



FAIR WORK  
AUSTRALIA

25 January 2012

Mr Terry O'Connell  
Executive Director  
Australian Federation of Air Pilots

email: [terry@afap.org.au](mailto:terry@afap.org.au)

Dear Mr O'Connell

**Re: Financial Report for the Australian Federation of Air Pilots for year ended 30 June 2011 – FR2011/2639**

I acknowledge receipt of the revised Audit Report in reply to correspondence of Fair Work Australia (FWA) dated 13 January 2012 for the financial report for the Australian Federation of Air Pilots for the year ended 30 June 2011. The revised report was lodged with FWA on 20 January 2012.

The financial report has now been filed.

You are not required to take any further action in respect of the report lodged.

If you wish to discuss any of the matters regarding the above report I can be contacted on (03) 8661 7764.

Yours sincerely

Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)



## 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 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the requirements imposed by *Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009*. The Committee of Management is also responsible for such internal control as the Federation determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *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 of the Federation, 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.

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

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#### **PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Blvd, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001

T +61 3 8603 1000, F +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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

*Independence*

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

*Auditor's opinion*

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

- (i) presents fairly the Federation's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complies with Australian Accounting Standards - Reduced Disclosure Requirements and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisation) Act 2009.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Andrew Cronin'.

Andrew Cronin  
Partner  
Registered Auditor with ASIC No. 325199  
Institute of Chartered Accountants in Australia  
Membership number: 45587

Melbourne  
30 September 2011



FAIR WORK  
AUSTRALIA

13 January 2012

Mr Terry O'Connell  
Executive Director  
Australian Federation of Air Pilots

email: [terry@afap.org.au](mailto:terry@afap.org.au)

Dear Mr O'Connell

**Re: Financial Report for the Australian Federation of Air Pilots for year ended 30 June 2011 – FR2011/2639**

I acknowledge receipt of the financial report for the Australian Federation of Air Pilots (the Federation) for the year ended 30 June 2011. The report was lodged with Fair Work Australia (FWA) on 22 December 2011.

The financial report has not been filed.

The following matters require your attention before any action can be taken to file the above report.

Auditor's Opinion

The Audit Report contained the following opinion:

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

- (i) gives a true and fair view of the Federation's financial position as at 30 June 2011 and its performance for the year ended on that date; and
- (ii) complies with Australian Accounting Standards - Reduced Disclosure Requirements and requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.'

The term 'true and fair view' was used in the superseded legislation. Subsection 257(5) of the Fair Work (Registered Organisations) Act 2009 (the Act) sets out the matters upon which an auditor is required to make an opinion. In particular an opinion is required on whether the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other requirements of the Act. The following wording in the auditor's opinion would satisfy the requirements:

'In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.'

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

**AUSTRALIAN FEDERATION  
OF AIR PILOTS**



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

*President:*  
Bryan Murray

*Executive Director:*  
Terry O'Connell

22 December 2011

General Manager  
Fair Work Australia  
GPO Box 1994  
MELBOURNE VIC 3001  
Attention: Mr Kevin Donnellan

Via email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

Dear Mr Donnellan,

**Re: FR2011/2639 Financial Statements – Australian Federation of Air 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 2011, together with a certificate signed by AFAP President, Captain Bryan Murray.

If you have 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 2010/11 provided to the membership by publication on the Federation's website on 4 October 2011 and presented to the Committee of Management on 9 December 2011 in accordance with the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to read 'B Murray', written in a cursive style.

.....  
***Captain Bryan Murray***

**22 December 2011**

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

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**



## 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 Fair Work (Registered Organisations) Act 2009 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 3<sup>rd</sup> day of September 2011.

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

## **OPERATING REPORT**

Your Committee of Management present its report on the Australian Federation of Air Pilots (The Federation) for the financial year ended 30 June 2011.

### **Members of executive**

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

B Murray - President

C Terry - Vice President Membership

L Pole - Vice President Administration and Finance

P Gardiner - Technical Director

G Brown - Trustee

L Lewis - Trustee

T Seedsman - Trustee

### **Significant changes in state of affairs**

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

### **Review of Principal activities and results of operations**

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.

