



Royal Australian Air Force Veterans' Residences Trust

Annual Report 2020 - 2021

ABN: 40 594 141 285

TRUSTEES

ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST

Mr D.E. Tindal AM

Mr P.L. Finkelstein RFD LLB

Wing Commander M.S. Oakden RAAF

Wing Commander M.L. McPhail RAAF

ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST

OUR PURPOSE

‘...provision of accommodation and support...’

to Royal Australian Air Force Veterans



The Trust's units at 32 Primrose Street, Sherwood, Qld



Australian Government

**Royal Australian Air Force
Veterans' Residences Trust**

**Ground Floor, Building L474
RAAF Williams
LAVERTON VIC 3028**

**Tel: 03 98326 0001
Email: raaf.vrt@defence.gov.au**

The Hon Andrew Gee MP
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister,

TRUSTEES' REPORT

1. As Trustees, we have pleasure in furnishing our Annual Report of the Royal Australian Air Force Veterans' Residences Trust. This report describes the performance and administration of the Trust for the year ending 30 June 2021, as required by Section 46 of the *Public Governance, Performance and Accountability Act 2013* (Cth).
2. Consistent with the purposes of the Royal Australian Air Force Veterans' Residences Act 1953, the Trust continues to modernise its offered accommodation whilst sustaining an effective preventative maintenance program. These actions, appreciated by our clients, preserve Trust assets and enhance our clients' quality of life, safety and peace of mind.
3. In recent years the Trust has undertaken major maintenance projects to raise the standard of Trust assets. During 2020-21, two major refurbishments were completed: one in Sandringham, Victoria, and the other in Hobart, Tasmania. Apart from these projects, the Trust promptly responds to repairs and general maintenance requests to maintain the integrity of Trust assets. The benefits of this approach are evident as no major corrective maintenance was necessary during 2020-21.
4. During 2020-21, the Trust investigated alternative business models which would allow veterans throughout Australia to be supported in other ways than offering them residential tenancies in Trust-owned properties. Unfortunately, these models will not be pursued, given advice from the Australian Government Solicitor (AGS) that they would be inconsistent with Trust legislation.
5. Where eligible veterans are not on waiting lists, the Trust provides accommodation to veterans of other Services and members of the general public. Such practice maintains the Trust's financial viability without disadvantaging eligible RAAF veterans. Recent AGS advice has provided clarity on the circumstances in which non-eligible persons can be provided Trust tenancies.
6. As at 30 June 2021, The Trust's 75 apartments had an occupancy rate of 100%.

7. The audited Trust financial statements for 2020-21 revealed Total Comprehensive Income of \$3,199,627. The surplus on operations was \$2,203 compared favourably to a budgeted deficit of \$20,500 due to less than forecast refurbishment expenditure. Other Comprehensive Income captured the revaluation of Trust properties which indicated an increase of \$3,197,424 in property values. The audited financial statements are attached to the Trust's Annual Report. Noteworthy financial results are indicated in the Annual Performance Statements.

8. As Trustees, we advise that during 2020-21 the financial records were subjected to an Australian National Audit Office financial statement audit.

9. The Trust is classified as a Public Benevolent Institution through the Australian Charities and Not-for-Profits Commission. This classification enables the Trust to gain Deductible Gift Recipient (DGR) status from the Australian Taxation Office and other tax concessions. The Trust has the option to use the DGR classification to attract an additional revenue stream from donors who are sympathetic to the welfare of veterans.

10. The Trust has not escaped the impact of the Covid-19 pandemic. Selective 'work from home' arrangements have been in place during 2020-21 and will continue until government restrictions are lifted. Trustee meetings and Audit Committee meetings have been held by video conferencing. Revenue has not been markedly affected given most tenants receive government pensions, but there have been additional expenses at the Trust's new Sherwood apartments where common areas are professionally cleaned. Most importantly, there have been no reported cases of Covid-19 amongst our tenants, staff and Trustees.

11. In this Annual Report we have included the Defence Minister's Statement of Expectations, and the Trust's Statement of Intent in response.

12. The Trustees express our thanks and appreciation to our staff, audit committee, each State advisory panel, managing agents, Defence personnel, ex-Service organisations, our tenants and all others directly and indirectly involved for their valuable contributions and participation that has contributed to the successful operation of the Trust during the year.

Yours sincerely,



D.E. Tindal AM
Chair of Trustees

3 September 2021

REPORT OF OPERATIONS

Certification

This Report of Operations is submitted in accordance with a resolution of the Trustees made on 3 September 2021, and who acknowledge that they are responsible under Section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), for the preparation and content of this report.

Enabling Legislation

Royal Australian Air Force Veterans' Residences Act 1953, as amended.

Responsible Minister

Minister for Defence Personnel - The Hon Andrew Gee MP.

Incorporation Purposes and Powers

Incorporation - Section 7(1)

The Trust is a body corporate with perpetual succession and a common seal and is capable of acquiring, holding and disposing of real and personal property and of suing and being sued in its corporate name.

Purpose - Section 4

The purpose of the fund is the provision of a residence or residences in which eligible persons who are in necessitous circumstances, and, if the Trust so approves, the dependants of such eligible persons, may be accommodated or supported.

