



Australian Government
Australian Industrial Registry

Level 5, 11 Exhibition St, Melbourne Vic 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7990
Fax: (03) 9655 0410
andrew.schultz@air.gov.au

Captain Bryan Murray
President
Australian Federation of Air Pilots
Level 6, 132-136 Albert Road
SOUTH MELBOURNE VIC 3205

By email – industrial@afap.org.au

Dear Mr Murray,

Re: Financial Report - Year ending 30 June 2007 - FR2007/509

Schedule 1 - Workplace Relations Act 1996 (RAO Schedule)

I have received the Financial Report for the Australian Federation of Air Pilots for the year ending 30 June 2007. The documents were lodged on 16 January 2008.

A Designated Officer's Certificate relating to these accounts was lodged on 22 April 2008.

The report has been filed. However the following improvements are required in future years:

Designated Officer's Certificate

The financial report must always be lodged in the Registry under cover of a Designated Officer's Certificate which:

- confirms that the lodged documents were provided to the members, and
- confirms that the lodged documents were presented to a meeting in accordance with s266 of the RAO Schedule.

In addition, the Designated Officer's Certificate must be signed by an elected officer - see s268, 243, 6 and 9 of the RAO Schedule (s268 is attached for your assistance).

Loans, grants and donations

The income and expenditure statement referred to the following items of expenditure:

- Donations \$ 2,000
- Welfare expenses \$ 15,000

In future years please ensure that the relevant details are provided for any loans grants or donations exceeding \$1,000 as required by s237 of the RAO Schedule. If the expression 'welfare expenses' involves loans, grants or donations 'to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship' then the relevant details should also be provided in future – see s237(5) and (6) as attached.

If you have any queries regarding the above please contact me on (03) 8661 7990.

Yours faithfully,

Andrew Schultz
Statutory Services Branch

13 May 2008

Schedule 1 - Workplace Relations Act 1996 (RAO Schedule)

237 Organisations to notify particulars of loans, grants and donations

(1) An organisation must, within 90 days after the end of each financial year (or such longer period as the Registrar allows), lodge in the Industrial Registry a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.

Note: This subsection is a civil penalty provision (see section 305).

(2) A statement lodged in the Industrial Registry under subsection (1) must be signed by an officer of the organisation.

(3) An organisation must not, in a statement under subsection (1), make a statement if the person knows, or is reckless as to whether, the statement is false or misleading.

Note: This subsection is a civil penalty provision (see section 305).

(4) A statement lodged in the Industrial Registry under subsection (1) may be inspected at any registry, during office hours, by a member of the organisation concerned.

(5) The relevant particulars, in relation to a loan made by an organisation, are:

(a) the amount of the loan; and

(b) the purpose for which the loan was required; and

(c) the security given in relation to the loan; and

(d) except where the loan was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship – the name and address of the person to whom the loan was made and the arrangements made for the repayment of the loan.

(6) The relevant particulars, in relation to a grant or donation made by an organisation, are:

(a) the amount of the grant or donation; and

(b) the purpose for which the grant or donation was made; and

(c) except where the grant or donation was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship – the name and address of the person to whom the grant or donation was made.

(7) Where an organisation is divided into branches:

(a) this section applies in relation to the organisation as if loans, grants or donations made by a branch of the organisation were not made by the organisation; and

(b) this section applies in relation to each of the branches as if the branch were itself an organisation.

(8) For the purposes of the application of this section in accordance with subsection (7) in relation to a branch of an organisation, the members of the organisation constituting the branch are taken to be members of the branch.

268 Reports etc. to be lodged in Industrial Registry

A reporting unit must, within 14 days (or such longer period as a Registrar allows) after the general meeting referred to in section 266, lodge in the Industrial Registry:

(a) a copy of the full report; and

(b) if a concise report was provided to members – a copy of the concise report; and

(c) a certificate by a prescribed designated officer that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

Note: This section is a civil penalty provision (see section 305).

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



**MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION**

President:
Richard Higgins

Executive Director:
Terry O'Connell

6th December 2007

The Industrial Registrar
Australian Industrial Registry
11 Exhibition Street
MELBOURNE VIC 3001

By Fax: 03 9655 0410
ATTENTION: Ken Ophel

Dear Registrar,

RE: Australian Federation of Air Pilots – Financial Statements

I write consistent with Section 265(5), Schedule 1 of the Workplace Relations Act and seek an extension of the period set out in paragraph (b) of no more than one month.