A review of the operations of The Federation indicate that it continued to engage in its principal activity of representing commercial pilots in industrial, technical and operational matters. In pursuing these activities The Federation has sought to protect and enhance the profession of air pilots through representation of individuals in grievances and disputes and by representing pilot groups in collective bargaining. In pursuing such, The Federation has initiated and activated legal and industrial action when appropriate. In enhancing the professional aspects of air pilotage, representations have been made to regulatory bodies, government inquiries and international forums when so required.

### **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 2011 was 11 (2010: 10)  
The number of members at 30 June 2010 was 2,884 (2010: 2,670).

**Right of members to resign**

Rule 2.7 sets out the terms under which a member of the Federation may resign. Any member 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**

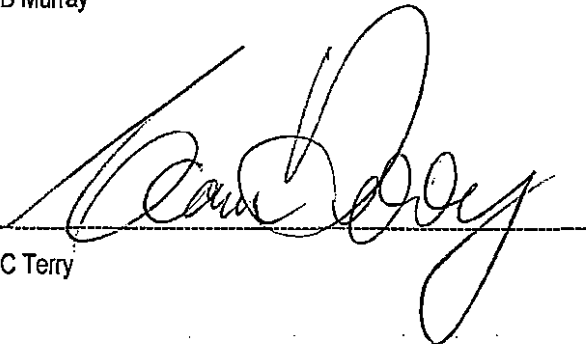
As at 30 June 2011, the following people held positions in the Aviation Superannuation Trust by virtue of their office or membership of the federation:

R J Higgins - Director  
L Cox - Chairman

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



B Murray



C Terry

Dated this 3<sup>TH</sup> day of September 2011

**AUSTRALIAN FEDERATION OF AIR PILOTS**  
**ABN 63 230 452 036**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>Revenue from continuing operations</b>	4	<b>2,274,927</b>	2,127,788
<b>Expenses</b>			
Administrative expenses		(168,943)	(167,439)
Audit fee	7	(20,300)	(20,000)
Bank charges and interest		(14,064)	(13,499)
Communication expenses		(36,596)	(41,752)
Depreciation and amortisation	5	(38,958)	(38,664)
Finance costs		(15,990)	(18,818)
History of the Federation		(19,645)	(107,836)
IFALPA		(36,465)	(55,845)
Industrial matters		(148,762)	(92,240)
Legal fees		(109,867)	(74,389)
Loss on disposal and impairment of available for sale financial assets		-	(2,720)
Meeting and conferences		(78,600)	(105,144)
Occupancy expenses		(33,084)	(35,324)
Staff costs	6	(1,173,488)	(1,020,077)
Technical expenses		(4,774)	(13,694)
Welfare expenses		(14,000)	(49,000)
		<u>(1,913,536)</u>	<u>(1,856,441)</u>
<b>Surplus for the year</b>		<b><u>361,391</u></b>	<b><u>271,347</u></b>
<b>Surplus attributable to the members</b>	17	<b>361,391</b>	271,347
<b>Other comprehensive income</b>			
Changes in fair value of available for sale assets	16	24,483	-
<b>Total comprehensive income for the year attributable to the members</b>		<b><u>385,874</u></b>	<b><u>271,347</u></b>

The above statement of comprehensive income 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 2011**

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	2,997,898	2,302,469
Trade and other receivables	9	84,971	15,486
<b>Total current assets</b>		<u>3,082,869</u>	<u>2,317,955</u>
<b>Non-current assets</b>			
Available for sale financial assets	10	235,167	210,333
Property, plant and equipment	11	305,336	258,972
Intangible assets	12	3,123	3,801
<b>Total non-current assets</b>		<u>543,626</u>	<u>473,106</u>
<b>Total assets</b>		<u>3,626,495</u>	<u>2,791,061</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	175,576	174,794
Provisions	14	487,933	412,249
Other	15	455,216	82,473
<b>Total current liabilities</b>		<u>1,118,725</u>	<u>669,516</u>
<b>Total liabilities</b>		<u>1,118,725</u>	<u>669,516</u>
<b>Net assets</b>		<u>2,507,770</u>	<u>2,121,545</u>
<b>EQUITY</b>			
Reserves	16	24,834	-
Accumulated surplus	17	2,482,936	2,121,545
<b>Total equity</b>		<u>2,507,770</u>	<u>2,121,545</u>

