

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



FR2006/387
MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION

President:
Bryan Murray

Executive Director:
Terry O'Connell

14 December 2006

The Industrial Registrar
Australian Industrial Relations Commission
11 Exhibition Street
MELBOURNE VIC 3000

Dear Registrar,

Re: Financial Statements – Australian Federation of Air of Pilots

Please find enclosed the Federation's Financial Statements and Auditor's Report for the financial year ending 30 June 2006 together with a certificate under section 268, RAO, Schedule 1 of the Act from the President, Captain Bryan Murray.

If you any questions please contact me at this office on 03 9699 4200.

Yours Sincerely,

Terry O'Connell
EXECUTIVE DIRECTOR



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 SECTION 268, RAO, SCHEDULE 1 OF
THE WORKPLACE RELATIONS ACT 1996**

I, Bryan Murray, President of the Australian Federation of Air Pilots hereby certify that the attached documents are copies of the Auditor's report, accounts and statements provided to members by publication on the Federation's website on 20 October 2006 and presented to the Committee of Management on 9 November 2006 in accordance with the Workplace Relations Act 1996.



.....
Captain Bryan Murray

14 December 2006

copy

AUSTRALIAN FEDERATION OF AIR PILOTS

ABN 63 230 452 036

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

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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 2006.

Members of Executive

The names of the members of 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 (Until September 2005)

G Love

T Seedman (From September 2005)

The members of 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 for the financial year amounted to \$270,969. (2005: \$ 251,256)

Review of Operations

A review of the operations of the 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 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..

After Balance Date Events

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

Union details

The union has 7 (2005: 7) employees at 30 June 2006

The number of members at 30 June 2006 was 2,259 (2005: 2,148).

OPERATING REPORT (continued)

Right of members 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.

Superannuation Trustee

As at 30 June 2006, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the Federation:

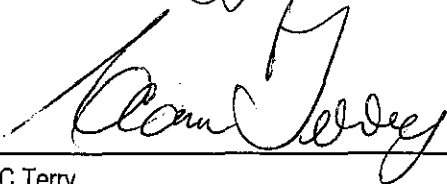
R J Higgins - Director

L Cox - Chairman

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



R J Higgins



C Terry

Dated this 2nd day of September 2006

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Revenue	4	<u>1,433,963</u>	<u>1,269,630</u>
Administrative expenses		(142,537)	(123,224)
Audit fee		(15,812)	(12,200)
Bank charges and interest		(11,386)	(10,209)
Communication expenses		(23,804)	(28,710)
Depreciation		(31,706)	(28,596)
Donations		(4,545)	-
Finance Costs		(14,349)	(10,093)
IFALPA		(38,892)	(33,696)
Industrial matters		(119,858)	(91,843)
Legal fees		(121,464)	(60,672)
Meeting and conferences		(63,114)	(52,558)
Occupancy expenses		(2,466)	(3,760)
Staff costs	6	(558,834)	(543,953)
Technical expenses		(6,727)	(6,350)
Welfare expenses		<u>(7,500)</u>	<u>(12,500)</u>
		<u>(1,162,994)</u>	<u>(1,018,364)</u>
Surplus for the year	5	<u>270,969</u>	<u>251,266</u>
Surplus attributable to members of the entity		<u>270,969</u>	<u>251,266</u>

