



FAIR WORK
COMMISSION

6 January 2017

Mr Simon Lutton
Executive Director
Australian Federation of Air Pilots

By email: joanne@afap.org.au

Dear Mr Lutton

Re: Lodgement of Financial Statements and Accounts – Australian Federation of Air Pilots - for year ended 30 June 2016 (FR2016/98)

I refer to the financial report for the Australian Federation of Air Pilots. The report was lodged with the Fair Work Commission on 19 December 2016.

The financial report has been filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.¹

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@fwc.gov.au

Yours sincerely

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

¹ The full range of disclosure requirements that may apply can be found itemised on the advanced assessment form available at <https://www.fwc.gov.au/documents/documents/organisations/factsheets/org-financial-report-checklist-advanced.pdf>



19 December 2016

Ms Bernadette O'Neill
General Manager
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Via email: orgs@fwc.gov.au

Re: 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 2016, together with a certificate signed by AFAP President, Captain David Booth.

Please contact me on 03 9928 5737 should you have any questions.

Yours sincerely,

Joanne Janes
Operations Manager

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

I, David Booth, 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 2015/16 provided to the membership by publication on the Federation's website on 13 October 2016 and presented to the Committee of Management on 16 December 2016 in accordance with the Fair Work (Registered Organisations) Act 2009.



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Captain David Booth

19 December 2016

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

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 objectives of the Federation include the protection and furthering of the interests of Air Pilots and to safeguard and improve the interests and rights of the members of the Federation.

The principal place of business is:
Australian Federation of Air Pilots
Level 4
132 -136 Albert Road
SOUTH MELBOURNE VIC 3205

The financial report was authorised for issue by the committee of management on the 7th day of October 2016.

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 2016.

Members of executive

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

D Booth – President

B Bollen - Vice President Membership

L Pole - Vice President Administration and Finance

P Gardiner - Technical Director

B Murray – Trustee

G Brown – Trustee

J Absolon - Trustee

Significant changes in financial affairs

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

Review of Principal activities and results of those activities and any significant changes in the nature of those activities during the year

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.

Union details

The number of equivalent full time employees at 30 June 2016 was 14.05 (2015: 15.1)

The number of members at 30 June 2016 was 3,984 (2015: 4,172).

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.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

OPERATING REPORT (Continued)

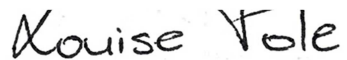
Directorships of Superannuation Fund

To the best of our knowledge and belief, no officers or employees of the Federation are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee.

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

A handwritten signature in black ink, appearing to read 'D. Booth', with a long horizontal stroke extending to the right.

D Booth - President

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

L Pole - Vice President Administration and Finance

Dated this 7th day of October 2016

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations	4	3,842,272	3,518,820
Other income	5	380,100	341,165
Expenses			
Administration		(224,072)	(293,078)
Audit fee	7	(18,000)	(26,000)
Bank charges and interest		(22,387)	(23,076)
Communication		(56,777)	(62,011)
Depreciation and amortisation	8	(53,585)	(51,078)
Capitation and affiliation fees	9	(53,638)	(46,281)
Industrial		(324,965)	(228,182)
Legal costs	10	(273,164)	(151,976)
Meeting and conferences	11	(180,117)	(130,844)
Occupancy		(235,620)	(203,058)
Publications, advertising and marketing		(63,273)	(84,690)
Employee expenses	12	(1,961,735)	(1,592,445)
Technical		(71,888)	(27,157)
Welfare, grant and donation expenses	13	(12,000)	(42,500)
		<u>(3,551,221)</u>	<u>(2,962,376)</u>
Surplus for the year		671,151	897,609
Surplus attributable to the members	22	671,151	897,609
Other comprehensive income			
Changes in fair value of available for sale assets	21	(28,856)	1,723
Total comprehensive income for the year attributable to the members		<u>642,295</u>	<u>899,332</u>

