a welcome outcome given the Valuer General’s analysis that ‘ <i>away from the waterfront, multi-unit land values generally experienced minor increases in vale</i> ’.

<b>Performance Measure 3</b>	<b>Achievement</b>	<b>Analysis</b>
<p><i>Returns on investments reflect growth against CPI.</i></p> <p><i>CPI for the eight capital cities averaged 2.1%.</i></p>	<p>Cash returns on property are negative given the operating losses.</p> <p><i>Ambassador</i> apartment's revaluation provided a 9.38% increase on gross book value – well above CPI.</p> <p>Investment return was 6.90%.</p>	<p><b>Property.</b> Holiday facilities recorded an operational loss and, as such, a negative return on investment. However, a pleasing increase in value on revaluation of 9.38% for the <i>Ambassador</i> site and apartments was welcome.</p> <p><b>Investment.</b> Positive returns for most of the financial year were reflected in the 6.90% annual compound return.</p> <p>Positive returns from the investment portfolio and asset values were offset by a negative return of holiday operations. With proactive and targeted marketing, it is anticipated operational outcomes for holiday facilities will move towards a cash neutral outcome.</p>

#### TRUST ADMINISTRATION

<b>Performance Measure 2</b>	<b>Achievement</b>	<b>Analysis</b>
<p><i>Annual Return lodged with the Australian Charities and Not for profits Commission by end of calendar year</i></p>	<p>The 2017/2018 Annual Financial Report will be lodged within timeframes.</p>	<p>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>

<b>Performance Measure 3</b>	<b>Achievement</b>	<b>Analysis</b>
<p><i>Board changes are processed iaw mandated timeframes</i></p>	<p>All changes in appointments processed iaw timeframes.</p>	<p>The entity is compliant with processing timeframes for reporting changes in appointments.</p>

**SUMMARY**

As anticipated, recreational facilities continue to run at an operational loss albeit with an improved 'cash outcome'. Outcomes have improved and will continue as consolidation and positive marketing impact.

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 Board will continue to monitor the business model in terms of relevance as detailed in its Corporate Plan.

The revised 'active' investment construct has now been fully realised and the business entity has begun to see the full benefits of a measured and thorough process in establishing the new portfolio.

**RAAF WELFARE RECREATIONAL COMPANY**

**DIRECTOR'S 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 Australian Accounting Standards - Reduced Disclosure Requirements, Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position of the Company as at 30 June 2018 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 27<sup>th</sup> day of September 2018.

On behalf of the Directors

  
P. Tammen Chair  
Director

  
S. MAYNARD  
Director



Air Commodore Phillip Tammen AM  
Chair of the Board of Directors  
Royal Australian Air Force Welfare Recreational Company  
Department of Defence  
Russell Offices  
PO Box 7901  
CANBERRA ACT 2601

**ROYAL AUSTRALIAN AIR FORCE WELFARE RECREATIONAL COMPANY  
FINANCIAL REPORT AUDIT 2017-18  
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Royal Australian Air Force Welfare Recreational Company for the year ended 30 June 2018, 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

Garry Sutherland  
Audit Principal

Delegate of the Auditor-General

Canberra

27 September 2018





## **INDEPENDENT AUDITOR'S REPORT**

**To the Minister for Defence Personnel**

### **Opinion**

In my opinion, the financial report of the Royal Australian Air Force Welfare Recreational Company for the year ended 30 June 2018 is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of Royal Australian Air Force Welfare Recreational Company's financial position as at 30 June 2018 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

The financial report of Royal Australian Air Force Welfare Recreational Company, which I have audited, comprises the following statements as at 30 June 2018 and for the year then ended:

- Directors' Declaration;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Notes to and forming part of the financial statements, comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

### **Basis for Opinion**

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Royal Australian Air Force Welfare Recreational Company in accordance with the Corporations Act 2001 and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) to the extent that they are not in conflict with the Auditor-General Act 1997. I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Royal Australian Air Force Welfare Recreational Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### **Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the annual report for the year ended 30 June 2018 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Directors' Responsibility for the Financial Report**

The directors of Royal Australian Air Force 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 – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control the directors determine 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.