The above Income Statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	7	1,290,094	1,489,977
Receivables	8	<u>35,641</u>	<u>15,559</u>
TOTAL CURRENT ASSETS		<u>1,325,735</u>	<u>1,505,536</u>
NON-CURRENT ASSETS			
Available for sale financial assets	9	351,160	-
Property, plant and equipment	10	<u>262,668</u>	<u>256,192</u>
TOTAL NON-CURRENT ASSETS		<u>613,828</u>	<u>256,192</u>
TOTAL ASSETS		<u>1,939,563</u>	<u>1,761,728</u>
CURRENT LIABILITIES			
Trade and other payables	11	62,445	80,222
Provisions	12	270,821	260,352
Other	13	<u>6,339</u>	<u>95,325</u>
TOTAL CURRENT LIABILITIES		<u>339,605</u>	<u>435,899</u>
TOTAL LIABILITIES		<u>339,605</u>	<u>435,899</u>
NET ASSETS		<u>1,599,958</u>	<u>1,325,829</u>
MEMBERS' FUND			
Reserves	14	3,160	-
Accumulated surplus		<u>1,596,798</u>	<u>1,325,829</u>
TOTAL MEMBERS' FUND		<u>1,599,958</u>	<u>1,325,829</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2006

	Accumulated Surplus	Reserves	Total
	\$	\$	\$
Balance at 1 July 2004	1,074,563	-	1,074,563
Surplus for the year	<u>251,266</u>	<u>-</u>	<u>251,266</u>
Balance at 30 June 2005	<u>1,325,829</u>	<u>-</u>	<u>1,325,829</u>
Balance at 1 July 2005	1,325,829	-	1,325,829
Surplus for the year	270,969	-	270,969
Available for sale financial assets	<u>-</u>	<u>3,160</u>	<u>3,160</u>
Balance at 30 June 2006	<u>1,596,798</u>	<u>3,160</u>	<u>1,599,958</u>

The above Statement of Changes in Members Funds should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operations (inclusive of GST)		1,369,471	1,405,464
Payments to suppliers and employees (inclusive of GST)		(1,282,309)	(1,085,460)
Interest received		<u>70,477</u>	<u>65,570</u>
Net cash inflows from operating activities	16	<u>157,639</u>	<u>385,574</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Rental income		32,479	15,290
Payment for property, plant and equipment		(42,001)	(4,956)
Payment for investments		<u>(348,000)</u>	<u>-</u>
Net cash inflows/(outflows) from investing activities		<u>(357,522)</u>	<u>10,334</u>
Net (decrease)/increase in cash and cash equivalents held		(199,883)	395,908
Cash and cash equivalents at beginning of financial year		<u>1,489,977</u>	<u>1,094,069</u>
Cash and cash equivalents at end of financial year	7	<u>1,290,094</u>	<u>1,489,977</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: ENTITY INFORMATION

The financial report of the Australian Federation of Air Pilots for the year ended 30 June 2006 was authorised for the issue in accordance with the resolution of Committee of Management on the 1st of September 2006

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 conditions and entitlements for members.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the Federation's first financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the Federation until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Federation's financial statements, management has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Federation has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Federation's accounting policies. In preparing the financial statements, no such estimates were made.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include AIFRS. A Statement of compliance with International Financial Reporting Standards cannot be made due to the entity applying the not for profit sector requirements contained in AIFRS.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, Plant and Equipment (Continued)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

As a not for profit entity whose future economic benefits of an asset (or class of asset) are not primarily dependent on the assets ability to generate cash flows and it would be replaced if the Federation was deprived of it, value in use is the depreciated replacement cost.

(d) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(e) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured. Revenue is recognised for the major operating activities as follows:

Subscriptions

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 balance sheet.

Interest

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Federation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

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).

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST receivable or payable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flows. Commitments and contingencies are disclosed inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments and Other Financial Assets

From 1 July 2004 to 30 June 2005

The Federation has taken the exemption available under AASB 1 to apply ASB 132 and AASB 139 only from 1 July 2005. The Federation has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Adjustments on transition date: 1 July 2005

The Federation does not hold any financial assets measured at fair value under AGAAP, and therefore no adjustments are required on transition to AIFRS.

From 1 July 2005

The Federation classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The Federation does not hold any investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Federation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Federation has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Federation establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Federation assesses at each balance date whether there is objective evidence that a financial asset or Federation of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Federation is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Federation for similar financial instruments.

(j) 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.