The above statement of profit or loss and other 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 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	7,246,656	6,511,841
Trade and other receivables	15	<u>136,664</u>	<u>111,862</u>
Total current assets		<u>7,383,320</u>	<u>6,623,703</u>
Non-current assets			
Available for sale financial assets	16	-	170,039
Property, plant and equipment	17	172,685	139,126
Intangible assets	18	<u>86,984</u>	<u>23,146</u>
Total non-current assets		<u>259,669</u>	<u>332,311</u>
Total assets		<u>7,642,989</u>	<u>6,956,014</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	252,418	286,005
Employee benefit obligations	20	390,709	264,662
Other	21	<u>769,352</u>	<u>791,995</u>
Total current liabilities		<u>1,412,479</u>	<u>1,342,662</u>
Non-current liabilities			
Employee benefit obligations	20	<u>30,514</u>	<u>55,651</u>
Total non-current liabilities		<u>30,514</u>	<u>55,651</u>
Total liabilities		<u>1,442,993</u>	<u>1,398,313</u>
Net assets		<u>6,199,996</u>	<u>5,557,701</u>
EQUITY			
Reserves	22	-	28,856
Accumulated surplus	23	<u>6,199,996</u>	<u>5,528,845</u>
Total equity		<u>6,199,996</u>	<u>5,557,701</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 2016

	Accumulated surplus \$	Reserves \$	Total \$
Balance at 1 July 2014	4,631,236	27,133	4,658,369
Surplus for the year	897,609	-	897,609
Available for sale financial assets	<u>-</u>	<u>1,723</u>	<u>1,723</u>
Balance at 30 June 2015	<u>5,528,845</u>	<u>28,856</u>	<u>5,557,701</u>
Balance at 1 July 2015	5,528,845	28,856	5,557,701
Surplus for the year	671,151	-	671,151
Available for sale financial assets	<u>-</u>	<u>(28,856)</u>	<u>(28,856)</u>
Balance at 30 June 2016	<u>6,199,996</u>	<u>-</u>	<u>6,199,996</u>

The above statement of change 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 2016

	Note	2016 \$	2015 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from operations (inclusive of GST)		4,407,021	4,064,853
Receipts from other reporting units (inclusive of GST)		-	-
Receipts from controlled entities (inclusive of GST)		-	-
Interest received		152,000	137,885
Cash used			
Payments to suppliers and employees (inclusive of GST)		(3,849,406)	(3,276,748)
Payments to other reporting units (inclusive of GST)		-	-
Payments to controlled entities (inclusive of GST)		-	-
Net cash inflow from operating activities	27	<u>709,615</u>	<u>925,990</u>
INVESTING ACTIVITIES			
Cash received			
Rental income (inclusive of GST)		-	1,403
Receipts from disposal of investments		173,000	-
Receipt on sale for property, plant and equipment and software		3,182	-
Cash used			
Payment for property, plant and equipment and software		(150,982)	(16,246)
Net cash inflow/(outflow) from investing activities		<u>25,200</u>	<u>(14,843)</u>
Net increase in cash and cash equivalents		734,815	911,147
Cash and cash equivalents at beginning of financial year		6,511,841	5,600,694
Cash and cash equivalents at end of financial year	14(a)	<u>7,246,656</u>	<u>6,511,841</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies

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

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

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. The Australian Federation of Air Pilots is a not-for-profit entity for the purpose of preparing financial statements. Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards have been applied in the preparation of this report as required under the Reporting Guidelines for the purpose of section 253 of the *Fair Work (Registered Organisations) Act 2009*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Early adoption of standards

No accounting standard has been adopted earlier than the application date stated in the standard.

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.

New and amended standards adopted by the Federation

The Federation adopts all of the new and revised Standards and Interpretations issued by the Australian Accounting Board (AASB) that are relevant to the operations and effective for the current annual reporting period.

The Federation has assessed the impact of other new and amended standards that came into effect for the first time for the annual reporting period commencing 1 July 2015. These standards did not result in changes to Federation's accounting policies and had no effect on the amounts reported for current or prior year financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

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.

(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

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

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) Taxation

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. The Federation still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(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 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.

(e) Investment and 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(e) Investment and other financial assets (Continued)

Impairment

The Federation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(f) Fair value measurements

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(h) Intangible assets

Costs incurred in developing the website and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to either the software or website intangible assets. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Costs are amortised at the point at which the asset is ready for use. Amortisation is calculated on a straight-line basis over a period of 3 years

(i) 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.

(j) Welfare payments

In accordance with a Convention Resolution, ex gratia payments may be made to dependents of members at the discretion of the trustees. These payments are expensed as incurred.

(k) 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.

