



26 November 2018

Mr Chris Hewett
Secretary
Australian and International Pilots Association
By e-mail: chris.hewett@aipa.org.au

CC: pran.rathod@hayesknight.com.au

Dear Mr Hewett,

**Australian and International Pilots Association
Financial Report for the year ended 30 June 2018 - [FR2018/178]**

I acknowledge receipt of the financial report of the Australian and International Pilots Association. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 November 2018.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

1. General Purpose Financial Report (GPFR)

Accounting judgements and estimates

Australian Accounting Standard AASB 101 Presentation of Financial Statements paragraph 122 requires that the notes to the financial statements include a discussion on the significant accounting judgements and estimates applied.

No such discussion has been included in the Notes.

Prescribed information in Operating report

Regulation 159(c) requires an operating report to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position. The ROC takes the words "at any time" to mean that all persons, whether they held their position for the full year or for part of the year, must be included.

I note that the names of following members appeared in the previous year's operating report but did not appear in this year's operating report:

- Geoff Blore
- Aaron Heberley
- Mark Knight
- Karsten Krausse
- Grant La Delle
- Andrew Marshall
- Perry McNeil
- John Payne
- Andrew Percival
- Shane Smith
- James Wirth

There was no indication that abovementioned members had resigned during, or at the end of, the previous year, and without any such indication the question arises whether their names have been inadvertently omitted. Please ensure that all persons are included and the periods for which they held their position are clearly indicated.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines states that if any activities identified within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- "Nil agreement to receive financial support from another reporting unit to continue as going concern" and "nil agreement to provide financial support to another reporting unit to continue as a going concern" was disclosed in both the officer's declaration statement and Note 1.18 of the financial report.
- "Nil receipt of revenue from undertaking recovery of wages activity" was disclosed in both the officer's declaration statement and Committee of Management Statement.
- "Fees or allowances to attend conferences or meetings as a representative of the reporting unit" was disclosed in both the officer's declaration statement and Note 4D of the financial report.

Please note that nil activities only need to be disclosed once.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely



Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission



Australian and International Pilots Association and Consolidated Entity

Financial Statements 2017–18

Contents

| | |
|--|----|
| Independent Auditor's Report | 2 |
| Certificate by Prescribed Designated Officer | 4 |
| Report required under subsection 255(2A) | 5 |
| Operating Report | 6 |
| Committee of Management Statement | 10 |
| Consolidated Statement of Comprehensive Income | 11 |
| Consolidated Statement of Financial Position | 12 |
| Consolidated Statement of Changes in Equity | 13 |
| Consolidated Statement of Cash Flows | 14 |
| Notes of the Consolidated Financial Statements | 15 |
| Officer Declaration Statement | 30 |

INDEPENDENT AUDITOR'S REPORT
for the year ended 30 June 2018



Hayes Knight
Accountants & Business Advisers

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
AUSTRALIAN AND INTERNATIONAL PILOTS ASSOCIATION
AND CONSOLIDATED ENTITY**

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Australian and International Pilots Association and Consolidated Entity (the Reporting Unit), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian and International Pilots Association and Consolidated Entity as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT continued
for the year ended 30 June 2018



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Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management'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 Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit 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 Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

I declare that I am an auditor registered under the RO Act

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

In my opinion, no such matters were noted.

Pran Rathod - Director Audit Services
Registered Company Auditor - Registration Number AA2017/15

Dated at Sydney, this 12th day of September 2018

s268 *Fair Work (Registered Organisations) Act 2009*


CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30 June 2018

I, Chris Hewett, being the Secretary of the Australian and International Pilots Association, certify:

- that the documents lodged herewith are copies of the full report for the Australian and International Pilots Association and consolidated entity for the year ended 30 June 2018 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 12 October 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 13 November 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



.....

