



Australian Government
Australian Industrial Registry

21 January 2009

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

By email: admin@afap.org.au

Cc: Mr Eric Dressler
Office Manager
Australian Federation of Air Pilots
eric@afap.org.au

Dear Captain Murray

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial report for year ended 30 June 2008 – FR2008/305**

I acknowledge receipt of the financial report for the Australian Federation of Air Pilots for the year ended 30 June 2008 and the Designated Officer's Certificate. The documents were lodged in the Industrial Registry on 3 December 2008 and 19 January 2009 respectively.

The documents have now been filed.

Although the documents have been filed, I would like to comment on some issues arising out of the report. I make these comments to assist you when you next prepare the financial reports. You *do not* need to take any further action in respect of the financial reports already filed.

1. Recovery of Wages Activity

I note the accounts did not provide information in relation to any recovery of wages activity. The financial reporting obligations regarding the recovery of wages activity is specified in items 16 to 23 and item 25(f) of the Industrial Registrar's Reporting Guidelines.

Where the reporting unit has not undertaken any recovery of wages activity for the financial year a statement by the auditor or by the committee of management declaring that there was no recovery of wages activity for the financial year would satisfy the Reporting Guidelines.

2. Auditor's Report – Auditor's Qualifications

The Auditor's Report should provide *details of the individual auditor's qualifications* to confirm he is an approved auditor as defined by s.256 of RAO Schedule and Regulation 4 of the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003* (RAO Regulations).

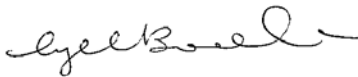
Regulation 4 defines an approved auditor as a *person* who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants **and** holds a current Public Practice Certificate. (My emphasis)

While it is more than likely that your auditor is an approved auditor as defined by the RAO Regulations the preferred practice is the qualifications of the individual auditor **and** the fact that he holds a current Public Practice Certificate be made explicit in the signature block.

I request that you forward this letter to your auditor.

Your cooperation in remedying the above matters in future financial reports will be much appreciated. Should you wish to discuss any matters contained in this letter I may be contacted on (03) 8661 7989 (Wed – Fri) or by e-mail at cynthia.lobooth@airc.gov.au.


Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Cynthia Lo-Booth', with a horizontal line extending to the right.

Cynthia Lo-Booth
Statutory Services Branch

21 January 2009

I, Bryan Murray, President of the Australian Federation of Air Pilots hereby certify that the documents provided to the Registry on 3 December 2008 are copies of the Auditor's Report, accounts and statements for the Financial Year 2007/8 which were provided to the membership by publication on the website in November 2008 and presented to the Committee of Management on 13 November 2008 in accordance with the Workplace Relations Act.

A handwritten signature in black ink, appearing to read 'B Murray', written over a horizontal dotted line.

Captain Bryan Murray

Dated: 15 JAN 09



Australian Government
Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
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: admin@afap.org.au

Dear Mr O'Connell

**Re: Schedule 1 of the *Workplace Relations Act 1996* (RAO Schedule)
Financial Report for year ended 30 June 2008 – FR2008/305**

I acknowledge receipt of the financial report for the Australian Federation of Air Pilots. The documents were lodged in the Industrial Registry on 3 December 2008.

Unfortunately the documents have not been filed because the lodged financial report does not contain a designated officer's certificate.

Section 268 of the RAO Schedule requires a designated officer's certificate be lodged in the Industrial Registry within 14 days after the general meeting referred to in s266. According to s268, the certificate should state the following:

- whether the documents lodged are a copy of the full report;
- whether the full report was provided to members and specify the date when this was done; and
- whether the full report was presented to a general meeting of members or to a meeting of the committee of management in accordance with section 266 and specify the date this was done.

Finally, the certificate must be signed and dated by an elected officer such as the President or Vice President. Do not backdate the certificate.

