



18 December 2009

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

Fair Work
Australia

By email – admin1@afap.org.au

Dear Mr Murray,

Re: Financial Report - year ending 30 June 2009 - FR2009/10016

Fair Work (Registered Organisations) Act 2009 (RO Act)

The financial report for the AFAP for year ended 30 June 2009 was lodged on 11 December 2009. A Statement providing particulars of grants and donations made by the AFAP during the financial year was lodged on 16 December 2009.

The documents have been filed

The Statement regarding grants and donations has been placed on a file that is not available to the general public in accordance with s237 of the RO Act.

The following information is provided to assist you in future years. No further action is required with respect to the lodged documents.

Grants and donations

The s237 Statement makes clear that the AFAP made grants and donations during the financial year.

The total amount expended on 'grants or donations' should also have been disclosed in the General Purpose Financial Report (GPFR) – see item 11 of the s253 Reporting Guidelines. The GPFR for the financial year did not appear to make any such disclosure (though it is possible that the 'welfare expenses' of \$19,000 listed in the GPFR may cover some of these grants and/or donations).

In future years please ensure that the GPFR clearly discloses the amount expended on '*grants or donations*'.

If you have any queries regarding the above please contact me.

Yours faithfully,

Andrew Schultz
Statutory Services Branch

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION

President:
Bryan Murray

Executive Director:
Terry O'Connell

11 December 2009

General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001
Attention: Andrew Schultz

Via email: andrew.schultz@fwa.gov.au

Dear Mr Schultz,

Re: Financial Statements – Australian Federation of Air of Pilots

As required under section 268 of the Fair Work (Registered Organisations) Act 2009, please find enclosed the Federation's Financial Statements and Auditor's Report for the financial year ending 30 June 2009, together with a certificate signed by AFAP President, Captain Bryan Murray.

If you any questions please contact me at this office on 03 9928 5737.

Yours sincerely,

Terry O'Connell
Executive Director

**CERTIFICATION PURSUANT TO SECTION 268 OF THE FAIR WORK
(REGISTERED ORGANISATIONS) ACT 2009**

I, Bryan Murray, President of the Australian Federation of Air Pilots hereby certify that the attached documents are full copies of the Auditor's report, accounts and statements for the Financial Year 2008/09 provided to the membership by publication on the Federation's website on 10 November 2009 and presented to the Committee of Management on 4 December 2009 in accordance with the Fair Work (Registered Organisations) Act 2009.

I wish to have it noted that an amendment is required to the following paragraph contained in the Operating Report on page 2:

Union Details

The number of members at 30 June 2009 was 2,171 (2008: 2,656)

The paragraph should read:

The number of members at 30 June 2009 was 2,701 (2008: 2,656)

The Federation undertakes to ensure such an oversight does not occur in future reports.



.....
Captain Bryan Murray

11 December 2009

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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 the 30th day of October 2009.

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 2009.

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 Brown

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 \$173,590 (30 June 2008: surplus of \$160,745).

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 2009 was 10 (2008: 10)

The number of members at 30 June 2009 was 2,171 (2008: 2,656).

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 2009, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the federation:

