



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7799
Fax: (03) 9654 6672

Capt. R Higgins
President
Australian Federation of Air Pilots
132-136 Albert Rd
SOUTH MELBOURNE VIC 3205

Dear Capt. Higgins,

By email: admin@afap.org.au

Re: Financial Documents for year ended 30 June 2005 - FR2005/549
Schedule 1B - Workplace Relations Act 1996 (RAO Schedule)

I acknowledge receipt of the financial reports for the Australian Federation of Air Pilots for the year ended 30 June 2005. The documents were lodged in the Registry on 2 December 2005. Further information was received on 14 February 2006. This is the second lodgment by the organisation of its financial reports under the *Registration and Accountability of Organisations (RAO) Schedule* which commenced on 12 May 2003.

The documents have been filed – no further action is required with respect to these documents.

Summary of modifications required in future financial years:

- Auditor's Report must always be signed and dated,
- Wording of Auditor's Report must comply with s257,
- Committee of Management Statement must include date of resolution.

Further information regarding these three points is provided below:

Auditor's Report must be signed and dated

The Auditor Reports for the past two financial years (y/e 30 June 2004 and 2005) were not signed and dated when they were originally lodged in the Registry. Though I note the organisation did subsequently provide a signed (but undated) Report for each financial year in response to a request by the Registry.

The organisation must ensure in future financial years that the Auditor's Report is signed and dated before it is:

- provided to members under s265 of the RAO Schedule,
- presented to a meeting under s266, and
- lodged in the Registry under s268.

The Australian Auditing Standard AUS 702 (*The Audit Report on a General Purpose Financial Report*) states that the signature and date are basic elements of the Audit Report:

Basic Elements of the Audit Report

702.13 The audit report includes the following basic elements, ordinarily in the following layout:

- (a) a title;*
- (b) the addressee;*
- (c) a section describing the audit scope;*

- (d) when the audit opinion is qualified, a section describing the qualification;
- (e) a section expressing the auditor's opinion on the financial report;
- (f) when appropriate, a section describing an emphasis of matter;
- (g) the auditor's signature;
- (h) the auditor's address; and
- (i) the date of the audit report... (underlining added)

Signature

702.33 The audit report should be signed in the name of the appointed auditor. This will be the audit firm or the individual, as appropriate.

Similarly, sections 257(7) and (8) of the RAO Schedule requires the Auditor's Report to be signed and dated:

(8) The form and content of the auditor's report must be in accordance with the Australian Auditing Standards.

(9) The auditor's report must be dated as at the date that the auditor signs the report and must be given to the reporting unit within a reasonable time of the auditor having received the general purpose financial report. (underlining added)

Please draw this to the attention of your auditor.

Auditor's Report must comply with s257

Section s257 of the RAO Schedule requires the Auditor's Report to confirm whether the General Purpose Financial Report is presented fairly in accordance with:

- the Australian Accounting Standards, and
- any additional requirements of the RAO Schedule.

The following wording in an Auditor's Report would satisfy the requirements of s257 of the RAO Schedule:

In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996.

Please draw this to the attention of your auditor.

Committee of Management Statement - resolution

The Committee of Management Statement must confirm that it has been made in accordance with a resolution of the Committee *and* provide the date of the resolution – see Items 24 to 26 of the s253 Reporting Guidelines.

If you have any queries please contact me on (03) 8661 7799.

Yours faithfully,



Andrew Schultz
Statutory Services Branch

14 February 2006

FR 2005/549



AUSTRALIAN FEDERATION OF AIR PILOTS
(Member of the International Federation of Airline Pilots Associations)

TEL: (03) 9699 4200

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FACSIMILE

TO: The Industrial Registrar
Australian Industrial Registry

FROM: Deanna Cain
Industrial Officer

DATE: 1 December 2005

SUBJECT: Financial Statements

PAGES (including this one) 24



**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

Attention: Andrew O'Brien

By fax: 03 9654 6672

Dear Registrar,

Australian Federation of Air Pilots – Financial Statements

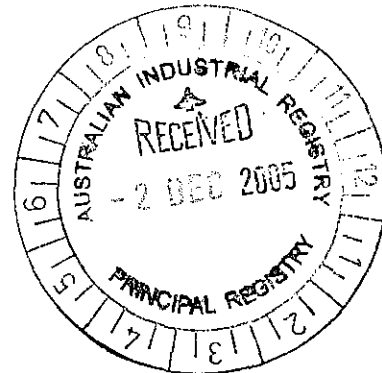
Please find attached the Federation's Financial Statements and Auditor's Report for the financial year ending 30 June 2005 with a certificate under s268 from the President, Captain Richard Higgins.

