



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne,
VIC 3000
GPO Box 1994S, Melbourne,
VIC 3001
Telephone: (03) 8661 7985
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Mr Richard Higgins
President
Australian Federation of Air Pilots
Level 6, 132-136 Albert Road
SOUTH MELBOURNE Vic 3205

Attention Ms Kate Bowshell

Dear Mr Higgins

Re: Financial documents for year ended 30 June 2003 - FR 2004/250

Receipt is acknowledged of the financial documents for the year ended 30 June 2003. The documents were lodged in the Australian Industrial Registry on 26 May 2004.

While the documents have been filed the following matter is drawn to your attention.

Certificates not dated

The accounting officer's certificate and the committee of management certificate are both undated. All certificates should be dated as a matter of course.

New legislation

Please note that the *Registration and Accountability of Organisations Schedule (Schedule 1B to the Workplace Relations Act 1996)* has altered the arrangements under which organisations are required to provide financial and other information to members and the Industrial Registrar. Future financial returns will be required to meet the requirements of *Schedule 1B*. Your organisation has been provided with documentation in relation to the new requirements. Fact sheets about the new financial reporting requirements may be found on the Commission's website at http://www.airc.gov.au/fact_sheets/factsheets.html.

Should you wish to discuss this letter I may be contacted on 03-8661 7785.

Yours sincerely

A handwritten signature in cursive script that reads 'Sylvia van Riet'.

Sylvia van Riet
Statutory Services Branch
23 June 2004

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION

President:
Richard Higgins

Executive Director:
Terry O'Connell

The Industrial Registrar
Australian Industrial Registry
Level 35 Nauru House
GPO Box 1994S
MELBOURNE VIC 3001

Dear Registrar,

Australian Federation of Air Pilots– Annual Return

Please find attached:

1. A ~~Statutory Declaration~~ from Richard John Higgins and two attachments as required under s268(3) of the Act; and *- WJA KAS*
2. The certificate and copy of the financial documents required under s280(1)(b) of the Act.

The Federation provided copies of the report and audited accounts to members on 17 November 2003 and these were presented to the committee of management meeting on 7 February 2004.

The Federation understands that these documents are being lodged somewhat late, and asks that the Registry exercise its discretion to allow this. The Federation has had some staff changes which have led to a few things "slipping through the cracks".

Please contact me on 03 9699 4200 if you have any questions or require any additional information.

Yours sincerely,

Kate Bowshell
Industrial Officer

24 May 2004

CERTIFICATION PURSUANT TO SUBSECTION 280(1)(B)
OF THE WORKPLACE RELATIONS ACT 1996

I, Richard Higgins, President of the Australian Federation of Air Pilots hereby certify that the attached documents are copies of the auditors report, accounts and statements provided to members by mail on 17 November 2003 and presented to the Committee of Management on 7 February 2004 in accordance with subsection 279(6) of the Workplace Relations Act 1996.


.....
Captain Richard Higgins

.....22/5/04
Date

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

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AUSTRALIAN FEDERATION OF AIR PILOTS

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

| | Notes | 2003 \$ | 2002 \$ |
|-----------------------------------|-------|------------------|------------------|
| Revenues from ordinary activities | 2 | 918,751 | 771,863 |
| Administration expenses | | (103,520) | (82,165) |
| Audit fees | | (10,140) | (10,118) |
| Bank charges and interest | | (8,908) | (7,889) |
| Communication expenses | | (23,451) | (25,819) |
| Depreciation | 3 | (20,527) | (21,906) |
| Donations | | (30) | (10,000) |
| Finance costs | | (11,752) | (11,789) |
| IFALPA | | (23,450) | (26,147) |
| Industrial matters | | (98,187) | (55,142) |
| Legal fees | | (8,524) | (5,639) |
| Meetings and conferences | | (22,944) | (31,833) |
| Occupancy costs | | (5,654) | (7,194) |
| Staff costs | 4 | (414,207) | (432,845) |
| Technical expenses | | (2,937) | (5,719) |
| Welfare expenses | 1(e) | (20,220) | - |
| | | <u>(774,451)</u> | <u>(734,205)</u> |
| Surplus from ordinary activities | | <u>144,300</u> | <u>37,658</u> |