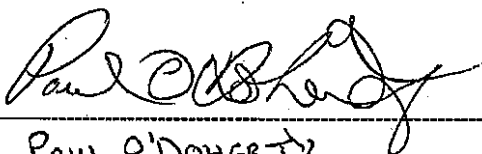
R J Higgins - Director

L Cox - Chairman

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



B Murray



J. Grady
PAUL O'DOHERTY

Dated this 27th day of October

2009

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|--|------|--------------------|--------------------|
| Revenue from continuing operations | 4 | 1,983,999 | 1,739,191 |
| Other income | 5 | 628 | 5,101 |
| Expenses | | | |
| Administrative expenses | | (166,274) | (169,173) |
| Audit fee | 8 | (19,000) | (18,500) |
| Bank charges and interest | | (16,418) | (12,189) |
| Communication expenses | | (49,157) | (46,440) |
| Depreciation and amortisation | 6 | (35,906) | (35,817) |
| Finance costs | | (19,610) | (15,810) |
| History of the Federation | | (104,419) | (120,165) |
| IFALPA | | (51,182) | (44,240) |
| Industrial matters | | (64,456) | (77,850) |
| Legal fees | | (145,866) | (98,033) |
| Loss on disposal and impairment of available for sale financial assets | | (134,947) | - |
| Meeting and conferences | | (46,061) | (72,944) |
| Occupancy expenses | | (34,727) | (9,953) |
| Staff costs | 7 | (897,015) | (846,732) |
| Technical expenses | | (6,999) | (8,201) |
| Welfare expenses | | (19,000) | (7,500) |
| | | <u>(1,811,037)</u> | <u>(1,583,547)</u> |
| Surplus/(Deficit) for the year | 18 | <u>173,590</u> | <u>160,745</u> |
| Surplus/(Deficit) attributable to members of the entity | | <u>173,590</u> | <u>160,745</u> |

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

AUSTRALIAN FEDERATION OF AIR PILOTS
 ABN 63 230 452 036
 BALANCE SHEET
 AS AT 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|-------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 1,737,972 | 1,301,267 |
| Trade and other receivables | 10 | 42,611 | 57,546 |
| Total current assets | | 1,780,583 | 1,358,813 |
| Non-current assets | | | |
| Available for sale financial assets | 11 | 312,102 | 386,503 |
| Property, plant and equipment | 12 | 276,494 | 307,874 |
| Intangible assets | 13 | 29,220 | 5,597 |
| Total non-current assets | | 617,816 | 699,974 |
| Total assets | | 2,398,399 | 2,058,787 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 126,231 | 110,211 |
| Provisions | 15 | 373,545 | 317,561 |
| Other | 16 | 49,376 | 15,905 |
| Total current liabilities | | 549,152 | 443,677 |
| Total liabilities | | 549,152 | 443,677 |
| Net assets | | 1,849,247 | 1,615,110 |
| EQUITY | | | |
| Reserves | 17 | (951) | (61,498) |
| Accumulated surplus | 18 | 1,850,198 | 1,676,608 |
| Total equity | | 1,849,247 | 1,615,110 |

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

| | Accumulated surplus \$ | Reserves \$ | Total \$ |
|-------------------------------------|------------------------------|-----------------|------------------|
| 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 | - | (75,798) | (75,798) |
| Transfer from retained earning | - | - | - |
| Balance at 30 June 2008 | <u>1,676,608</u> | <u>(61,498)</u> | <u>1,615,110</u> |
| Balance at 1 July 2008 | 1,676,608 | (61,498) | 1,615,110 |
| Surplus for the year | 173,590 | - | 173,590 |
| Available for sale financial assets | - | 60,547 | 60,547 |
| Transfer from retained earning | - | - | - |
| Balance at 30 June 2009 | <u>1,850,198</u> | <u>(951)</u> | <u>1,849,247</u> |

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from operations (inclusive of GST) | | 2,065,354 | 1,761,892 |
| Payments to suppliers and employees (inclusive of GST) | | (1,727,545) | (1,813,262) |
| Interest received | | <u>102,398</u> | <u>112,298</u> |
| Net cash inflow from operating activities | 22 | <u>440,207</u> | <u>60,928</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment (inclusive of GST) | | 19,600 | 17,643 |
| Rental income | | 26,771 | 39,001 |
| Payment for property, plant and equipment (inclusive of GST) | | <u>(49,873)</u> | <u>(84,820)</u> |
| Net cash (outflow) from investing activities | | <u>(3,502)</u> | <u>(28,176)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 436,705 | 32,752 |
| Cash and cash equivalents at beginning of financial year | | <u>1,301,267</u> | <u>1,268,515</u> |
| Cash and cash equivalents at end of financial year | 9(a) | <u>1,737,972</u> | <u>1,301,267</u> |

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

NOTE 1: Statement 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 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.