(l) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(l) Employee benefits (continued)

(ii) Other long term employee benefit obligations

The liability for long service leave and annual leave are not expected to be settled wholly within 12 months after the period in which the employees rendered the related services. They are therefore 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 and are measured at the amounts expected to be paid when the liabilities are settled. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Federation before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Federation recognises termination benefits at the earlier of the following dates: (a) when the Federation can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(m) 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.

(n) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. When adopted, the standard will affect the Federation's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. There will be no impact on the Federation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Federation does not have any such liabilities.

(ii) AASB 15 Revenue from Contracts with customers (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. There will be no impact on the Federation's financial report.

(iii) AASB 16 Leases (effective from 1 January 2019)

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change. The changes under AASB 16 are significant and will have a pervasive impact, particularly for lessees with operating leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(iv) Sales or contribution of assets between an investor and its associates or joint venture (effective from 1 January 2018)

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting depends on whether the contributed assets constitute a business or an asset. There will be no impact on the Federation's financial report.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4: Revenue from continuing operations

	2016	2015
	\$	\$
Membership subscriptions	3,842,272	3,518,820
Capitation fees	-	-
Levies	-	-
	<u>3,842,272</u>	<u>3,518,820</u>

5: Other income

Interest	148,713	147,467
Rent	-	1,275
Grants and donations	-	-
Financial support from another reporting unit	-	-
Distributions	1,655	1,829
Dividends	2,272	2,626
MBF	171,674	164,606
Other revenue	20,787	23,362
Gain on disposal of financial assets	34,999	-
	<u>380,100</u>	<u>341,165</u>

6: Expenses

	2016	2015
	\$	\$
The surplus for the year includes the following specific expenses:		
<i>Compulsory levies</i>	-	-
<i>Consideration to employers for payroll deductions</i>	-	-
<i>Penalties - via RO Act or RO Regulations</i>	-	-

7: Auditors remuneration

	2016	2015
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	18,000	26,000
Other services	-	-
	<u>18,000</u>	<u>26,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

8: Depreciation and amortisation

	2016 \$	2015 \$
<i>Depreciation of non-current assets</i>		
- Fit out	2,703	2,704
- Motor vehicles	20,780	19,215
- Office equipment and furniture	6,885	5,087
- Computer equipment	9,590	10,761
	<u>39,958</u>	<u>37,767</u>
<i>Amortisation of non-current assets</i>		
- Software	13,627	13,311
	<u>13,627</u>	<u>13,311</u>
	<u>53,585</u>	<u>51,078</u>

9: Capitation and affiliation fees

	2016 \$	2015 \$
<i>Capitation fees</i>		
IFALPA	53,638	46,281
<i>Affiliation fees</i>		
	-	-
	<u>53,638</u>	<u>46,281</u>

10: Legal costs

	2016 \$	2015 \$
Litigation	143,607	151,976
Other legal matters	129,557	-
	<u>273,164</u>	<u>151,976</u>

11: Meeting and conferences

	2016 \$	2015 \$
Fees and allowances	-	-
Other expenses	180,117	130,844
	<u>180,117</u>	<u>130,844</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12: Employee expenses

	2016 \$	2015 \$
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>-</u>	<u>-</u>

In terms of the rules of the Federation all holders of officer serve in an honorary capacity.

Employees other than holders of office:

Wages and salaries	1,524,117	1,228,563
Superannuation	200,811	171,646
Leave and other entitlements	100,910	56,215
Separation and redundancies	-	-
Other employee expenses	(a) 135,897	136,021
	<u>1,961,735</u>	<u>1,592,445</u>
Total employee expenses	<u>1,961,735</u>	<u>1,592,445</u>

(a) Other expenses primarily comprise payroll tax, fringe benefits tax and workcover.

13: Welfare payments, grant and donations

	2016 \$	2015 \$
Grants		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	12,000	22,500
Donations		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Welfare payments	-	20,000
	<u>12,000</u>	<u>42,500</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

14: Current assets – Cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	322	613
Cash at bank	2,131,294	2,409,113
Bank deposits at call	5,115,040	4,102,115
	<u>7,246,656</u>	<u>6,511,841</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>7,246,656</u>	<u>6,511,841</u>
Balances per statement of cash flows	<u>7,246,656</u>	<u>6,511,841</u>

The following bank deposits are held as security:

- a term deposits of \$ 12,925 is used as security for a bank guarantee in relation to the lease of premises.
- term deposits totalling \$102,119 are used as security for bank issued credit cards.