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERATION OF AIR PILOTS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

| | Notes | 2003 \$ | 2002 \$ |
|--------------------------------------|-------|------------------|----------------|
| CURRENT ASSETS | | | |
| Cash assets | 5 | 783,314 | 628,241 |
| Receivables | 6 | 5,533 | 23,604 |
| Other | 7 | <u>11,167</u> | <u>10,320</u> |
| TOTAL CURRENT ASSETS | | <u>800,014</u> | <u>662,165</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | <u>290,219</u> | <u>271,087</u> |
| TOTAL NON-CURRENT ASSETS | | <u>290,219</u> | <u>271,087</u> |
| TOTAL ASSETS | | <u>1,090,233</u> | <u>933,252</u> |
| CURRENT LIABILITIES | | | |
| Payables | 9 | 71,983 | 70,334 |
| Provisions | 10 | <u>98,407</u> | <u>104,478</u> |
| TOTAL CURRENT LIABILITIES | | <u>170,390</u> | <u>174,812</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | <u>133,010</u> | <u>121,057</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>133,010</u> | <u>121,057</u> |
| TOTAL LIABILITIES | | <u>303,400</u> | <u>295,869</u> |
| NET ASSETS | | <u>786,833</u> | <u>637,383</u> |
| MEMBERS' FUNDS | | | |
| Reserves | 11 | 136,641 | 130,367 |
| Retained surplus | 12 | <u>650,192</u> | <u>507,016</u> |
| TOTAL MEMBERS' FUNDS | | <u>786,833</u> | <u>637,383</u> |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERATION OF AIR PILOTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

| | Notes | 2003 \$ | 2002 \$ |
|--|--------|-----------------|-----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from operations (inclusive of GST) | | 941,820 | 768,848 |
| Payments to suppliers and employees (inclusive of GST) | | (795,334) | (727,192) |
| Interest received | | 33,346 | 24,224 |
| Welfare payments made | | <u>(15,000)</u> | <u>-</u> |
| Net cash inflows from operating activities | 16 (a) | <u>164,832</u> | <u>65,880</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Rental income | | 29,900 | 31,050 |
| Proceeds from sale of property, plant and equipment | | - | 12,500 |
| Payments for property, plant and equipment | | <u>(39,659)</u> | <u>(36,036)</u> |
| Net cash inflows/(outflows) from investing activities | | <u>(9,759)</u> | <u>7,514</u> |
| Net increase in cash held | | 155,073 | 73,394 |
| Cash at the beginning of the financial year | | <u>628,241</u> | <u>554,847</u> |
| Cash at the end of the financial year | 5 | <u>783,314</u> | <u>628,241</u> |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Australian Federation of Air Pilots (the Federation) is a registered body under the Workplace Relations Act 1996. The purpose of the Federation is to protect and improve employment conditions and entitlements for members.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

Except as noted below, the financial report has been prepared on an accruals basis and is based on historical costs. It 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.

(a) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the cost basis. The carrying amount is reviewed annually by the Committee of Management to ensure that it is not in excess of the recoverable amount of the assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and their subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Plant and equipment

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and their subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the Federation commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

| Class of fixed asset | Depreciation rates/useful lives | Depreciation basis |
|----------------------------------|---------------------------------|--------------------|
| Buildings | 2.5 % | Straight Line |
| Motor Vehicles | 15-25 % | Straight Line |
| Office Equipment | 5-20 % | Straight Line |
| Furniture, Fixtures and Fittings | 7.5 % | Straight Line |
| Computer Equipment | 20-33 % | Straight Line |

(b) Employee Benefits

Provision is made for the Federation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits 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 benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Federation to an employee superannuation fund and are charged as expenses when incurred.

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash

Cash includes cash on hand and at banks including at call deposits with banks. Cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, and net of bank overdrafts.

(d) Revenue

(i) Subscription income is recognised only when received rather than on an accruals basis due to the uncertainty of receipts from members,

(ii) Other revenue is recognised when the right to receive the revenue has been established.

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

(e) Welfare Payments

In accordance with a Convention Resolution, ex gratia payments may be made to dependents of members at the discretion of the trustees. Based upon a formula detailed in the rules of the Federation, a yearly allocation is made to the Welfare Reserve. Upon reaching the Welfare Reserve limit, the yearly allocation is required to be taken to Retained Surplus.