Powers - Section 8(1)

The Trust may, at such time and in such manner as, in its discretion, it determines, apply moneys or property forming part of the Fund for the purpose of the Fund, and do all other things necessary or convenient for, or incidental to, the carrying out of that purpose.

Annual Performance Statement

Introductory statement

The Trustees of the Royal Australian Air Force Veterans' Residences Trust, present the 2020-21 annual performance statement as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

Purpose of the Royal Australian Air Force Veterans' Residences Trust

The purpose of the Trust as stated in the Trust's 2020-21 corporate plan, is to provide accommodation, and other forms of accommodation-related support for former Royal Australian Air Force personnel and their dependants, who are in necessitous circumstances.

Results

Performance criterion

The Trust recognises the value of measuring its performance through the regular review of Key Performance Indicators. The Trust KPIs measure:

- Financial Performance;
- Demand Satisfaction;
- Asset Quality;
- Client Satisfaction; and
- Owner (Commonwealth government) happiness.

An explanation of these KPIs is provided in Annex B of the Trust's 2020-21 corporate plan.

KPI evaluation

- Financial Performance: All three components for financial performance had satisfactory results during 2020-21. The *revenue to budget* component revealed revenue exceeded budget by 2.8%, with *expenditure to budget* under budget by 1.4% due to less than expected refurbishment expenses. The third component - *cash at hand*, increased by 17.5% due to the previous two components.
- Demand Satisfaction: The four components for demand satisfaction aim to provide a snapshot of the Trust's capacity to satisfy demand for accommodation for Trust apartments.

The *occupancy* component assesses a national occupancy rate of apartments as at 30 June each year. As at 30 June 2021, all seventy five Trust apartments were occupied.

The *commercial tenant* component provides the percentage of tenanted members of the general public. As at 30 June 2021, 26% of Trust apartments were occupied by such tenants. This result is higher than desired with the Trust investigating means to increase the number of tenanted RAAF veterans. At the Sherwood property, the Trustees previously approved the allocation of three apartments to members of the general public in anticipation of other business models. Given recent AGS advice, the allocation is under review.

The *waiting list* component indicates the number of eligible applicants that have applied for Trust accommodation. As at 30 June 2021, there were a total of fifteen

applicants on the waiting list nationally. The Trust has accommodation in Victoria, Queensland, New South Wales, South Australia and Tasmania.

The *RAAF Client* component provides the percentage of eligible residents that meet the eligibility criteria as described in the Trust's enabling legislation. As at 30 June 21, there were 51% or 38 apartments occupied by RAAF clients. Other ADF and foreign allies' residents account for 23% or 17 apartments.

- Asset Quality: In recent years the Trust has focused on improving the quality of its accommodation to meet modern standards. The asset quality KPI provides a guide to the condition of Trust properties by recording *site upkeep costs* and *condition of apartments*.

Site upkeep costs include repairs, maintenance and refurbishment expenditure for all Trust locations. This information assists the Trust by providing a data set to identify where Trust resources can be targeted to achieve the best outcome. The *condition of apartment* component is currently assessed by recording the number of full or part refurbished apartments during the last ten years. During 2020-21, two refurbishments were completed, bringing the total of refurbishments to 39 during the last ten years. Hopefully, apartment inspections by Trust representatives may be possible during 2021-22 to provide a more accurate assessment of their condition.

- Client Satisfaction: To determine whether tenants are satisfied with their residency, the Trust has trialled various methods to obtain meaningful tenant views. The Trust's policy of responding to residents' concerns in a timely manner regularly receives comments of appreciation from residents. As a result of the Trust maintaining its properties in good condition and promptly addressing residents' concerns, the residents are more likely to show a duty of care towards their apartment and surrounds.
- Owner Happiness: As a corporate Commonwealth entity, the Trust monitors owner happiness by recording instances of *legislative non-compliances*, *positive comments* and *negative comments*. During 2020-21 the Trust has complied with its legislative responsibilities and received no negative comments from government officials. The Trust has also received positive comments from its responsible Minister, and the Australian Government Solicitor.

Analysis of performance against Purpose

During 2020-21, the Trust continued to ensure its operations are focused on accomplishing its purpose of providing accommodation, and other forms of accommodation related support to former Royal Australian Air Force personnel and their dependants, who are in necessitous circumstances.

In order for the Trust to fulfil its purpose, the performance achievements during 2020-21 have been:

- prudent management of financial resources;
- continued improvement of accommodation standards;

- a continued high occupancy rate;
- a duty of care to Trust tenants and staff.

The Trust is a small niche-provider of accommodation and accommodation support services within the much larger social welfare systems managed by Commonwealth and State governments. In order for the Trust to continue to provide valuable accommodation support to RAAF veterans and their dependants, the main internal and external factors that will influence the Trust's performance and capacity to achieve its purpose are:

- the continued ability to retain volunteer trustees;
- ongoing support by the Department of Defence; and
- the continued ability to maintain financial viability.