15: Current assets – Trade and other receivables

	2016	2015
	\$	\$
Receivables from other reporting units	-	-
Less provision for impairment	-	-
Net receivables from other reporting units	<u>-</u>	<u>-</u>
Prepayments	63,992	45,537
Other receivables	72,672	66,325
	<u>136,664</u>	<u>111,862</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

16: Non-current assets – Available for sale financial assets

	2016	2015
	\$	\$
Listed investments	-	170,039
	<u>-</u>	<u>170,039</u>

These financial assets are carried at fair value.

These investments include the following surplus transferred to equity at reporting date:

Opening balance	170,039	168,316
Disposals	(141,183)	-
Impairment charge	-	-
(Decrease)/Increase in investment revaluation reserve	(28,856)	1,723
Closing balance	<u>-</u>	<u>170,039</u>

17: Non-current assets – Property, plant and equipment

	2016	2015
	\$	\$
Fit out		
At cost	27,037	27,037
Less accumulated depreciation	(10,901)	(8,198)
	<u>16,136</u>	<u>18,839</u>
Motor vehicles		
At cost	142,846	136,544
Less accumulated depreciation	(62,403)	(62,596)
	<u>80,443</u>	<u>73,948</u>
Computer equipment		
At cost	53,096	44,833
Less accumulated depreciation	(39,598)	(30,008)
	<u>13,498</u>	<u>14,825</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17: Non-current assets – Property, plant and equipment (Continued)

	2016	2015
	\$	\$
Furniture and equipment		
At cost	90,041	62,166
Less accumulated depreciation	<u>(27,433)</u>	<u>(30,652)</u>
	<u>62,608</u>	<u>31,514</u>
Total property, plant and equipment	<u><u>172,685</u></u>	<u><u>139,126</u></u>

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$	\$	\$	\$	\$
2016					
Opening net book amount	18,839	73,948	14,825	31,514	139,126
Additions	-	27,275	8,263	37,979	73,517
Disposals	-	-	-	-	-
Depreciation	<u>(2,703)</u>	<u>(20,780)</u>	<u>(9,590)</u>	<u>(6,885)</u>	<u>(39,958)</u>
Closing net book amount	<u>16,136</u>	<u>80,443</u>	<u>13,498</u>	<u>62,608</u>	<u>172,685</u>
2015					
Opening net book amount	21,543	93,163	15,865	36,601	167,172
Additions	-	-	9,721	-	9,721
Disposals	-	-	-	-	-
Depreciation	<u>(2,704)</u>	<u>(19,215)</u>	<u>(10,761)</u>	<u>(5,087)</u>	<u>(37,767)</u>
Closing net book amount	<u>18,839</u>	<u>73,948</u>	<u>14,825</u>	<u>31,514</u>	<u>139,126</u>

(b) Non-current assets pledged as security

None of the non-current assets have been pledged as security.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

18: Non-current assets – Intangible assets

	2016 \$	2015 \$
Website		
At cost	75,005	-
Less accumulated amortisation	<u>-</u>	<u>-</u>
	<u>75,005</u>	<u>-</u>
Software		
At cost	43,156	40,696
Less accumulated amortisation	<u>(31,177)</u>	<u>(17,550)</u>
	<u>11,979</u>	<u>23,146</u>
Total intangibles	<u>86,984</u>	<u>23,146</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:

	Website	Software	Total
	\$	\$	\$
2016			
Opening net book amount	-	23,146	23,146
Additions	75,005	2,460	77,465
Disposals	-	-	-
Impairment charge	-	-	-
Amortisation charge	-	(13,627)	(13,627)
Closing net book amount	<u>75,005</u>	<u>11,979</u>	<u>86,984</u>
2015			
Opening net book amount	-	29,932	29,932
Additions	-	6,525	6,525
Disposals	-	-	-
Impairment charge	-	-	-
Amortisation charge	-	(13,311)	(13,311)
Closing net book amount	<u>-</u>	<u>23,146</u>	<u>23,146</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19: Current liabilities – Trade and other payables

	2016 \$	2015 \$
Payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Legal costs (other matters & litigation)	-	-
Other trade creditors and accruals	<u>252,418</u>	<u>286,005</u>
	<u>252,418</u>	<u>286,005</u>