(f) Income Tax

In accordance with section 50-15 of the Income Tax Assessment Act, the organisation is exempt from income tax.

(g) Trade Creditors

These amounts represent liabilities for goods and services provided to the Federation to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|---|------|----------------|----------------|
| NOTE 2: REVENUE | | | |
| Revenue from operating activities | | | |
| Subscriptions | | 813,156 | 660,326 |
| AFAP - ADF Income | | <u>42,017</u> | <u>46,219</u> |
| | | <u>855,173</u> | <u>706,545</u> |
| Revenue from outside operating activities | | | |
| Rental income | | 29,900 | 31,050 |
| Interest | | 33,346 | 24,224 |
| Other Income | | <u>332</u> | <u>10,044</u> |
| | | <u>63,578</u> | <u>65,318</u> |
| Revenue from ordinary activities | | <u>918,751</u> | <u>771,863</u> |
| NOTE 3: SURPLUS FROM ORDINARY ACTIVITIES | | | |
| Surplus from ordinary activities has been determined after: | | | |
| (a) Expenses: | | | |
| Depreciation of non-current assets | | | |
| Buildings | | 5,250 | 5,250 |
| Motor vehicles | | 11,175 | 11,844 |
| Office Equipment | | 1,685 | 1,734 |
| Furniture, fixtures and fittings | | 288 | 348 |
| Computer Equipment | | <u>2,129</u> | <u>2,730</u> |
| Total Depreciation | 8 | <u>20,527</u> | <u>21,906</u> |
| Remuneration of the auditors for: | | | |
| audit services | | 10,140 | 10,118 |
| (b) Revenue and Net Gains | | | |
| Net gain on disposal of non-current assets property, plant and equipment | | - | 9,759 |
| NOTE 4: STAFF COSTS | | | |
| Salaries and allowances | | 360,365 | 386,380 |
| Superannuation | | 44,286 | 41,682 |
| Other staff costs | | <u>9,556</u> | <u>4,783</u> |
| | | <u>414,207</u> | <u>432,845</u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|----------------------------|------|----------------|----------------|
| NOTE 5: CASH ASSETS | | | |
| Cash on hand | | 600 | 600 |
| Cash at bank | | 157,714 | 127,641 |
| Deposits at call | | <u>625,000</u> | <u>500,000</u> |
| | | <u>783,314</u> | <u>628,241</u> |

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

Deposits at call

Deposits bearing floating interest rates between 4.58% and 4.76% (2002 4.18% and 4.96%)

NOTE 6: RECEIVABLES

CURRENT

| | | | |
|---------------|--|--------------|---------------|
| Other debtors | | <u>5,533</u> | <u>23,604</u> |
|---------------|--|--------------|---------------|

NOTE 7: OTHER ASSETS

CURRENT

| | | | |
|-------------|--|---------------|---------------|
| Prepayments | | <u>11,167</u> | <u>10,320</u> |
|-------------|--|---------------|---------------|

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

(a) Building

| | | | |
|-------------------------------|--|-----------------|-----------------|
| At cost | | 210,000 | 210,000 |
| Less accumulated depreciation | | <u>(15,750)</u> | <u>(10,500)</u> |
| Total Buildings | | <u>194,250</u> | <u>199,500</u> |

(b) Motor vehicles

| | | | |
|-------------------------------|--|-----------------|-----------------|
| At cost | | 97,490 | 70,238 |
| Less accumulated depreciation | | <u>(25,244)</u> | <u>(14,069)</u> |
| | | <u>72,246</u> | <u>56,169</u> |

(c) Office equipment

| | | | |
|-------------------------------|--|-----------------|-----------------|
| At cost | | 21,218 | 21,218 |
| Less accumulated depreciation | | <u>(13,630)</u> | <u>(11,945)</u> |
| | | <u>7,588</u> | <u>9,273</u> |

(d) Computer equipment

| | | | |
|-------------------------------|--|-----------------|-----------------|
| At cost | | 30,397 | 18,299 |
| Less accumulated depreciation | | <u>(17,573)</u> | <u>(15,444)</u> |
| | | <u>12,824</u> | <u>2,855</u> |