Please organise for a designated officer's certificate to be prepared and lodged in our office as soon as possible to enable the prompt filing of the financial report.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the *Workplace Relations Act 1996*, I may be contacted on (03) 8661 7989 (Weds – Fri) or by email at cynthia.lobooth@airc.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth'.

Cynthia Lo-Booth
Statutory Services Branch

2 January 2009

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



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

President:
Richard Higgins

Executive Director:
Terry O'Connell

1 December 2008

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



Attention Lynette Markovski

Dear Registrar,

**Schedule 1 of the *Australian Workplace Relations Act 1996* (the RAO Schedule)
Australian Federation of Air Pilots – Annual Financial Report for the year ended
30 June 2008**

In accordance with the RAO Schedule please find attached:

1. Annual Financial Report for the year ended 30 June 2008; and
2. Management Representation Letter from Mr Terry O'Connell.

Should there be any queries in relation to this correspondence please contact me on
03 9928 5737.

Yours sincerely,

Terry O'Connell
Executive Director



AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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 and is domiciled in Australia.

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 30th day of September 2008.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

OPERATING REPORT

Your Committee of Management present their report on the Australian Federation of Air Pilots (The Federation) for the financial year ended 30 June 2008.

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:

B Murray

C Terry

J Grady

G Abbott (Until September 2007)

G Brown (From September 2007)

P Gardiner

T Seedsman

P O Doherty

Members 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 \$160,745 (30 June 2007 : deficit of \$(80,935)).

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 2008 was 10 (2007: 8)

The number of members at 30 June 2008 was 2,656 (2007: 2,410).

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 2008, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the federation:

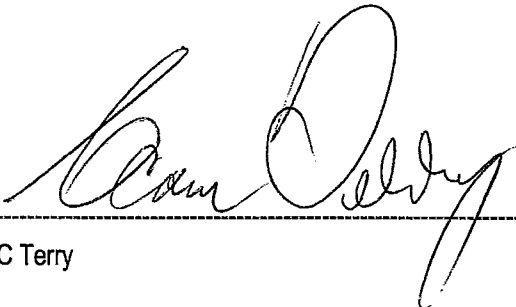
R J Higgins - Director

L Cox - Chairman

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



B Murray



C Terry

Dated this 13th day of NOVEMBER 2008

**INCOME STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Revenue from continuing operations	4	1,739,191	1,561,238
Other income	5	5,101	-
Expenses			
Administrative expenses		(169,173)	(187,442)
Audit fee		(18,500)	(21,098)
Bank charges and interest		(12,189)	(10,623)
Communication expenses		(46,440)	(37,745)
Depreciation	6	(35,817)	(32,361)
Donations		-	(2,000)
Finance costs		(15,810)	(16,652)
History of the Federation		(120,165)	(68,148)
IFALPA		(44,240)	(32,042)
Industrial matters		(77,850)	(92,311)
Legal fees		(98,033)	(298,755)
Meeting and conferences		(72,944)	(55,337)
Occupancy expenses		(9,953)	(11,877)
Staff costs	7	(846,732)	(749,704)
Technical expenses		(8,201)	(11,078)
Welfare expenses		(7,500)	(15,000)
		<u>(1,583,547)</u>	<u>(1,642,173)</u>
Surplus/(Deficit) for the year	6	<u>160,745</u>	<u>(80,935)</u>
Surplus/(Deficit) attributable to members of the entity		<u>160,745</u>	<u>(80,935)</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 2008