In preparing the financial report, the directors are responsible for assessing Royal Australian Air Force Welfare Recreational Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

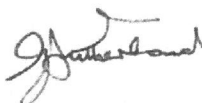
As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Australian National Audit Office



Garry Sutherland  
Audit Principal  
Delegate of the Auditor-General  
Canberra  
27 September 2018

**RAAF WELFARE RECREATIONAL COMPANY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NET COST OF SERVICES</b>		
Expenses	-	-
<b>Total expenses</b>	<u>-</u>	<u>-</u>
<b>Own-Source Income</b>		
Total own-source revenue	<u>-</u>	<u>-</u>
<b>Net (cost of)/contribution by services</b>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income</b>	<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**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	2018 \$	2017 \$
<b>ASSETS</b>		
<b>Financial assets</b>		
Receivables	<u>-</u>	<u>-</u>
<b>Total financial assets</b>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>Payables</b>		
Payables	<u>-</u>	<u>-</u>
Provisions	<u>-</u>	<u>-</u>
<b>Total payables</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>-</u>	<u>-</u>
<b>EQUITY</b>		
<b>Total equity</b>	<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 2018**

	2018 \$	2017 \$
Opening Balance	-	-
Closing balance as at 30 June	-	-

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

**RAAF WELFARE RECREATIONAL COMPANY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Cash Received/(Used)	-	-
<b>Net cash flows from/(used in) operating activities</b>	<u>-</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>		
Cash Received/(Used)	-	-
<b>Net cash flows from/(used in) investing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<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

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

#### OVERVIEW

The financial report is for the entity RAAF Welfare Recreational Company (the Company) as an individual entity. The Company is a company limited by guarantee, incorporated and domiciled in Australia and is registered as a charity with the Australian Charities and Not-for-profits Commission.

The objective of the Company is to provide access to discounted accommodation and to manage and promote owned recreational facilities for RAAF members, their families and other eligible persons, and provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members. The sole activity of the Company is to act as the trustee for the RAAF Central Welfare Trust Fund (the Trust), a charitable trust registered with the Australian Charities and Not-for-profits Commission.

#### Basis of Preparation

The Company is a Commonwealth company as defined in the *Public Governance, Performance and Accountability Act 2013* and is subject to the *Corporations Act 2001*. The Company applied the Australian Accounting Standards - Reduced Disclosure Requirements, including the Australian Accounting Interpretations.

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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.

The financial statements were authorised for issue on 27 September 2018 by the directors of the Company.

#### a. TRUST LIABILITIES AND RIGHT OF INDEMNITY

The Company acts solely as trustee of the Trust and liabilities have been incurred on behalf of that Trust in the Company's capacity as corporate trustee.

Liabilities incurred on behalf of the Trust are not recognised in the financial statements if it is not probable that the Company will have to meet any of the Trust liabilities from its own resources. If the Company becomes obliged to meet Trust liabilities, the trustee has a right to be indemnified from Trust assets. If it is probable that there will be a deficiency in Trust assets, a liability is recognised by the Company to the extent of that deficiency. Details of the Trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of notes to the financial statements.

The RAAF Welfare Recreational Company, as Trustee for the RAAF Central Welfare Trust Fund, has a right of indemnity from the Fund's assets. Liabilities of the Trust not recorded in the financial statements of the company were:

	2018 \$	2017 \$
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade Payables	5,090	28,202
Other Payables	14,494	8,670
GST Payable	44,934	-
<b>Total current liabilities</b>	<u>64,518</u>	<u>36,872</u>
<b>Non-current liabilities</b>		
<b>Provisions</b>		
Other Provisions	1,874	1,874
<b>Total Non-current liabilities</b>	<u>1,874</u>	<u>1,874</u>
<b>Total liabilities</b>	<u>66,392</u>	<u>38,746</u>

The net assets of the Trust totalling \$8 766 832 which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were sufficient to discharge all liabilities of the trust at 30 June 2018 and 30 June 2017.

## RAAF WELFARE RECREATIONAL COMPANY

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

#### b. REVENUE, EXPENSE AND 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 revenues, expenses or 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 Company.

#### 1 COMPANY LIMITED BY GUARANTEE

The RAAF Welfare Recreational Company is a company limited by guarantee and by its Constitution, members' liability is restricted to \$10 per member. As at 30 June 2018, the Company had 6 members.

#### 2 CONTINGENT LIABILITIES

##### *Quantifiable Contingencies*

The Company held no quantifiable contingencies as at 30 June 2018 (2017: Nil).

##### *Unquantifiable Contingencies*

The Company held no unquantifiable contingencies as at 30 June 2018 (2017: Nil).

##### *Significant Remote Contingencies*

The Company held no significant remote contingencies.

#### ACCOUNTING POLICY

##### Contingent Liabilities

Contingent liabilities are not recognised in the statement of financial position. They may arise from uncertainty as to the existence of a liability or represent liability in respect of which the amount cannot be reliably measured. Contingent liabilities are disclosed when settlement is greater than remote. The Trust has no contingent liabilities in either the current or preceding reporting period.

#### 3 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Directors of the RAAF Welfare Recreational Company (as Trustee of the RAAF Central Welfare Trust Fund).

The Directors of the RAAF Welfare Recreational Company during the financial year were as follows:

Name		Appointed	Resigned
AIR COMMODORE	Phillip Theodor Tammen, AM	25 January 2017	
GROUP CAPTAIN	Susan Stothart	18 February 2015	21 August 2017
GROUP CAPTAIN	Debbie Richardson	21 August 2017	
WING COMMANDER	Peter Mark Gilbert	28 November 2011	21 May 2017
WING COMMANDER	Bruce Francis Perry	13 September 2011	
SQUADRON LEADER	Sally Maynard	25 January 2017	
FLIGHT LIEUTENANT	Jennifer Jones	25 January 2017	
WARRANT OFFICER	Anne Larsen	21 May 2018	

Directors act in a honorary capacity therefore no income was received or due or receivable by any Director of the RAAF Welfare Recreational Company during the financial year 2017-18:

- a. from the RAAF Welfare Recreational Company or any related party in connection with the management of the RAAF Welfare Recreational Company, or
- b. from the RAAF Welfare Recreational Company in connection with the management of a related party.

#### 4 RELATED PARTY RELATIONSHIPS

The entity is an Australian Government controlled entity. Related parties to this entity are Directors, Key Management Personnel including the Minister for Defence Personnel and Chief of Air Force, the RAAF Central Welfare Trust Fund and other Australian Government entities.



## RAAF WELFARE RECREATIONAL COMPANY

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

#### DIRECTORS

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

AIR COMMODORE	Phillip Theodoor Tammen, AM
GROUP CAPTAIN	Susan Stothart
GROUP CAPTAIN	Debbie Richardson
WING COMMANDER	Peter Mark Gilbert
WING COMMANDER	Bruce Francis Perry
SQUADRON LEADER	Sally Maynard
FLIGHT LIEUTENANT	Jennifer Jones
WARRANT OFFICER	Ann Larsen

#### TRANSACTIONS WITH RELATED PARTIES

Directors who utilised holiday accommodation declared such use and paid the rates applicable to all other eligible users. During the year, the Chief of Air Force has authorised the appointment of new Directors and terminated the appointments of outgoing Directors. The Minister for Defence Personnel approved the tabling of the 17/18 Annual Report. One Board meeting was held at Ambassador Apartments (Gold Coast). No accommodation fees were incurred and no allowances or expenses were claimed or paid by the Trust to Directors for attendance.

The Company acts solely as trustee for the RAAF Central Welfare Trust Fund. Also refer to Overview a., b. and c.

	2018 \$	2017 \$
<b>5 AUDITORS' REMUNERATION</b>		
Amounts received or due and receivable for:		
Audit of financial statements	<u>6,000</u>	<u>10,000</u>
	<u>6,000</u>	<u>10,000</u>
Auditors remuneration is paid from Trust funds.		

#### 6 RAAF WELFARE RECREATIONAL COMPANY DETAILS

Department of Defence  
Brindabella Park (BP29-2-206)  
CANBERRA ACT 2610