

Independent auditor's report to the members of Air Force Association - Victoria

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Air Force Association - Victoria, which comprises the Balance Sheet as at 31 December 2021, the Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Air Force Association - Victoria has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including;

- a. Giving a true and fair view of the registered entity's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the ACNC Act and the needs of the members. The directors' responsibility also includes such internal control as 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 the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 registered entity'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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



John Vincent Anderson
Anderson & Associates
4th May 2022
Suite 102, 17 Heatherdale Road
RINGWOOD, VIC 3134

Auditor's Independence Declaration to the Directors of Air Force Association - Victoria

In relation to our audit of the financial report of Air Force Association - Victoria for the financial year ended 31 December 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'J. Anderson', with a long horizontal flourish extending to the right.

John Vincent Anderson
Anderson & Associates
28th February 2022
Suite 102, 17 Heatherdale Road
RINGWOOD, VIC 3134

Air Force Association – Victoria

ABN 96 091 342 304

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2021 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.

The directors are responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

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



Max R McGregor
President



Peter W Colliver
Treasurer

Signed: 1 March 2022

Air Force Association – Victoria

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Directors' Report

Your directors present this report on the company for the financial year ended 31 December 2021.

Directors

The names of the directors in office at any time during or since the end of the year are:

Name of Director	Period as Director	Eligible	Attended
Carl Frederick Schiller		12	10
John Warren Clarkson		12	12
Peter William Colliver		12	11
Maxwell John McGregor		12	12
Dianne Frances Hoopert		12	11
Daryll Topp		12	10
Christopher George Hudnott		12	11
Lee-Anne Stanway		12	7
James Allen		7	6

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Result

The profit/(loss) of the company for the financial year after providing for income tax amounted to:

	Year ended 31 December 2021	Year ended 31 December 2020
	\$17,719	\$(191,692)

No significant changes in the company's state of affairs occurred during the financial year, except for the vesting of the RAAFA Foundation, which added \$213,350 to Association funds.

Principal Activities

The principal continuing activity of the Association during the financial year was the provision of services to former and serving members of the Royal Australian Air Force Association, their dependants, and other veterans, and the commemoration of significant events in the history of Australian military aviation. No significant change in the nature of this activity occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence, subject to matters disclosed in Note 2 to the accounts, there are no likely developments in the operations in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation

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Directors' Report

under a law of the Commonwealth or of a State or Territory.

Directors' Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company or related body corporate.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:



Max R McGregor
President



Peter W Colliver
Treasurer

1 March 2022

Air Force Association - Victoria

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue		279	5
Other revenue		260,010	61,536
Cost of sales		(89,986)	(90,528)
Gross profit		170,303	(28,986)
Other income		(16,649)	1,497
Distribution expenses		(6,309)	(7,114)
Marketing		(5,749)	(5,106)
Administration expenses		(159,660)	(151,984)
Profit (deficit) before abnormal items and income tax		17,719	(191,692)
Abnormal items before income tax		213,350	(19,611)
Profit before income tax		231,146	(211,304)
Income tax (credit) expense			
Profit for the year		231,146	(211,304)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Total other comprehensive income for the year, net of tax			
Total comprehensive income for the year		231,146	(211,304)

The accompanying notes form part of these financial statements.

Air Force Association - Victoria

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Balance Sheet as at 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Current Assets			
Cash assets		68,896	515,086
Receivables		17,351	4,589
Other		15,638	4,894
Total Current Assets		101,885	524,570
Non-Current Assets			
Other financial assets		693,077	680,116
Property, plant and equipment		4,159,200	3,678,382
Total Non-Current Assets		4,852,277	4,358,498
Total Assets		4,954,162	4,883,068
Liabilities			
Current Liabilities			
Payables		(542)	634
Current tax liabilities		9,982	1,387
Provisions		40,489	38,512
Other		224,983	430,084
Total Current Liabilities		2774,910	470,617
Non-Current Liabilities			
Other		35,655	
Total Non-Current Liabilities		35,655	
Total Liabilities		310,565	470,617
Net Assets		4,643,597	4,412,451
Equity			
Reserves		250,000	250,000
Retained profits		4,393,597	4,162,451
Total Members' Funds		4,643,597	4,412,451

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the year ended 31/12/2021

	Notes	Retained Earnings	Total
Balance at 01/01/2020		4,373,754	4,373,754
Comprehensive income			
Profit/Loss attributable to the members		(191,692)	(191,692)
Prior Year adjustments		(19,611)	(19,611)
Other comprehensive income for the year			
Total comprehensive income for the year attributable to members of the entity		<u>(211,303)</u>	<u>(211,303)</u>
Balance at 31/12/2020		4,162,451	4,162,451
Comprehensive income			
Profit attributable to the members		17,719	(18,063)
Proceeds from vesting of the RAAFA Foundation		213,350	213,350
Other comprehensive income for the year		77	
Total comprehensive income for the year attributable to members of the entity		<u>231,146</u>	<u>195,287</u>
Balance at 31/12/2021		4,393,597	4,357,738

The accompanying notes form part of these financial statements.