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 2011**

	Accumulated surplus \$	Reserves \$	Total \$
<b>Balance at 1 July 2009</b>	1,850,198	(951)	1,849,247
Surplus for the year	271,347	-	271,347
Available for sale financial assets	-	951	951
<b>Balance at 30 June 2010</b>	<u>2,121,545</u>	<u>-</u>	<u>2,121,545</u>
<b>Balance at 1 July 2010</b>	2,121,545	-	2,121,545
Surplus for the year	361,391	-	361,391
Available for sale financial assets	-	24,834	24,834
<b>Balance at 30 June 2011</b>	<u>2,482,936</u>	<u>24,834</u>	<u>2,507,770</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  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from operations (inclusive of GST)		2,718,045	2,220,632
Payments to suppliers and employees (inclusive of GST)		(2,069,400)	(1,880,344)
Interest received		92,053	97,611
<b>Net cash inflow from operating activities</b>	21	<u>740,698</u>	<u>437,899</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment and software		-	4,557
Proceeds from redemption of investments		-	100,000
Rental income (inclusive of GST)		39,375	38,511
Payment for property, plant and equipment and software		(84,644)	(16,470)
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(45,269)</u>	<u>126,598</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		695,429	564,497
Cash and cash equivalents at beginning of financial year		<u>2,302,469</u>	<u>1,737,972</u>
<b>Cash and cash equivalents at end of financial year</b>	8(a)	<u>2,997,898</u>	<u>2,302,469</u>

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

## 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 – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the requirements of the Fair Work (Registered Organisations) Act 2009.

#### *Early adoption of standards*

The Federation has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2010:

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as the result of applying this standard. The adoption of AASB 1053 and AASB 2011-2 allowed the entity to remove a number of disclosures. There was no other impact on the current or prior year financial statements

#### *Statement of compliance*

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.



## 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.

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.

Revenue is recognised for the major operating activities as follows:

#### *Subscriptions*

Subscriptions are recognised when the right to receive the fee has been established and the receipt of the fee is certain. 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

No provision for income tax has been raised as the entity is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

### (d) Cash and cash equivalents

For statement of cash flows 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.

## 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 & Fit out	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.

## 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.

## **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. The re-classification of expenses has resulted in a restatement of the amounts in various expenses in the statement of comprehensive income. There is no net effect on the total expenses.

### **(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.

## **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**

#### *Employee entitlements*

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service

## **3: Information to be provided to members or general manager**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, 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 the General Manager, 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).

**4: Revenue**

	2011 \$	2010 \$
<b>From continuing operations</b>		
<i>Service revenue</i>	2,070,384	1,973,775
<i>Other revenue</i>		
- interest	140,923	107,119
- rent	35,795	35,010
- distributions	3,011	2,431
- dividends	4,077	3,166
- other revenue	20,737	6,287
	<u>2,274,927</u>	<u>2,127,788</u>

**5: Expenses**

	2011 \$	2010 \$
The surplus for the year includes the following specific expenses:		
<i>Depreciation of non-current assets</i>		
- Buildings	5,250	5,250
- Fit out	950	-
- Motor vehicles	17,156	15,595
- Office equipment and furniture	5,344	4,937
- Computer equipment	8,492	7,197
	<u>37,192</u>	<u>32,979</u>
<i>Amortisation of non-current assets</i>		
- Software	1,766	5,685
	<u>1,766</u>	<u>5,685</u>
Total Depreciation and amortisation	<u>38,958</u>	<u>38,664</u>
<i>Net loss on disposal and impairment of available-for-sale financial asset</i>	-	2,720
<i>Defined contribution superannuation expense</i>	120,573	107,489

**AUSTRALIAN FEDERATION OF AIR PILOTS**  
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**6: Staff costs**

	2011	2010
	\$	\$
Employee benefits - employees	1,158,922	980,176
Other staff costs	<u>14,566</u>	<u>39,901</u>
	<u><b>1,173,488</b></u>	<u><b>1,020,077</b></u>

**7: Auditors remuneration**

	2011	2010
	\$	\$
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	20,300	20,000
Other services	<u>-</u>	<u>39,369</u>
	<u><b>20,300</b></u>	<u><b>59,369</b></u>