20: Employee benefit obligations

	2016 \$	2015 \$
Employee provisions:		
<i>Office holders:</i>		
Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
	<u>-</u>	<u>-</u>
<i>Employees other than office holders:</i>		
Annual leave	204,197	179,669
Long service leave	217,026	140,644
Separations and redundancies	-	-
Other	-	-
	<u>421,223</u>	<u>320,313</u>
Total employee provisions	<u>421,223</u>	<u>320,313</u>
Current	390,709	264,662
Non-current	<u>30,514</u>	<u>55,651</u>
	<u>421,223</u>	<u>320,313</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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

21: Current liabilities – Other liabilities

	2016 \$	2015 \$
Subscriptions received in advance	<u>769,351</u>	<u>791,995</u>

22: Reserves

	2016 \$	2015 \$
Available for sale investments revaluation reserve	(a) <u>-</u>	<u>28,856</u>

(a) Movements in reserve

Movements during the financial year:

Opening balance	28,856	27,133
Transfer to income statement on disposal	(28,856)	-
Revaluation for year	<u>-</u>	<u>1,723</u>
Closing balance	<u>-</u>	<u>28,856</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.

23: Accumulated surplus

	2016 \$	2015 \$
Balance 1 July	5,528,845	4,631,236
Surplus for the year	<u>671,151</u>	<u>897,609</u>
Balance 30 June	<u>6,199,996</u>	<u>5,528,845</u>

No specific funds or accounts have been operated in respect of compulsory levies or voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

24: Related party disclosures

(a) The members of the executive committee during the financial year were:

Name	Position
D Booth	President
B Bollen	Vice President Membership
L Pole	Vice President Administration and Finance
P Gardiner	Technical Director
B Murray	Trustee
G Brown	Trustee
S Edwards	Trustee
J Absolon	Trustee

In terms of the rules of the Federation the Federal Officers are the people filling the positions listed above.

(b) In terms of the rules of the Federation all officers serve in an honorary capacity. No remuneration was paid to members of the committee of management during the year for the administration of the Federation.

(c) Officers are reimbursed for reasonable business expenses as incurred when carrying out business on behalf of the Federation.

	2016	2015
	\$	\$
(d) Key management personnel remuneration		
<i>Short-term employee benefits</i>		
Salary (including annual leave taken)	200,767	189,236
Annual leave accrued	6,176	8,969
Total short-term employee benefits	206,943	198,205
Post-employment benefits:		
Superannuation	28,534	27,403
Total post-employment benefits	28,534	27,403
Other long-term benefits:		
Long-service leave	25,296	2,889
Total other long-term benefits	25,296	2,889
Severance benefits	-	-
Total	260,773	228,497

(e) There were no loans between the key management personnel or the committee of management and the Federation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

24: Related party disclosures (Continued)

(f) There were no transactions between key management personnel or the committee of management and the Federation other than those relating to their membership of the Federation and reimbursement by the Federation in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

(g) Transactions with related parties	2016	2015
	\$	\$
The Federation receives income from the Australian Air Pilots Mutual Benefit Fund (MBF) for the marketing and promotional services		
Income received for year	171,674	164,606
The Federation leases premises from the Australian Air Pilots Mutual Benefit Fund (MBF) on normal commercial terms and conditions.		
Lease expense for year	(178,442)	(172,353)
Amounts due to the MBF included in other receivables	41,657	48,459

25: Contingencies

There are no known contingent assets or liabilities at 30 June 2016.

26: Commitments

(a) Non-cancellable operating leases

The Federation leases various offices under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiatable.

	2016	2015
	\$	\$
Within one year	218,336	186,828
Later than one year but less than five years	182,365	352,993
Later than five years	-	-
	<u>400,701</u>	<u>539,821</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

27: Cash flow information

	2016	2015
	\$	\$
Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	671,151	897,609
<i>Investing cash flows included in surplus</i>		
Rental Income	-	(1,403)
<i>Non-cash flows in surplus</i>		
Depreciation and amortisation	53,585	51,078
Net (gain) on disposal of financial assets	(34,999)	-
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in receivables	(24,802)	41,538
(Decrease)/Increase in payables	(33,587)	7,281
(Decrease) in subscriptions in advance	(22,643)	(15,922)
Increase/(Decrease) in provisions	100,910	(54,191)
Cash flows from operations	<u>709,615</u>	<u>925,990</u>

28: 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.