Name of prescribed designated officer: Chris Hewett

Title of prescribed designated officer: Secretary

Dated: 13 November 2018

REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 30 June 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

| Categories of expenditures | 2018 \$ | 2017 \$ |
|--|--------------------|--------------------|
| Remuneration and other employment-related costs and expenses – employees | 992,443 | 1,134,789 |
| Advertising | - | - |
| Operating costs | 1,708,042 | 1,555,127 |
| Donations to political parties | - | - |
| Legal costs | 188,522 | 182,475 |

Signature of prescribed designated officer:



Name of prescribed designated officer:

Chris Hewett

Title of prescribed designated officer:

Secretary

Dated:

11 September 2018

OPERATING REPORT for the year ended 30 June 2018

The Committee of Management presents its report on the Association for the financial year ended 30 June 2018.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of the Association during the reporting period were to provide industrial and organising services to the members consistent with the objects of the Association and particularly the object of protecting and improving the interests of the members.

The Association's principal activities resulted in maintaining and improving the wages and conditions of employment of the membership.

There were no significant changes in the nature of the Association's principal activities during the reporting period.

Significant changes in financial affairs

The Association earned a net surplus of \$1,388,472 for the year.

Right of members to resign

Members may resign from the Association in accordance with rule 48, which reads as follows:

a) A member may resign from membership by written notice addressed to the Secretary and posted or delivered to that officer or the person performing the duties of that officer at the registered office of the Organisation.

b) Where a member ceases to be eligible to be a member of the Organisation, the notice of resignation shall take effect:

- (i) on the day on which the notice is received by the Organisation; or
 - (ii) on the day specified in the notice, which is the day not earlier than the day when the member ceases to be eligible to become a member;
- whichever is later.

c) In any case a member's notice of resignation shall take effect:

- (i) at the end of two weeks after the notice is received by the Organisation;
 - (ii) or on the day specified in the notice;
- whichever is later;

d) Any dues payable but not paid by a former member, in relation to the period before the member's resignation from the Organisation took effect, may be sued for and recovered in the name of the Organisation, in a court of competent jurisdiction, as a debt due to the Organisation.

OPERATING REPORT continued
for the year ended 30 June 2018

e) A notice delivered to the person nominated in (a) above shall be taken to have been received by the Organisation when it was delivered.

f) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered in accordance with (a) above.

g) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

No officer or member of the Association holds a position as a trustee, or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Association was 2,196 (2017: 1,984).

Number of employees

The number of persons who were, at the end of the reporting period, employees of the Association was 9 (2017: 8) as measured on a full-time equivalent basis.

OPERATING REPORT continued
for the year ended 30 June 2018

Names of Committee of Management members and period positions held during the financial year ended 30 June 2018

| Surname | Name | Attended | Held¹ | Office bearer position |
|----------------|-------------|-----------------|-------------------------|---------------------------------|
| Arthur | Darren | 6 | 9 | - |
| Anderson | Steven | 0 | 11 | - |
| Aspinall | Mick | 6 | 11 | - |
| Backhouse | David | 0 | 11 | - |
| Beavan | Jason | 11 | 11 | Vice President |
| Busby | Theron | 6 | 11 | Vice President ('A' Pilots) |
| Butt | Murray | 10 | 11 | President |
| Cameron | Juan | 7 | 11 | - |
| Campbell | Skye | 6 | 11 | - |
| Fielder | Darren | 0 | 11 | Vice President (Group Airlines) |
| Flack | Brett | 6 | 11 | - |
| Geddes | Leigh | 2 | 11 | - |
| Gillson | Russell | 7 | 11 | - |
| Glynn | Michael | 2 | 11 | - |
| Hewett | Chris | 10 | 11 | Secretary |
| Hodson | Brad | 6 | 11 | Vice President |
| Hunter | Glen | 6 | 11 | - |
| Ince | Shane | 3 | 11 | - |
| Jackson | Barry | 6 | 11 | - |
| Klaebe | Matthew | 8 | 11 | - |
| Lipson | Jason | 10 | 11 | Assistant Secretary |
| Loney | Shane | 10 | 11 | Vice President |
| Lunt | Jeff | 7 | 11 | - |
| Mascaro | Franco | 11 | 11 | - |
| McCallum | Andrew | 3 | 9 | - |
| Mickleston | Todd | 7 | 9 | - |
| Munro | Jeffrey | 3 | 11 | - |
| Newsham | Brett | 4 | 11 | - |
| Peatfield | Philip | 0 | 11 | - |
| Prosser | David | 3 | 11 | - |
| Roche | Stewart | 1 | 11 | - |
| Salt | Adrian | 8 | 11 | - |

¹ Number of meetings held during term of office. Meetings of the Committee of Management are normally held on the second Tuesday of each month, except there is no meeting in January.