**8: Current assets – Cash and cash equivalents**

	2011	2010
	\$	\$
Cash on hand	539	580
Cash at bank	562,359	266,889
Deposits at call	<u>2,435,000</u>	<u>2,035,000</u>
	<u><b>2,997,898</b></u>	<u><b>2,302,469</b></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>2,997,898</u>	<u>2,302,469</u>
Balances per cash flow statement	<u><b>2,997,898</b></u>	<u><b>2,302,469</b></u>



AUSTRALIAN FEDERATION OF AIR PILOTS  
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**9: Current assets – Trade and other receivables**

	2011 \$	2010 \$
Prepayments	6,124	3,758
Other receivables	78,847	11,728
	<u>84,971</u>	<u>15,486</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.

**10: Non- Current assets – Available for sale financial assets**

	2011 \$	2010 \$
Listed investments	<u>235,167</u>	<u>210,333</u>
	<u>235,167</u>	<u>210,333</u>

These financial assets are carried at fair value.

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

Opening balance	210,333	312,102
Disposals	-	(100,000)
Impairment charge	-	(2,720)
Increase/(Decrease) in investment revaluation reserve	24,834	951
Closing balance	<u>235,167</u>	<u>210,333</u>

**11: Non- Current assets – Property, plant and equipment**

	2011 \$	2010 \$
<b>Buildings and fit out</b>		
Buildings		
At cost	210,000	210,000
Less accumulated depreciation	<u>(57,750)</u>	<u>(52,500)</u>
	<u>152,250</u>	<u>157,500</u>
Fit out		
At cost	42,010	-
Less accumulated depreciation	<u>(950)</u>	-
	<u>41,060</u>	-

**11: Non- Current assets – Property, plant and equipment (Continued)**

Motor vehicles		
At cost	133,630	103,956
Less accumulated depreciation	<u>(62,435)</u>	<u>(45,279)</u>
	<u>71,195</u>	<u>58,677</u>
Computer equipment		
At cost	90,293	85,412
Less accumulated depreciation	<u>(77,124)</u>	<u>(68,632)</u>
	<u>13,169</u>	<u>16,780</u>
Furniture and equipment		
At cost	70,391	63,400
Less accumulated depreciation	<u>(42,729)</u>	<u>(37,385)</u>
	<u>27,662</u>	<u>26,015</u>
<b>Total property, plant and equipment</b>	<b><u>305,336</u></b>	<b><u>258,972</u></b>

**(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 \$ 440,000 as at 30 June 2011.

**(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.

2010	Buildings	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$	\$	\$	\$	\$
Opening net book amount	162,750	74,272	8,520	30,952	276,494
Additions	-	-	15,457	-	15,457
Disposals	-	-	-	-	-
Depreciation	<u>(5,250)</u>	<u>(15,595)</u>	<u>(7,197)</u>	<u>(4,937)</u>	<u>(32,979)</u>
Closing net book amount	<u>157,500</u>	<u>58,677</u>	<u>16,780</u>	<u>26,015</u>	<u>258,972</u>

**11: Non- Current assets – Property, plant and equipment (continued)**

**(b) Movements in carrying amounts (continued)**

	Buildings	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
2011	\$		\$	\$	\$	\$
Opening net book amount	157,500	-	58,677	16,780	26,015	258,972
Additions	-	42,010	29,674	4,881	6,991	83,556
Disposals	-	-	-	-	-	-
Depreciation	(5,250)	(950)	(17,156)	(8,492)	(5,344)	(37,192)
Closing net book amount	<u>152,250</u>	<u>41,060</u>	<u>71,195</u>	<u>13,169</u>	<u>27,662</u>	<u>305,336</u>

**12: Non- Current assets – Intangible assets**

	2011	2010
	\$	\$
<b>Software</b>		
At cost	9,100	8,012
Less accumulated amortisation	(5,977)	(4,211)
	<u>3,123</u>	<u>3,801</u>
<b>Total intangibles</b>	<u>3,123</u>	<u>3,801</u>

**(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
2010	\$	\$
Opening net book amount	29,220	29,220
Additions	1,013	1,013
Disposals	(20,747)	(20,747)
Impairment charge		
Amortisation charge	(5,685)	(5,685)
Closing net book amount	<u>3,801</u>	<u>3,801</u>