	Note	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,301,267	1,268,515
Trade and other receivables	10	<u>57,546</u>	<u>52,596</u>
TOTAL CURRENT ASSETS		<u>1,358,813</u>	<u>1,321,111</u>
NON-CURRENT ASSETS			
Available for sale financial assets	11	386,503	462,300
Property, plant and equipment	12	<u>313,471</u>	<u>284,266</u>
TOTAL NON-CURRENT ASSETS		<u>699,974</u>	<u>746,566</u>
TOTAL ASSETS		<u>2,058,787</u>	<u>2,067,677</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	110,211	223,299
Provisions	14	317,561	308,592
Other	15	<u>15,905</u>	<u>5,623</u>
TOTAL CURRENT LIABILITIES		<u>443,677</u>	<u>537,514</u>
TOTAL LIABILITIES		<u>443,677</u>	<u>537,514</u>
NET ASSETS		<u>1,615,110</u>	<u>1,530,163</u>
EQUITY			
Reserves	16	(61,498)	14,300
Accumulated surplus	17	<u>1,676,608</u>	<u>1,515,863</u>
TOTAL EQUITY		<u>1,615,110</u>	<u>1,530,163</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Accumulated surplus	Reserves	Total
	\$	\$	\$
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	-	-	-
Transfer from retained earning	<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>
Balance at 1 July 2007	1,515,863	14,300	1,530,163
Surplus for the year	160,745	-	160,745
Available for sale financial assets	<u>-</u>	<u>(75,798)</u>	<u>(75,798)</u>
Balance at 30 June 2008	<u>1,676,608</u>	<u>(61,498)</u>	<u>1,615,110</u>

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

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations (inclusive of GST)		1,761,892	1,582,200
Payments to suppliers and employees (inclusive of GST)		(1,813,262)	(1,564,977)
Interest received		<u>112,298</u>	<u>95,596</u>
Net cash inflow from operating activities	21	<u>60,928</u>	<u>112,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		17,643	5,000
Rental income		39,001	29,219
Payment for property, plant and equipment		(84,820)	(68,617)
Payment for investments		<u>-</u>	<u>(100,000)</u>
Net cash (outflow) from investing activities		<u>(28,176)</u>	<u>(134,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in cash and cash equivalents		32,752	(21,579)
Cash and cash equivalents at beginning of financial year		<u>1,268,515</u>	<u>1,290,094</u>
Cash and cash equivalents at end of financial year	9(a)	<u>1,301,267</u>	<u>1,268,515</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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.

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 2008

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 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Federation's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Federation has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Federation, as the Federation already capitalises borrowing costs relating to qualifying assets. This standard is not applicable to the Federation.

(iii) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction AASB-I 14 will be effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. This standard is not applicable to the Federation.

(iv) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Federation intends to apply the revised standard from 1 July 2009.

(o) Impairment of assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 judgments have been made in applying the entity's accounting policies.

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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 4: REVENUE

	2008	2007
	\$	\$
From continuing operations		
<i>Service revenue</i>		
Membership subscriptions	<u>1,564,751</u>	<u>1,400,631</u>
	<u>1,564,751</u>	<u>1,400,631</u>
<i>Other revenue</i>		
- interest	112,298	95,596
- rent	35,455	26,563
- distributions	5,088	5,264
- dividends	5,423	2,619
- other revenue	<u>16,176</u>	<u>30,565</u>
	<u>1,739,191</u>	<u>1,561,238</u>

NOTE 5: OTHER INCOME

Net Gain on disposal of property, plant and equipment	5,101	-
	<u>5,101</u>	<u>-</u>

NOTE 6: SURPLUS FOR THE YEAR

	2008	2007
	\$	\$
The surplus for the year includes the following specific expenses:		
<i>Depreciation of non-current assets</i>		
- Buildings	5,250	5,250
- Motor vehicles	20,169	19,114
- Office equipment	2,864	1,682
- Furniture, fixtures and fittings	707	591
- Computer equipment	<u>6,827</u>	<u>5,724</u>
	<u>35,817</u>	<u>32,361</u>
<i>Net loss on disposal of property, plant and equipment</i>	-	3,876

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 7: STAFF COSTS

	2008	2007
	\$	\$
Employee benefits - employees	768,342	742,017
Other staff costs	<u>78,390</u>	<u>7,687</u>
	<u>846,732</u>	<u>749,704</u>

