



9 January 2019

Ms Joanne Janes
Operating Manager
Australian Federation of Air Pilots

By e-mail: admin@afap.org.au

CC: info@eddypartners.com.au

Dear Ms Janes,

Australian Federation of Air Pilots

Financial Report for the year ended 30 June 2018 - [FR2018/48]

I acknowledge receipt of the financial report of the Australian Federation of Air Pilots (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 December 2018. I also acknowledge the supplementary information provided by the reporting unit on 8 January 2019 in relation to the figure disclosed in the financial reports for grants.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that 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 2019 may be subject to an advanced compliance review.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely,

Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission



13 December 2018

Commissioner Bielecki
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

Via email: regorgs@roc.gov.au

Dear Commissioner Bielecki,

Re: 2017/2018 Financial Statements – Australian Federation of Air Pilots (AFAP)

As required under section 268 of the *Fair Work (Registered Organisations) Act 2009*, please find attached the AFAP's Financial Statements and Auditor's Report for the financial year ending 30 June 2018, together with a certificate signed by AFAP President, Captain Louise Pole.

Please contact me on 0416 044 286 or 03 9928 5737 should you have any questions.

Yours sincerely,

Joanne Janes
Operations Manager

AUSTRALIAN FEDERATION OF AIR PILOTS

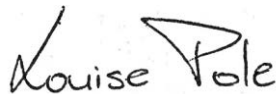
s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate By Prescribed Designated Officer

Certificate for the period ended 30 June 2018

I, Louise Pole, being the President of the Australian Federation of Air Pilots certify:

- that the documents lodged herewith are copies of the full report for the Australian Federation of Air Pilots for the period ended 30 June 2018 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 19 November 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 4 December 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Captain Louise Pole
President
Australian Federation of Air Pilots
13 December 2018

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

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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 18th day of October 2018.

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 2018.

Members of executive

Name	Position	
L Pole	President	From 19 October 2018
D Booth	President	To 19 October 2018
G Kailis	Vice President Membership	From 19 October 2018
B Bollen	Vice President Membership	To 19 October 2018
B Bollen	Vice President Administration and Finance	From 19 October 2018
L Pole	Vice President Administration and Finance	To 19 October 2018
J Absolon	Trustee	Resigned 6 October 2017
R Nicholson	Trustee	Appointed 6 October 2017 to 19 October 2018
B Murray	Trustee	
G Brown	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 2018 was 17.03 (2017: 16.4)

The number of members at 30 June 2018 was 4,715 (2017: 4,309).

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

OPERATING REPORT (Continued)

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.

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:

Signature of designated officer: 
Name of designated officer: DAVID BOOTH
Title of designated officer: PRESIDENT
Dated: 18/10/18