OPERATING REPORT continued
for the year ended 30 June 2018

| | | | | |
|----------|---------|----|----|-----------|
| Sedgwick | Mark | 9 | 11 | - |
| Susz | Adam | 10 | 11 | Treasurer |
| Taylor | Gordon | 0 | 11 | - |
| Thomson | Max | 3 | 6 | - |
| Watling | Chris | 1 | 11 | - |
| Wegemund | Cameron | 0 | 11 | - |
| Winckel | Sean | 0 | 5 | - |
| Woods | Steven | 6 | 11 | - |
| Worrall | Douglas | 3 | 11 | - |

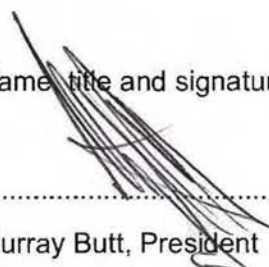
Darren Arthur, Andrew McCallum and Todd Mickleson held positions during the period 12 September 2017 to 30 June 2018

Sean Winckel held a position during the period 13 February 2018 to 30 June 2018

Max Thomson held a position during the period 1 July 2017 to 12 December 2017

Unless otherwise specified, all other committee members and office bearers held their positions for the entire financial year.

Name, title and signature of designated officer/s who prepared this report:



.....
Murray Butt, President

Dated: 11 September 2018



.....
Adam Susz, Treasurer

Dated: 11 September 2018

COMMITTEE OF MANAGEMENT STATEMENT

for the year ended 30 June 2018

On 11 September 2018 the Committee of Management of the Australian and International Pilots Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2018:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the Association have been kept and maintained in accordance with the RO Act;
 - (iv) where information has been sought in any request by a member of the Association or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner;
 - (v) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance; and
- (f) no revenue has been derived from undertaking recovery of wages activity during the year.

This declaration is made in accordance with a resolution passed by the Committee of Management of the Association at its meeting dated 11 September 2018.

Signature of designated officer:



.....

Name and title of designated officer:

Chris Hewett, Secretary

Dated:

11 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

| | Notes | 2018 \$ | 2017 \$ |
|--|-----------|------------------|------------------|
| Revenue | | | |
| Membership subscriptions | | 4,283,079 | 3,853,726 |
| Capitation fees | <u>3A</u> | - | - |
| Levies | <u>3B</u> | - | - |
| Interest received on bank deposits | <u>3C</u> | 192,739 | 160,538 |
| Grants and/or donations | <u>3E</u> | - | - |
| Other revenue | | 9,670 | 9,124 |
| Total revenue | | 4,485,488 | 4,023,387 |
| Expenses | | | |
| Employee expenses | <u>4A</u> | 992,443 | 1,134,789 |
| Capitation fees | <u>4B</u> | - | - |
| Affiliation fees | <u>4C</u> | 66,473 | 67,227 |
| Administration expenses | <u>4D</u> | 1,599,376 | 1,457,749 |
| Grants or donations | <u>4E</u> | 14,000 | 2,000 |
| Depreciation and amortisation | <u>4F</u> | 208,009 | 195,419 |
| Legal costs | <u>4H</u> | 188,522 | 182,475 |
| Audit fees | <u>14</u> | 28,193 | 28,151 |
| Other expenses | | - | - |
| Total expenses | | 3,097,016 | 3,067,810 |
| Surplus for the year | | 1,388,472 | 955,577 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 1,388,472 | 955,577 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