Other Performance Information

The financial viability of the Trust and the substance of the Trust's ability to fulfil its responsibilities under the *Royal Australian Air Force Veterans' Residences Act 1953*, as amended, depend on a small number of essential factors. These are:

- Effective liaison with Department of Veterans' Affairs and leading ex-Service Organisations to inform ex-Service veterans of the existence and purpose of the Trust;
- A regular flow of applications from eligible persons seeking accommodation provided by the Trust;
- A stable occupancy rate of accommodation to ensure consistency of rental receipts from year to year;
- A controlled level of expenditure on repairs and maintenance; and
- A rational approach regarding the acquisition and development of properties commensurate with financial resources and the demands of those who are eligible and in need.

REVIEW OF OPERATIONS

Location of Major Activities and Facilities

The Trust owns 75 apartments. They are located at:

<u>Address</u>	<u>No of Apartments</u>
10 Greenbank Street, CHERMSIDE, QLD	8
32 Primrose Street, SHERWOOD, QLD	12
23 Cecil Street, ASHFIELD, NSW	11
94 Ninth Avenue, CAMPSIE, NSW	12
29-31 Brighton Street, SANDRINGHAM, VIC	20
126 Yorktown Road, ELIZABETH PARK, SA	9
4 McRobies Road, HOBART, TAS	3

With the exception of the Brisbane apartments, which are all two-bedroom, accommodation at all other locations generally comprise of a combination of one and two-

bedroom self-contained apartments. The Trust also has two three-bedroom apartments at Sandringham.

In each State, except Victoria, the Trust has appointed an Advisory Panel or liaison contact, who advise the Trustees on details of prospective tenants, tenant issues and maintenance needs. In addition, apart from Victoria, managing real estate agents have been appointed for most locations to collect the Trust's rental income and to provide management services and building maintenance advice.

The States that have an Advisory Panel are closely associated with ex-Service Organisations in their State, and it is from this relationship that the majority of applications for tenancy are generated.

Persons to be accommodated are primarily determined by the Trustees on their eligibility, degree of need and their ability to live independently. Initially, tenants are charged rental based on a sliding scale that is related to their eligibility criteria, and all rentals are reassessed annually, on 1 January, in line with increases in the amounts payable by Centrelink/Veterans Affairs, for the Single rate of the Age Pension. The Trust does not provide welfare or medical services.

Subsidiaries

The Trust has no subsidiaries.

Acquisition of Properties

The Trust did not purchase any properties during 2020-21.

Judicial/Ministerial Decisions

There have been no judicial decisions from any court, reports by the Auditor-General, Commonwealth Ombudsman, Parliamentary Committees, responsible Minister, other Ministers or general policies of the Australian Government by the responsible Minister under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which impact on the operations of the Trust.

SPECIFIC INFORMATION

Trustees and Staff

Trustees

D.E. Tindal AM

(Returned and Services League of Australia Nominee)

Qualifications:

BE (Hons), MEngSci, BA, MA, MHistory, DipLaw, GradDipMgtSt, FIEAust, EngExec and Australian Institute of Company Director's Course.

Responsibilities:

Executive Trustee and Chair of the Trust.

Mr P.L. Finkelstein RFD LLB

(Air Force Association Nominee)

Qualifications:

Bachelor of Laws (LLB).

Responsibilities:

Executive Trustee.

WGCDR M.S. Oakden RAAF

(Chief of Air Force Nominee)

Qualifications:

Bachelor of Engineering (Aeronautical), Master of Engineering Science, CPEng.

Responsibilities:

Executive Trustee and Member of Audit Committee.

WGCDR M.L. McPhail RAAF

(Chief of Air Force Nominee)

Qualifications:

Bachelor of Arts (Journalism), GradCert Vocational Education & Training.

Responsibilities:

Deputy Trustee and Chair of Audit Committee.

Meetings

During 2020-21, the Trust held four Trustee meetings.

<u>Trustee</u>	<u>Participation</u>
D.E. Tindal AM	4
Mr P.L. Finkelstein RFD LLB	3
WGCDR M.S. Oakden RAAF	4
WGCDR M. McPhail RAAF	4

Staff

The Trust has a full-time Manager, and part-time Assistant Manager.

Manager	Mr W.R. Bingham
Assistant Manager	Mrs K.L. Stewart

Information Address

The Manager
 Royal Australian Air Force Veterans' Residences Trust
 Ground Floor - Building L474
 RAAF Williams
 LAVERTON VIC 3028
 Telephone (03) 8326 0001 or (03) 8326 0303
 Web Page www.airforce.gov.au/rvrt
 E-Mail raaf.vrt@defence.gov.au

Statement of Governance

The Trust is administered by the Trustees in an honorary capacity, and the Trust's staff. Trustees receive no remuneration from the Trust. The Trust meets on a regular basis, normally at quarterly intervals. In addition to these more formal administrative arrangements, many items of business, that exceed the day-to-day delegations granted to the Manager, are processed 'out of session'.

The only other board or committee formed to assist with the Trust's administration is an Audit Committee.