NOTE 8: AUDITORS' REMUNERATION

2008	2007
\$	\$

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	18,500	18,098
Other services	<u>-</u>	<u>3,000</u>
	<u>18,500</u>	<u>21,098</u>

NOTE 9: CASH AND CASH EQUIVALENTS

	2008	2007
	\$	\$
Cash on hand	600	600
Cash at bank	105,667	372,915
Deposits at call	<u>1,195,000</u>	<u>895,000</u>
	<u>1,301,267</u>	<u>1,268,515</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>1,301,267</u>	<u>1,268,515</u>
Balances per cash flow statement	<u>1,301,267</u>	<u>1,268,515</u>

(b) Interest rate risk exposure

The Federation's exposure to interest rate risk is discussed in note 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 10: TRADE AND OTHER RECEIVABLES

	2008	2007
	\$	\$
CURRENT		
Prepayments	32,743	43,643
Other receivables	<u>24,803</u>	<u>8,953</u>
	<u>57,546</u>	<u>52,596</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.

(c) Fair value and credit risk

There is no concentration of credit risk with respect to current and non-current receivables. Due to the nature of the receivables the carrying value is assumed to approximate their fair value. Refer to note 20 for more information on the risk management policy of The Federation.

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

	2008	2007
	\$	\$
NON-CURRENT		
Listed investments	<u>386,503</u>	<u>462,300</u>
	<u>386,503</u>	<u>462,300</u>

These financial assets are carried at fair value.

Movements during the financial year:

Opening balance	462,300	351,160
Additions	-	100,000
Revaluation for year	<u>(75,797)</u>	<u>11,140</u>
Closing balance	<u>386,503</u>	<u>462,300</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2008	2007
	\$	\$
BUILDINGS		
At cost	210,000	210,000
Less accumulated depreciation	<u>(42,000)</u>	<u>(36,750)</u>
	<u>168,000</u>	<u>173,250</u>
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	134,177	138,501
Less accumulated depreciation	<u>(23,182)</u>	<u>(53,992)</u>
	<u>110,995</u>	<u>84,509</u>
Office equipment		
At cost	31,868	23,547
Less accumulated depreciation	<u>(15,246)</u>	<u>(12,378)</u>
	<u>16,622</u>	<u>11,169</u>
Computer equipment and software		
At cost	71,677	61,622
Less accumulated depreciation	<u>(59,735)</u>	<u>(52,906)</u>
	<u>11,942</u>	<u>8,716</u>
Furniture, fixtures and fittings		
At cost	18,766	18,766
Less accumulated depreciation	<u>(12,854)</u>	<u>(12,144)</u>
	<u>5,912</u>	<u>6,622</u>
Total property, plant and equipment	<u>313,471</u>	<u>284,266</u>

(a) Buildings

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.

The market value of the building is estimated by management to be \$ 370,000 as at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

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>

2008	Buildings	Motor vehicles	Office equipment	Furniture, fittings and fixtures	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Opening net book amount	173,250	84,509	11,169	6,622	8,716	284,266
Additions	-	58,739	8,317	-	10,053	77,109
Disposals	-	(12,084)	-	(3)	-	(12,087)
Depreciation	(5,250)	(20,169)	(2,864)	(707)	(6,827)	(35,817)
Closing net book amount	<u>168,000</u>	<u>110,995</u>	<u>16,622</u>	<u>5,912</u>	<u>11,942</u>	<u>313,471</u>

NOTE 13: TRADE AND OTHER PAYABLES

	2008	2007
	\$	\$
CURRENT		
<i>Unsecured</i>		
Legal fees due	-	147,833
Other trade creditors and accruals	<u>110,211</u>	<u>75,466</u>
	<u>110,211</u>	<u>223,299</u>

(a) Risk exposure

Details of the Federation's exposure to risk and the risk management policies of the Federation are set out in Note 20

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14: PROVISIONS

	2008	2007
	\$	\$
CURRENT		
Employee benefits - staff	<u>317,561</u>	<u>308,592</u>
	<u>317,561</u>	<u>308,592</u>

(a) Employee benefits - long service leave

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.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Federation does not have an unconditional right to defer settlement.

(b) Movements in provisions

	Employee benefits	Total
	\$	\$
At 1 July 2006	270,821	270,821
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>
Charged to the income statement	<u>8,969</u>	<u>8,969</u>
At 30 June 2008	<u>317,561</u>	<u>317,561</u>

NOTE 15: OTHER LIABILITIES

	2008	2007
	\$	\$
CURRENT		
Subscriptions received in advance	<u>15,905</u>	<u>5,623</u>
	<u>15,905</u>	<u>5,623</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: RESERVES

		2008	2007
		\$	\$
Available for sale investments revaluation reserve	(a)	<u>(61,498)</u>	<u>14,300</u>
		<u>(61,498)</u>	<u>14,300</u>

(a) Movements in reserve

Movements during the financial year:

Opening balance		14,300	3,160
Revaluation for year		<u>(75,798)</u>	<u>11,140</u>
Closing balance		<u>(61,498)</u>	<u>14,300</u>

(b) Nature and purpose of reserve

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

NOTE 17: ACCUMULATED SURPLUS

	2008	2007
	\$	\$
Movements in the accumulated surplus were as follows:		
Balance 1 July	1,515,863	1,596,798
Net surplus/ (deficit) for the year	<u>160,745</u>	<u>(80,935)</u>
Balance 30 June	<u>1,676,608</u>	<u>1,515,863</u>

NOTE 18: CONTINGENCIES

There are no known contingent assets or liabilities at 30 June 2008.

NOTE 19: COMMITMENTS

The Federation has signed a contract to produce a history of The Federation. The total contracted amount is for \$ 300,000 of which \$195,000 had been paid and expensed by 30 June 2007, leaving a further commitment for expenditure of \$ 105,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20: 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's 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.

The Federation uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by management under policies approved by the Committee of Management. The Committee of Management and management 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) Foreign exchange risk

The Federation is not exposed to foreign exchange risk.

(ii) 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 on the balance sheet as available-for-sale.

The Federation is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

As the Federation has investments in a variety of interest-bearing assets and the Federation's income and operating cash flows are exposed to changes in market interest rates for assets.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The Federation has no significant concentrations of credit risk.

Cash transactions are limited to high credit quality financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

(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) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below.

2008

Financial Assets

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Cash at bank	4.50	105,667	-	-	-	-	-	105,667
Deposits at call	7.46	-	1,195,000	-	-	-	-	1,195,000
Other receivables	-	-	-	-	-	-	24,803	24,803
Available for sale financial assets	-	-	-	-	-	386,503	-	386,503
		<u>105,667</u>	<u>1,195,000</u>	<u>-</u>	<u>-</u>	<u>386,503</u>	<u>24,803</u>	<u>1,711,973</u>

Financial Liabilities

Other payables	-	-	-	-	-	-	110,211	110,211
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,211</u>	<u>110,211</u>

2007

Financial Assets

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Cash at bank	4.05	372,915	-	-	-	-	-	372,915
Deposits at bank	4.05	-	895,000	-	-	-	-	895,000
Other receivables	-	-	-	-	-	-	8,953	8,953
Available for sale financial assets	-	-	-	-	-	462,300	-	462,300
		<u>372,915</u>	<u>895,000</u>	<u>-</u>	<u>-</u>	<u>462,300</u>	<u>8,953</u>	<u>1,739,168</u>

Financial Liabilities

Other payables	-	-	-	-	-	-	223,299	223,299
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,299</u>	<u>223,299</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

(e) 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 that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques. The Federation uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(f) Sensitivity analysis

The table below details the Federation's sensitivity to shifts in interest rates. The exposures are based on management's best estimates of possible adverse effects of changes in interest rates at year end.