(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.

The Federation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Federation's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The Federation bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

NOTE 1: Statement of significant accounting policies (Continued)

(b) Revenue recognition (Continued)

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.

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.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

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 | 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 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.

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.

NOTE 1: Statement of significant accounting policies (Continued)

(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 2009 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 (effective from 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. As a not-for-profit entity AASB 8 is not applicable.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 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.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 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 will apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)
The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Federation will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

NOTE 1: Statement of significant accounting policies (Continued)

(n) New accounting standards and interpretations (continued)

(v) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. The Federation will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

(vi) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. The Federation will apply the interpretation prospectively 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

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).

AUSTRALIAN FEDERATION OF AIR PILOTS
 ABN 63 230 452 036
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

4: Revenue

| | Note | 2009 \$ | 2008 \$ |
|-----------------------------------|------|------------------|------------------|
| From continuing operations | | | |
| <i>Service revenue</i> | | 1,841,086 | 1,564,751 |
| <i>Other revenue</i> | | | |
| - interest | | 102,398 | 112,298 |
| - rent | | 24,337 | 35,455 |
| - distributions | | 3,295 | 5,088 |
| - dividends | | 5,364 | 5,423 |
| - other revenue | | 7,519 | 16,176 |
| | | <u>1,983,999</u> | <u>1,739,191</u> |

5: Other income

| | | | |
|---|--|------------|--------------|
| Net gain on disposal of property, plant and equipment | | 628 | 5,101 |
| | | <u>628</u> | <u>5,101</u> |

6: Expenses

| | 2009 \$ | 2008 \$ |
|---|---------------|---------------|
| The surplus for the year includes the following specific expenses: | | |
| <i>Depreciation of non-current assets</i> | | |
| - Buildings | 5,250 | 5,250 |
| - Motor vehicles | 19,533 | 20,169 |
| - Office equipment and furniture | 4,348 | 3,571 |
| - Computer equipment | 3,103 | 5,424 |
| | <u>32,234</u> | <u>34,414</u> |
| <i>Amortisation of non-current assets</i> | | |
| - Software | 3,672 | 1,403 |
| | <u>3,672</u> | <u>1,403</u> |
| Total Depreciation and amortisation | <u>35,906</u> | <u>35,817</u> |
| Net loss on disposal and impairment of available-for-sale financial asset | 134,947 | - |
| Defined contribution superannuation expense | 101,257 | 97,286 |

7: Staff costs

| | 2009 \$ | 2008 \$ |
|-------------------------------|----------------|----------------|
| Employee benefits - employees | 859,465 | 768,342 |
| Other staff costs | <u>37,550</u> | <u>78,390</u> |
| | <u>897,015</u> | <u>846,732</u> |

8: Auditors remuneration

| | 2009 \$ | 2008 \$ |
|---|---------------|---------------|
| 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 | 19,000 | 18,500 |
| Other services | <u>7,500</u> | <u>-</u> |
| | <u>26,500</u> | <u>18,500</u> |

9: Current assets – Cash and cash equivalents

| | 2009 \$ | 2008 \$ |
|------------------|------------------|------------------|
| Cash on hand | 681 | 600 |
| Cash at bank | 707,291 | 105,667 |
| Deposits at call | <u>1,030,000</u> | <u>1,195,000</u> |
| | <u>1,737,972</u> | <u>1,301,267</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>1,737,972</u> | <u>1,301,267</u> |
| Balances per cash flow statement | <u>1,737,972</u> | <u>1,301,267</u> |

(b) Interest rate risk exposure

The Federation's exposure to interest rate risk is discussed in note 21.

10: Current assets – Trade and other receivables

| | 2009 \$ | 2008 \$ |
|-------------------|---------------|---------------|
| Prepayments | 38,793 | 32,743 |
| Other receivables | <u>3,818</u> | <u>24,803</u> |
| | <u>42,611</u> | <u>57,546</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) 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 21 for more information on the risk management policy of The Federation.