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 2018

	Note	2018 \$	2017 \$
Revenue from continuing operations	4	4,055,846	3,721,043
Other income	5	346,802	363,770
Expenses			
Administration		(257,981)	(265,140)
Audit fee	7	(16,000)	(16,000)
Bank charges and merchant fees		(27,507)	(23,976)
Communication		(39,446)	(47,053)
Depreciation and amortisation	8	(68,509)	(66,001)
Capitation and affiliation fees	9	(61,040)	(57,341)
Industrial		(255,842)	(287,138)
Legal costs	10	(462,579)	(540,561)
Meeting and conferences	11	(256,606)	(255,585)
Occupancy		(276,445)	(260,941)
Publications, advertising and marketing		(57,306)	(71,095)
Employee expenses	12	(2,179,206)	(2,006,589)
Technical		(89,889)	(90,622)
Welfare, grant and donation expenses	13	(58,458)	(78,000)
		<u>(4,106,814)</u>	<u>(4,066,042)</u>
Surplus for the year		<u>295,834</u>	<u>18,771</u>
Surplus attributable to the members	21	295,834	18,771
Other comprehensive income			
Changes in fair value of available for sale assets		-	-
Total comprehensive income for the year attributable to the members		<u>295,834</u>	<u>18,771</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 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	7,929,229	7,306,902
Trade and other receivables	15	<u>165,047</u>	<u>186,062</u>
Total current assets		<u>8,094,276</u>	<u>7,492,964</u>
Non-current assets			
Property, plant and equipment	16	215,659	208,950
Intangible assets	17	<u>59,973</u>	<u>83,033</u>
Total non-current assets		<u>275,632</u>	<u>291,983</u>
Total assets		<u>8,369,908</u>	<u>7,784,947</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	429,692	315,475
Employee benefit obligations	19	521,044	419,419
Other	20	<u>861,861</u>	<u>786,581</u>
Total current liabilities		<u>1,812,597</u>	<u>1,521,472</u>
Non-current liabilities			
Employee benefit obligations	19	<u>42,710</u>	<u>44,705</u>
Total non-current liabilities		<u>42,710</u>	<u>44,705</u>
Total liabilities		<u>1,855,307</u>	<u>1,566,180</u>
Net assets		<u>6,514,601</u>	<u>6,218,767</u>
EQUITY			
Accumulated surplus	21	<u>6,514,601</u>	6,218,767
Total equity		<u>6,514,601</u>	<u>6,218,767</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 2018

	Accumulated surplus \$	Reserves \$	Total \$
Balance at 1 July 2016	6,199,996	-	6,199,996
Surplus for the year	<u>18,771</u>	<u>-</u>	<u>18,771</u>
Balance at 30 June 2017	<u>6,218,767</u>	<u>-</u>	<u>6,218,767</u>
Balance at 1 July 2017	6,218,767	-	6,218,767
Surplus for the year	<u>295,834</u>	<u>-</u>	<u>295,834</u>
Balance at 30 June 2018	<u>6,514,601</u>	<u>-</u>	<u>6,514,601</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 2018

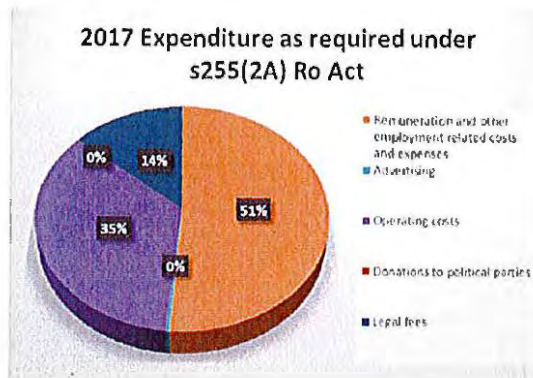
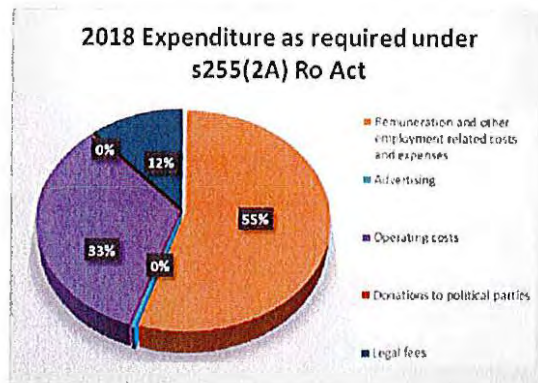
	Note	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from operations (inclusive of GST)		4,771,503	4,339,269
Receipts from other reporting units (inclusive of GST)		-	-
Receipts from controlled entities (inclusive of GST)		-	-
Interest received		169,657	87,592
Cash used			
Payments to suppliers and employees (inclusive of GST)		(4,286,425)	(4,274,882)
Payments to other reporting units (inclusive of GST)		-	-
Payments to controlled entities (inclusive of GST)		-	-
Net cash inflow from operating activities	25	<u>654,735</u>	<u>151,979</u>
INVESTING ACTIVITIES			
Cash received			
Receipt on sale for property, plant and equipment and software		5,455	11,364
Cash used			
Payment for property, plant and equipment and software		(37,863)	(103,097)
Net cash (outflow) from investing activities		<u>(32,408)</u>	<u>(91,733)</u>
Net increase in cash and cash equivalents		622,327	60,246
Cash and cash equivalents at beginning of financial year		<u>7,306,902</u>	<u>7,246,656</u>
Cash and cash equivalents at end of financial year	14(a)	<u>7,929,229</u>	<u>7,306,902</u>