| | Notes | 2018 \$ | 2017 \$ |
|--------------------------------------|-----------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | <u>5A</u> | 7,702,672 | 6,161,593 |
| Trade and other receivables | <u>5B</u> | 7,467 | 792 |
| Other current assets | <u>5C</u> | 174,575 | 160,055 |
| Total current assets | | 7,884,714 | 6,322,440 |
| Non-Current Assets | | | |
| Land and buildings | <u>6</u> | 1,545,801 | 1,601,855 |
| Plant and equipment | <u>6</u> | 229,406 | 32,813 |
| Office Fit Out | <u>6</u> | 258,699 | 397,807 |
| Total non-current assets | | 2,033,906 | 2,032,475 |
| Total assets | | 9,918,620 | 8,354,915 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade payables | <u>7A</u> | 491,174 | 325,609 |
| Other payables | <u>7B</u> | 89,985 | 94,947 |
| Employee provisions | <u>8A</u> | 57,069 | 58,112 |
| Total current liabilities | | 638,228 | 478,668 |
| Non-current liabilities | | | |
| Employee provisions | <u>8A</u> | 66,791 | 51,118 |
| Total non-current liabilities | | 66,791 | 51,118 |
| Total liabilities | | 705,019 | 529,786 |
| Net assets | | 9,213,601 | 7,825,129 |
| EQUITY | | | |
| Retained earnings | | 9,213,601 | 7,825,129 |
| Total equity | | 9,213,601 | 7,825,129 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

| | Retained earnings |
|---|--------------------------|
| | \$ |
| Balance as at 1 July 2016 | 6,869,552 |
| Surplus for the year | 955,577 |
| Closing balance as at 30 June 2017 | 7,825,129 |
| Surplus for the year | 1,388,472 |
| Closing balance as at 30 June 2018 | 9,213,601 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

| | Notes | 2018 \$ | 2017 \$ |
|---|------------|-------------------------|-------------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Receipts from members and customers | | 4,715,350 | 4,272,188 |
| Interest | | 187,788 | 127,020 |
| Receipts from other reporting units/controlled entities | | - | - |
| | | <u>4,903,138</u> | <u>4,399,208</u> |
| Cash used | | | |
| Employees | | (977,813) | (1,102,122) |
| Suppliers | | (2,173,887) | (2,292,005) |
| Payments to other reporting units/controlled entities | | - | - |
| | | <u>(3,151,700)</u> | <u>(3,394,127)</u> |
| Net cash from operating activities | <u>11A</u> | <u>1,751,438</u> | <u>1,005,081</u> |
| INVESTING ACTIVITIES | | | |
| Cash used | | | |
| Purchase of plant and equipment | | (210,359) | (385,418) |
| Net cash used by investing activities | | <u>(210,359)</u> | <u>(385,418)</u> |
| Net increase in cash held | | <u>1,541,079</u> | <u>619,663</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>6,161,593</u> | <u>5,541,930</u> |
| Cash and cash equivalents at the end of the reporting period | <u>5A</u> | <u>7,702,672</u> | <u>6,161,593</u> |

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

Note 1 Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Statements

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian and International Pilots Association is a not-for-profit entity.

The consolidated financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. 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.

1.2 Comparative amounts

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

1.3 New Australian Accounting Standards

Adoption of New Australian Accounting Standards Requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2018. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are considered insignificant.

Future Australian Accounting Standards Requirements

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are expected to have a future financial impact on the Association.

1.4 Basis of consolidation

The consolidated financial statements consolidate those of the Parent Entity, Australian and International Pilots Association and its only wholly owned subsidiary, 247 Coward Street Pty Limited as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Receivables for services, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

1.6 Membership levies

Membership levies are to be recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.7 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Provision is made for separation and redundancy benefit payments. The Association recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contribution.

1.10 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.11 Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.12 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Association's financial assets comprise only of receivables.

Receivables

Trade receivables that have fixed or determined payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Association's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. The Association has only 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including trade and other payables, are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Association derecognises financial liabilities when, and only when, the Association’s obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset 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.

1.15 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. 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.

Land and Buildings

Following initial recognition at cost, land and buildings are carried at cost less subsequent accumulated depreciation and accumulated impairment losses. Fair value of land and buildings was assessed at \$3,500,000 by Valuecorp, an accredited independent valuer, in June 2017. Uncertainty in the valuation exists due to limited comparable sales and rental evidence in the area, market values may change significantly and unexpectedly over a relatively short period, and there is no assurance the assessed market estimate could be realised if the property were offered for sale in an uncertain market. For these reasons a more conservative approach is taken and a revaluation adjustment has not been made.

Depreciation

Depreciable property, plant and equipment assets are written-off over their estimated residual values over their estimated useful life 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:

| | 2018 | 2017 |
|---------------------|---------------|---------------|
| Land and buildings | 40 years | 40 years |
| Plant and equipment | 3 to 10 years | 3 to 10 years |

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.16 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the assets 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 Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.17 Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) 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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.18 Going Concern

The reporting units (AIPA) ability to continue as a going concern is not reliant on the financial support of another reporting unit.