11: Non- Current assets – Available for sale financial assets

| | 2009 \$ | 2008 \$ |
|--------------------|----------------|----------------|
| Listed investments | <u>312,102</u> | <u>386,503</u> |
| | <u>312,102</u> | <u>386,503</u> |

These financial assets are carried at fair value.

These investments include the following surplus/(deficit) transferred to equity at reporting date:

| | | |
|---|----------------|-----------------|
| Opening balance | 386,503 | 462,300 |
| Disposals | (100,000) | - |
| Impairment charge | (34,947) | - |
| Increase/(Decrease) in investment revaluation reserve | <u>60,546</u> | <u>(75,797)</u> |
| Closing balance | <u>312,102</u> | <u>386,503</u> |

12: Non- Current assets – Property, plant and equipment

| | 2009 \$ | 2008 \$ |
|--|-----------------|-----------------|
| BUILDINGS | | |
| At cost | 210,000 | 210,000 |
| Less accumulated depreciation | <u>(47,250)</u> | <u>(42,000)</u> |
| | <u>162,750</u> | <u>168,000</u> |
| PLANT AND EQUIPMENT | | |
| Motor vehicles | | |
| At cost | 103,956 | 134,177 |
| Less accumulated depreciation | <u>(29,684)</u> | <u>(23,182)</u> |
| | <u>74,272</u> | <u>110,995</u> |
| Computer equipment | | |
| At cost | 69,955 | 64,677 |
| Less accumulated depreciation | <u>(61,435)</u> | <u>(58,332)</u> |
| | <u>8,520</u> | <u>6,345</u> |
| Furniture and equipment | | |
| At cost | 63,400 | 50,634 |
| Less accumulated depreciation | <u>(32,448)</u> | <u>(28,100)</u> |
| | <u>30,952</u> | <u>22,534</u> |
| Total property, plant and equipment | <u>276,494</u> | <u>307,874</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 2009.

12: Non- Current assets – 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:

| 2008 | Buildings | Motor vehicles | Computer equipment | Furniture and equipment | Total |
|-------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening net book amount | 173,250 | 84,509 | 8,716 | 17,791 | 284,266 |
| Additions | - | 58,739 | 3,053 | 8,317 | 70,109 |
| Disposals | - | (12,084) | - | (3) | (12,087) |
| Depreciation | (5,250) | (20,169) | (5,424) | (3,571) | (34,414) |
| Closing net book amount | <u>168,000</u> | <u>110,995</u> | <u>6,345</u> | <u>22,534</u> | <u>307,874</u> |

| 2009 | Buildings | Motor vehicles | Computer equipment | Furniture and equipment | Total |
|-------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening net book amount | 168,000 | 110,995 | 6,345 | 22,534 | 307,874 |
| Additions | - | - | 5,278 | 12,766 | 18,044 |
| Disposals | - | (17,190) | - | - | (17,190) |
| Depreciation | (5,250) | (19,533) | (3,103) | (4,348) | (32,234) |
| Closing net book amount | <u>162,750</u> | <u>74,272</u> | <u>8,520</u> | <u>30,952</u> | <u>276,494</u> |

13: Non- Current assets – Intangible assets

| | 2009 | 2008 |
|-------------------------------|---------------|--------------|
| | \$ | \$ |
| SOFTWARE | | |
| At cost | 34,295 | 7,000 |
| Less accumulated amortisation | (5,075) | (1,403) |
| | <u>29,220</u> | <u>5,597</u> |
| Total intangibles | <u>29,220</u> | <u>5,597</u> |