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 30 June 2018.



Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer: *D. Booth*

Name of designated officer: DAVID BOOTH

Title of designated officer: PRESIDENT

Dated: 18/10/18

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2017. 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 2018

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 2018

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 2018

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 2018

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 2018

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 2018

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 2018 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 9 Financial Instruments
Nature of change	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ol style="list-style-type: none"> a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <ul style="list-style-type: none"> • Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: <ul style="list-style-type: none"> • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p> <p>When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	<p>Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations (Continued)

Title of Standard	AASB 15 Revenue from Contracts with Customers
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the entity: 1 January 2018.
Title of Standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations (Continued)

Title of Standard	AASB 1058 Income of Not-for-Profit Entities
Nature of change	<p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and much of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:</p> <ul style="list-style-type: none"> a Contributions by owners; b Revenue, or a contract liability arising from a contract with a customer; c A lease liability; d A financial instrument; or e A provision. <p>These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 1058. 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</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 Commissioner

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 Commissioner, 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 2018

4: Revenue from continuing operations

	2018 \$	2017 \$
Membership subscriptions	4,055,846	3,721,043
Capitation fees from other reporting units	-	-
Levies	-	-
	<u>4,055,846</u>	<u>3,721,043</u>

5: Other income

Financial support from another reporting unit	-	-
Gain on disposal of financial assets	-	6,582
Grants and donations	-	-
Interest	143,181	153,987
MBF	181,617	179,592
Other revenue	22,004	23,609
Other revenue from other reporting units	-	-
Revenue from recovery of wages activity	-	-
	<u>346,802</u>	<u>363,770</u>

6: Expenses

	2018 \$	2017 \$
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>	-	-
<i>Loss on disposal of property plant and equipment</i>	2,908	-

7: Auditors remuneration

	2018 \$	2017 \$
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	16,000	16,000
Other services	-	-
	<u>16,000</u>	<u>16,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

8: Depreciation and amortisation

	2018	2017
	\$	\$
<i>Depreciation of non-current assets</i>		
- Fit out	3,874	3,467
- Motor vehicles	23,174	18,049
- Furniture and equipment	9,923	9,603
- Computer equipment	8,478	8,165
	<u>45,449</u>	<u>39,284</u>
<i>Amortisation of non-current assets</i>		
- Software	7,533	13,743
- Website	15,527	12,974
	<u>23,060</u>	<u>26,717</u>
	<u>68,509</u>	<u>66,001</u>

9: Capitation and affiliation fees

	2018	2017
	\$	\$
<i>Capitation fees</i>		
IFALPA	61,040	57,341
<i>Affiliation fees</i>		
	-	-
	<u>61,040</u>	<u>57,341</u>

10: Legal costs

	2018	2017
	\$	\$
Litigation	241,766	355,562
Other legal matters	220,813	184,999
	<u>462,579</u>	<u>540,561</u>

11: Meeting and conferences

	2018	2017
	\$	\$
Fees and allowances	-	-
Other expenses	256,606	255,585
	<u>256,606</u>	<u>255,585</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12: Employee expenses

	2018	2017
	\$	\$
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	1,747,726	1,648,909
Superannuation	172,321	169,350
Leave and other entitlements	99,630	42,900
Separation and redundancies	-	-
Other employee expenses	(a) 159,529	145,430
	<u>2,179,206</u>	<u>2,006,589</u>
	<u>2,179,206</u>	<u>2,006,589</u>
Total employee expenses	2,179,206	2,006,589