Audit Committee

An Audit Committee was established by the Trustees during the 2009-10 fiscal year. During 2020-21 the Audit Committee met three times. The RAAFVRT Audit Committee Charter can be accessed via the following website link: <http://www.airforce.gov.au/rvrt>

The Audit Committee comprises the appointees listed below. Air Force members' qualification are listed in the previous section and additional qualifications, skills and experience relevant to Audit Committee responsibilities are noted below:

WGCDR M.L. McPhail

Audit Committee Chair

Experience and skills: As a senior Air Force Personnel Capability Officer with more than 20 years' experience, including military family liaison roles, WGCDR McPhail brings a strong background in governance and management and a genuine appreciation of the work of the Trust. WGCDR McPhail is also conversant with financial management reporting.

WGCDR M.S. Oakden

Audit Committee Secretary

Experience and skills: As a Trustee for ten years, WGCDR Oakden brings a good understanding of the Trust's operating context and insight into how the entity runs. As a senior Air Force Engineering Officer with 20 years' experience, she also brings a strong background in regulatory compliance and is conversant with financial management reporting.

Mrs Amanda Griffith

Independent Member

Qualifications: Bachelor of Business (Accounting and Management)(Honours), Chartered Accountant

Experience and skills: With more than 20 years' experience in both chartered accounting and financial management environments, Mrs Griffith brings significant technical expertise, a comprehensive understanding of accounting and auditing standards and independence to the Committee.

The Independent Member was paid \$9,225 in 2020-21 for the provision of Audit Committee services (2019-20: \$6,250). No other member receives remuneration for their Audit Committee services.

Indemnities and Insurance Premiums for Officers

No indemnities have been given to either current or former officers against a liability. The Trust has arranged for Directors' and Officers' insurance coverage with Comcover, with the related insurance premiums met by the Trust.

Commonwealth Fraud Control Policy

The Trust is a Corporate Commonwealth Entity and not obliged to comply with the provisions of the Commonwealth Fraud Control Policy and Guidelines under the Commonwealth Fraud Framework that is part of the PGPA Act. However, the Trust is bound under section 10 of the *Public Governance, Performance and Accountability Rule 2014* to set out the key requirements of fraud control and will observe the spirit and apply the principles contained in the Guidelines.

Commonwealth Disability Strategy

The Trustees are cognisant of the provisions of the *Commonwealth Discrimination Act 1982*, as amended. All accommodation provided to persons having disabilities are modified, when requested, to enable better enjoyment of their tenancy. The Trust evaluates proposals from tenants and/or their representatives to ascertain whether the proposed changes are an acceptable, practical and affordable level of modifications to Trust property.

Summary of Operations

The Trust is an income tax exempt charity (as classified by the Australian Taxation Office) and has operated in this capacity since its establishment in 1953. In 2014 the Trust was classified as a Public Benevolent Institution by the Australian Charities and Not-for-profits Commission and endorsed as a Deductible Gift Recipient by the Australian Tax Office. Both of these advances are expected to assist the Trust in developing additional financial resources for the benefit of veterans and their families.

Finances have been carefully managed with the intention of improving accommodation to modern standards, meeting maintenance requirements for the future and resourcing Trust programs to extend the reach of Trust's residential services to veterans.

The Statement of Comprehensive Income revealed a surplus in continuing operations of \$2,203 in 2020-21. The Trust achieved a \$211,476 surplus when non-cash depreciation expenses are removed. In comparison with a surplus of \$145,022 in 2019-20 using this metric, the Trust has increased its surplus from last year by \$66,454. Revenue from all sources increased by \$18,084 to \$674,250, an increase of 2.8%. The increase in revenue is primarily attributed to rental income from Trust tenants.

Trust expenditure for 2020-21 after non-cash depreciation expenses are removed, decreased by \$48,370 in comparison to expenditure in 2019-20. The predominate areas of savings were employee benefits due to restructuring of staff hours, and refurbishments where there were less opportunities to refurbish apartments due to reduced tenant movement. As at 30 June 2021, the occupancy rate for Trust properties during remained high at 100%.

The Trust completed the 2020-21 year with cash reserves of \$1,260,114, an increase of \$187,437 in comparison to 2019-20, Trust operations have continued to focus on upgrading Trust properties to bring them up to expected standards. The completion of the Brisbane Redevelopment Project in February 2019 has had a positive effect in reducing maintenance and refurbishment expenditure in Brisbane. Given the remaining 73% of the Trust's property portfolio in other states is at least fifty years old, the Trust will continue to invest significant financial resources in future years into their maintenance, refurbishment and redevelopment. This program will incur expected increases in expenditure but will not affect the viability of the Trust.



D.E. Tindal AM
Chair of Trustees

3 September 2021

Notes:

1. The Trust has complied with annual report requirements prescribed in sections 17BA to 17BF of the PGPA Rule that apply to accountable authorities of all corporate Commonwealth entities, as defined in section 11 of the PGPA Act.
2. Trustees - Appointed by and hold office during the pleasure of the Minister.
Staff - Appointed by and hold office during the pleasure of the Trustees.

Appendix A

STATEMENT OF EXPECTATIONS FOR THE
ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST**Chairman****Royal Australian Air Force Veterans' Residences Trust**

- 7 SEP 2011

This statement formally outlines my expectations concerning the operations and performance of the Royal Australian Air Force Veterans' Residences Trust Fund (RAAFVRT).

The Australian Government's vision for the RAAFVRT is that it will be a fund which supports Air Force veterans and their dependants in necessitous circumstances by providing subsidised housing.