Please contact me on 03 9699 4200 if you have any questions.

Yours sincerely,

**Deanna Cain
Industrial Officer**

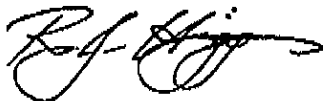
1 December 2005



**Level 6, 132-136 Albert Road, South Melbourne, Victoria 3205
Tel: (03) 9699 4200 Fax: (03) 9699 8199
Email: admin@afap.org.au**

**CERTIFICATION PURSUANT TO SUBSECTION 268
OF THE WORKPLACE RELATIONS ACT 1996 SCHEDULE 1B**

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 the publication on the Federation's website on 7 November 2005 and presented to the Committee of Management on 26 November 2005 in accordance with subsection 266 of *Schedule 1B of the Workplace Relations Act 1996*.



Captain Richard Higgins

1 December 2005

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

**AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036**

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AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

OPERATING REPORT

Your Committee of Management present their report on the Australian Federation of Air Pilots (the Federation) for the financial year ended 30 June 2005.

Members of Committee

The names of the members of the Committee of Management in office at any time during or since the end of the financial year are:

R J Higgins
C Terry
J Grady
G Abbott
B Murray
P O'Doherty
G Love

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

Operating Results

The Surplus from operations of the the Federation for the financial year amounted to \$251,266.

Review of Operations

A review of the operations of the the Federation during the financial year and the results of those operations found that during the year, the Federation continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the Federation occurred during the financial year.

Principal Activity

The principal activity of the the Federation during the financial year was the protection and improvement of employment conditions for its members.

No significant change in the nature of these activities occurred during the year.

Membership and Employee Numbers

As at 30 June 2005 the Federation had 2,148 (30 June 2004 - 2,140) members and 7 (30 June 2004 - 8) employees.

Members Rights to Resign

A member of the Federation may resign from membership by written notice addressed to and delivered to the Vice President (Administration and Finance). The notice of resignation takes effect:

- (i) where the member ceases to be eligible to become a member of the Federation: (i) on the day on which the notice is received by the Federation, or (ii) on the day specified in the notice, whichever is later.
- (ii) in any case, (i) at the end of 2 weeks after the notice is received by the Federation, or (ii) on the day specified in the notice, whichever is later.

AUSTRALIAN FEDERATION OF AIR PILOTS

OPERATING REPORT (continued)

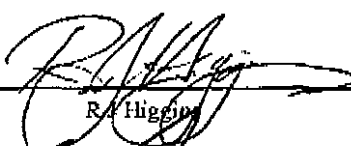
Superannuation Trustee

As at 30 June 2005, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the Federation:

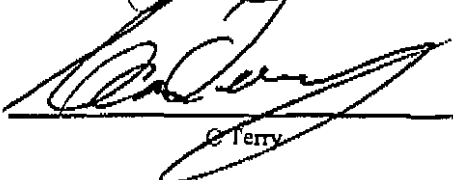
R J Higgins - Director

L Cox - Chairman

Signed in accordance with a resolution of the Committee of Management:



R. Higgins



C. Terry

Signed at: *GEELONG*
Dated: *10/19/05*

AUSTRALIAN FEDERATION OF AIR PILOTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Revenues from ordinary activities	2	1,269,630	1,154,926
Administrative expenses		(123,224)	(108,119)
Audit fees		(12,200)	(11,205)
Bank charges and interest		(10,209)	(12,490)
Communication expenses		(28,710)	(34,128)
Depreciation	3	(28,596)	(27,457)
Finance costs		(10,093)	(12,570)
IFALPA		(33,696)	(38,576)
Industrial matters		(91,843)	(75,210)
Legal fees		(60,672)	(28,625)
Meeting and conferences		(52,558)	(30,205)
Occupancy expenses		(3,760)	(9,066)
Staff costs	4	(543,953)	(474,134)
Technical expenses		(6,350)	(4,761)
Welfare expenses	1(f)	(12,500)	(24,880)
		<u>(1,018,364)</u>	<u>(891,426)</u>
Surplus from ordinary activities		<u>251,266</u>	<u>263,500</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 2005**

	Notes	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	1,489,977	1,094,069
Receivables	6	5,081	1,618
Other	7	<u>10,478</u>	<u>11,166</u>
TOTAL CURRENT ASSETS		<u>1,505,536</u>	<u>1,106,853</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>256,192</u>	<u>279,832</u>
TOTAL NON-CURRENT ASSETS		<u>256,192</u>	<u>279,832</u>
TOTAL ASSETS		<u>1,761,728</u>	<u>1,386,685</u>
CURRENT LIABILITIES			
Payables	9	80,222	75,882
Provisions	10	97,890	94,894
Other	11	<u>95,325</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>273,437</u>	<u>170,776</u>
NON-CURRENT LIABILITIES			
Provisions	10	<u>162,462</u>	<u>141,346</u>
TOTAL NON-CURRENT LIABILITIES		<u>162,462</u>	<u>141,346</u>
TOTAL LIABILITIES		<u>435,899</u>	<u>312,122</u>
NET ASSETS		<u>1,325,829</u>	<u>1,074,563</u>
EQUITY			
Reserves	12	32,087	162,418
Retained surplus	13	<u>1,293,742</u>	<u>912,145</u>
TOTAL EQUITY		<u>1,325,829</u>	<u>1,074,563</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 2005**

	Notes	2005 \$	2004 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operations (inclusive of GST)		1,405,464	1,199,108
Payments to suppliers and employees (inclusive of GST)		(1,085,460)	(926,203)
Interest received		<u>65,570</u>	<u>52,510</u>
Net cash provided by operating activities	17(a)	<u>385,574</u>	<u>325,415</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Rental income		15,290	2,410
Payments for property, plant and equipment		<u>(4,956)</u>	<u>(17,070)</u>
Net cash provided by/(used in) investing activities		<u>10,334</u>	<u>(14,660)</u>
Net increase in cash held		395,908	310,755
Cash at beginning of financial year		<u>1,094,069</u>	<u>783,314</u>
Cash at end of financial year	5	<u>1,489,977</u>	<u>1,094,069</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 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The 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 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. 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 less 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 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 employment and 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 depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Buildings	2.5 %	Straight Line
Motor Vehicles	7.5-15 %	Straight Line
Office Equipment	7.5-33 %	Straight Line
Furniture Fixtures and Fittings	7.5 %	Straight Line
Computer Equipment	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 the amounts expected to be paid when the liability is settled plus related on-costs. 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 2005****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(c) Cash**

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

(d) Revenue

(i) Subscription income is recognised only when received rather than on an accruals basis due to the uncertainty of receipts from members. Subscriptions identifiable as being received in advance are recorded as such in the statement of financial position.

(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) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The Federation is preparing and managing the transition to Australian Equivalent of International Financial Reporting Standards (AIFRS) effective for financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Federation's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained surplus at 1 July 2004.

The Committee of Management, have assessed the significance of the expected changes and are preparing for their implementation. The impact of the alternative treatments and elections under AASB1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

As part of the transition to AIFRS, the A Smithwell research grant, Welfare reserve and Aviator's Welfare trust have been transferred to the retained surplus. This has resulted in the retained surplus increasing by \$ 130,330 .

The Committee of Management does not expect material transitional adjustments.

(f) Welfare Payments

In accordance with a Convention Resolution, ex gratia payments may be made to dependents of members at the discretion of the trustees. These payments are expensed as incurred.

(g) Income Tax

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

(h) 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.

(i) Change in Accounting Policy

In order to comply with the requirements of AIFRS the Welfare Reserve was transferred to the retained surplus as at 1 July 2004. There has been a change in accounting policy associated with this as previously a yearly allocation was made to the Welfare Reserve based on a predetermined formula. This amount was expensed in the statement of financial performance. The actual ex-gratia payments are now expensed in terms of accounting policy 1(f).

AUSTRALIAN FEDERATION OF AIR PILOTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
NOTE 2: REVENUE			
Operating activities			
- member subscriptions		1,183,776	1,036,950
- AFAP - AIDF Income		<u>-</u>	<u>27,273</u>
		<u>1,183,776</u>	<u>1,064,223</u>
Non - operating activities			
- Rental income		13,900	2,410
- Interest		65,570	52,510
- Other Income		<u>6,384</u>	<u>35,783</u>
		<u>85,854</u>	<u>90,703</u>
Total Revenue		<u>1,269,630</u>	<u>1,154,926</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		12,043	12,043
- Office Equipment		1,636	1,526
- Furniture, fixtures and fittings		571	304
- Computer Equipment		<u>9,096</u>	<u>8,334</u>
Total Depreciation	8	<u>28,596</u>	<u>27,457</u>

Remuneration of the auditors for

- audit services		12,200	11,205
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NOTE 4: STAFF COSTS

- Salaries and allowances		481,853	416,817
- Superannuation		54,248	49,924
- Other staff costs		<u>7,852</u>	<u>7,393</u>
		<u>543,953</u>	<u>474,134</u>

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
NOTE 5: CASH ASSETS			
Cash on hand		600	600
Cash at bank		294,377	168,469
Deposits at call		<u>1,195,000</u>	<u>925,000</u>
		<u>1,489,977</u>	<u>1,094,069</u>

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

Deposits at call -

Deposits bearing floating interest rates between 5.27% and 5.90% (2004 4.58% and 5.44%).

NOTE 6: RECEIVABLES

CURRENT

Other debtors	<u>5,081</u>	<u>1,618</u>
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NOTE 7: OTHER ASSETS

CURRENT

Prepayments	<u>10,478</u>	<u>11,166</u>
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NOTE 8: PROPERTY, PLANT AND EQUIPMENT

(a) Buildings

At cost	210,000	210,000
Less accumulated depreciation	<u>(26,250)</u>	<u>(21,000)</u>
	<u>183,750</u>	<u>189,000</u>

(b) Motor vehicles

At cost	97,490	97,490
Less accumulated depreciation	<u>(49,330)</u>	<u>(37,287)</u>
	<u>48,160</u>	<u>60,203</u>

(c) Office equipment

At cost	22,022	22,022
Less accumulated depreciation	<u>(16,792)</u>	<u>(15,156)</u>
	<u>5,230</u>	<u>6,866</u>

(d) Computer equipment

At cost	48,037	43,466
Less accumulated depreciation	<u>(35,002)</u>	<u>(25,907)</u>
	<u>13,035</u>	<u>17,559</u>

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)			
(c) Furniture, fixtures and fittings			
At cost		16,997	16,612
Less accumulated depreciation		<u>(10,980)</u>	<u>(10,408)</u>
		<u>6,017</u>	<u>6,204</u>
Total property, plant and equipment		<u>256,192</u>	<u>279,832</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

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture, fixtures & fittings \$
2005				
Carrying amount at the beginning of the year	189,000	60,203	6,866	6,204
Additions	-	-	-	384
Depreciation expense	<u>(5,250)</u>	<u>(12,043)</u>	<u>(1,636)</u>	<u>(571)</u>
Carrying amount at end of year	<u>183,750</u>	<u>48,160</u>	<u>5,230</u>	<u>6,017</u>
	Computer equipment \$	Total \$		
2005				
Carrying amount at the beginning of the year	17,559	279,832		
Additions	4,572	4,956		
Depreciation expense	<u>(9,096)</u>	<u>(28,526)</u>		
Carrying amount at end of year	<u>13,035</u>	<u>256,192</u>		