29: Other information

(i) Going Concern

The Federation's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The Federation did not acquire any asset or a liability during the financial year as a result of:

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the General Manager under s245(1) of the RO Act;
- a revocation by the General Manager under s249(1) of the RO Act;

(iv) Acquisition of assets and liability as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

30: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The Federation has not derived any revenue in respect of these activities.

31: Capital management

The Federation manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee of Management ensure that the overall risk management strategy is in line with this objective.

The capital structure of the entity consists of cash and cash equivalents, listed securities and members' funds, comprising reserves and retained earnings.

The Committee of Management effectively manages the Federation's capital by assessing the Federation's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee of Management to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

32: Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The entity'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 entity. The entity 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, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by the Committee of Management. The Committee of Management identifies, evaluates 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.

(a) Market risk

(i) Foreign exchange risk

The Federation is not exposed to foreign exchange risk.

(ii) Price risk

The Federation is exposed to equity securities price. This arises from investments held by the entity and classified in the balance sheet either as available-for-sale or at fair value through profit or loss. The Federation is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the entity only maintains a small portfolio.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

32: Financial risk management (Continued)

(a) Market risk (continued)

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% (2015 - 10%) with all other variables held constant and all the Federation's equity instruments moved according to the historical correlation with the index.

	2016	2015
<i>Effect on equity:</i>	\$	\$
Increase of equity index by 10%	-	17,004
Decrease of equity index by 10%	-	(17,004)

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

(iii) Cash flow and fair value interest rate risk

The Federation has no borrowings and is therefore not exposed to interest rate risk on liabilities. The Federation has investments in a variety of interest-bearing assets which have fixed interest rates and therefore are not subject to interest rate volatility.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks.

The Federation has no significant concentrations of credit risk.

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

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2016	2015
	\$	\$
Cash at bank		
<i>AA- Rating</i>	2,131,294	2,409,113
Deposits at call		
<i>AA- Rating</i>	5,115,050	4,102,115

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

32: Financial risk management (Continued)

(c) Liquidity risk

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

Maturity profile of financial instruments

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

2016

	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		-	-	-	-	-	322	322
Cash at bank	0.5	2,131,294	-	-	-	-	-	2,131,294
Deposits at bank	2.8	-	5,115,050	-	-	-	-	5,115,050
Other receivables		-	-	-	-	-	72,672	72,672
		<u>2,131,294</u>	<u>5,115,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,994</u>	<u>7,319,338</u>
Financial Liabilities								
Other payables		-	-	-	-	-	252,418	252,418
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,418</u>	<u>252,418</u>
Net Financial Assets (Liabilities)		<u>2,131,294</u>	<u>5,115,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,424)</u>	<u>7,066,920</u>

2015

	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		-	-	-	-	-	613	613
Cash at bank	0.6	2,409,113	-	-	-	-	-	2,409,113
Deposits at bank	2.7	-	4,102,115	-	-	-	-	4,102,115
Other receivables		-	-	-	-	-	66,325	66,325
Available for sale financial assets		-	-	-	-	170,039	-	170,039
		<u>2,409,113</u>	<u>4,102,115</u>	<u>-</u>	<u>-</u>	<u>170,039</u>	<u>66,938</u>	<u>6,748,205</u>
Financial Liabilities								
Other payables		-	-	-	-	-	286,005	286,005
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,005</u>	<u>286,005</u>
Net Financial Assets (Liabilities)		<u>2,409,113</u>	<u>4,102,115</u>	<u>-</u>	<u>-</u>	<u>170,039</u>	<u>(219,067)</u>	<u>6,462,200</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

32: 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.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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 assets available-for-sale is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Federation is the current bid price. These are included in level 1. The Federation does not have any financial instruments included in level 2 and level 3.

As at 30 June 2016

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
<i>Available for sale financial assets</i>				
Equity securities	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 2015

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
<i>Available for sale financial assets</i>				
Equity securities	170,039	-	-	170,039
Total	<u>170,039</u>	<u>-</u>	<u>-</u>	<u>170,039</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

33: Rule 22 – Disclosure

In terms of the Rule 22 of the Federation the following disclosures are required to be made to members of the Federation and its councils:

(i) Sub-rule 3 – Disclosure of officer’s relevant remuneration and non-cash benefits

In terms of sub-rule 3, the Federation must disclose the identity of the five highest paid officers as well as the amount of the remuneration and value of relevant non-cash benefits :

- No officers have received remuneration or non-cash benefits in terms of this sub-rule for the year ended 30 June 2016.
- Officers are reimbursed for reasonable business expenses as incurred when carrying out business on behalf of the Federation.