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

13: Welfare payments, grant and donations

	2018	2017
	\$	\$
Grants		
Total paid that were \$1,000 or less		-
Total paid that exceeded \$1,000	12,045	18,000
Donations		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Welfare payments	46,413	60,000
	<u>58,458</u>	<u>78,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

14: Current assets – Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	145	146
Cash at bank	2,810,543	2,145,416
Bank deposits	5,118,541	5,161,340
	<u>7,929,229</u>	<u>7,306,902</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>7,929,229</u>	<u>7,306,902</u>
Balances per statement of cash flows	<u>7,929,229</u>	<u>7,306,902</u>

The following bank deposits are held as security:

- a term deposits of \$ 12,925 (2017 \$ 12,925) is used as security for a bank guarantee in relation to the lease of premises.
- term deposits totalling \$105,615 (2017: \$103,994) are used as security for bank issued credit cards.

15: Current assets – Trade and other receivables

	2018	2017
	\$	\$
Receivables from other reporting units	-	-
Less provision for impairment	-	-
Net receivables from other reporting units	<u>-</u>	<u>-</u>
Prepayments	58,756	50,312
Other receivables	106,291	135,750
	<u>165,047</u>	<u>186,062</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2018

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

	2018	2017
	\$	\$
Fit out		
At cost	39,831	37,551
Less accumulated depreciation	<u>(18,242)</u>	<u>(14,368)</u>
	<u>21,589</u>	<u>23,183</u>
Motor vehicles		
At cost	156,092	150,637
Less accumulated depreciation	<u>(59,603)</u>	<u>(55,560)</u>
	<u>96,489</u>	<u>95,077</u>
Computer equipment		
At cost	19,881	40,426
Less accumulated depreciation	<u>(10,781)</u>	<u>(25,158)</u>
	<u>9,100</u>	<u>15,268</u>
Furniture and equipment		
At cost	127,408	108,138
Less accumulated depreciation	<u>(38,927)</u>	<u>(32,716)</u>
	<u>88,481</u>	<u>75,422</u>
Total property, plant and equipment	<u>215,659</u>	<u>208,950</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:

2018	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$	\$	\$	\$	\$
Opening net book amount	23,183	95,077	15,268	75,422	208,950
Additions	2,280	32,727	2,441	23,073	60,521
Disposals	-	(8,141)	(131)	(91)	(8,363)
Depreciation	<u>(3,874)</u>	<u>(23,174)</u>	<u>(8,478)</u>	<u>(9,923)</u>	<u>(45,449)</u>
Closing net book amount	<u>21,589</u>	<u>96,489</u>	<u>9,100</u>	<u>88,481</u>	<u>215,659</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2018

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

2017	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$	\$	\$	\$	\$
Opening net book amount	16,136	80,443	13,498	62,608	172,685
Additions	10,514	37,465	9,935	22,417	80,331
Disposals	-	(4,782)	-	-	(4,782)
Depreciation	(3,467)	(18,049)	(8,165)	(9,603)	(39,284)
Closing net book amount	<u>23,183</u>	<u>95,077</u>	<u>15,268</u>	<u>75,422</u>	<u>208,950</u>

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

17: Non-current assets – Intangible assets

	2018	2017
	\$	\$
Website		
At cost	77,635	77,635
Less accumulated amortisation	(28,501)	(12,974)
	<u>49,134</u>	<u>64,661</u>
Software		
At cost	41,885	61,480
Less accumulated amortisation	(31,046)	(43,108)
	<u>10,839</u>	<u>18,372</u>
Total intangibles	<u>59,973</u>	<u>83,033</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:

2018	Website	Software	Total
	\$	\$	\$
Opening net book amount	64,661	18,372	83,033
Additions	-	-	-
Amortisation charge	(15,527)	(7,533)	(23,060)
Closing net book amount	<u>49,134</u>	<u>10,839</u>	<u>59,973</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17: Non-current assets – Intangible assets (Continued)

	Website	Software	Total
2017	\$	\$	\$
Opening net book amount	75,005	11,979	86,984
Additions	2,630	20,136	22,766
Amortisation charge	(12,974)	(13,743)	(26,717)
Closing net book amount	<u>64,661</u>	<u>18,372</u>	<u>83,033</u>

18: Current liabilities – Trade and other payables

	2018	2017
	\$	\$
Payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Legal costs (other matters)	30,541	76,134
Legal costs (litigation)	-	-
Other trade creditors and accruals	<u>399,151</u>	<u>239,341</u>
	<u>429,692</u>	<u>315,475</u>

19: Employee benefit obligations

	2018	2017
	\$	\$
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	250,248	209,090
Long service leave	313,506	255,034
Separations and redundancies	-	-
Other	-	-
	<u>563,754</u>	<u>464,124</u>
Total employee provisions	<u>563,754</u>	<u>464,124</u>
Current	521,044	419,419
Non-current	<u>42,710</u>	<u>44,705</u>
	<u>563,754</u>	<u>464,124</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

19: Employee benefit obligations (Continued)

(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.

20: Current liabilities – Other liabilities

	2018	2017
	\$	\$
Subscriptions received in advance	<u>861,861</u>	<u>786,580</u>

21: Accumulated surplus

	2018	2017
	\$	\$
Balance 1 July	6,218,767	6,199,996
Surplus for the year	<u>295,834</u>	<u>18,771</u>
Balance 30 June	<u>6,514,601</u>	<u>6,218,767</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 2018

22: Related party disclosures

(a) The officers during the financial year and to the date of signing the report were:

Name	Position	
L Pole	President	From 19 October 2018
D Booth	President	To 19 October 2018
G Kailis	Vice President Membership	From 19 October 2018
B Bollen	Vice President Membership	To 19 October 2018
B Bollen	Vice President Administration and Finance	From 19 October 2018
L Pole	Vice President Administration and Finance	To 19 October 2018
J Absolon	Trustee	Resigned 6 October 2017
R Nicholson	Trustee	Appointed 6 October 2017
B Murray	Trustee	
G Brown	Trustee	
S Beveridge	Safety and Technical Director	From 19 October 2018
P Gardiner	Safety and Technical Director	To 19 October 2018

(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.

2018	2017
\$	\$

(d) Key management personnel remuneration

Short-term employee benefits

Salary (including annual leave taken)	218,061	205,816
Annual leave accrued	3,111	(4,119)
Total short-term employee benefits	221,172	201,697

Post-employment benefits:

Superannuation	25,000	30,000
Total post-employment benefits	25,000	30,000

Other long-term benefits:

Long-service leave	7,249	3,707
Total other long-term benefits	7,249	3,707

Severance benefits

-	-
-	-

Total	253,421	235,404
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

22: Related party disclosures (Continued)

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

(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) There were no payment made to a former related party of the Federation.

(h) Transactions with related parties	2018	2017
	\$	\$
The Federation receives income from the Australian Air Pilots Mutual Benefit Fund (MBF) for the marketing and promotional services		
Income received for year	181,617	179,592
The Federation leases premises from the Australian Air Pilots Mutual Benefit Fund (MBF) on normal commercial terms and conditions.		
Lease expense for year	(202,791)	(196,180)
Amounts due to the MBF included in other receivables	53,728	53,312

23: Contingencies

There are no known contingent assets or liabilities at 30 June 2018.

24: 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 re-negotiable.