NOTE 9: PAYABLES

CURRENT

Trade creditors	54,683	52,359
Sundry creditors and accruals	<u>25,539</u>	<u>23,523</u>
	<u>80,222</u>	<u>75,882</u>

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
NOTE 10: PROVISIONS			
CURRENT			
Employee benefits - annual leave	10(a)	<u>97,890</u>	<u>94,894</u>
NON-CURRENT			
Employee benefits - long service leave	10(a)	<u>162,462</u>	<u>141,346</u>
(a) Aggregate employee benefits liability		<u>260,352</u>	<u>236,240</u>
(b) Number of employees at year end		<u>7</u>	<u>8</u>
NOTE 11: OTHER LIABILITIES			
CURRENT			
Subscriptions received in advance		<u>95,325</u>	<u>-</u>
		<u>95,325</u>	<u>-</u>

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AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
NOTE 12: RESERVES			
Asset revaluation reserve	(a)	32,087	32,087
A Smithwell research grant	(b)	-	7,650
Welfare reserve	(c)	-	94,100
Aviators Welfare trust	(d)	-	28,581
		<u>32,087</u>	<u>162,418</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	7,650	7,650
Transfer to retained surplus	<u>(7,650)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>7,650</u>

The A Smithwell research grant reserve was used to provide grants to aspiring pilots or towards development of flying techniques or technology. The balance at 1 July 2004 has been transferred to the retained surplus.

(c) Welfare reserve

Movements during the financial year:

Opening balance	94,100	69,220
Allocation for the year	-	24,880
Transfers to retained surplus	<u>(94,100)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>94,100</u>

The welfare reserve was used to fund ex-gratia payments to dependents of members at the discretion of the trustees. Previously a formula detailed in the rules of the Federation was used to allocate a yearly amount to the reserve. The balance of the welfare reserve at 1 July 2004 has been transferred to the retained surplus. Future ex-gratia payments to dependents of members will be expensed in accordance with accounting policy 1(f).

(d) Aviators Welfare trust

Movements during the financial year:

Opening balance	28,581	27,684
Transfers to/from retained surplus	<u>(28,581)</u>	<u>1,547</u>
Payments made	<u>-</u>	<u>(650)</u>
Closing balance	<u>-</u>	<u>28,581</u>

AUSTRALIAN FEDERATION OF AIR PILOTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
NOTE 12: RESERVES (Continued)			
The Aviators Welfare trust reserve consisted of surpluses of amounts collected in previous years for specific purposes. The balance at 1 July 2004 has been transferred to the retained surplus. Payments previously made from this reserve will be expensed.			
NOTE 13: RETAINED SURPLUS			
Accumulated surplus at the beginning of the financial year		912,145	650,192
Net surplus attributable to members of the entity		251,266	263,500
Transfers from/(to) reserves		<u>130,331</u>	<u>(1,547)</u>
Accumulated surplus at the end of the financial year		<u>1,293,742</u>	<u>912,145</u>

NOTE 14: COMMITMENTS FOR EXPENDITURE

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

NOTE 15: 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
- J Grady
- G Abbott
- B Murray
- P O'Doherty
- G Love

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

NOTE 16: SEGMENT REPORTING

The Australian Federation of Air Pilots operates in the area of Aviation Industrial Relations primarily within Australia.

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
NOTE 17: CASH FLOW INFORMATION			
(a) Reconciliation of cash flow from operations with surplus from ordinary activities			
Surplus from ordinary activities		251,266	263,500
Non-cash flows in profit from ordinary activities			
Depreciation		28,596	27,457
Charges to provisions		-	4,823
Rental income		(15,290)	(2,410)
		-	-
Reserve movements		-	-
Charges to reserves		-	24,880
Payment from reserves		-	(650)
Changes in assets and liabilities			
(Increase)/decrease in receivables		(3,463)	3,916
Decrease in other assets		688	-
Increase in subscriptions received in advance		95,325	-
Increase in payables		4,340	3,899
Increase in provisions		24,112	-
Cash flows from operations		<u>385,574</u>	<u>325,415</u>