(ii) Sub-rule 4 - Disclosure of officer’s material personal interests

In terms of sub-rule 4, the Federation must disclose any material personal interests in a matter that an officer or a relative of the officer has or acquires that relates to the affairs of the Federation which has been disclosed to it by any officer.

- No officers have made any disclosures to the Federations required in terms of this rule.

(iii) Sub-rule 5 - Disclosure by the Federation and Councils of payments

In terms of sub-rule 5, the Federation must declare payments made to each related party or to each declared persons or body of the Federation

- Any such related party transactions are recorded in note 24.
- No payments have been made to any person who may be a declared person.

COMMITTEE OF MANAGEMENT STATEMENT

On the 7th day of October 2016 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 2016:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards,
2. the financial statements and notes, comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit 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 that year:
 - 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 the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two 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. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management

Designated Officer



D Booth - President

Dated this 7th day of October 2016



**Independent Auditor's Report
to the Committee of Management and
Members of the Australian Federation of Air Pilots
General Purpose Financial Report – Year Ended 30th June 2016**

We have audited the accompanying general purpose financial report of the Australian Federation of Air Pilots ("the Registered Organisation") comprising Balance Sheet as at 30th June 2016, Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows all for the year ended 30th June 2016 together with Notes to the Financial Statements and the Committee of Management Statement.

Committee of Management Responsibility

The Committee of Management of the Registered Organisation is responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the *Fair Work (Registered Organisations) Act 2009* including the adoption of suitable accounting policies and for maintaining adequate accounting records and internal controls to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on the financial report to the Committee of Management and to the members of the Registered Organisation in accordance with the Rules of the Registered Organisation and the requirements of the *Fair Work (Registered Organisations) Act 2009* based on the results of our audit.

Our audit was conducted in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to 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 an assessment of the risks of material misstatement in the financial report, and whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the 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 an entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used by the Registered Organisation and the reasonableness of accounting estimates made by the Committee of Management of the Registered Organisation as well as evaluating the overall presentation of the financial report.

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



EddyPartners
Accountants

**Independent Auditor's Report
to the Committee of Management and
Members of the Australian Federation of Air Pilots
General Purpose Financial Report – Year Ended 30th June 2016**

Auditor's Independence

In conducting our audit, we have complied with all applicable independence requirements of the Australian professional accounting bodies and the *Fair Work (Registered Organisations) Act 2009*.

Independent Auditor's Opinion

In our opinion –

- (a) the accompanying general purpose financial report of the Australian Federation of Air Pilots presents fairly in all material respects the financial position of the Registered Organisation as at 30th June 2016 and its financial performance and cash flows for the year ended on that date in accordance with applicable Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*; and
- (b) management's use of the going concern basis of accounting in the preparation of the Registered Organisation's financial report is considered appropriate.

Signed at Melbourne this 12th day of October 2016

Eddy Partners Accountants and Auditors
ABN 87 382 183 920

Stephen Eedy B.Com CPA
Registered Company Auditor – No. 165946
Holder of a Current Public Practice Licence
CPA Australia - Membership No. 1408419

Eddy Partners Accountants and Auditors
Level 8, 501 Latrobe Street, Melbourne, Victoria
Tel: 61 3 9602 5177 Fax: 61 3 9602-5766 Email: info@eddypartners.com.au
Liability limited by a scheme approved under Professional Standards Legislation



7 December 2016

Mr Simon Lutton
General Manager
Australian Federation of Air Pilots

Sent via email: industrial@afap.org.au

Dear Mr Lutton,

Lodgement of Financial Report - Reminder to lodge

The Fair Work Commission's (the Commission) records disclose that the financial year of the Australian Federation of Air Pilots (the reporting unit) ended on the 30 June 2016.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the Commission within 14 days of that meeting.