AIPA has not agreed to provide financial support to another reporting unit to ensure it can continue on a going concern basis.

Note 2 Events after the Reporting Period

There were no events that occurred after 30 June 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Association.

Note 3 Income

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Note 3A: Capitation fees | | |
| Capitation fees | - | - |
| Total capitation fees | <u>-</u> | <u>-</u> |
| Note 3B: Levies | | |
| Levies | - | - |
| Total levies | <u>-</u> | <u>-</u> |
| Note 3C: Interest | | |
| Deposits | 192,739 | 160,538 |
| Total interest | <u>192,739</u> | <u>160,538</u> |
| Note 3E: Grants or donations | | |
| Grants | - | - |
| Donations | - | - |
| Total grants or donations | <u>-</u> | <u>-</u> |

Note 4 Expenses

Note 4A: Employee expenses

| | 2018 | 2017 |
|---|-----------------------|-------------------------|
| | \$ | \$ |
| Holders of office | | |
| Wages and salaries | 61,260 | 58,216 |
| Superannuation | 5,820 | 5,531 |
| Leave and other entitlements | - | - |
| Separation and redundancies | - | - |
| Other employee expenses | - | - |
| Subtotal employee expenses – holders of office | <u>67,080</u> | <u>63,747</u> |
| Employees other than office holders | | |
| Wages and salaries | 777,838 | 770,658 |
| Superannuation | 106,895 | 81,687 |
| Leave and other entitlements | 40,630 | 32,668 |
| Separation and redundancies | - | 186,029 |
| Other employee expenses | - | - |
| Subtotal employee expenses – employees other than office holders | <u>925,363</u> | <u>1,071,042</u> |
| Total employee expenses | <u>992,443</u> | <u>1,134,789</u> |
| Note 4B: Capitation fees | | |
| Capitation fees | - | - |
| Total capitation fees | <u>-</u> | <u>-</u> |
| Note 4C: Affiliation fees | | |
| Australian Council of Trade Unions (ACTU) | 12,651 | 13,799 |
| International Federation of Air Line Pilots Associations (IFALPA) | 53,822 | 53,428 |
| Total affiliation fees | <u>66,473</u> | <u>67,227</u> |

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Note 4D: Administration expenses | | |
| Total paid to employers for payroll deductions | - | - |
| Compulsory levies | - | - |
| Conference and meeting expenses | 42,819 | 45,421 |
| Contractors/consultants | 797,223 | 664,643 |
| Fees/allowances – meetings and conferences | - | - |
| Financial support to other reporting units | - | - |
| Media, public and government relations | 60,667 | 61,129 |
| Payroll tax | 12,093 | 21,902 |
| Printing, postage, stationery and promotional Items | 42,488 | 30,451 |
| Property expenses | 52,192 | 50,792 |
| Reimburse lost flying | 120,000 | 120,000 |
| Information communications technology | 130,780 | 176,909 |
| Insurance | 82,746 | 77,334 |
| Other administration expenses | 258,368 | 209,168 |
| Total administration expense | 1,599,376 | 1,457,749 |

Note 4E: Grants or donations

| | | |
|--|---------------|--------------|
| Grants – total paid that were \$1,000 or less | - | - |
| Grants – total paid that exceeded \$1,000 | - | - |
| Donations – total paid that were \$1,000 or less | - | - |
| Donations – total paid that exceeded \$1,000 | 14,000 | 2,000 |
| Total grants or donations | 14,000 | 2,000 |

Note 4F: Depreciation and amortisation

| | | |
|-------------------------------|----------------|----------------|
| Depreciation | | |
| Land and buildings | 56,054 | 56,054 |
| Property, plant and equipment | 151,955 | 139,365 |
| Total depreciation | 208,009 | 195,419 |