13: Non- Current assets – Intangible assets (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangibles between the beginning and the end of the year:

| | Software | Total |
|-------------------------|---------------|---------------|
| 2008 | \$ | \$ |
| Opening net book amount | - | - |
| Additions | 7,000 | 7,000 |
| Impairment charge | - | - |
| Amortisation charge | (1,403) | (1,403) |
| Closing net book amount | <u>5,597</u> | <u>5,597</u> |
| | Software | Total |
| 2009 | \$ | \$ |
| Opening net book amount | 5,597 | 5,597 |
| Additions | 27,295 | 27,295 |
| Impairment charge | - | - |
| Amortisation charge | (3,672) | (3,672) |
| Closing net book amount | <u>29,220</u> | <u>29,220</u> |

14: Current liabilities – Trade and other payables

| | 2009 | 2008 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| <i>Unsecured</i> | | |
| Legal fees due | - | - |
| Other trade creditors and accruals | <u>126,231</u> | <u>110,211</u> |
| | <u>126,231</u> | <u>110,211</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

15: Current liabilities – Provisions

| | 2009 \$ | 2008 \$ |
|---------------------------|----------------|----------------|
| Employee benefits - staff | <u>373,545</u> | <u>317,561</u> |
| | <u>373,545</u> | <u>317,561</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.

16: Current liabilities – Other liabilities

| | 2009 \$ | 2008 \$ |
|-----------------------------------|---------------|---------------|
| Subscriptions received in advance | <u>49,376</u> | <u>15,905</u> |
| | <u>49,376</u> | <u>15,905</u> |

17: Reserves

| | 2009 \$ | 2008 \$ |
|--|------------------|-----------------|
| Available for sale investments revaluation reserve | (a) <u>(951)</u> | <u>(61,498)</u> |
| | <u>(951)</u> | <u>(61,498)</u> |

(a) Movements in reserve

Movements during the financial year:

| | | |
|---|---------------|-----------------|
| Opening balance | (61,498) | 14,299 |
| Transfer to income statement on disposal | 11,500 | |
| Impaired amount transferred to income statement | 34,947 | |
| Revaluation for year | <u>14,100</u> | <u>(75,797)</u> |
| Closing balance | <u>(951)</u> | <u>(61,498)</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 disposed of or impaired.

18: Accumulated surplus

| | 2009 | 2008 |
|---|------------------|------------------|
| | \$ | \$ |
| Movements in the accumulated surplus were as follows: | | |
| Balance 1 July | 1,676,608 | 1,515,863 |
| Net surplus for the year | <u>173,590</u> | <u>160,745</u> |
| Balance 30 June | <u>1,850,198</u> | <u>1,676,608</u> |

19: Contingencies

There are no known contingent assets or liabilities at 30 June 2009

20: Commitments

| | 2009 | 2008 |
|---|---------------|----------|
| | \$ | \$ |
| <i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i> | | |
| Within one year | 17,850 | - |
| Later than one year but no later than five years | 4,686 | - |
| Later than five years | - | - |
| | <u>19,563</u> | <u>-</u> |

21: Financial risk management

The Federation's activities expose it to a variety of financial risks: market risk (including 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 payables and receivables.

21: Financial risk management (Continued)

(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. Currently the investments are held in Australian banks.

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

(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

AUSTRALIAN FEDERATION OF AIR PILOTS
 ABN 63 230 452 036
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2009

21: Financial risk management (Continued)