(e) Furniture, fixtures and fittings

| | | | |
|-------------------------------|--|-----------------|----------------|
| At cost | | 13,415 | 13,106 |
| Less accumulated depreciation | | <u>(10,104)</u> | <u>(9,816)</u> |
| | | <u>3,311</u> | <u>3,290</u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|--|------|-----------------------|-----------------------|
| NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued) | | | |
| Total plant and equipment | | <u>95,969</u> | <u>71,587</u> |
| Total property, plant and equipment | | <u><u>290,219</u></u> | <u><u>271,087</u></u> |

All buildings are held in the name of the nominee company, Albair Nominees Pty Ltd ("the Company"). The trustees consider that the Federation has beneficial ownership of the assets and liabilities of the company as the Company's sole purpose is to act as nominee, holding land and buildings for the Federation.

(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below;

| | Buildings \$ | Motor vehicles \$ | Office equipment \$ | Furniture, fixtures & fittings \$ |
|--|-----------------------|----------------------|-----------------------------|--|
| 2003 | | | | |
| Carrying amount at the beginning of the year | 199,500 | 56,169 | 9,273 | 3,290 |
| Additions | - | 27,252 | - | 309 |
| Depreciation expense | <u>(5,250)</u> | <u>(11,175)</u> | <u>(1,685)</u> | <u>(288)</u> |
| Carrying amount at end of year | <u><u>194,250</u></u> | <u><u>72,246</u></u> | <u><u>7,588</u></u> | <u><u>3,311</u></u> |
| | | | Computer equipment \$ | Total \$ |
| 2003 | | | | |
| Carrying amount at the beginning of the year | | | 2,855 | 271,087 |
| Additions | | | 12,098 | 39,659 |
| Depreciation expense | | | <u>(2,129)</u> | <u>(20,527)</u> |
| Carrying amount at the end of the year | | | <u><u>12,824</u></u> | <u><u>290,219</u></u> |

NOTE 9: PAYABLES

CURRENT

| | | |
|-------------------------------|----------------------|----------------------|
| Trade creditors | 51,593 | 48,681 |
| Sundry creditors and accruals | <u>20,390</u> | <u>21,653</u> |
| | <u><u>71,983</u></u> | <u><u>70,334</u></u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|---|------|----------------|----------------|
| NOTE 10: PROVISIONS | | | |
| CURRENT | | | |
| Employee benefits - annual leave | (a) | <u>98.407</u> | <u>104.478</u> |
| NON-CURRENT | | | |
| Employee benefits - long service leave | (a) | <u>133.010</u> | <u>121.057</u> |
| (a) Aggregate employee benefits liability | | <u>231.417</u> | <u>225.535</u> |
| (b) Number of employees at year end | | <u>8</u> | <u>8</u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|----------------------------|------|----------------|----------------|
| NOTE 11: RESERVES | | | |
| Asset revaluation reserve | (a) | 32,087 | 32,087 |
| A Smithwell research grant | (b) | 7,650 | 7,650 |
| Welfare reserve | (c) | 69,220 | 64,000 |
| Aviators Welfare Trust | (d) | <u>27,684</u> | <u>26,630</u> |
| | | <u>136,641</u> | <u>130,367</u> |

(a) Asset Revaluation Reserve

Movements during the financial year:

| | | |
|-----------------|---------------|---------------|
| Opening balance | <u>32,087</u> | <u>32,087</u> |
| Closing balance | <u>32,087</u> | <u>32,087</u> |

The asset valuation reserve is used to record increments and decrements on the revaluation of non-current assets. Revaluation increments are credited directly to the asset valuation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of assets previously recognised as an expense in net surplus or deficit, the increment is recognised immediately as revenue in the net surplus or deficit. Revaluation decrements are recognised immediately as expenses in net surplus or deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

(b) A Smithwell research grant

Movements during the financial year:

| | | |
|-----------------|--------------|--------------|
| Opening balance | <u>7,650</u> | <u>7,650</u> |
| Closing balance | <u>7,650</u> | <u>7,650</u> |

The A Smithwell Research Grant reserve is used to provide grants to aspiring pilots or towards the development of flying techniques or technology.

(c) Welfare reserve

Movements during the financial year:

| | | |
|-------------------------------|---------------|---------------|
| Opening balance | 64,000 | 64,000 |
| Payment of benefits | (15,000) | - |
| Allocation for financial year | <u>20,220</u> | - |
| Closing balance | <u>69,220</u> | <u>64,000</u> |

The welfare reserve is used to fund ex gratia payments to dependents of members at the discretion of the trustees. Based upon a formula detailed in the rules of the Federation, a yearly allocation is made to the welfare reserve. Upon reaching the welfare reserve limit, the yearly allocation is required to be taken to Retained Surplus.

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|--------------------------------------|------|---------------|---------------|
| NOTE 11: RESERVES (Continued) | | | |
| (d) Aviators Welfare Trust | | | |
| Movements during the financial year: | | | |
| Opening balance | | 26,630 | 26,064 |
| Transfers from reserves | | 1,124 | 566 |
| Payments made | | <u>(70)</u> | <u>-</u> |
| Closing balance | | <u>27,684</u> | <u>26,630</u> |

The Aviators Welfare Trust reserve consists of the surplus of amounts, under the control of the Committee of Management, collected in previous years for specific purposes.

NOTE 12: RETAINED SURPLUS

| | | | |
|--|--|----------------|----------------|
| Accumulated surplus at the beginning of the financial year | | 507,016 | 469,924 |
| Net surplus attributable to members of the entity | | 144,300 | 37,658 |
| Transfers to reserves | | <u>(1,124)</u> | <u>(566)</u> |
| Accumulated surplus at the end of the financial year | | <u>650,192</u> | <u>507,016</u> |

NOTE 13: COMMITMENTS FOR EXPENDITURE

There are no capital or lease commitments at the end of the financial year.

NOTE 14: RELATED PARTY TRANSACTIONS

(a) The Australian Air Pilots Mutual Benefits Fund (MBF) is allied to the Australian Federation of Air Pilots in so far as it is mandatory for all members of the MBF to be members of the Federation.

(b) The Federation occupies premises in a building owned by the MBF rent free. In return the Federation provides promotion, property management, maintenance and supervisory services to the MBF. These amounts are not at arms length. The Committee of Management, based on an external review, believes that the market rental for the premises provided by the MBF to the Federation equates to the services provided by the Federation to the MBF.

(c) The names of members of the Committee of Management who have held office during the financial year are:

R J Higgins
C Terry
R Millroy (until September 2002)
G Abbott
G Love
P O'Doherty
T Russel (from September 2002)

(d) No member of the Committee of Management received any remuneration from the Federation during the year for their role as committee member.

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 \$ | 2002 \$ |
|---|------|----------------|---------------|
| NOTE 15: SEGMENT REPORTING | | | |
| The Australian Federation of Air Pilots operates in the area of Aviation Industrial Relations primarily within Australia. | | | |
| NOTE 16: CASH FLOW INFORMATION | | | |
| (a) Reconciliation of cash flow from operations with surplus from ordinary activities | | | |
| Surplus from ordinary activities | | 144,300 | 37,658 |
| Non-cash flows in surplus from ordinary activities | | | |
| Depreciation | | 20,527 | 21,906 |
| Charges to provisions | | 5,882 | 30,171 |
| Rental income | | (29,900) | (31,050) |
| Net (gain) / loss on disposal of property, plant and equipment | | - | (9,759) |
| Reserve Movements | | | |
| Charges to reserves | | 20,220 | - |
| Payments from reserves | | (15,070) | - |
| Changes in assets and liabilities | | | |
| (Increase)/decrease in receivables | | 18,071 | (6,808) |
| Increase in other assets | | (847) | (813) |
| Increase in payables | | 1,649 | 24,575 |
| Cash flows from operations | | <u>164,832</u> | <u>65,880</u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 17: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Federation's 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 and financial liabilities, is as follows:

| | Weighted Average Effective Interest Rate | | Fixed Interest Rate Maturing | | | | | |
|------------------------|--|-----------|------------------------------|----------------|----------------|----------------|--------------|------------|
| | | | Floating Interest Rate | | Within 1 Year | | 1 to 5 Years | |
| | 2003 % | 2002 % | 2003 \$ | 2002 \$ | 2003 \$ | 2002 \$ | 2003 \$ | 2002 \$ |
| Financial Assets: | | | | | | | | |
| Cash | 4.69 | 4.00 | <u>157,714</u> | <u>127,641</u> | <u>625,000</u> | <u>500,000</u> | <u>-</u> | <u>-</u> |
| Total Financial Assets | | | <u>157,714</u> | <u>127,641</u> | <u>625,000</u> | <u>500,000</u> | <u>-</u> | <u>-</u> |