(k) Income Tax

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

(l) Trade and Other Payables

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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996 the attention of members is drawn to the provisions of subsection (1), (2) and (3) of sections 272, which read as follows:

(1) a member of a reporting unit, or a Registrar, 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 4: REVENUE

	2006 \$	2005 \$
From continuing operations		
- Member subscriptions	1,333,960	1,190,160
- Rental income	29,526	13,900
- Interest	<u>70,477</u>	<u>65,570</u>
Total Revenue	<u>1,433,963</u>	<u>1,269,630</u>

NOTE 5: SURPLUS FOR THE YEAR

	2006 \$	2005 \$
Surplus for the year includes the following specific expenses:		
Depreciation of non-current assets		
- Buildings	5,250	5,250
- Motor vehicles	12,068	12,043
- Office Equipment	1,634	1,636
- Furniture, fixtures and fittings	574	572
- Computer Equipment	<u>12,180</u>	<u>9,095</u>
Total Depreciation	11 <u>31,706</u>	<u>28,596</u>
Remuneration of the auditors for		
- audit or review services	15,813	12,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 6: STAFF COSTS

	2006	2005
	\$	\$
Salaries and allowance	480,956	481,853
Superannuation	68,198	54,248
Other staff costs	<u>9,680</u>	<u>7,852</u>
	<u>558,834</u>	<u>543,953</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	2006	2005
	\$	\$
Cash on hand	600	600
Cash at bank	94,494	294,377
Deposits at call	<u>1,195,000</u>	<u>1,195,000</u>
	<u>1,290,094</u>	<u>1,489,977</u>

(a) Cash on hand - this is non-interest bearing

(b) Cash at bank - these bear floating interest rates of between 1.45% and 3.85% (2005: 1.45% and 3.85%)

(c) Deposit at call - these bear fixed interest rates between 5.72% and 5.75% (2005: 5.51% and 5.56%). These deposits have an average maturity of 30 days.

(d) The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement.

NOTE 8: TRADE AND OTHER RECEIVABLES

	2006	2005
	\$	\$
CURRENT		
Prepayments	29,624	10,478
Other debtors	<u>6,017</u>	<u>5,081</u>
	<u>35,641</u>	<u>15,559</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 9: AVAILABLE FOR SALE FINANCIAL ASSETS

	2006 \$	2005 \$
NON-CURRENT		
Listed Investments		
At fair value	<u>351,160</u>	<u>-</u>
Movements in fair value:		
At beginning of year	-	-
Additions	348,000	-
Revaluation surplus transfer to equity	3,160	-
At end of year	<u>351,160</u>	<u>-</u>

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2006 \$	2005 \$
BUILDINGS		
At cost	210,000	210,000
Less accumulated depreciation	<u>(31,500)</u>	<u>(26,250)</u>
	<u>178,500</u>	<u>183,750</u>
PLANT AND EQUIPMENT		
(a) Motor vehicles		
At cost	127,710	97,490
Less accumulated depreciation	<u>(61,398)</u>	<u>(49,330)</u>
	<u>66,312</u>	<u>48,160</u>
(b) Office equipment		
At cost	22,022	22,022
Less accumulated depreciation	<u>(18,426)</u>	<u>(16,792)</u>
	<u>3,596</u>	<u>5,230</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

	2006	2005
	\$	\$
(c) Computer equipment		
At cost	55,999	48,037
Less accumulated depreciation	<u>(47,182)</u>	<u>(35,002)</u>
	<u>8,817</u>	<u>13,035</u>
(d) Furniture, fixtures and fittings		
At cost	16,997	16,997
Less accumulated depreciation	<u>(11,554)</u>	<u>(10,980)</u>
	<u>5,443</u>	<u>6,017</u>
Total property, plant and equipment	<u>262,668</u>	<u>256,192</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
	\$	\$	\$	\$
2006				
Carrying amount at the beginning of the year	183,750	48,160	5,230	6,017
Additions	-	30,220	-	-
Depreciation expense	<u>(5,250)</u>	<u>(12,068)</u>	<u>(1,634)</u>	<u>(574)</u>
Carrying amount at end of year	<u>178,500</u>	<u>66,312</u>	<u>3,596</u>	<u>5,443</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computer equipment	Total		
	\$	\$		
2006				
Carrying amount at the beginning of the year	13,035	256,192		
Additions	7,962	38,182		
Depreciation expense	<u>(12,180)</u>	<u>(31,706)</u>		
Carrying amount at end of year	<u>8,817</u>	<u>262,668</u>		
	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>(28,596)</u>		
Carrying amount at end of year	<u>13,035</u>	<u>256,192</u>		

NOTE 11: TRADE AND OTHER PAYABLES

	2006 \$	2005 \$
CURRENT		
Trade creditors	36,487	54,683
Sundry creditors and accruals	<u>25,958</u>	<u>25,539</u>
	<u>62,445</u>	<u>80,222</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 12: PROVISIONS

		2006 \$	2005 \$
CURRENT			
Employee benefits	12(a)	<u>270,821</u>	<u>260,352</u>
(a) Aggregate employee benefits liability		<u>270,821</u>	<u>260,352</u>

NOTE 13: OTHER LIABILITIES

		2006 \$	2005 \$
CURRENT			
Subscription received in advance		<u>6,339</u>	<u>95,325</u>

NOTE 14: RESERVES

		2006 \$	2005 \$
Available for sale investments revaluation reserve	(a)	<u>3,160</u>	<u>-</u>
(a) Available for sale investments revaluation reserve			
Movements during the financial year:			
Opening balance		-	-
Revaluation for year		<u>3,160</u>	<u>-</u>
Closing balance		<u>3,160</u>	<u>-</u>

Changes in the fair value arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 2(h). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 15: INFORMATION OF COMMITTEE OF MANAGEMENT

(a) 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 (Until September 2005)
G Love
T Seedman (From September 2005)

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

NOTE 16: CASH FLOW INFORMATION

	2006	2005
	\$	\$
(a) Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	270,969	251,266
Non-cash flows in surplus from ordinary activities		
Depreciation	31,706	28,596
Rental income	(32,479)	(15,290)
Changes in assets and liabilities		
Increase in receivables	(20,083)	(2,775)
Increase/(decrease) in payables	(13,957)	4,340
Increase/(decrease) in subscriptions in advance	(88,986)	95,325
Increase in provisions	<u>10,469</u>	<u>24,112</u>
Cash flows from operations	<u>157,639</u>	<u>385,574</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Federations activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The financial instruments of the Federation consist mainly of deposits with banks, short term investments, accounts receivable and payable. A finance committee meets on a regular basis to analyse interest rate exposure and to evaluate strategies in the context of the most recent economic conditions and forecasts.

Market Risk

Market risk for the Federation is mainly a price risk. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Federation is exposed to equity securities price risk. This arises from investments held by the Federation and classified on the balance sheet as available-for-sale. The Federation is not exposed to commodity price risk.

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 balance sheet and notes to the financial statements.

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.

Liquidity Risk

The Federation manages liquidity risk by monitoring forecast cash flows to ensure that there is sufficient cash and marketable securities available.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17: FINANCIAL INSTRUMENTS (Continued)

(b) 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 by maturity periods is as follows:

	Fixed Interest Rate Maturing Within 1 Year		Floating Interest Rate		Non Interest Bearing		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Financial Assets:								
Cash	1,195,000	1,195,000	94,494	294,377	600	600	1,290,094	1,489,977
Receivables	-	-	-	-	6,017	5,081	6,017	5,081
Total Financial Assets	<u>1,195,000</u>	<u>1,195,000</u>	<u>94,494</u>	<u>294,377</u>	<u>6,617</u>	<u>5,681</u>	<u>1,296,111</u>	<u>1,495,058</u>
Weighted Average Interest rate %	5.73	5.54	2.10	3.85				
Financial Liabilities:								
Trade and sundry creditors	-	-	-	-	62,445	80,222	62,445	80,222
Total Financial Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,445</u>	<u>80,222</u>	<u>62,445</u>	<u>80,222</u>

(c) Net Fair Values

The net fair values of Term debtors and are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value. The net fair value of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 18: TRANSITION TO AIFRS

For all the periods up to and including the year ended 30 June 2005, the entity prepared its financial statements in accordance with Australian generally accounting practices (AGAAP). These financial statements for the year ended 30 June 2006 are the first entity is required to prepare in accordance with AIFRS. Accordingly, the entity has prepared financial statements that comply with AIFRS applicable for the reporting period. In complying with AIFRS, the following adjustments have been made:

In compliance with AASB 1 "First Time Adoption of Australian Equivalents to international Financial Reporting Standards" the existing revaluation reserve has been transferred to the retained surplus.

Reconciliation of total equity as presented under previous GAAP to AIFRS as at 1 July 2004.

As at 1 July 2004:

Total equity under previous GAAP at 1 July 2004	1,074,563
Adjustment to accumulated surplus	
Derecognition of the A Smithwell research grant	7,650
Derecognition of the Welfare Reserve	94,100
Derecognition of Aviators Welfare trust reserve	28,581
Derecognition of asset revaluation reserve	32,087
Adjustment to reserves	
Derecognition of the A Smithwell research grant	(7,650)
Derecognition of the Welfare Reserve	(94,100)
Derecognition of Aviators Welfare trust reserve	(28,581)
Derecognition of asset valuation reserve	(32,087)
Total equity under AIFRS at 1 July 2004	<u>1,074,563</u>

No other adjustments were made on transition to AIFRS.

NOTE 19: COMMITMENTS FOR EXPENDITURE

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

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There are no material known events subsequent to the reporting date that are required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 21: NEW AUSTRALIAN ACCOUNTING STANDARDS

The following Australian Accounting Standards issued or amended which may be applicable but are not yet effective and have not been adopted in the preparation of the financial statements at the reporting date.

AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard
AASB 119: Employee Benefits: Accounting for actuarial gains and losses and group plans	No change, no impact	1 January 2006
AASB 2005-1: Amendments to Australian Accounting Standard[AASB 139] Cash flow hedge accounting of forecast intra-group transactions	No change, no impact	1 January 2006
AASB 2005-4: Amendments to Australian Accounting Standard[AASB 139, AASB 132, AASB1, AASB 1023 & AASB 1038] Fair value option	No change, no impact	1 January 2006
UIG 4: Determining whether an asset contains a lease	No change, no impact	1 January 2006
UIG 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	No change, no impact	1 January 2006
AASB 2005-6: Amendments to Australian Accounting Standard[AASB 3]: Business combinations involving entities under common control	No change, no impact	1 January 2006
AASB 2005-9: Amendments to Australian Accounting Standard[AASB 4, AASB 1023, AASB 139 & AASB 132]: Financial guarantee contracts	No change, no impact	1 January 2006
AASB 7: Financial instruments: Disclosures	No change, no impact	1 January 2007
AASB 2005-10 Amendments to Australian Accounting Standard[AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]: consequential amendments arising from the issue of AASB 7	No change, no impact	1 January 2007
UIG 6: Liabilities arising from Participating in a specific Market - Waste Electrical and Electronic Equipment	No change, no impact	1 December 2005
AASB 2006-1 Amendments to Australian Accounting Standard[AASB 121]: Clarification regarding monetary items forming part of net investment in a foreign operation	No change, no impact	Financial years ending 31 December 2006
UIG 7: Applying the Restatement Approach under AASB129 Financial Reporting in Hyperinflationary Economies	No change, no impact	1 March 2006

NOTE : 20: NEW AUSTRALIAN ACCOUNTING STANDARDS (Continued)

AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard
UIG 8: Scope of AASB 2	No change, no impact	1 May 2006
UIG 9: Reassessment of Embedded Derivatives	No change, no impact	1 June 2006

NOTE 22: DETAILS

The principal place of business of the Federation is:
Australian Federation of Air Pilots
Level 6
132 Albert Road
SOUTH MELBOURNE VIC 3205

STATEMENT BY COMMITTEE OF MANAGEMENT

On 2 September 2006 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 year ended 30 June 2006:

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

1. the financial statements and notes, as set out on pages 3 to 23 comply with Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes, as set out on pages 3 to 23 comply with the reporting guidelines of the Industrial Registrar;
3. 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;
4. there are reasonable grounds to believe that the will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the general purpose financial report relates and since the end of 30 June 2006:
 - a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of branches concerned; and
 - b. the financial affairs of Australian Federation of Air Pilots have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of Australian Federation of Air Pilots have been kept and maintained in accordance with the Registration and Accountability of Organisations (RAO) Schedule and the RAO Regulations; and
 - d. 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
 - e. the information sought in any request of a member of Australian Federation of Air Pilots has been furnished and no order have been made under section 272 of the RAO Schedule by the Commission during the period.
 - f. No order have been made by the Commission under section 273 of the RAO Schedule during the period.

For the Committee of Management



R J Higgins - President

Signed at: South Melbourne
Dated this 2 September 2006

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
AUSTRALIAN FEDERATION OF AIR PILOTS

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Australian 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, changes in equity and cash flows.

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

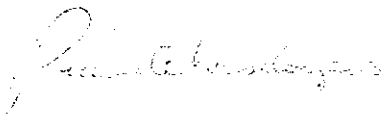
- examining, on a test basis, information to provide evidence supporting the amounts, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Committee of Management.

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 Committee of Management.

Independence

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



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
2 September 2006



Australian Government
Australian Industrial Registry

Level 5, 11 Exhibition St,
Melbourne, Vic 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9655 0410
Email – riateam1@air.gov.au

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

Dear Capt. Murray,

**Re: Schedule 1 of the Workplace Relations Act 1996 (the RAO Schedule)
Financial reports for year ended 30 June 2006 - FR2006/387**

I have received the financial reports of your organisation for year ended 30 June 2006. The documents were lodged in the Industrial Registry on 20 December 2006

The following matter concerning the financial reporting requirements of the RAO schedule requires attention in preparing future financial reports.

Auditor's Report

Auditor's Report must comply with s257

Section s257 of the RAO Schedule requires the Auditor's Report to confirm 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 1 of the Workplace Relations Act 1996”.

This matter was raised in correspondence from the Registry dated 14 February 2006 in relation to financial documents for the year ended 30 June 2005.

In future years you should not expect that the financial documents of the branch will be filed by the Registry unless they comply fully with the requirements of the Workplace Relations Act 1996.

I have forwarded a copy of this letter to the auditor for their information about this matter.

I further bring to your attention your organisation has failed to notify the Registry of changes made to records of your organisation in accordance with s233(2) of Schedule 1 of the Workplace Relations Act 1996.

The annual return dated and lodged on 27 March 2006 declares the President is Captain R. Higgins, however following your organisations last election (E2006/139) the election declaration dated 18 July 2006 states you as President of the organisation.

In the event of any change to certain of the abovementioned records, an organisation must, within 35 days of the change, lodge in the Industrial Registry, a notification of such change certified by declaration signed by the secretary or other prescribed officer of the organisation to be a correct statement of the changes made *[s233(2)and reg. 151]*.

Should you wish to discuss these matter you may ring me on 8661 7988.

Yours sincerely

Lynette Markovski
Statutory Services Branch
4 January 2007

cc Chris Dodd
PricewaterhouseCoopers
GPO Box 1331L
Melbourne Vic 3001