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Statement of Cash Flows**For the year ended 31 December 2021**

	2021	2020
	\$	\$
Cash Flow From Operating Activities		
Receipts from customers	200,239	45,839
Payments to Suppliers and employees	(208,415)	(254,321)
Interest received	89	2,108
Dividends received	42,783	17,811
Net cash provided by (used in) operating activities (note 2)	<u>34,697</u>	<u>(188,563)</u>
Cash Flow From Investing Activities		
Proceeds from disposal of:		
Shares in other companies	(69,059)	(680,116)
Other investments	(481,547)	(1,818)
Proceeds from sale of property	<u>69,719</u>	<u>1,497</u>
Net cash provided by (used in) investing activities	<u>(480,887)</u>	<u>(680,437)</u>
Net increase (decrease) in cash held	(446,190)	(869,000)
Cash at the beginning of the year	<u>515,086</u>	<u>1,384,086</u>
Cash at the end of the year (note 1)	<u><u>68,896</u></u>	<u><u>515,086</u></u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows**For the year ended 31 December 2021****2021****2020****Note 1. Reconciliation Of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

AFA Vic Operating Acct	65,513	510,086
Imprest Account	3,382	5,000
	<u>68,896</u>	<u>515,086</u>

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

Operating profit (loss) after tax	231,146	(211,304)
Depreciation	684	1,222
Amortisation		5,834
(Profit) / Loss on sale of property, plant and equipment	16,649	(1,497)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(12,812)	(678)
Increase (decrease) in trade creditors and accruals	(1,176)	(128)
Increase (decrease) in other creditors	(205,098)	(1,575)
Increase (decrease) in employee entitlements	1,858	198
Increase (decrease) in sundry provisions	20,096	19,365
Net cash provided by operating activities	<u>34,697</u>	<u>(188,563)</u>

The accompanying notes form part of these financial statements.

Air Force Association - Victoria

ACN 004 250 248

Notes to the Accounts**Note 1: Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Reform Act 2012.

The financial report covers Air Force Association - Victoria as an individual entity. Air Force Association - Victoria is a company limited by guarantee incorporated in Victoria on 4 February 1947, as Air Force Association (Victoria Division). Between June 1995 and June 2018, its registered name was Royal Australian Air Force Association (Victorian Division).

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

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

Income tax

The company is exempt from income tax.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

Property, Plant and Equipment

Plant and equipment is carried at cost, less, where applicable, any accumulated depreciation.

Freehold land and buildings are carried at cost, including improvements.

Leases

No finance or operating leases currently exist.

Investments

No investments are held, as the rate of interest in the company's operating account exceeds most investment returns. However, refer to Note 2 for details of events that may affect investment strategy, in the future.

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Air Force Association - Victoria to an employee superannuation fund and are charged as expenses when incurred.

Cash

Cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

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

Revenue

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

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

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Notes to the Financial Statements
For the year ended 31 December 2020

Change in Accounting Policy

There have been no changes in accounting policy.

Note 2: Events affecting future Income

Units 4, 5 and 6 remain untenanted, largely due to the impact of the COVID-19 pandemic. The agents continue to find interest, but remaining uncertainties about the emerging environment for business make prospects reluctant to commit. The Board, consequently, has instructed the agents to be flexible with the rent being asked and has discussed strategies to deal with the situation. Expenditure patterns have been reviewed, but there is little scope for significant cost reduction, without curtailing services to members, which would have adverse consequences for the ability to obtain Government grants. In the meantime it has been necessary to draw upon reserves. In concert with other owners the possibility of obtaining value from disposal of the site for redevelopment has been explored, but with no result to date. To offset the low interest rates currently available the Association has acquired a portfolio of listed securities, which offer greater return, and the prospect of capital growth. The Association entered several ballots to acquire a Defence Housing Authority property, and was eventually successful in acquiring a property, with a nine year lease term, and an option to extend for three further years.

Note 3: Listed Securities

	2021	2020
Investments listed on a prescribed stock		
Exchange		
At cost	\$ 693,077	680,656
At Market Value,	\$ 861,922	820,087

Note 4: Rental Property

	2021	2020
At cost	\$ 483,320	
At estimated Market Value,	\$ 533,477	