NOTE 18: 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 Within 1 Year		Floating Interest Rate		Non-Interest Bearing	
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Financial Assets:								
Cash	5.90	5.28	1,195,000	925,000	294,377	168,469	600	600
Receivables	-	-	-	-	-	-	5,081	1,618
Total Financial Assets			<u>1,195,000</u>	<u>925,000</u>	<u>294,377</u>	<u>168,469</u>	<u>5,681</u>	<u>2,218</u>
Financial Liabilities:								
Trade and sundry creditors	-	-	-	-	-	-	80,222	75,882
Total Financial Liabilities			-	-	-	-	<u>80,222</u>	<u>75,882</u>
Net Financial Assets/(Liabilities)			<u>1,195,000</u>	<u>925,000</u>	<u>294,377</u>	<u>168,469</u>	<u>(74,541)</u>	<u>(73,664)</u>

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

	Total	
	2005 \$	2004 \$
Financial Assets:		
Cash	1,489,977	1,094,069
Receivables	<u>5,081</u>	<u>1,618</u>
Total Financial Assets	<u>1,495,058</u>	<u>1,095,687</u>
Financial Liabilities:		
Trade and sundry creditors	<u>80,222</u>	<u>75,882</u>
Total Financial Liabilities	<u>80,222</u>	<u>75,882</u>
Net Financial Assets/(Liabilities)	<u>1,414,836</u>	<u>1,019,805</u>

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets 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.

NOTE 19: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with Section 274(4) of the Workplace Relations Act 1996 the attention is drawn to members to the provision of subsections (1),(2) and (3) of section 272 which read as follows:

(1) a member of a reporting unit, or Registrar, may apply to the reporting unit for specific 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).

AUSTRALIAN FEDERATION OF AIR PILOTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 20: THE FEDERATION DETAILS

The principal place of business of the the Federation is:

Australian Federation of Air Pilots

Level 6

132 Albert Road

SOUTH MELBOURNE VIC 3205

The principal activity of the the Federation during the financial year was the protection and improvement of employment conditions for its members.

AUSTRALIAN FEDERATION OF AIR PILOTS
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

On _____ the Committee of Management of the Australian Federation of Air Pilots passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2005:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes, as set out on pages 3 to 16, comply with the Australian Accounting Standards;
- (b) the financial statements and notes, as set out on pages 3 to 16, comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of Australian Federation of Air Pilots for the financial year to which they relate;
- (d) there are reasonable grounds to believe that Australian Federation of Air Pilots will be able to pay its debts as and when they become dues and payable; and
- (e) during the financial year to which the general purpose financial report 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 including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Registration and Accountability of Organisation (RAO) Schedule and RAO Regulations; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule

For the Committee of Management



R J Higgins - President

Signed at: WERRONG

Dated: 10/9/05

**AUSTRALIAN FEDERATION OF AIR PILOTS
INDEPENDENT AUDIT REPORT**

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website: www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

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

Audit opinion

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

- gives a true and fair view of the financial position of the Federation as at 30 June 2005 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements, and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements.

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

Scope

The financial report and committee of management members' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the committee of management statement, for the year ended 30 June 2005.

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 of the financial report in order to express an opinion to the members of the Federation on its preparation and presentation in accordance with the accounting policies described in Note 1. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which they were prepared.

Our audit was conducted in accordance with Australian Auditing Standards. 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. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, the accounting policies described in Note 1 to the financial statements, 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 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 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
September 2005



AUSTRALIAN FEDERATION OF AIR PILOTS
(Member of the International Federation of Airline Pilots Associations)

TEL: (03) 9699 4200

FAX:(03) 9699 8199

Email: afap@tpg.com.au

FACSIMILE

TO: Andrew Schultz
9654 6672

FROM: Deanna Cain
Industrial Officer

→ DATE: 14 February 2006

SUBJECT: Audit report

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Camel



PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
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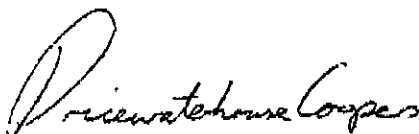
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PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
September 2005