**12: Non- Current assets – Intangible assets (continued)**

**(a) Movements in carrying amounts (continued)**

2011	Software	Total
	\$	\$
Opening net book amount	3,801	3,801
Additions	1,088	1,088
Disposals	-	-
Impairment charge	-	-
Amortisation charge	<u>(1,766)</u>	<u>(1,766)</u>
Closing net book amount	<u>3,123</u>	<u>3,123</u>

**13: Current liabilities – Trade and other payables**

	2011	2010
	\$	\$
<i>Unsecured</i>		
Legal fees due	3,225	-
Other trade creditors and accruals	<u>172,351</u>	<u>174,974</u>
	<u>175,576</u>	<u>174,974</u>

**14: Current liabilities – Provisions**

	2011	2010
	\$	\$
Employee benefits - staff	<u>487,933</u>	<u>412,249</u>
	<u>487,933</u>	<u>412,249</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.

**15: Current liabilities – Other liabilities**

	2011 \$	2010 \$
Subscriptions received in advance	<u>455,216</u>	<u>82,473</u>
	<u>455,216</u>	<u>82,473</u>

**16: Reserves**

	2011 \$	2010 \$
Available for sale investments revaluation reserve	(a) <u>24,834</u>	<u>-</u>
	<u>24,834</u>	<u>-</u>

**(a) Movements in reserve**

*Movements during the financial year:*

Opening balance	-	(951)
Transfer to income statement on disposal	-	951
Impaired amount transferred to income statement	-	-
Revaluation for year	<u>24,834</u>	<u>-</u>
Closing balance	<u>24,834</u>	<u>-</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.

**17: Accumulated surplus**

	2011 \$	2010 \$
Movements in the accumulated surplus were as follows:		
Balance 1 July	2,121,545	1,850,198
Net surplus for the year	<u>361,391</u>	<u>271,347</u>
Balance 30 June	<u>2,482,936</u>	<u>2,121,545</u>

**18: Contingencies**

There are no known contingent assets or liabilities at 30 June 2011

## 19: Commitments

	2011	2010
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	-	13,164
Later than one year but no later than five years	-	4,686
Later than five years	-	-
	<u>-</u>	<u>17,850</u>

## 21: Cash flow information

	2011	2010
	\$	\$
<b>Reconciliation of cash flow from operations with surplus for the year</b>		
Surplus for the year	386,225	271,347
<i>Non-cash flows in surplus</i>		
Depreciation and amortisation	38,958	38,664
Rental Income	(39,375)	(38,511)
Impairment (gain)/loss	(24,834)	2,720
Net loss / (gain) on disposal of property, plant and equipment and software	-	16,190
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in receivables	(69,485)	27,125
Increase in payables	781	48,563
Increase in subscriptions in advance	372,743	33,097
Increase in provisions	75,685	38,704
Cash flows from operations	<u>740,698</u>	<u>437,899</u>

## 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. This relationship has ceased as at the year end 30 June 2010.

## 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 3 September 2011 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 2011:

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 21 comply with Australian Accounting Standards and other mandatory professional reporting requirements
2. the financial statements and notes, as set out on pages 3 to 21 comply with the reporting guidelines of the General Manager of FWA;
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 GPFR relates and since the end of 30 June 2011:
  - a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the branch 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; 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 or a General Manager of Fair Work Australia (FWA) duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the members or the General Manager of FWA; and
  - f. No orders have been made by the Commission under section 273 of the RAO Schedule during the period.
6. There has been no recovery of wage activity undertaken by the reporting unit

For the Committee of Management

Designated Officer



B Murray

Dated this 30<sup>th</sup> day of September 2011.



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 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the requirements imposed by *Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009*. The Committee of Management is also responsible for such internal control as the Federation determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*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 of the Federation, 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.

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





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

*Independence*

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

*Auditor's opinion*

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

- (i) gives a true and fair view of the Federation's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complies with Australian Accounting Standards - Reduced Disclosure Requirements and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisation) Act 2009.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Andrew Cronin', written over the printed name.

Andrew Cronin  
Partner  
Registered Auditor with ASIC No. 325199  
Institute of Chartered Accountants in Australia  
Membership number: 45587

Melbourne  
30 September 2011