As Chairman, you are to ensure that the RAAFVRT keeps me fully informed of any significant events or issues that may impact on its operations. All communication provided to me is to be forwarded, in parallel, to the Department of Defence.

My expectations for the Board of Trustees are that it will ensure that the RAAFVRT:

1. operates in accordance with relevant legislation (including the *Royal Australian Air Force Veterans' Residences Act 1953* and the *Commonwealth Authorities and Companies Act 1997*);
2. complies with government policy, as applicable, including the adherence to directions made by the Finance Minister, as promulgated in the Finance Minister's Orders, Estimates Memoranda and Finance Circulars;
3. provides the Finance Minister, through the Secretary of Finance and Deregulation and to me its Compliance Report;
4. assists the Department of Defence in the efficient management of the Defence portfolio through the provision of accurate, timely and relevant information, as requested;
5. is a welfare organisation that encourages continuous improvement practices, is financially independent and ensures the long term sustainability of housing services for Royal Australian Air Force Veterans in necessitous circumstances;
6. in response to this Statement of Expectations, provides me with its Statement of Intent and make both Statements publicly available;
7. provides me with its quarterly and annual financial statements, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Air Force;
8. adopts best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies; and
9. identifies and manages all actual and perceived conflicts of interest.

**WARREN SNOWDON**

Minister for Defence Science and Personnel



Australian Government

**Royal Australian Air Force
Veterans' Residences Trust**

**Ground Floor, Building L474
Thorn Circle
RAAF Williams
LAVERTON RAAF Vic 3027
Tel: 03 9356 0002
Fax: 03 9256 0004**

W. Snowdon MP
Minister for Veterans' Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

**ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST
TRUSTEES' STATEMENT OF INTENT**

1. Receipt is acknowledged of your Ministerial Statement of Expectations. On behalf of the trustees of the Royal Australian Air Force Veterans' Residences Trust (the 'Trust'), it is my privilege to provide you with our Statement of Intent for the operation of the Trust.
2. The trustees recognise that the Trust is a welfare organisation focused on accommodating former members of the Royal Australian Air Force in necessitous circumstances. The trustees understand the need for continuous improvement in Trust operations to ensure its long-term financial independence and sustainability.
3. Consequently, from 2012 onwards the Trust intends to progress several initiatives that should improve its ability to support eligible members. Primary amongst these initiatives is a program to update the quality of accommodation being provided. To the extent financially feasible, the Trust will replace some of its ageing properties with accommodation more reflective of modern housing standards. This may encompass the purchase of existing properties, the development of new properties on available Trust land and the sale of existing properties.
4. The Trust also intends to explore alternative ways to support eligible members than the traditional landlord-tenant relationship. Any decision to implement alternative support mechanisms will be rigorously considered to ensure each is financially sustainable, legal and in the best interests of those being supported. Other initiatives in work include improved property maintenance and tenant management, as well as the introduction of a structured business planning framework.
5. As the Trust progresses these initiatives, you should be confident that the trustees will operate the Trust in accordance with all relevant legislation (particularly the Royal Australian Air Force Veterans' Residences Act 1953 and the Commonwealth Authorities and Companies Act 1997).

- 2 -

6. The trustees will also comply with applicable government policy, including directions made by the Finance Minister. In doing so, the Trust aims to become a model Commonwealth Authority through effective engagement with departmental staff. We will adopt best practice governance principles and risk management strategies appropriate for small organisations.

7. We will provide both the responsible Minister and the Finance Minister, with their departments, the Trust's compliance report, financial statements and other accurate, timely and relevant information.

8. We will publish your Statement of Expectations and this Statement of Intent in the Trust's Annual Report for FY2011/12.

9. We will advise you of significant events or issues that may affect the operation of the Trust, including the possibility of any conflict of interest, actual or perceived.

10. The Trustees look forward to a successful next few years, in which the Trust achieves its purpose whilst satisfying its ongoing governance requirements.

Yours faithfully,



D. E. TINDAL
Chairman
RAAF Veterans' Residences Trust

/ March 2012

Copies:
Chief of Defence Force
Chief of Air Force
Secretary- Department of Defence



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence Personnel

Opinion

In my opinion, the financial statements of the Royal Australian Air Force Veterans' Residences Trust (the Trust) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Trust as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Trust, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Trustees;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a 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 Statements* section of my report. I am independent of the Trust in accordance with the relevant ethical requirements for financial statement 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 (including Independence Standards)* (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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements 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 statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Trust, the Trustees is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements

that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Title of the Accountable Authority is also responsible for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees is responsible for assessing the ability of the Trust to continue as a going concern, taking into account whether the Trust's operations will cease as a result of an administrative restructure or for any other reason. The Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 Trust's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's 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 Trust'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 statements 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 Trust to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority 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.

Australian National Audit Office



Jennifer Carter

Senior Director

Delegate of the Auditor-General

Canberra

6 September 2021

STATEMENT BY THE TRUSTEES

In our opinion, the attached financial statements for the year ended 30 June 2021 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.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Trustees.