	Minimum		Average		Maximum	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Interest income	90,650	67,602	98,779	75,526	106,908	83,451

The interest rate analysis is based on balances of financial assets not exceeding 1 year. Minimum and maximum exposures are calculated at shifts of 25 basis points and 100 basis points respectively. A net decrease in interest translates into a fall in profit as investment income is reduced.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 21: CASH FLOW INFORMATION

	2008	2007
	\$	\$
Reconciliation of cash flow from operations with (Deficit)/Surplus for the year		
(Deficit)/Surplus for the year	160,745	(80,935)
Non-cash flows in (deficit)/surplus		
Depreciation	35,817	32,361
Rental Income	(35,455)	(26,563)
Net (gain) / loss on disposal of property, plant and equipment	(5,101)	3,876
Changes in assets and liabilities		
Increase in receivables	(1,241)	(16,955)
Increase/(decrease) in payables	(113,088)	163,980
(Decrease) in subscriptions in advance	10,282	(716)
Increase in provisions	<u>8,969</u>	<u>37,771</u>
Cash flows from operations	<u>60,928</u>	<u>112,819</u>

NOTE 22: 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 23: 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 *13th November 2008* 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 2008:

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 24 comply with Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes, as set out on pages 3 to 24 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 2008:
 - 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 *13th* day of *NOVEMBER* 2008.

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

Report on the financial report

We have audited the accompanying financial report of the Australian Federation of Air Pilots ("the Federation"), which comprises the balance sheet as at 30 June 2008, 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.

Committee of Management's responsibility for the financial report

The Committee of Management of the Federation is 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 controls 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 of Management, as well as evaluating the overall presentation of the financial report.

**Independent auditor's report to the members of
Australian Federation of Air Pilots (continued)**

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 the Committee of Management.

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

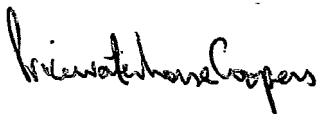
Independence

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

Auditor's opinion

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

- (i) presents fairly, in all material respects, the Federation's financial position as at 30 June 2008 and its performance for the year ended on that date; and
- (ii) complies 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



Andrew Cronin
Partner

Melbourne
21 November 2008

AUSTRALIAN FEDERATION OF AIR PILOTS

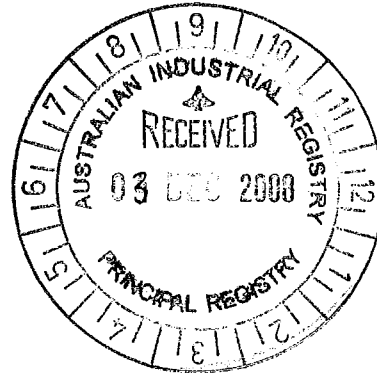


MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATIONS

President:
Bryan Murray

Executive Director:
Terry O'Connell

Andrew Cronin
PricewaterhouseCoopers
Chartered Accountants
GPO Box 1331L
Melbourne, VIC
3001



21 November 2008

Subject: Management Representation Letter on the Financial Report for the financial year ended 30 June 2008

Dear Andrew

1. I Terry O'Connell, Executive Director confirm to the best of my knowledge and belief, and having made appropriate inquiries of other members of the Committee of Management and officials of the Federation, the following representations given to you in connection with your audit of the Federations financial report for the financial year ended 30 June 2008, and in the light of the requirements of the Workplace Relations Act 1996.
2. I acknowledge the Committee of Management Members responsibility for ensuring:
 - (a) the accuracy of the financial records and the financial report prepared from them; and
 - (b) that the financial report is drawn up:
 - (i) to give a true and fair view of the Federations financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date;
 - (ii) in accordance with the Workplace Relations Act 1996; and
 - (iii) to comply with Accounting Standards and other mandatory professional reporting requirements; and

Fraud and Error

3. I acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. I have disclosed to the auditor the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud

Level 6, 132-136 Albert Road, South Melbourne, Victoria. 3205

Tel: (03) 9928 5737 Fax: (03) 9699 8199

Email: admin@afap.org.au

5. I have disclosed to the auditor all significant facts relating to any frauds or suspected frauds known to management that may have affected the entity; including:
- (a) fraud, error or non-compliance with laws and regulations involving management or employees who have a significant role in internal control;
 - (b) fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report;
 - (c) communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report; and
 - (d) knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts or others.