Note 4H: Legal costs

| | | |
|---------------------------------|----------------|----------------|
| Litigation on behalf of members | 188,522 | 182,475 |
| Other legal costs | - | - |
| Total legal costs | 188,522 | 182,475 |

| | 2018 | 2017 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Note 5 Current Assets | | |
| Note 5A: Cash and Cash Equivalents | | |
| Cash at bank | 1,038,174 | 1,017,554 |
| Cash on hand | 500 | 500 |
| Short term deposits | 6,663,998 | 5,143,539 |
| Total cash and cash equivalents | <u>7,702,672</u> | <u>6,161,593</u> |
| Note 5B: Trade and Other Receivables | | |
| Receivables from other reporting units | - | - |
| Less provision for doubtful debts | - | - |
| Trade debtors | 7,467 | 792 |
| Total trade and other receivables | <u>7,467</u> | <u>792</u> |
| Note 5C: Other Current Assets | | |
| Prepayments | 103,640 | 94,071 |
| Accrued Interest | 70,935 | 65,984 |
| Total other current assets | <u>174,575</u> | <u>160,055</u> |

Note 6 Non-current Assets

| | Plant & Equipment | Strata Property | Office Fit Out | Total |
|--------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| At cost | 266,594 | 2,242,165 | 1,391,069 | 3,899,828 |
| Accumulated depreciation | (37,188) | (696,364) | (1,132,370) | (1,865,922) |
| Total | <u>229,406</u> | <u>1,545,801</u> | <u>258,699</u> | <u>2,033,906</u> |

Movement in the carrying amounts for each class of property, plant and equipment

| 2017 | Plant & Equipment | Strata Property | Office Fit Out | Total |
|---|-------------------|------------------|----------------|------------------|
| Opening balance at cost | 211,689 | 2,242,166 | 1,026,533 | 3,480,388 |
| Accumulated depreciation | (180,219) | (584,256) | (871,361) | (1,635,836) |
| Net value | 31,470 | 1,657,910 | 155,172 | 1,844,552 |
| Additions | 20,881 | - | 364,536 | 383,342 |
| Disposals | (2,076) | - | - | - |
| Depreciation | (17,462) | (56,055) | (121,902) | (195,419) |
| Carrying amount at the end of the year | 32,813 | 1,601,855 | 397,807 | 2,032,475 |
| 2018 | | | | |
| Opening balance at cost | 266,594 | 2,242,166 | 1,391,069 | 3,899,829 |
| Accumulated depreciation | (233,781) | (640,311) | (993,262) | (1,867,354) |
| Net value | 32,813 | 1,601,855 | 397,807 | 2,032,475 |
| Additions | 210,359 | - | - | 210,359 |
| Disposals | (919) | - | - | (919) |
| Depreciation | (12,848) | (56,054) | (139,107) | (208,009) |
| Carrying amount at the end of the year | 229,405 | 1,545,801 | 258,700 | 2,033,906 |

2018 2017
\$ \$

Note 7 Current Liabilities

Note 7A: Trade payables

| | | |
|-----------------------------------|----------------|----------------|
| Trade creditors and accruals | 491,174 | 325,609 |
| Payables to other reporting units | - | - |
| Total trade payables | 491,174 | 325,609 |

Settlement is usually made within 30 days

Note 7B: Other payables

| | | |
|---|---------------|---------------|
| Withholding tax | 18,300 | 12,293 |
| Superannuation | 6,273 | 7,218 |
| Payable to employers for payroll deductions | - | - |
| Legal costs | - | - |
| GST payable | 65,412 | 75,436 |
| Total other payables | 89,985 | 94,947 |

Total other payables expected to be settled in:

| | | |
|-----------------------------|---------------|---------------|
| No more than 12 months | 89,985 | 94,947 |
| More than 12 months | - | - |
| Total other payables | 89,985 | 94,947 |

Note 8 Provisions

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Note 8A: Employee provisions | | |
| Office holders | | |
| Annual leave | - | - |
| Long service leave | - | - |
| Separations and redundancies | - | - |
| Other | - | - |
| Subtotal employee provisions – office holders | <u>-</u> | <u>-</u> |
| Employees other than office holders | | |
| Annual leave | 49,963 | 50,795 |
| Long service leave | 7,106 | 7,317 |
| Separations and redundancies | - | - |
| Other | - | - |
| Subtotal employee provisions – employees other than office holders | <u>57,069</u> | <u>58,112</u> |
| Total employee provisions | <u>57,069</u> | <u>58,112</u> |
| Current | 57,069 | 58,112 |
| Non-current | 66,791 | 51,118 |
| Total employee provisions | <u>123,860</u> | <u>109,230</u> |

Note 11 Cash Flow

Note 11A: Cash flow reconciliation

| | 2018 \$ | 2017 \$ |
|---|-------------------------|-------------------------|
| Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement: | | |
| Cash and cash equivalents as per | | |
| Cash flow statement | 7,702,672 | 6,161,593 |
| Balance sheet | 7,702,672 | 6,161,593 |
| Difference | <u>-</u> | <u>-</u> |
| Reconciliation of surplus to net cash from operating activities | | |
| Surplus for the year | 1,388,472 | 955,577 |
| Adjustments for non-cash items | | |
| Depreciation/amortisation | 208,009 | 195,419 |
| Net write-down of non-financial assets | 918 | 2,076 |
| Changes in assets/liabilities | | |
| (Increase) decrease in net receivables | (6,675) | 23,053 |
| (Increase) decrease in accrued interest | (4,951) | (33,518) |
| Increase (decrease) in other creditors and provisions | 176,149 | (104,766) |
| (Increase) decrease in other assets | (10,484) | (32,760) |
| Net cash from operating activities | <u>1,751,438</u> | <u>1,005,081</u> |

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

- As at 30 June 2018 the Association:
- did not have any capital commitments
 - did not have any lease commitments
 - was not aware of any contingent assets or liabilities

Note 13 Related Party Disclosures

Note 13A: Related Party Transactions for the Reporting Period

There were no related party transactions for the year ended 30 June 2018.

Note 13B: Key Management Personnel Remuneration for the Reporting Period

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Salary (including annual leave taken) | 61,260 | 58,216 |
| Total short-term employee benefits | <u>61,260</u> | <u>58,216</u> |
| Post-employment benefits | | |
| Superannuation | 5,820 | 5,531 |
| Total post-employment benefits | <u>5,820</u> | <u>5,531</u> |
| Other long-term benefits | | |
| Long-service leave | - | - |
| Total other long-term benefits | <u>-</u> | <u>-</u> |
| Termination benefits | - | - |
| Total | <u>67,080</u> | <u>63,747</u> |

Note 13C: Transactions with Key Management Personnel and their Close Family Members

There were no transactions with key management personnel and their close family members for the year ended 30 June 2018.

Note 14 Remuneration of Auditors

| | 2018 | 2017 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Value of the services provided | | |
| Financial statement audit services | 18,500 | 18,500 |
| Other services | 9,693 | 9,651 |
| Total remuneration of auditors | 28,193 | 28,151 |

Other services include a review of engagement for the six months to 31 December 2017 and a review of the financial report.

Note 15 Financial Instruments

Interest Rate Risk

Cash deposits held by the Association will suffer a financial risk as a result of a change in interest rates.

Credit Risk

The Association does not have any material credit risk exposure to any single debtor or debtor groups under financial instruments entered into.

Net Fair Values

Assets and liabilities are carried at cost or written down value which approximates the net fair value.

Note 18 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Note 19 Parent Entity Information

Information relating to the Australian and International Pilots Association

| | 2018 | 2017 |
|--|-------------------|------------------|
| | \$ | \$ |
| Statement of financial position | | |
| Current assets | 10,126,880 | 8,508,551 |
| Non-current assets | 488,105 | 430,620 |
| Total assets | <u>10,614,985</u> | <u>8,939,171</u> |
| Current liabilities | 638,228 | 478,668 |
| Non-current liabilities | 66,791 | 51,118 |
| Total liabilities | <u>705,019</u> | <u>529,786</u> |
| Net assets | <u>9,909,966</u> | <u>8,409,385</u> |
| Statement of comprehensive income | | |
| Surplus for the year | 1,388,472 | 955,577 |

OFFICER DECLARATION STATEMENT


for the year ended 30 June 2018

I, Chris Hewett , being the Secretary of the Australian and International Pilots Association, declare that the following activities did not occur during the year ending 30 June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive any other revenue from another reporting unit
- receive revenue from undertaking recovery of wages activity
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit

Signed by the officer:



.....

Name of prescribed designated officer: Chris Hewett

Title of prescribed designated officer: Secretary

Dated: 11 September 2018