D.E. Tindal AM
Chair

3 September 2021



P.L. Finkelstein RFD LLB
Trustee

3 September 2021



M.S. Oakden
Trustee

3 September 2021

Statement of Comprehensive Income
for the period ended 30 June 2021

	Notes	2021 \$	2020 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	146,247	160,750
Suppliers	1.1B	316,527	350,394
Depreciation	2.3A	209,273	207,331
Total expenses		672,047	718,475
Own-source income			
Own-source revenue			
Interest	1.2A	12,431	19,666
Rental income	1.2B	651,719	626,060
Other revenue	1.2C	10,100	10,440
Total own-source revenue		674,250	656,166
Total own-source income		674,250	656,166
Net (cost of)/contribution by services		2,203	(62,309)
Surplus/(Deficit) on continuing operations		2,203	(62,309)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		3,197,424	-
Total other comprehensive income /(loss)		3,197,424	-
Total Comprehensive income /(loss)		3,199,627	(62,309)

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	1,260,114	1,072,677
Trade and other receivables	2.1B	21,104	18,121
Total financial assets		1,281,218	1,090,798
Non-financial assets			
Land	2.2A	21,515,000	17,300,000
Buildings	2.2A	6,690,000	7,886,288
Plant and equipment	2.2B	141,364	153,396
Total non-financial assets		28,346,364	25,339,684
Total assets		29,627,582	26,430,482
LIABILITIES			
Payables			
Suppliers	2.4A	23,116	28,690
Other payables	2.4B	12,375	16,932
Total payables		35,491	45,622
Provisions			
Employee provisions	3.1A	53,664	46,060
Total provisions		53,664	46,060
Total liabilities		89,155	91,682
Net assets		29,538,427	26,338,800
EQUITY			
Reserves		26,365,509	23,168,085
Retained surplus		3,172,918	3,170,715
Total equity		29,538,427	26,338,800

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the period ended 30 June 2021

	2021 \$	2020 \$
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	3,170,715	3,233,024
Adjusted opening balance	3,170,715	3,233,024
Comprehensive income		
Surplus/(Deficit) for the period	2,203	(62,309)
Total comprehensive income	2,203	(62,309)
Closing balance as at 30 June	3,172,918	3,170,715
ASSET REVALUATION RESERVE		
Opening balance		
Balance carried forward from previous period	23,168,085	23,168,085
Adjusted opening balance	23,168,085	23,168,085
Comprehensive income		
Other comprehensive income	3,197,424	-
Total comprehensive income	3,197,424	-
Closing balance as at 30 June	26,365,509	23,168,085
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	26,338,800	26,401,109
Adjusted opening balance	26,338,800	26,401,109
Comprehensive income		
Surplus/(Deficit) for the period	2,203	(62,309)
Other comprehensive income	3,197,424	-
Total comprehensive income	3,199,627	(62,309)
Closing balance as at 30 June	29,538,427	26,338,800

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement*for the period ended 30 June 2021*

	Notes	2021 \$	2020 \$
OPERATING ACTIVITIES			
Cash received			
Rendering of services		658,105	656,007
Interest		9,692	15,641
GST received		26,149	48,210
Total cash received		693,946	719,858
Cash used			
Employees		127,405	174,730
Suppliers		360,575	551,283
Total cash used		487,980	726,013
Net cash from/(used by) operating activities		205,966	(6,155)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant & equipment		18,529	45,831
Total cash used		18,529	45,831
Net cash from/(used by) investing activities		(18,529)	(45,831)
Net increase/(decrease) in cash held		187,437	(51,986)
Cash and cash equivalents at the beginning of the reporting period		1,072,677	1,124,663
Cash and cash equivalents at the end of the reporting period	2.1A	1,260,114	1,072,677

The above statement should be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview Note**Objective of the Royal Australian Air Force Veterans' Residences Trust**

The Royal Australian Air Force Veterans' Residences Trust (the Trust) is an Australian Government controlled entity. It is a not-for-profit entity. The purpose of the Trust as defined in section 4 of the *Royal Australian Air Force Veterans' Residences Act 1953* is:

'... the provision of a residence or residences in which eligible persons who are in necessitous circumstances, and, if the Trust so approves, the dependents of such eligible persons, may be accommodated or supported...'

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

New Accounting Standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Trust's financial statements.

Taxation

The Trust is exempt from all forms of taxation except for Fringe Benefits Tax (FBT) above the allowable threshold for a Public Benevolent Institution, and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview Note

For GST purposes, the Trust has been classified by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC). The Trust is entitled to receive refunds for all GST expended that forms part of the invoiced costs of goods and services paid for or provided to the Trust. The Trust does not levy GST on any supplies or services provided by the Trust. The Trust has not provided any benefits to its employees that would generate FBT tax liabilities under the Fringe Benefits Tax legislation.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this Note, the Trust has made a judgement that the fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, Trust buildings are purpose-built and may in fact realise more or less in the market.

The Trust arranges for the Trust's Land and Buildings to be revalued every three years. In June 2019, the Trust engaged Jones Lang LaSalle (JLL) to conduct a full valuation on behalf of the Trust. JLL conducted a desktop valuation in 2020-21 and are scheduled to conduct a full valuation in June 2022.

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.

Revenue

Revenue from the Trust's rental properties is recognised when the rental payments become due and payable to the Trust.