	2018	2017
	\$	\$
Within one year	113,082	176,194
Later than one year but less than five years	226,172	-
	339,254	176,194

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

24: Commitments (Continued)

(b) IT Software and Hardware upgrade

The Federation has signed an agreement to upgrade IT hardware and software. The commitment is as follows:

	2018	2017
	\$	\$
Within one year	8,200	-
Later than one year but less than five years	24,598	-
	<u>32,798</u>	<u>-</u>

25: Cash flow information

	2018	2017
	\$	\$

(a) Reconciliation of cash flow from operations with surplus for the year

Surplus for the year	295,834	18,771
<i>Non-cash flows in surplus</i>		
Depreciation and amortisation	68,509	66,001
Net loss/(gain) on disposal of financial assets	2,908	(6,582)
<i>Changes in assets and liabilities</i>		
Decrease (Increase) in receivables	21,015	(49,398)
Increase in payables	91,559	63,057
Increase in subscriptions in advance	75,280	17,229
Increase in provisions	99,630	42,401
Cash flows from operations	<u>654,735</u>	<u>151,979</u>

(b) Liabilities from Financing Activities

The entity does not have any liabilities from financing activities.

26: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

27: 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 or revocation by the General Manager, Fair Work Commission;

(iv) No other entity administers the financial affairs of the reporting unit

28: 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 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.

29: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

29: Financial risk management (Continued)

(a) Market risk

(i) Foreign exchange risk

The Federation is not exposed to foreign exchange risk.

(ii) Price risk

The Federation is not exposed to commodity price risk.

(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:

	2018	2017
	\$	\$
Cash at bank		
AA- Rating	2,810,543	2,145,456
Deposits at call		
AA- Rating	5,118,541	5,161,340

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

29: 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:

2018	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		-	-	-	-	-	145	145
Cash at bank	0.2	2,810,543	-	-	-	-	-	2,810,543
Deposits at bank	2.6	-	5,118,541	-	-	-	-	5,118,541
Other receivables		-	-	-	-	-	106,291	106,291
		<u>2,810,543</u>	<u>5,118,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,436</u>	<u>8,035,520</u>
Financial Liabilities								
Other payables		-	-	-	-	-	399,151	399,151
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,151</u>	<u>399,151</u>
Net Financial Assets (Liabilities)		<u>2,810,543</u>	<u>5,118,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,715)</u>	<u>7,636,369</u>
2017								
	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		-	-	-	-	-	146	146
Cash at bank	0.2	2,145,456	-	-	-	-	-	2,145,456
Deposits at bank	2.75	-	5,161,340	-	-	-	-	5,161,340
Other receivables		-	-	-	-	-	135,750	135,750
		<u>2,145,456</u>	<u>5,161,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,896</u>	<u>7,442,692</u>
Financial Liabilities								
Other payables		-	-	-	-	-	239,341	239,341
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,341</u>	<u>239,341</u>
Net Financial Assets (Liabilities)		<u>2,145,456</u>	<u>5,161,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,445)</u>	<u>7,203,351</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

30: Fair Value Measurements

(a) Financial assets and liabilities

Management of the entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2018 was assessed to be insignificant
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2018 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity's financial assets and liabilities:

	Note	2018		2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash at bank and bank deposits	(i)	7,929,084	7,929,084	7,306,756	7,306,756
Trade and other receivables	(i)	106,291	106,291	135,750	135,750
Total financial assets		8,035,373	8,035,373	7,442,506	7,442,506
Financial liabilities					
Trade and other payables	(i)	429,692	429,692	315,475	315,475
Line of credit	(i)	-	-	-	-
Total financial liabilities		429,692	429,692	315,475	315,475

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

30: Fair Value Measurements (Continued)

(b) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018 and 30 June 2017:

Financial Assets	Level 1	Level 2	Level 3
	\$	\$	\$
30 June 2018			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
30 June 2017			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

30: Fair Value Measurements (Continued)

Non-financial Assets	Level 1	Level 2	Level 3
	\$	\$	\$
30 June 2018			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
30 June 2017			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2017: no transfers).