Materiality of unadjusted differences

6. In relation to the summary of adjustment brought to my attention, I accept the adjustment of the accounts for the items noted. A summary of such items is attached as Appendix 1 to this letter.

Financial Records and Transactions

7. All the financial records have been made available for the purpose of the audit, and all the transactions undertaken have been properly reflected and recorded in the financial records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial report, including minutes of Committee of Management meetings (and of all relevant management meetings), have been made available to you and no such information has been withheld.

Fair Value Measurements ⁽¹³⁾

8. In relation to our fair value measurement of investments, the measurement processes and underlying assumptions used for this measurement are appropriate in the context of Australian Accounting Standards and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant. Appropriate disclosures have been made in the financial report and no subsequent events have occurred which require an adjustment to the fair value made. The Federation intends to hold on to all available for sale financial assets until their respective maturity.

Related Parties

9. I have provided you with all information and documentation regarding related party relationships and transactions. I note that there have been no related party transactions during the period.

Disclosure of Assets

10. The financial report at 30 June 2008 (balance date) includes all cash and bank accounts and all other assets of the Federation required to be included therein in accordance with generally accepted accounting principles. The Federation has satisfactory title to all recorded assets.
11. I have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities

Impairment

12. I have considered the requirements of Accounting Standard AASB 136 *Impairment of Assets*, specifically related to available for sale financial assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
13. Adequate provision has been made in the financial report for any impairment in the value of investments.

Liabilities

14. All known liabilities of the Federation at balance date were included in the financial records and no further liabilities of a material amount have since come to our knowledge.

I am not aware of any pending litigation, proceedings, hearings or claims negotiations which may result in significant loss to the Federation.

Contingent Liabilities

15. Contingent liabilities of the Federation at balance date to the extent to which provision has not been made in the financial report amount to:

Secured	\$	<i>Nil</i>
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Unsecured	\$	<i>Nil</i>
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and no further contingent liabilities of a material amount have since come to our knowledge.

Commitments

16. Commitments under contracts for capital expenditure at balance date to the extent to which provision has not been made in the financial report amount to \$105,000 relating to the History of the Federation being written.

Other Matters

17. I am not aware of any possible breaches of statute, regulations, contracts, agreements which might result in the Federation suffering significant penalties or other loss. No allegations of such breaches have come to my notice.

After Balance Date Events

18. No matters or occurrences have come to my attention up to the present time which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Federation.

Going Concern

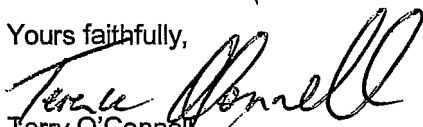
19. Based on Cash flow forecasts, adequate cash resources will be available to cover the Federation's requirements for working capital and capital expenditure for at least the next 12 months.

Electronic Presentation of Financial Information

20. The electronic presentation of the financial report is my/our responsibility.
21. The electronic version of the financial report and audit report presented on the web site are the same as the final signed version of the financial report and audit report.
22. We have clearly differentiated between audited and unaudited information in the construction of the Federations web site and understand the risk of potential misrepresentation in the absence of appropriate controls.
23. We have assessed the security controls over audited financial information and the audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
24. Where the audit report on the financial report is provided on the web site, the full financial report is also presented on the web site.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully,



Terry O'Connell
Executive Director