The Commission encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the General Manager instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the General Manager following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$54,000 per contravention on the organisation and up to \$10,800 per contravention on an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to orgs@fwc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Should you seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,



Sam Gallichio
Adviser
Regulatory Compliance Branch



15 July 2016

Mr Simon Lutton
General Manager
Australian Federation of Air Pilots
By email: industrial@afap.org.au

Dear Mr Lutton,

**Re: Lodgement of Financial Report - [FR2016/98]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Federation of Air Pilots (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

Loans, grants and donations: our focus this year

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at [sample documents](#).

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Civil penalties may apply

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

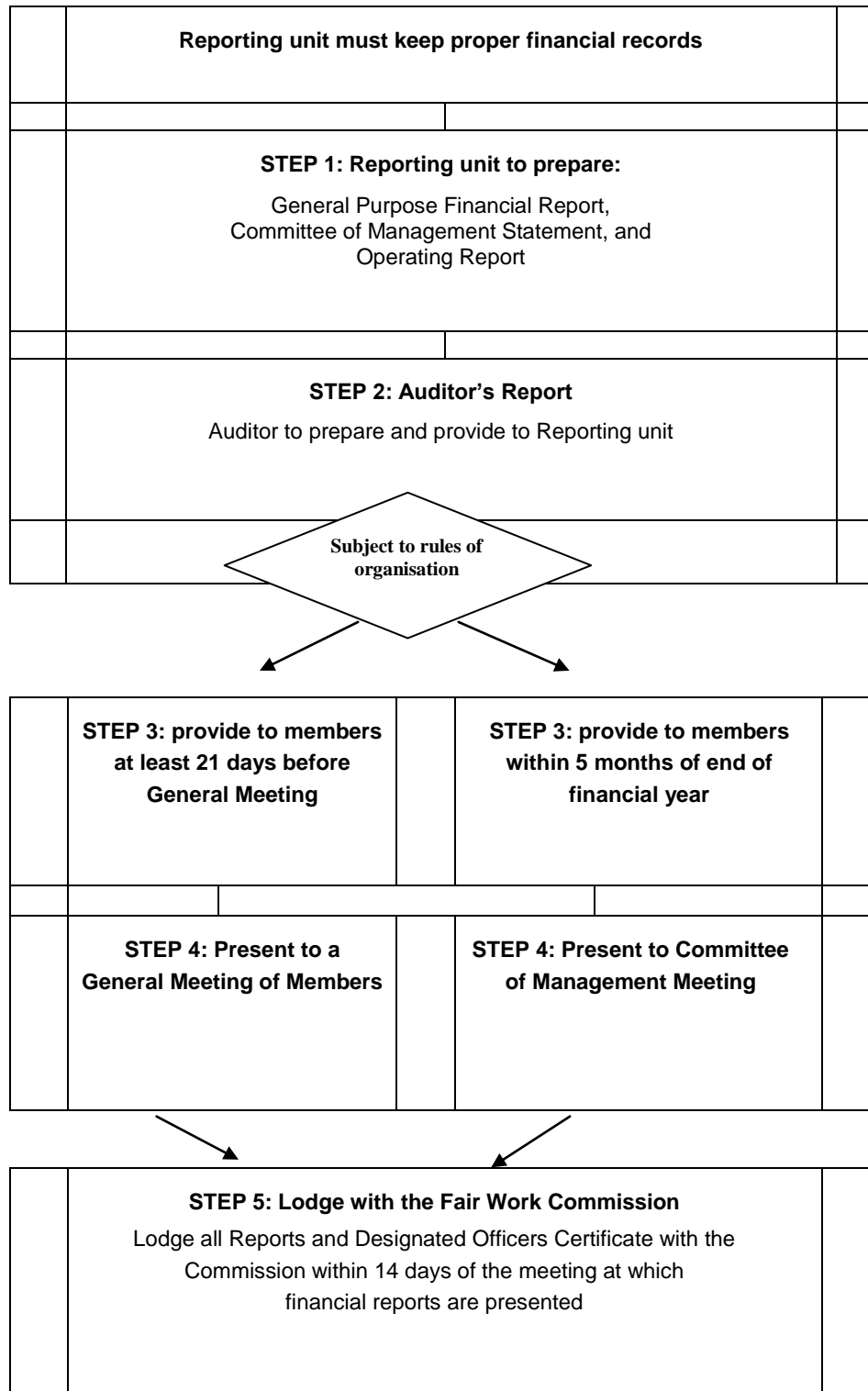


Anastasia Kyriakidis
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:







- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au