The Trust's rental receivables have a 30 day term and are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in *AASB 9 Financial Instruments: Recognition and Measurement*.

Employee BenefitsLeave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Trust is estimated to be less than the annual entitlement for sick leave.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview Note

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Trust's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by utilising the Australian Government Actuary's shorthand method and using the Australian Government public sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised as non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

All staff members of the Trust are excluded from being members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The Trust, however, does make the employer-only contributions to the employees' individual superannuation schemes that are equivalent to full time Australian Public Service employees within the Department of Defence.

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 no more than 12 months that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial Assets

The Trust classifies its financial assets as financial assets measured at amortised cost. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview Note*Financial Assets at Amortised Cost*

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

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.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

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'.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview note*Financial Liabilities at Fair Value Through Profit or Loss*

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the Notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

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 \$2,000 (excluding GST), 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). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview note

Revaluations

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

Asset Class	Fair value measured at:
Land	Market Selling Price
Buildings	Market Selling Price
Plant and Equipment	Depreciated Replacement Cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is 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 are recognised directly in surplus/deficit except to the extent that they reversed 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 Trust 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 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 based on the following useful lives:

	2021	2020
Buildings on freehold land	10 to 60 years	10 to 60 years
Plant and Equipment	10 years	10 years
Office Equipment	3 years	3 years

The Trust does not hold any items of property, plant and equipment that are classified as heritage and cultural assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Overview note*Impairment*

All assets were assessed for impairment at 30 June 2021. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Trust was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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.

Events after the Reporting Period

There were no events identified after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the Trust or impact on the Trust's financial reporting or operational capability.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

1.1 Expenses

	2021 \$	2020 \$
<u>1.1A: Employee benefits</u>		
Wages and salaries	120,141	135,061
Superannuation		
Defined contribution plans	19,396	20,147
Leave and other entitlements	6,710	5,542
Total employee benefits	146,247	160,750
<u>1.1B: Suppliers</u>		
Goods and services supplied or rendered		
Contractors	315,905	349,541
Total goods and services supplied or rendered	315,905	349,541
Other suppliers		
Workers compensation expenses	622	853
Total other suppliers	622	853
Total suppliers	316,527	350,394

1.2 Own-Source Revenue

	2021 \$	2020 \$
Own-Source Revenue		
<u>1.2A: Interest</u>		
Deposits	12,431	19,666
Total interest	12,431	19,666
<u>1.2B: Rental income</u>		
Other - rental of trust properties	651,719	626,060
Total rental income	651,719	626,060
<u>1.2C: Other revenue</u>		
Utility levy	10,100	10,440
Total other revenue	10,100	10,440

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

2.1 Financial Assets

	2021 \$	2020 \$
<u>2.1A: Cash and cash equivalents</u>		
Cash on hand or on deposit	1,260,114	1,072,677
Total cash and cash equivalents	1,260,114	1,072,677
<u>2.1B: Trade and other receivables</u>		
Goods and services receivables		
Rental income - external parties	8,631	4,917
GST refund - ATO	1,394	4,864
Total goods and services receivables	10,025	9,781
Other receivables		
Interest	11,079	8,340
Total other receivables	11,079	8,340
Total trade and other receivables (net)	21,104	18,121

No indicators of impairment were found for Financial Assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

2.2 Non-Financial Assets

	2021	2020
	\$	\$
<u>2.2A: Land and buildings</u>		
Land		
Fair value (i)	21,515,000	17,300,000
Total land	21,515,000	17,300,000
 Buildings on freehold land		
Fair value (i)	6,690,000	8,065,000
Accumulated depreciation	-	(178,712)
Total buildings on freehold land	6,690,000	7,886,288
Total land and buildings	28,205,000	25,186,288
 <u>2.2B: Plant and equipment</u>		
Fair value	403,721	388,051
Accumulated depreciation	(262,357)	(234,655)
Total plant and equipment	141,364	153,396

(i) All revaluations are conducted in accordance with the revaluation policy stated in the Overview note. On 30 June 2021, Jones Lang LaSalle (JLL), an independent valuer, conducted a desktop revaluation of land and buildings which indicated that an adjustment was required to reflect land and building values at 30 June 2021.

No Plant and Equipment is expected to be sold or disposed of within the next 12 months.

No indicators of impairment were found for plant and equipment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

2.3 Non-Financial Assets

**2.3A: Reconciliation of the opening and closing balances of property,
plant and equipment 2021**

	Land \$	Buildings \$	Plant & equipment \$	Total \$
As at 1 July 2020				
Gross book value	17,300,000	8,065,000	388,051	25,753,051
Accumulated depreciation	-	(178,712)	(234,655)	(413,367)
Total as at 1 July 2020	17,300,000	7,886,288	153,396	25,339,684
Additions				
Purchases	-	-	18,529	18,529
Revaluations and impairments recognised in other comprehensive income	4,215,000	(1,017,576)		3,197,424
Disposal of fully depreciated P&E assets	-	-	(2,860)	(2,860)
Reversal of Accumulated depreciation for P&E disposal	-	-	2,860	2,860
Depreciation expense	-	(178,712)	(30,561)	(209,273)
Total as at 30 June 2021	21,515,000	6,690,000	141,364	28,346,364
Total as at 30 June 2021 represented by				
Gross book value	21,515,000	6,690,000	403,720	28,608,720
Accumulated depreciation	-		(262,356)	(262,356)
Total as at 30 June 2021	21,515,000	6,690,000	141,364	28,346,364

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

2.4 Payables

	2021	2020
	\$	\$
2.4A: Suppliers		
Trade creditors and accruals	23,116	28,690
Total suppliers	23,116	28,690
2.4B: Other Payables		
Rent prepayments	12,375	16,932
Total other payables	12,375	16,932

Settlement of suppliers is usually made within 30 days.