Maturity profile of financial instruments

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

| 2009 | 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 \$ |
|---|--|---------------------------------|-------------------------|--------------------|--------------------|-----------------------|----------------------------------|------------------|
| Financial Assets | | | | | | | | |
| Cash on hand | | | | | | | 681 | 681 |
| Cash at bank | 3.45 | 707,291 | - | - | - | - | - | 707,291 |
| Deposits at bank | 3.06 | | 1,030,000 | - | - | - | - | 1,030,000 |
| Other receivables | - | - | - | - | - | - | 3,818 | 3,818 |
| Available for sale financial assets | - | - | - | - | - | 312,102 | - | 312,102 |
| | | <u>707,291</u> | <u>1,030,000</u> | <u>-</u> | <u>-</u> | <u>312,102</u> | <u>4,499</u> | <u>2,053,892</u> |
| Financial Liabilities | | | | | | | | |
| Other payables | - | - | - | - | - | - | 126,231 | 126,231 |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>126,231</u> | <u>126,231</u> |
| Net Financial Assets (Liabilities) | | <u>707,291</u> | <u>1,030,000</u> | <u>-</u> | <u>-</u> | <u>312,102</u> | <u>(121,822)</u> | <u>1,927,661</u> |
| 2008 | | | | | | | | |
| | 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 \$ |
| Financial Assets | | | | | | | | |
| Cash on hand | | | | | | | 600 | 600 |
| Cash at bank | 4.50 | 105,667 | - | - | - | - | - | 105,667 |
| Deposits at bank | 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>25,403</u> | <u>1,712,573</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> |
| Net Financial Assets (Liabilities) | | <u>105,667</u> | <u>1,195,000</u> | <u>-</u> | <u>-</u> | <u>386,503</u> | <u>(84,808)</u> | <u>1,602,362</u> |

21: Financial risk management (Continued)

(d) 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

As at 30 June 2009 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

| | 2009 | 2008 |
|----------------------------------|----------|----------|
| <i>Effect on results:</i> | \$ | \$ |
| Increase of interest rates by 2% | 34,746 | 26,013 |
| Decrease of interest rates by 2% | (34,746) | (26,013) |

(g) Price risk

The Federation is exposed to equity securities price risk. This arises from investments held by the Federation and classified on the balance sheet either as available-for-sale. The Federation is not exposed to commodity price risk.

The Federation's equity investments are publicly traded and are listed on the ASX.

The table below summarises the impact of increases/decreases of the indexes on the Federation's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/(decreased) by 10% (2008 - 10%) with all other variables held constant and all the Federation's equity instruments moved according to the historical correlation with the index.

| | 2009 | 2008 |
|---------------------------------|----------|----------|
| <i>Effect on equity:</i> | \$ | \$ |
| Increase of equity index by 10% | 31,210 | 38,650 |
| Decrease of equity index by 10% | (31,210) | (38,650) |

Equity would further increase/decrease as a result of gains/ (losses) on equity securities classified as available-for-sale.

22: Cash flow information

| | 2009 | 2008 |
|--|----------------|---------------|
| | \$ | \$ |
| Reconciliation of cash flow from operations with Surplus for the year | | |
| Surplus for the year | 173,590 | 160,745 |
| <i>Non-cash flows in (deficit)/surplus</i> | | |
| Depreciation and amortisation | 35,906 | 35,817 |
| Rental Income | (26,771) | (35,455) |
| Impairment loss | 134,947 | |
| Net (gain) / loss on disposal of property, plant and equipment | (628) | (5,101) |
| <i>Changes in assets and liabilities</i> | | |
| Increase in receivables | 14,936 | (1,241) |
| Increase/(decrease) in payables | 18,772 | (113,088) |
| (Decrease) in subscriptions in advance | 33,471 | 10,282 |
| Increase in provisions | 55,984 | 8,969 |
| Cash flows from operations | <u>440,207</u> | <u>60,928</u> |

23: 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.

24: 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 *27th October* 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 2009:

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 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 2009
 - 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
 - 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 orders have been made under section 272 of the RAO Schedule by the Commission during the period.
 - f. No orders 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 *27th* day of *October* 2009.

**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 2009, 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 Statement by Committee of Management 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.

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

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

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

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

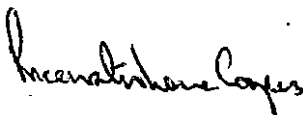
Independence

In conducting our audit, we have complied with the 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 2009 and of 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
Registered Auditor with ASIC No. 325199
Institute of Chartered Accountants in Australia
Membership number: 45587

Melbourne
27 October 2009