| | Fixed Interest Rate Maturing Over 5 Years | | Non-Interest Bearing | | Total | |
|-----------------------------|---|------------|----------------------|---------------|----------------|----------------|
| | 2003 \$ | 2002 \$ | 2003 \$ | 2002 \$ | 2003 \$ | 2002 \$ |
| | Financial Assets: | | | | | |
| Cash | - | - | 600 | 600 | 783,314 | 628,241 |
| Receivables | - | - | <u>5,533</u> | <u>23,604</u> | <u>5,533</u> | <u>23,604</u> |
| Total Financial Assets | <u>-</u> | <u>-</u> | <u>6,133</u> | <u>24,204</u> | <u>788,847</u> | <u>651,845</u> |
| Financial Liabilities: | | | | | | |
| Trade and sundry creditors | - | - | <u>71,983</u> | <u>70,334</u> | <u>71,983</u> | <u>70,334</u> |
| Total Financial Liabilities | <u>-</u> | <u>-</u> | <u>71,983</u> | <u>70,334</u> | <u>71,983</u> | <u>70,334</u> |
| Net Financial assets | | | | | <u>716,864</u> | <u>581,511</u> |

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 17: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Federation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Federation.

(c) Net Fair Values

The net fair value of assets and liabilities approximates their carrying value.

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

| Note | 2003 \$ | 2002 \$ |
|------|------------|------------|
|------|------------|------------|

NOTE 18: CONTINGENT LIABILITIES

Resulting from the Federation's representation of some of its members in an industrial dispute, the Federation received a writ issued by four airlines claiming damages arising out of alleged inducements to cause these members to breach contracts.

In 1989 the Victorian Supreme Court ruled in favour of the four airlines, awarding damages of \$6.5m, legal costs which have not been assessed but which may exceed \$1m and interest. The Federation has appealed against this decision. The airlines have reserved their position on recovery of damages. No attempt has been made to recover either damages or costs.

No provision for any liability or loss which may result from litigation has been made in the financial statements of the Federation.

NOTE 19: PRESCRIBED INFORMATION

In accordance with Section 274(4) of the Workplace Relations Act 1996 certain prescribed information is available upon request in so far as that request is made in accordance with either Section 274(1), (2) and (3), as is set out below:

(1) a member of an organisation, or Registrar, may apply to the organisation for specific prescribed information in relation to the organisation.

(2) an organisation shall, on application under subsection (1) by a member of an organisation, or a Registrar, make the specified information available to the member or Registrar, in such manner, and within such time, as is prescribed.

(3) a Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 20: FEDERATION DETAILS

The office of the Federation is
Australian Federation of Air Pilots
Level 6
132 Albert Road
SOUTH MELBOURNE VIC 3205

AUSTRALIAN FEDERATION OF AIR PILOTS

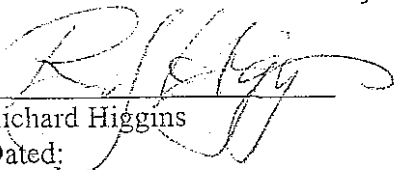
ACCOUNTING OFFICER'S CERTIFICATE

I, Richard Higgins, being the officer responsible for keeping the accounting records of the Australian Federation of Air Pilots certify that as at 30 June 2003 the number of members of the Organisation was 2015.

Certain events have resulted in contingent liabilities to the Federation amounting to at least \$7,500,000 as explained in Note 18 to the financial statements, no provision has been made in the financial statements in relation to these contingent liabilities.