3.1 Employee Provisions

	2021	2020
	\$	\$
3.1A: Employee provisions		
Leave	53,664	46,060
Total employee provisions	53,664	46,060

3.2 Current/non-current distinction for assets and liabilities**3.2A Current/non-current distinction for assets and liabilities**

	2021	2020
	\$	\$
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	1,260,114	1,072,677
Trade and other receivables	21,104	18,121
Total no more than 12 months	1,281,218	1,090,798
More than 12 months		
Land and buildings	28,205,000	25,186,288
Plant and equipment	141,364	153,396
Total more than 12 months	28,346,364	25,339,684
Total assets	29,627,582	26,430,482
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	23,116	28,690
Employee provisions	29,400	22,699
Other payables	12,375	16,932
Total no more than 12 months	64,891	68,321
More than 12 months		
Employee provisions	24,264	23,361
Total more than 12 months	24,264	23,361
Total liabilities	89,155	91,682

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021****3.3 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, this includes the Trustees. The Trust has determined the key management personnel to be the Trustees who are appointed by the Minister for Defence (or his delegate). All Trustees act for the Trust in an honorary capacity. No remuneration is paid by the Trust to any Trustee.

The key management personnel below excludes the remuneration of the Minister of Defence Personnel. The Minister of Defence Personnel's remuneration and other benefits are set by the remuneration tribunal and are not paid by the Trust.

The Trust is administered by three Trustees and one Deputy Trustee who are appointed by the Minister for Defence (or his delegate). Four meetings of the Trust were conducted during the fiscal year to 30 June 2021. During the year, the following Trustees held office.

D.E. Tindal AM	Appointed Trustee on 12 February 2007. Elected by Trustees as Chair on 4 May 2011. Attended four meetings during 2020-21.
Mr P.L. Finkelstein RFD LLB	Appointed Trustee on 5 September 1995. Attended three meetings during 2020-21.
Wing Commander M.S. Oakden RAAF	Appointed Trustee on 10 March 2011. Attended four meetings during 2020-21.
Wing Commander M.L. McPhail	Appointed Deputy Trustee on 30 March 2020. Attended four meetings in 2020-21.

3.4 Related Party Disclosures**Related party relationships**

The Trust is an Australian Government controlled entity. Related parties to this entity are the Minister for Defence Personnel, Cabinet Ministers, Trustees, key management personnel and other Australian Government entities.

Loans to Trustees and Trustee-Related Entities

There were no loans to the Trustees or Trustee related entities during 2020-21 and 2019-20 financial years.

Other Transactions with Trustees or Trustee-Related Entities

The only related party activity in force during the year was the ongoing appointment of FLA Partners, Melbourne, of which Mr P.L. Finkelstein (a Trustee) is a partner. FLA Partners were appointed on 25 May 2000 to act as solicitors of the Trust.

During the 2020-21 financial year, \$1,259.26 (incl. GST) was paid to FLA Partners for provision of legal services. In 2019-20, \$1,105.83 (incl. GST) was paid to FLA Partners for legal services.

4.1 Contingent Assets and Liabilities

There were no quantifiable contingent liabilities or contingent assets, nor were there any unquantifiable or remote contingent liabilities or contingent assets for both 2020-21 and 2019-20 financial years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

4.2 Financial Instruments

	2021	2020
	\$	\$
<u>4.2A: Categories of financial instruments</u>		
Financial assets at amortised cost		
Cash and cash equivalents	1,260,114	1,072,677
Trade and other receivables (i)	19,710	13,257
Total financial assets at amortised cost	<u>1,279,824</u>	<u>1,085,934</u>
Total financial assets	<u>1,279,824</u>	<u>1,085,934</u>
 Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	35,491	45,622
Total financial liabilities at amortised cost	<u>35,491</u>	<u>45,622</u>
Total financial liabilities	<u>35,491</u>	<u>45,622</u>
 <u>4.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	12,431	19,666
Net gains/(losses) on financial assets at amortised cost	<u>12,431</u>	<u>19,666</u>
Net gains on financial assets	<u>12,431</u>	<u>19,666</u>

(i) Trade and other receivables excludes GST receivable as it is a statutory receivable, not a contractual receivable, therefore not a financial instrument.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

4.3 Fair Value Measurement
4.3A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2021	2020
	\$	\$
Non-financial assets		
Land	21,515,000	17,300,000
Buildings	6,690,000	7,886,288
Plant and equipment	141,364	153,396
Total non-financial assets	28,346,364	25,339,684

The Trust did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2021.