



SPECIAL AIR SERVICE RESOURCES FUND

FINANCIAL STATEMENTS

2018-19

SPECIAL AIR SERVICE RESOURCES FUND

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Funds			
Settlement capital		100	100
Retained surplus		2,734,631	2,667,406
Reserve fund	11	44,881	24,651
		2,779,612	2,692,157
Represented by			
	Note	2019 \$	2018 \$
Current assets			
Cash assets	2	207,943	233,051
Receivables	3	1,115,788	1,263,518
Total current assets		1,323,731	1,496,569
Non-current assets			
Land		700,000	550,000
Leasehold improvements	5	1,324	1,749
Other financial assets	4	741,940	721,710
Total non-current assets		1,443,264	1,273,459
TOTAL ASSETS		2,766,995	2,770,028
Current liabilities			
Payables	6	(12,617)	77,871
TOTAL LIABILITIES		(12,617)	77,871
NET ASSETS		2,779,612	2,692,157

SPECIAL AIR SERVICE RESOURCES FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue			
Operating activities			
Income from functions	7	47,764	403,621
Donations received		83,413	99,670
Total operating activities		131,177	503,291
Non-operating activities			
Interest received		31,331	30,478
Dividends		44,490	43,540
Sundry income		-	-
Gain on fair value of investment property		150,000	-
Total non-operating activities		225,821	74,018
Total Revenue		356,998	577,309
Expenses			
Costs of functions	7	37,869	194,221
Audit fee		-	19,307
Chairman's function		10,550	9,002
Depreciation – plant and equipment		425	425
Bank and merchant card charges		735	1,109
Functions administration		40,366	34,170
Office expenses		10,620	9,748
Website costs		726	454
Insurance		4,752	4,463
Telecommunications		1,775	2,520
Boyamyne Road property		2,576	2,151
Sunset office maintenance		1,736	2,306
General function costs		1,487	1,071
Total Expenses		113,617	280,947
NET INCOME FOR THE YEAR		243,381	296,362
Distribution to beneficiaries			
SAS Resources Trust		107,686	70,000
SAS Resources Trust 2		68,470	-
NET FOR THE YEAR FROM ORDINARY ACTIVITIES		67,225	226,362
Other comprehensive income			
Net realised profit/loss on sales of financial assets		-	39,427
Movement in fair value of financial assets		20,230	(63,623)
TOTAL COMPREHENSIVE INCOME		87,455	202,166

SPECIAL AIR SERVICE RESOURCES FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts/(payments) from functions		(24,530)	329,742
Donations received		83,413	104,870
Payments for services		(56,665)	(254,046)
Interest received		32,724	32,575
Dividends received		44,219	41,770
Payments to beneficiaries		(246,156)	(30,000)
Net cash flows from operating activities	8b	(166,995)	224,911
Cash flows from investing activities			
Receipts from sale of investments		-	537,195
Payments for investments		-	(536,659)
Transfers to/from medium term deposits		141,887	(131,547)
Net cash flows from investing activities		141,887	(131,011)
Net increase/decrease in cash held		(25,108)	93,900
Cash at beginning of financial year		233,051	139,151
Cash at end of financial year	8a	207,943	233,051

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STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2019

	Settlement Capital \$	Retained Surplus \$	Reserve Fund \$	Total \$
Balance at 1 July 2017	100	2,441,044	48,847	2,489,991
Other comprehensive income	-	-	(63,623)	(63,623)
Realised gain/(loss) on investments	-	-	39,427	39,427
Surplus/(deficit)	-	226,362	-	226,362
BALANCE AT 30 JUNE 2018	100	2,667,406	24,651	2,692,157
Balance at 1 July 2018	100	2,667,406	24,651	2,692,157
Other comprehensive income	-	-	20,230	20,230
Surplus/(deficit)	-	67,225	-	67,225
BALANCE AT 30 JUNE 2019	100	2,734,631	44,881	2,779,612

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 - Statement of Significant Accounting Policies

The financial report is a special purpose financial report which has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and other mandatory professional reporting requirements. The Special Air Service Resources Fund was established by Fund Deed dated 6 March 2012.

The Fund is not a reporting entity because it is unlikely that users exist who are unable to command the compilation of reports tailored so as to satisfy specifically all of their information needs. This is a special purpose financial report that has been prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 and for internal use by the Fund.

(a) Basis of Preparation

The requirements of Australian Accounting Standards do not have mandatory applicability to the Fund because it is not a "reporting entity". However, the Trustees have determined that in order for the financial report to give a true and fair view of the Fund's financial position and performance, the requirements of Accounting Standards relating to the recognition, measurement and classification of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the Trustees have prepared the financial report in accordance with the recognition, measurement and classification requirements of Australian Accounting Standards and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 140 Investment Property, AASB 1048 Interpretation of Standards and AASB 1054 Australian Additional Disclosures.

The financial report has been prepared on a historical basis, except for financial instruments and investment property which are measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of Compliance

Compliance with IFRS to the extent required by non-reporting entities does not result in the special purpose financial report comprising the financial statements and notes thereto, complying with International Financial Report Standards (IFRS) because IFRS do not exclude non-reporting entities from the scope of its standards. However, this special purpose financial report does comply with the measurement requirements of IFRS.

In the current year, the Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards (the AASB) that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2015. The adoption of these new and revised Standards and the Interpretations did not have any effect on the financial position or performance of the Fund.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Fund for the annual reporting period ended 30 June 2019. The Trustee has not early adopted any of these new or amended standards or interpretations. The Trustee has not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Fund) and interpretations.

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(c) Significant Accounting Policies

The following is a summary of the material policies adopted by the Fund in the preparation of the financial report.

a) Revenue Recognition

Donations are recognised as revenue when the amounts are received or deposited in the bank account. Donated assets are recognised as an asset at fair value at the date of donation.

Dividend revenue is recognised when received and distributions from Managed Funds is recognised in the period to which the distribution relates.

Reimbursement of dividend imputation credits from the Australian Taxation Office is brought to account in the period in which the relevant dividends are received.

b) Fundraising Functions

Revenue from fundraising functions is disclosed in the period in which the function is held. All costs of the function are similarly disclosed in the period the function is held.

c) Property, Plant and Equipment

Depreciation has been provided on plant and equipment so as to write off its value over its estimated effective life of the asset being term of the lease agreement for the office premises.

d) Income Tax

The Fund is exempt from income tax under the provisions of Section 23jii of the Income Tax Assessment Act.

e) Financial Instrument

Financial instruments are mutually measured at cost on trade date, which includes transaction costs when the related contractual rights or obligations exist. Subsequently these instruments are measured at fair value through profit and loss or fair value through other comprehensive income based on an irrevocable election on initial recognition.

When the Fund elects to recognise the assets at fair value through other comprehensive income the unrealised gains or losses arising from changes in value are to be taken directly to the reserve.

Dividends from the financial instruments are recognised in profit and loss when the right to receive payment is probable and can be reliably measured.

f) Reserves

The reserve records the revaluation of financial instruments. On de-recognition of the underlying financial instruments any cumulative gain or loss may be transferred within equity.

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

g) Investment Property - Land

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. The fair value of the land held by the Fund is determined based on an independent market assessment performed by a registered valuer every three years, in line with the Ancillary fund guidelines.

Note 2 – Cash Assets

	2019 \$	2018 \$
Cash at bank	207,943	233,051

The Fund Deed establishing the Fund requires the Fund to be invested in authorised trustee investments under the Trustees Act 1962.

Term deposits are considered to be cash if the maturity from acquisition date is less than 90 days.

Note 3 – Receivables

	2019 \$	2018 \$
Receivables-pre paid function expenses	-	-
Interest receivable	3,742	5,135
Medium term deposit	1,082,125	1,224,012
Franking credits receivable	13,347	13,076
Other receivables	16,574	21,295
Total receivables	1,115,788	1,263,518

Medium term deposits have a maturity from acquisition date of greater than 90 days and are not considered to be cash and cash equivalents.

Note 4 –Financial Assets

	2019 \$	2018 \$
Investments in listed corporations	741,940	721,710
Fair value	741,940	721,710

The investments are held in the name of SART Holdings Pty Ltd in its capacity as trustee. The shares in this company are held under a declaration of trust for the Trust by three of the trustees.

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 5 – Plant and Equipment

	2019 \$	2018 \$
Office equipment and fittings at cost	22,406	22,406
Accumulated depreciation	(21,082)	(20,657)
	1,324	1,749

Note 6 – Payables

	2019 \$	2018 \$
Pre-paid function receipts	(12,617)	(4,210)
Distribution to Trusts	-	70,000
Other payables	-	12,081
	(12,617)	77,871

Note 7 – Functions – Income and Expenses

Income	2019 \$	2018 \$
Western Derby Breakfast	47,764	-
Perth Charity Dinner	-	222,675
Melbourne Function	-	180,946
	47,764	403,621
Expenses		
Western Derby Breakfast	37,869	-
Perth Charity Dinner	-	101,602
Melbourne Function	-	92,619
	37,869	194,221

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8 – Cash Flow Information

a	Cash at the end of the period as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:-	2019 \$	2018 \$
	Cash at bank	207,943	233,051
b	Reconciliation of net cash provided by operating activities:		
	Net for year from ordinary activities	67,225	226,362
	Non cash flows in surplus:		
	Amortisation leasehold improvements	425	425
	Gain on revaluation of land	(150,000)	-
	(Increase)/decrease in receivables	5,843	44,837
	Increase/(decrease) in liabilities	(90,488)	(46,713)
	Net cash provided by/(used in) operating activities	(166,995)	224,911

Note 9 – Related Parties

The Trustee is SART Holdings Pty Ltd.

SART Holdings Pty Ltd Directors:

Gregory Solomon (Chairman)	Michelle Hawksley
Dr Grant Walsh CSM (Deputy Chairman)	James McMahon
Hon Peter Blaxell	Dr Stefan Nidorf
Alan Cransberg	Peter Fitzpatrick
Robert Druitt	Kerry Stokes AC
LTCOL James Kidd (term ended January 2019)	Andrew Forrest
LTCOL Gwylin Leech (commenced January 2019)	Thomas Wallace (Retired in December 2018)
Nicholas Brasington	Caron Sugars (Appointed in December 2018)

Donations to the Fund were made by some of the Directors of the trustee company.

SPECIAL AIR SERVICE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 10 – Financial Instruments

a) Interest Rate Risk

The exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets is as follows:-

	Weighted Average Effective Interest Rate 2018 %	Fixed Interest Maturing within 1 Year 2018 \$	Non-Interest Bearing 2018 \$	Total 2018 \$
Bank Deposits	0.5 – 2.6	1,457,063		1,457,063
Receivables			43,716	43,716
Total		1,457,063	43,716	1,500,779

	Weighted Average Effective Interest Rate 2019 %	Fixed Interest Maturing within 1 Year 2019 \$	Non-Interest Bearing 2019 \$	Total 2019 \$
Bank Deposits	0.3 – 2.5	1,290,068		1,290,068
Receivables			46,280	46,280
Total		1,290,068	46,280	1,336,348

b) The net fair value of financial assets approximates the values disclosed in the financial statements.

Note 11 – Financial Assets Reserve Fund

	2019 \$	2018 \$
Opening balance	24,651	48,847
Revaluation increment/(decrement)	20,230	(24,196)
Closing balance	44,881	24,651

Note 12 – Events after Balance Date

There have been no matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results or state of affairs of the Fund.

SPECIAL AIR SERVICE RESOURCES FUND

TRUSTEE'S DECLARATION

The Trustee has determined that the Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Trustee declares that:

- a) The financial statements and notes, as set out in the following pages, fairly describe the Fund's financial position as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
- b) In the Trustee's opinion there are reasonable grounds to believe that the Fund 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 trustees and is signed on behalf of the trustees by:-



GREGORY SOLOMON – CHAIRMAN

15th October 2019



ROBERT DRUITT - TREASURER

15th October 2019

Independent auditor's report to the Trustees of the Special Air Service Resources Fund

Qualified opinion

We have audited the financial report of the Special Air Service Resources Fund (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, 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 Trustees' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Fund is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the financial position of the Fund as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for qualified opinion

Income from cash donations and fundraising activities are a significant source of revenue for the Fund. The Fund has determined that it is impracticable to establish control over the collection of this income prior to entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to income from cash donations and fundraising activities had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the income from cash donations and fundraising activities obtained by the Fund are complete.

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 Fund in accordance with 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 qualified opinion.

Responsibilities of the Trustees' for the financial report

The Trustees 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 *Australian Charities and Not-for-Profits Commission Act 2012* and is appropriate to meet the needs of the members. The Trustees' responsibility also includes such internal control as the Trustees 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 Trustees are responsible for assessing the Fund'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 Trustees either intend to liquidate the Fund or to 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 judgement 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 Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- ▶ Conclude on the appropriateness of the Trustees' 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 Fund'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 Fund 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.



We communicate with the Trustees 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.

Ernst & Young

Ernst & Young

D S Lewsen

D S Lewsen

Partner

Perth

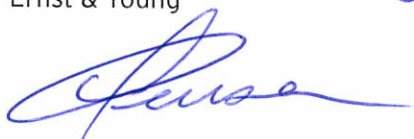
15 October 2019

Auditor's Independence Declaration to the Trustees of the Special Air Service Resources Fund

In relation to our audit of the financial report of the Special Air Service Resources Fund for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, 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.



Ernst & Young



D S Lewsen
Partner
15 October 2019