In my opinion:

- (a) the attached accounts show a true and fair view of the financial affairs of the Australian Federation of Air Pilots as at 30 June 2003;
- (b) a record has been kept of all moneys paid by, or collected from members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited in terms of the rules of Australian Federation of Air Pilots;
- (c) before any expenditure was incurred, approval of the incurring of the expenditure was obtained in accordance with the rules of Australian Federation of Air Pilots;
- (d) no payments were made out of any fund raised by compulsory levies or voluntary contributions from members or other funds other than the general fund operated in accordance with the rules, for purposes other than those for which the fund was operated;
- (e) no loans or other financial benefits, other than approved remuneration in respect of their full time employment with Australian Federation of Air Pilots, were made to persons holding office in Australian Federation of Air Pilots;
- (f) the register of members of the Australian Federation of Air Pilots was maintained in accordance with the Workplace Relations Act 1996; and
- (g) the attached accounts have been prepared in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia.


Richard Higgins

Dated:

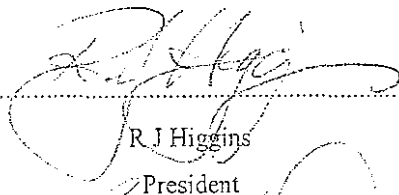
AUSTRALIAN FEDERATION OF AIR PILOTS

COMMITTEE OF MANAGEMENT'S CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2003

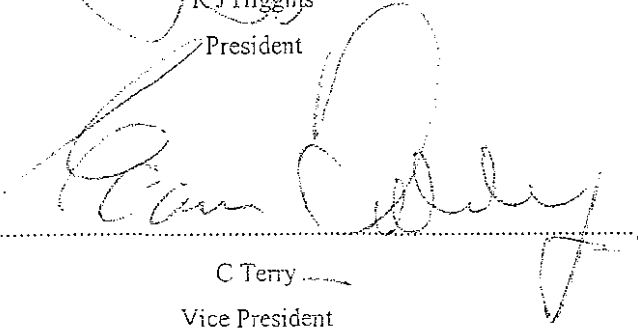
We, R Higgins and C Terry, being two members of the Committee of Management of the Australian Federation of Air Pilots do state that on behalf of the Committee of Management and in accordance with a resolution passed by the Committee of Management that:

- (a) certain events have resulted in contingent liabilities to the Federation amounting to at least \$7,500,000 as explained in Note 18 to the financial statements, no provision has been made in the financial statements in relation to these contingent liabilities.
- (b) the accompanying statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Australian Federation of Air Pilots as at 30 June 2003;
- (c) the accompanying statement of Financial Performance is drawn up so as to give a true and fair view of the results of the Australian Federation of Air Pilots as at 30 June 2003;
- (d) meetings of the Committee of Management were held during the year ended 30 June 2003 in accordance with the rules of Australian Federation of Air Pilots;
- (e) to the knowledge of any members of the Committee of Management, there have been no instances where records of the Federation that should have been made available have been withheld from to members;
- (f) the Australian Federation of Air Pilots has in relation to the Auditors' Report on the accounts in respect of the year ended 30 June 2002 complied with Section 279(1) and 279(6) of the Workplace Relations Act, 1996;
- (g) the financial report complies with Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (h) there are reasonable grounds to believe that the Australian Federation of Air Pilots will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Committee of Management



R J Higgins
President



C Terry
Vice President

Signed at:

Dated:

Independent audit report to the members of AUSTRALIAN FEDERATION OF AIR PILOTS

Audit opinion

In our opinion, the financial report of the Australian Federation of Air Pilots ("the Federation"):

- gives a true and fair view of the financial position of the Federation as at 30 June 2003 and of its performance for the year ended on that date, and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia.

This opinion must be read in conjunction with the rest of our audit report.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is brought to the following matter. Reference is made in Note 18 to the financial statements to certain events that resulted in contingent liabilities to the Federation amounting to at least \$7,500,000. These contingent liabilities arose from the Federation's representation of some of its members in an industrial dispute. If the ultimate resolution of these contingent liabilities is unfavourable to the Federation, it is unlikely that the Federation will be able to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Federation be unable to continue as a going concern.

Scope

The financial report and committee of management member' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, accounting officer's Certificate and the committee of management's certificate, for the year ended 30 June 2003.

The members of the committee of management are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Federation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Federation's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

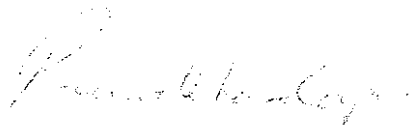
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the members of the committee of management or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
27 October 2003