(c) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the balance sheet but their fair values are disclosed in the notes:

- Accounts receivable and other debtors;
- accounts payable and other payables

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

31: 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 2018.
- 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.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

COMMITTEE OF MANAGEMENT STATEMENT

On the 18th day of October 2018 the Committee of Management of the Australian Federation of Air Pilots passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2018:

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 Commissioner;
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 manner consistent with 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 Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; 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

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

Signature of designated officer: 

Name of designated officer: DAVID BOOTH

Title of designated officer: PRESIDENT

Dated: 18/10/18

**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 2018**

Report on the Audit of the Financial Report

Opinion

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 2018, 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 2018 together with Notes to the Financial Statements, Committee of Management Statement and the Report Required Under Subsection 255(2A).

In our opinion, the accompanying general purpose financial report presents fairly, in all material aspects, the financial position of the Registered Organisation as at 30th June 2018 and its financial performance and its cash flows for the year ended on that date in accordance with –

- (a) Australian Accounting Standards;
- (b) Any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (“the RO Act”).

We declare that the Committee of Management’s use of the going concern basis in the preparation of the financial report of the Registered Organisation is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Independence

We are independent of the Registered Organisation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (“the Code”) that are relevant to our audit of the financial report in Australia. We have also complied with and fulfilled all applicable independence requirements and other ethical responsibilities in accordance with the Code and the RO Act.

Information Other than the Financial Report and the Auditor’s Report

The Committee of Management is responsible for the other information. The other information comprises the information included in the annual report of the Registered Organisation for the year ended 30th June 2018 and includes the Operating Report. Our opinion on the financial report does not cover the other information and accordingly we do not express any opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial report or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Registered Organisation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the RO Act and for such internal controls as the Committee of Management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the ability of the Registered Organisation to continue as a going concern and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Registered Organisation or to cease operate or have no realistic alternative but to do so. The Committee of Management is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations and/or the override of internal controls.

We obtain an understanding of internal control relevant to the audit 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 internal controls of the Registered Organisation.

We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

We conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial report or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However future events or conditions may cause the Registered Organisation to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Eddy Partners

Accountants and Auditors

Certified Practising Accountants

Level 8, 501 La Trobe Street, Melbourne, Victoria

A handwritten signature in red ink, consisting of several overlapping, slanted strokes, positioned over the text of the firm's address.

Stephen Eedy B.Com CPA

Registered Company Auditor – No. 165946

Registered Organisations Approved Auditor AA2017/83

Holder of a Current Public Practice Licence - CPA Australia - Membership No. 1408419

Melbourne 16th November 2018



7 December 2018

Mr Simon Lutton
General Manager
Australian Federation of Air Pilots
Sent via email: admin@afap.org.au

Dear Mr Lutton,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Australian Federation of Air Pilots (the reporting unit) ended on the 30 June 2018.

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 ROC within 14 days of that meeting.

The ROC 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 Commissioner 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 Commissioner 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 \$105,000 per contravention on the organisation and up to \$21,000 per contravention on an officer whose conduct led to the contravention.

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

Should you seek any clarification in relation to the above, please contact me on (03) 9954 2931 or via email at Sam.Gallichio@roc.gov.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Sam Gallichio'.

Sam Gallichio
Registered Organisations Commission



4 September 2018

Mr Simon Lutton
General Manager
Australian Federation of Air Pilots

By Email: admin@afap.org.au

Dear Mr Lutton,

**Re: Lodgement of Financial Report - [FR2018/48]
*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 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to 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 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. 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.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,