The Federation is finalizing the Financial Accounts with our Auditors, PricewaterhouseCoopers, and will provide the required copies to the members within the extension period.

Yours faithfully

Terry O'Connell

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



Australian Government
Australian Industrial Registry

Level 4, 11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
SSB Fax: (03) 9655 0410

Mr Terry O'Connell
Executive Director
Australian Federation of Air Pilots
Level 6
132-136 Albert Road
South Melbourne VIC 3205

by email: terry@afap.org.au

Dear Mr O'Connell,

Re: FR2007/509 - Extension of time to present financial report to general meeting of members - s265(5) Schedule 1 Workplace Relations Act 1996

I refer to your letter dated 6 December 2007, requesting an extension of the period within which to present a full financial report of the Australian Federation of Air Pilots for the year ended 30 June 2007, to a general meeting of members in accordance with s266(1) of the RAO Schedule.

I hereby allow an extension of time of one month under s265(5) of Schedule 1 of the Workplace Relations Act 1996, of the period during which the reporting unit must present a full financial report of the Australian Federation of Air Pilots for the year ended 30 June 2007, to a general meeting of members of the organisation in accordance with s266(1) of the Schedule.

A handwritten signature in dark ink, appearing to read 'Terry Nassios'. The signature is stylized with a horizontal line above the first letter and a vertical line extending downwards from the middle of the horizontal line.

Terry Nassios
Deputy Industrial Registrar
20 December 2007

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



**MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION**

President:
Bryan Murray

Executive Director:
Terry O'Connell

Mr. K Ophel.
Team Leader
Industrial Registry
Australian Industrial Relations Commission
RIATeam1@airc.gov.au

15 January 2008

Dear Mr Ophel

Further to my letter of 6 December 2007 and our discussions yesterday the attached accounts were received in this office 10 January and sighted by the recipient (me) yesterday as I was on leave until then.

There was a period between the signing of the document and its receipt in this office, which prevented us from publishing it to our members any sooner.

These accounts are now electronically available to all members.

Yours faithfully

Terry O'Connell

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

AUSTRALIAN FEDERATION OF AIR PILOTS

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This financial report covers the Australian Federation of Air Pilots as an individual entity. The financial report is presented in the Australian currency.

The Australian Federation of Air Pilots is a registered body under the Workplace Relations Act 1996.

The principal place of business is:

Australian Federation of Air Pilots

Level 6

132 -136 Albert Road

SOUTH MELBOURNE VIC 3205

The financial report was authorised for issue by the committee of management on 15th day of November 2007.

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 2007.

Members of Executive

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

R J Higgins (Until September 2006)

C Terry

J Grady

G Abbott

B Murray

G Love

T Seedsman

P O Doherty (From September 2006)

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

Operating Results

The deficit for the financial year amounted to \$80,935 (30 June 2006 : surplus of \$270,969).

Review of Operations

A review of the operations of 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 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 Activities

The principal activities of The Federation during the financial year were 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 Federation in future financial years.

OPERATING REPORT (Continued)

Union details

The number of employees at 30 June 2007 was 8 (2006: 7)

The number of members at 30 June 2007 was 2,410 (2006: 2,259).

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.

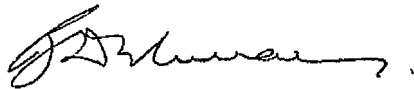
Superannuation Trustees

As at 30 June 2007, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the federation:

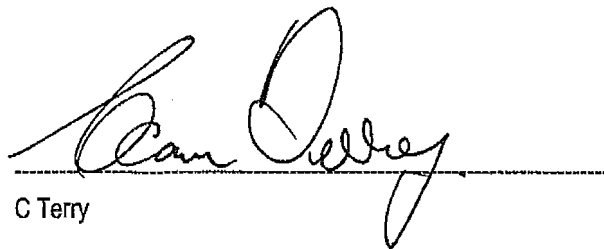
R J Higgins - Director

L Cox - Chairman

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



B Murray



C Terry

Dated this 15th day of NOVEMBER 2007

INCOME STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue from continuing operations	5	<u>1,561,238</u>	<u>1,433,963</u>
Administrative expenses		(187,442)	(141,337)
Audit fee		(21,098)	(15,812)
Bank charges and interest		(10,623)	(11,386)
Communication expenses		(37,745)	(23,804)
Depreciation	6	(32,361)	(31,706)
Donations		(2,000)	(4,545)
Finance costs		(16,652)	(14,349)
History of the Federation		(68,148)	(1,200)
IFALPA		(32,042)	(38,892)
Industrial matters		(92,311)	(119,858)
Legal fees		(298,755)	(121,464)
Meeting and conferences		(55,337)	(63,114)
Occupancy expenses		(11,877)	(2,466)
Staff costs	7	(749,704)	(558,834)
Technical expenses		(11,078)	(6,727)
Welfare expenses		<u>(15,000)</u>	<u>(7,500)</u>
		<u>(1,642,173)</u>	<u>(1,162,994)</u>
(Deficit)/Surplus for the year	6	<u>(80,935)</u>	<u>270,969</u>
(Deficit)/Surplus attributable to members of the entity		<u>(80,935)</u>	<u>270,969</u>

The above 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 2007

	Note	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,268,515	1,290,094
Trade and other receivables	10	<u>52,596</u>	<u>35,641</u>
TOTAL CURRENT ASSETS		<u>1,321,111</u>	<u>1,325,735</u>
NON-CURRENT ASSETS			
Available for sale financial assets	11	462,300	351,160
Property, plant and equipment	12	<u>284,266</u>	<u>262,668</u>
TOTAL NON-CURRENT ASSETS		<u>746,566</u>	<u>613,828</u>
TOTAL ASSETS		<u>2,067,677</u>	<u>1,939,563</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	223,299	62,445
Provisions	14	308,592	270,821
Other	15	<u>5,623</u>	<u>6,339</u>
TOTAL CURRENT LIABILITIES		<u>537,514</u>	<u>339,605</u>
TOTAL LIABILITIES		<u>537,514</u>	<u>339,605</u>
NET ASSETS		<u>1,530,163</u>	<u>1,599,958</u>
EQUITY			
Reserves	16	14,300	3,160
Accumulated surplus	17	<u>1,515,863</u>	<u>1,596,798</u>
TOTAL EQUITY		<u>1,530,163</u>	<u>1,599,958</u>

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2007

	Accumulated surplus	Reserves	Total
	\$	\$	\$
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>
Balance at 1 July 2006	1,596,798	3,160	1,599,958
Deficit for the year	(80,935)	-	(80,935)
Available for sale financial assets	<u>-</u>	<u>11,140</u>	<u>11,140</u>
Balance at 30 June 2007	<u>1,515,863</u>	<u>14,300</u>	<u>1,530,163</u>

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

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations (inclusive of GST)		1,582,200	1,369,471
Payments to suppliers and employees (inclusive of GST)		(1,564,977)	(1,282,309)
Interest received		<u>95,596</u>	<u>70,477</u>
Net cash inflow from operating activities	20	<u>112,819</u>	<u>157,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5,000	-
Rental income		29,219	32,479
Payment for property, plant and equipment		(68,617)	(42,001)
Payment for investments		<u>(100,000)</u>	<u>(348,000)</u>
Net cash (outflow) from investing activities		<u>(134,398)</u>	<u>(357,522)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in cash and cash equivalents		(21,579)	(199,883)
Cash and cash equivalents at beginning of financial year		<u>1,290,094</u>	<u>1,489,977</u>
Cash and cash equivalents at end of financial year	9(a)	<u>1,268,515</u>	<u>1,290,094</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 includes the separate financial statements for the Australian Federation of Air Pilots (The Federation).

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the requirements of the The Workplace Relations Act 1996.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of full compliance with IFRS cannot be made due to the entity applying the not for profit sector requirements contained in AIFRS.

Early adoption of standards

The Federation has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- revised AASB 101 Presentation of Financial Statements (issued October 2006)

This includes applying the pronouncements to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have been omitted.

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 judgment in the process of applying The Federation's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to The Federation and that it can be reliably measured.

Revenue is recognised for the major operating activities as follows:

Subscriptions

Subscription revenue 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 for next year are recorded as such in the balance sheet.

Interest income

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).

(c) Income tax

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

(d) 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 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, 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 stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

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 flow.

Commitments and contingencies are disclosed inclusive of GST.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment in other financial assets

Classification

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 and held-to-maturity investments.

(i) 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.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Recognition and derecognition

Regular 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.

Fair value

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.

Impairment

The Federation assesses at each balance date whether there is objective evidence that a financial asset 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 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. 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.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

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.

Class of fixed asset	Depreciation rate/useful lives	Depreciation basis
Buildings	2.5%	Straight Line
Motor vehicles	7.5 - 15%	Straight Line
Office equipment	7.5-15%	Straight Line
Furniture 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the The Federation prior 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 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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

(l) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is The Federation's functional and presentation currency.

(m) Comparative figures

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

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Federation's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038] AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Federation has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to The Federation's financial instruments.

(ii) AASB-I 10 Interim Financial Reporting and Impairment

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. This standard is not applicable to The Federation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on The Federation and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Federation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgments in applying the entity's accounting policies

No critical judgements have been made in applying the entity's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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 section 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 made 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: FINANCIAL RISK MANAGEMENT

The Federation's 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 Federation overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of The Federation.

Risk management is carried out by the Finance Committee under policies approved by Committee of Management. The Finance Committee identify, evaluate and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

The financial instruments of The Federation consist mainly of deposits with banks, short term investments, accounts payable and receivable.

(a) Market risk

(i) Price risk

Market risk for The Federation is mainly 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 to 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 in the balance sheet as available-for-sale. The Federation is not exposed to commodity price risk.

(ii) Foreign exchange risk

The Federation is not exposed to foreign exchange risk.

(iii) Fair value interest rate risk

Refer to (d) below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 4: FINANCIAL RISK MANAGEMENT (Continued)

(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 balance sheet and notes to the financial statements.

The Federation has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

(d) Cash flow and fair value interest rate risk

The Federation's income and operating cash flows are not materially exposed to changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5: REVENUE

	2007	2006
	\$	\$
From continuing operations		
<i>Service revenue</i>		
Membership subscriptions	<u>1,400,631</u>	<u>1,319,803</u>
	<u>1,400,631</u>	<u>1,319,803</u>
<i>Other revenue</i>		
- interest	95,596	70,477
- rent	26,563	29,526
- distributions	5,264	-
- dividends	2,619	-
- other revenue	<u>30,565</u>	<u>14,157</u>
	<u>1,561,238</u>	<u>1,433,963</u>

NOTE 6: SURPLUS FOR THE YEAR

	2007	2006
	\$	\$
The surplus for the year includes the following specific expenses:		
<i>Depreciation of non-current assets</i>		
- Buildings	5,250	5,250
- Motor vehicles	19,114	12,068
- Office equipment	1,682	1,634
- Furniture, fixtures and fittings	591	574
Computer equipment	<u>5,724</u>	<u>12,180</u>
	<u>32,361</u>	<u>31,706</u>
<i>Net loss on disposal of property, plant and equipment</i>	3,876	-

NOTE 7: STAFF COSTS

	2007	2006
	\$	\$
Employee benefits - employees	742,019	549,154
Other staff costs	<u>7,687</u>	<u>9,680</u>
	<u>749,706</u>	<u>558,834</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 8: AUDITORS' REMUNERATION

	2007	2006
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	18,098	15,812
Other services	<u>3,000</u>	<u>-</u>
	<u>21,098</u>	<u>15,812</u>

NOTE 9: CASH AND CASH EQUIVALENTS

		2007	2006
		\$	\$
Cash on hand	(b)	600	600
Cash at bank	(c)	372,915	94,494
Deposits at call	(d)	<u>895,000</u>	<u>1,195,000</u>
		<u>1,268,515</u>	<u>1,290,094</u>

a) Reconciliation to cash at the end of the year

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

Balances as above	<u>1,268,515</u>	<u>1,290,094</u>
Balances per cash flow statement	<u>1,268,515</u>	<u>1,290,094</u>

(b) Cash on hand

These are non-interest bearing.

(c) Cash at bank

These balances have floating interest rates of 4.05% (2006: 1.45% and 3.85%).

(d) Deposit at call

These bear fixed interest rates between 4.05% and 4.05%. (2006: 5.72% and 5.75%).
 These deposits have an average period to repricing of 20 days.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 10: TRADE AND OTHER RECEIVABLES

	2007	2006
	\$	\$
CURRENT		
Prepayments	43,643	29,624
Other receivables	<u>8,953</u>	<u>6,017</u>
	<u>52,596</u>	<u>35,641</u>

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of The Federation. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(b) Interest rate risk

All trade and other receivables are non-interest bearing.

(c) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, Refer to note 3 for more information on the risk management policy of The Federation.

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

	2007	2006
	\$	\$
NON-CURRENT		
Listed investments	<u>462,300</u>	<u>351,160</u>
	<u>462,300</u>	<u>351,160</u>

These financial assets are carried at fair value.

Movements during the financial year:

Opening balance	351,160	-
Additions	100,000	348,000
Revaluation for year	<u>11,140</u>	<u>3,160</u>
Closing balance	<u>462,300</u>	<u>351,160</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2007	2006
	\$	\$
BUILDINGS		
At cost	210,000	210,000
Less accumulated depreciation	<u>(36,750)</u>	<u>(31,500)</u>
	<u>173,250</u>	<u>178,500</u>
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	138,501	127,710
Less accumulated depreciation	<u>(53,992)</u>	<u>(61,398)</u>
	<u>84,509</u>	<u>66,312</u>
Office equipment		
At cost	23,547	22,022
Less accumulated depreciation	<u>(12,378)</u>	<u>(18,426)</u>
	<u>11,169</u>	<u>3,596</u>
Computer equipment and software		
At cost	61,622	55,999
Less accumulated depreciation	<u>(52,906)</u>	<u>(47,182)</u>
	<u>8,716</u>	<u>8,817</u>
Furniture, fixtures and fittings		
At cost	18,767	16,997
Less accumulated depreciation	<u>(12,145)</u>	<u>(11,554)</u>
	<u>6,622</u>	<u>5,443</u>
Total property, plant and equipment	<u>284,266</u>	<u>262,668</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 of the Federation.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (Continued)

(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 year.

2006	Buildings	Motor vehicles	Office equipment	Furniture, fittings and fixtures	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Opening net book amount	183,750	48,160	5,230	6,017	13,035	256,192
Additions	-	30,220	-	-	7,962	38,182
Depreciation	(5,250)	(12,068)	(1,634)	(574)	(12,180)	(31,706)
Closing net book amount	<u>178,500</u>	<u>66,312</u>	<u>3,596</u>	<u>5,443</u>	<u>8,817</u>	<u>262,668</u>

2007	Buildings	Motor vehicles	Office equipment	Furniture, fittings and fixtures	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Opening net book amount	178,500	66,312	3,596	5,443	8,817	262,668
Additions	-	45,218	9,768	1,770	5,623	62,379
Disposals	-	(7,907)	(513)	-	-	(8,420)
Depreciation	(5,250)	(19,114)	(1,682)	(591)	(5,724)	(32,361)
Closing net book amount	<u>173,250</u>	<u>84,509</u>	<u>11,169</u>	<u>6,622</u>	<u>8,716</u>	<u>284,266</u>

NOTE 13: TRADE AND OTHER PAYABLES

	2007	2006
	\$	\$
CURRENT		
<i>Unsecured</i>		
Legal fees due	147,833	-
Other trade creditors and accruals	<u>75,466</u>	<u>62,445</u>
	<u>223,299</u>	<u>62,445</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 14: PROVISIONS

	2007	2006
	\$	\$
CURRENT		
Employee benefits - staff	<u>308,592</u>	<u>270,821</u>
	<u>308,592</u>	<u>270,821</u>

Included in the employee benefits provision is a provision that has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits has been included in Note 1.

Movements -	Employee benefits	Total
	\$	\$
At 1 July 2005	260,352	260,352
Charged to the income statement	<u>10,469</u>	<u>10,469</u>
At 30 June 2006	<u>270,821</u>	<u>270,821</u>
Charged to the income statement	<u>37,771</u>	<u>37,771</u>
At 30 June 2007	<u>308,592</u>	<u>308,592</u>

NOTE 15: OTHER LIABILITIES

	2007	2006
	\$	\$
CURRENT		
Subscriptions received in advance	<u>5,623</u>	<u>6,339</u>
	<u>5,623</u>	<u>6,339</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: RESERVES

		2007	2006
		\$	\$
Available for sale investments revaluation reserve	(a)	<u>14,300</u>	<u>3,160</u>
		<u>14,300</u>	<u>3,160</u>
<i>Movements during the financial year:</i>			
Opening balance		3,160	-
Revaluation for year		<u>11,140</u>	<u>3,160</u>
Closing balance		<u>14,300</u>	<u>3,160</u>

Changes in 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. Amounts are recognised in the income statement when the associated assets are sold or impaired.

NOTE 17: ACCUMULATED SURPLUS

	2007	2006
	\$	\$
<i>Movements in the accumulated surplus were as follows:</i>		
Balance 1 July	1,596,798	1,325,829
Net (deficit)/surplus for the year	<u>(80,935)</u>	<u>270,969</u>
Balance 30 June	<u>1,515,863</u>	<u>1,596,798</u>

NOTE 18: CONTINGENCIES

There are no known contingent assets or liabilities at 30 June 2007.

NOTE 19: COMMITMENTS

The Federation has signed a contract to produce a history of The Federation. The total contracted amount is for \$ 200,000 of which \$75,000 had been paid and expensed by 30 June 2007, leaving a further commitment for expenditure of \$ 125,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 20: CASH FLOW INFORMATION

	2007	2006
	\$	\$
Reconciliation of cash flow from operations with (Deficit)/Surplus for the year		
(Deficit)/Surplus for the year	(80,935)	270,969
Non-cash flows in (deficit)/surplus		
Depreciation	32,361	31,706
Rental Income	(26,563)	(32,479)
Net (gain) / loss on disposal of property, plant and equipment	3,876	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(16,955)	(20,083)
Increase/(decrease) in payables	163,980	(13,957)
(Decrease) in subscriptions in advance	(716)	(88,986)
Increase in provisions	<u>37,771</u>	<u>10,469</u>
Cash flows from operations	<u>112,819</u>	<u>157,639</u>

NOTE 21: AUSTRALIAN AIR PILOTS MUTUAL BENEFIT FUND

During the year to 30 June 2007, the Australian Federation of Air Pilots, in accordance with the Workplace Relations Act 1996, processed a Rule change making it the Trustee of the Australian Air Pilots Mutual Benefit Fund ("The Fund"). The Trustee is not considered to exercise significant influence over the fund at this time for accounting purposes.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of The Federation, the results of those activities or the state of affairs of The Federation in the ensuing or any subsequent financial year.

STATEMENT BY COMMITTEE OF MANAGEMENT

On *15 November 2007* 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 2007:

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 The Federation 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 2007:
 - 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.

B Murray.



Dated this *15th* day of *NOVEMBER* 2007.

PricewaterhouseCoopers
ABN 52 780 433 757

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

Independent auditor's report to the members of Australian Federation of Air Pilots

We have audited the accompanying financial report of Australian Federation of Air Pilots ("the Federation"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement for the Federation.

Committees' responsibility for the financial report

The Committee of the Federation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by *Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website
<http://www.pwc.com/au/financialstatementaudit>.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

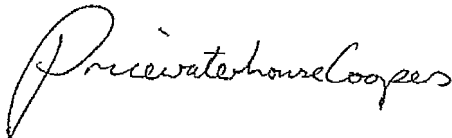
Independence

In conducting our audit, we have complied with applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

In our opinion the financial report of Australian Federation of Air Pilots is:

- (i) giving a true and fair view of the Australian Federation of Air Pilots' financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996.



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
03 December 2007

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



President:
Bryan Murray

Executive Director:
Terry O'Connell

22 April 2008

Mr. K Ophel.
Team Leader
Australian Industrial Registry
Australian Industrial Relations Commission
RIATeam1@airc.gov.au

Dear Mr Ophel

Certificate s268 – RAO Schedule

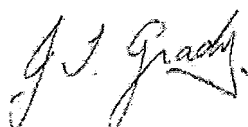
I, Captain John Grady, Vice President (Administration and Finance) of the Australian Federation of Air Pilots certify:

- That the Financial documents lodged in January are copies of the full report referred to in s268 of the RAO Schedule;
- The full report was presented to the committee of management on 15 January 2008 in accordance with s266 of the RAO Schedule; and
- That the full report was provided to members on 15 January 2008.

The delay in publishing the full report was referred to in earlier correspondence (6 December 2007 and 15 January 2008) to the Registry.

We have discussed this process with our auditors and are confident the matter has been addressed for the future.

Yours Sincerely



John Grady
Vice President
(Administration and Finance)

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