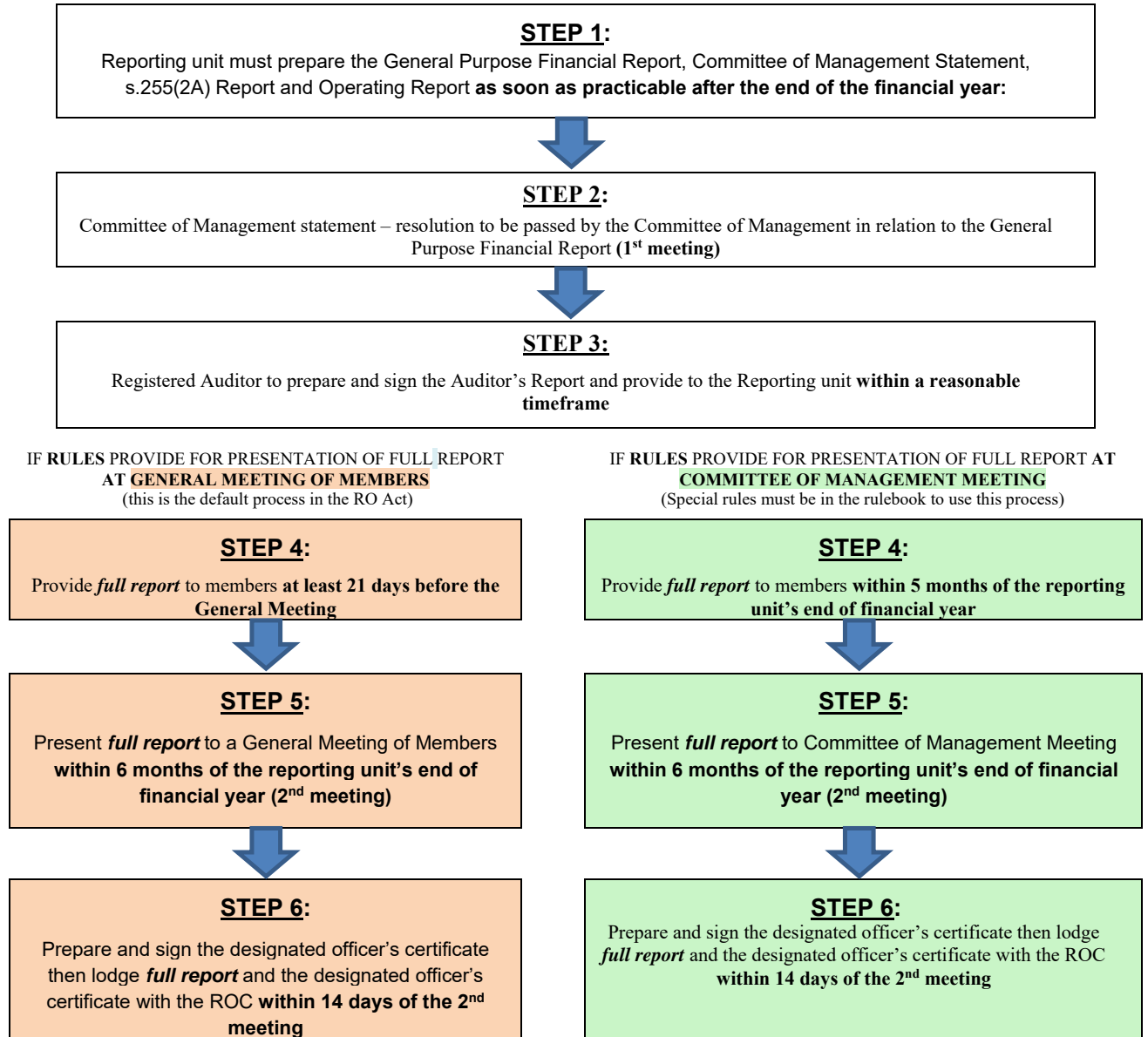
Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Fact sheet



Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

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 Commissioner'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 exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) 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 ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC 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.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner’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 [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants OR donations*

Grants:	[Current year]	[Previous year]
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	-	-

The Commissioner’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 financial report staff of the ROC may 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 last 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 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 ROC on regorgs@roc.gov.au

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice