



10 March 2020

Louise Pole  
President  
Australian Federation of Air Pilots

Sent via email: [industrial@afap.org.au](mailto:industrial@afap.org.au)  
CC: [stephen@eddypartners.com.au](mailto:stephen@eddypartners.com.au)

Dear Louise Pole,

**Australian Federation of Air Pilots  
Financial Report for the year ended 30 June 2019 – (FR2019/168)**

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Australian Federation of Air Pilots. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 16 December 2019. I also acknowledge receipt of the amended statement of loans, grants and donations for the year ended 30 June 2019 which was lodged with the ROC on 4 March 2020.

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 2020 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](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', written over a horizontal line.

**Kylie Ngo**  
**Registered Organisations Commission**



13 December 2019

Commissioner Bielecki  
Registered Organisations Commission  
GPO Box 2983  
MELBOURNE VIC 3001

Via email: [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

Dear Commissioner Bielecki,

**Re: 2018/2019 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 2019, 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 2019

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 2019 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 24 October 2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 3 December 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Captain Louise Pole  
President  
Australian Federation of Air Pilots  
13 December 2019

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

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**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 18<sup>th</sup> day of October 2019.

**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 2019.

**Members of executive**

<b><i>Name</i></b>	<b><i>Position</i></b>
L Pole	President
G Kailis	Vice President Membership
B Bollen	Vice President Administration and Finance
R Nicholson	Trustee
B Murray	Trustee
G Brown	Trustee
S Beveridge	Safety and Technical Director
M O'Keeffe	Welfare Director

**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 2019 was 17.03 (2018: 17.03)

The number of members at 30 June 2019 was 5,114 (2018: 4,715).

**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:

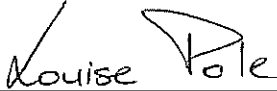
(i) where the member ceases to be eligible to become a member of the Federation: (i) on the day on which the notice is received by the Federation, or (ii) on the day specified in the notice, whichever is later.

(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: LOUISE POLE  
Title of designated officer: PRESIDENT  
Dated: 17 OCTOBER 2019



**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 2019**

	Note	2019 \$	2018 \$
Revenue from continuing operations	4	4,260,680	4,055,846
Other income	5	349,858	346,802
<b>Expenses</b>			
Administration		(172,731)	(257,981)
Audit fee	7	(16,000)	(16,000)
Bank charges and merchant fees		(29,662)	(27,507)
Communication		(33,676)	(39,446)
Depreciation and amortisation	8	(83,775)	(68,509)
Capitation and affiliation fees	9	(67,355)	(61,040)
Industrial		(270,689)	(255,842)
Legal costs	10	(215,056)	(462,579)
Meeting and conferences	11	(245,925)	(256,606)
Occupancy		(276,352)	(276,445)
Publications, advertising and marketing		(45,999)	(57,306)
Employee expenses	12	(2,535,814)	(2,179,206)
Technical		(50,410)	(89,889)
Welfare, grant and donation expenses	13	(81,430)	(58,458)
		<u>(4,124,874)</u>	<u>(4,106,814)</u>
<b>Surplus for the year</b>		<u>485,664</u>	<u>295,834</u>
<b>Surplus attributable to the members</b>	22	485,664	295,834
<b>Other comprehensive income</b>			
Changes in fair value of available for sale assets		-	-
<b>Total comprehensive income for the year attributable to the members</b>		<u>485,664</u>	<u>295,834</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 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	8,484,537	7,929,229
Trade and other receivables	15	128,735	106,291
Other assets	16	<u>26,575</u>	<u>58,756</u>
<b>Total current assets</b>		<u>8,639,847</u>	<u>8,094,276</u>
<b>Non-current assets</b>			
Property, plant and equipment	17	268,274	215,659
Intangible assets	18	<u>37,544</u>	<u>59,973</u>
<b>Total non-current assets</b>		<u>305,818</u>	<u>275,632</u>
<b>Total assets</b>		<u>8,945,665</u>	<u>8,369,908</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	322,695	429,692
Employee benefit obligations	20	657,600	521,044
Other	21	<u>921,784</u>	<u>861,861</u>
<b>Total current liabilities</b>		<u>1,902,079</u>	<u>1,812,597</u>
<b>Non-current liabilities</b>			
Employee benefit obligations	20	<u>43,321</u>	<u>42,710</u>
<b>Total non-current liabilities</b>		<u>43,321</u>	<u>42,710</u>
<b>Total liabilities</b>		<u>1,945,400</u>	<u>1,855,307</u>
<b>Net assets</b>		<u>7,000,265</u>	<u>6,514,601</u>
<b>EQUITY</b>			
Accumulated surplus	22	<u>7,000,265</u>	<u>6,514,601</u>
<b>Total equity</b>		<u>7,000,265</u>	<u>6,514,601</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 2019

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	Accumulated surplus \$	Reserves \$	Total \$
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>
Balance at 1 July 2018	6,514,601	-	6,514,601
Surplus for the year	<u>485,664</u>	<u>-</u>	<u>485,664</u>
Balance at 30 June 2019	<u>7,000,265</u>	<u>-</u>	<u>7,000,265</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 2019**

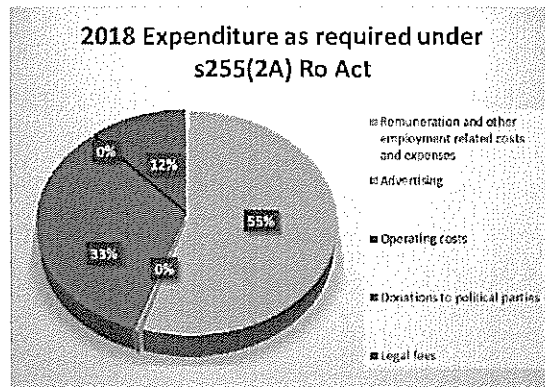
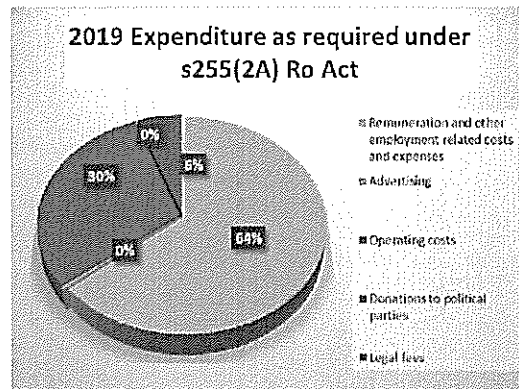
	Note	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from operations (inclusive of GST)		4,976,113	4,771,503
Receipts from other reporting units (inclusive of GST)		-	-
Receipts from controlled entities (inclusive of GST)		-	-
Interest received		115,033	169,657
<b>Cash used</b>			
Payments to suppliers and employees (inclusive of GST)		(4,408,464)	(4,286,425)
Payments to other reporting units (inclusive of GST)		-	-
Payments to controlled entities (inclusive of GST)		-	-
<b>Net cash inflow from operating activities</b>	26	<u>682,682</u>	<u>654,735</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Receipt on sale for property, plant and equipment and software		15,101	5,455
<b>Cash used</b>			
Payment for property, plant and equipment and software		<u>(142,475)</u>	<u>(37,863)</u>
<b>Net cash (outflow) from investing activities</b>		<u>(127,374)</u>	<u>(32,408)</u>
<b>Net increase in cash and cash equivalents</b>		555,308	622,327
Cash and cash equivalents at beginning of financial year		<u>7,929,229</u>	<u>7,306,902</u>
<b>Cash and cash equivalents at end of financial year</b>	14(a)	<u>8,484,537</u>	<u>7,929,229</u>

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

REPORT REQUIRED UNDER SUBSECTION 255(2A)  
FOR THE YEAR ENDED 30 JUNE 2019

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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 2019.



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: Louise Pole

Name of designated officer: LOUISE POLE

Title of designated officer: PRESIDENT

Dated: 17 OCTOBER 2019

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**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 2018.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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**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 2019

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**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) Financial instruments**

Financial assets and financial liabilities are recognised when the union becomes a party to the contractual provisions of the instrument.

**(f) Financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Federation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Federation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Federation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Federation commits to purchase or sell the asset.

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Federation only has the following financial assets: Financial assets at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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1: Summary of significant accounting policies (Continued)

(f) Financial assets (continued)

*Financial assets at amortised cost*

The Federation measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Federation's financial assets at amortised cost includes other receivables.

**Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Federation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Federation has transferred substantially all the risks and rewards of the asset, or
  - b) the Federation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Federation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Federation continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Impairment**

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Federation applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Federation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Federation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**1: Summary of significant accounting policies (Continued)**

**(f) Financial assets (continued)**

**Impairment (Continued)**

**ii) Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Federation recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Federation expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Federation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Federation may also consider a financial asset to be in default when internal or external information indicates that the Federation is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(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.

<b>Class of fixed asset</b>	<b>Depreciation rate</b>	<b>Depreciation basis</b>
Fit out	10%	Straight Line
Motor vehicles	15%	Straight Line
Furniture and equipment	7.5% - 15%	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 2019**

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**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) Financial Liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The union's financial liabilities include trade and other payables.

**Subsequent measurement**

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

**Financial liabilities at amortised cost**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

**(j) Contingent liabilities and contingent assets**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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**1: Summary of significant accounting policies (Continued)**

**(k) 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.

**(l) 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.

**(m) 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.

*(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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**1: Summary of significant accounting policies (Continued)**

**(n) 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.

**(o) Comparative figures**

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

**(p) New accounting standards and interpretations**

In the current year, the Federation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

<i>Standard</i>	<i>Effective for annual reporting periods beginning on or after</i>
AASB 9 Financial Instruments	1 January 2018

**Impacts of initial application of AASB 9 Financial Instruments and related amending Standards**

In the current year, the entity applied AASB Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for annual periods that begins on or after 1 January 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets, and
- General hedge accounting

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1: Summary of significant accounting policies (Continued)**

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of financial asset and financial liabilities as at 1 July 2018:

	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount \$	AASB 9 carrying amount \$
<b>Financial Assets</b>				
Trade and other receivables	Loans and receivables	Amortised cost	106,291	106,291
Cash and cash equivalents	Held to maturity	Amortised cost	7,929,229	7,929,229
<b>Financial Liabilities</b>				
Trade and other payables	Other financial liabilities	Other financial liabilities	429,692	429,692

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the entity to account for the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the entity to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of AASB 9 apply.

In particular, AASB 9 requires the entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The assessment of impairment of financial assets under AASB 9 didn't have an impact on the entity's financial position, profit or loss, other comprehensive income or total comprehensive income in either 2019 or 2018.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

1: Summary of significant accounting policies (Continued)

(q) New and amended standards adopted by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 16 Leases (AASB 16)
Nature of change	<p>AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p> <p>AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p> <p>When this standard is first adopted for the year ending 31 December 2019, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
Application date	<p>For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The entity plans to adopt AASB 16 on the required effective date of using modified retrospective method.</p>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

1: Summary of significant accounting policies (Continued)

(q) New accounting standards and interpretations (Continued)

Title of Standard	<b>AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)</b>
Nature of change	AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.  When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The entity plans to adopt AASB 15 on the required effective date of using full retrospective method.
Title of Standard	<b>AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</b>
Nature of change	The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.  When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

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 2019

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## 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

#### *Intangible and other assets*

Management's judgement is applied to depreciation / amortisation rates, useful and residual values.

## 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) to (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 2019

**4: Revenue from continuing operations**

	2019 \$	2018 \$
Membership subscriptions	4,260,680	4,055,846
Capitation fees from other reporting units	-	-
Levies	-	-
	<u>4,260,680</u>	<u>4,055,846</u>

**5: Other income**

Financial support from another reporting unit	-	-
Grants and donations	-	-
Interest	142,020	143,181
MBF	181,866	181,617
Profit on disposal of property plant and equipment	9,245	-
Other revenue	16,727	22,004
Other revenue from other reporting units	-	-
Revenue from recovery of wages activity	-	-
	<u>349,858</u>	<u>346,802</u>

**6: Expenses**

	2019 \$	2018 \$
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**

	2019 \$	2018 \$
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 2019

**8: Depreciation and amortisation**

	2019 \$	2018 \$
<i>Depreciation of non-current assets</i>		
- Fit out	3,983	3,874
- Motor vehicles	23,354	23,174
- Furniture and equipment	11,902	9,923
- Computer equipment	22,107	8,478
	<u>61,346</u>	<u>45,449</u>
<i>Amortisation of non-current assets</i>		
- Software	6,902	7,533
- Website	15,527	15,527
	<u>22,429</u>	<u>23,060</u>
	<u>83,775</u>	<u>68,509</u>

**9: Capitation and affiliation fees**

	2019 \$	2018 \$
<i>Capitation fees</i>		
IFALPA	67,355	61,040
<i>Affiliation fees</i>	-	-
	<u>67,355</u>	<u>61,040</u>

**10: Legal costs**

	2019 \$	2018 \$
Litigation	55,100	241,766
Other legal matters	159,956	220,813
	<u>215,056</u>	<u>462,579</u>

**11: Meeting and conferences**

	2019 \$	2018 \$
Fees and allowances	-	-
Other expenses	245,925	256,606
	<u>245,925</u>	<u>256,606</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

**12: Employee expenses**

	2019	2018
	\$	\$
<b>Holders of office:</b>		
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	2,003,625	1,747,726
Superannuation	195,075	172,321
Leave and other entitlements	137,168	99,630
Separation and redundancies	-	-
Other employee expenses	(a) 199,946	159,529
	<u>2,535,814</u>	<u>2,179,206</u>
<b>Total employee expenses</b>	<u>2,535,814</u>	<u>2,179,206</u>

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

**13: Welfare payments, grant and donations**

	2019	2018
	\$	\$
<b>Grants</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	12,000	12,045
<b>Donations</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Welfare payments</b>	30,000	46,413
<b>Welfare meetings</b>	39,430	-
	<u>81,430</u>	<u>58,458</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

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

	2019	2018
	\$	\$
Cash on hand	145	145
Cash at bank	3,363,387	2,810,543
Term deposits	5,121,005	5,118,541
	<u>8,484,537</u>	<u>7,929,229</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>8,484,537</u>	<u>7,929,229</u>
Balances per statement of cash flows	<u>8,484,537</u>	<u>7,929,229</u>

The following bank deposits are held as security:

- a term deposit of \$ 12,925 (2018 \$ 12,925) is used as security for a bank guarantee in relation to the lease of premises.
- term deposits totalling \$108,080 (2018: \$105,615) are used as security for bank issued credit cards.

**15: Current assets – Trade and other receivables**

	2019	2018
	\$	\$
Receivables from other reporting units	-	-
Less loss allowance	-	-
Net receivables from other reporting units	<u>-</u>	<u>-</u>
Other receivables	128,735	106,291
	<u>128,735</u>	<u>106,291</u>

**16: Current assets – other assets**

	2019	2018
	\$	\$
Prepayments	<u>26,575</u>	<u>58,756</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

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

	2019	2018
	\$	\$
Fit out		
At cost	39,831	39,831
Less accumulated depreciation	<u>(22,225)</u>	<u>(18,242)</u>
	<u>17,606</u>	<u>21,589</u>
Motor vehicles		
At cost	165,196	156,092
Less accumulated depreciation	<u>(55,680)</u>	<u>(59,603)</u>
	<u>109,516</u>	<u>96,489</u>
Computer equipment		
At cost	78,767	19,881
Less accumulated depreciation	<u>(25,089)</u>	<u>(10,781)</u>
	<u>53,678</u>	<u>9,100</u>
Furniture and equipment		
At cost	137,060	127,408
Less accumulated depreciation	<u>(49,586)</u>	<u>(38,927)</u>
	<u>87,474</u>	<u>88,481</u>
Total property, plant and equipment	<u><u>268,274</u></u>	<u><u>215,659</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:

2019	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$	\$	\$	\$	\$
Opening net book amount	21,589	96,489	9,100	88,481	215,659
Additions	-	40,922	68,000	10,895	119,817
Disposals	-	(4,541)	(1,315)	-	(5,856)
Depreciation	<u>(3,983)</u>	<u>(23,354)</u>	<u>(22,107)</u>	<u>(11,902)</u>	<u>(61,346)</u>
Closing net book amount	<u>17,606</u>	<u>109,516</u>	<u>53,678</u>	<u>87,474</u>	<u>268,274</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Movements in carrying amounts (Continued)

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>

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

**18: Non-current assets – Intangible assets**

	2019	2018
	\$	\$
<b>Website</b>		
At cost	77,635	77,635
Less accumulated amortisation	<u>(44,028)</u>	<u>(28,501)</u>
	<u>33,607</u>	<u>49,134</u>
<b>Software</b>		
At cost	20,135	41,885
Less accumulated amortisation	<u>(16,198)</u>	<u>(31,046)</u>
	<u>3,937</u>	<u>10,839</u>
<b>Total intangibles</b>	<u>37,544</u>	<u>59,973</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:

2019	Website	Software	Total
	\$	\$	\$
Opening net book amount	49,134	10,839	59,973
Additions	-	-	-
Amortisation charge	<u>(15,527)</u>	<u>(6,902)</u>	<u>(22,429)</u>
Closing net book amount	<u>33,607</u>	<u>3,937</u>	<u>37,544</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

**18: Non-current assets – Intangible assets (Continued)**

(b) Movements in carrying amounts (Continued)

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>

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

	2019 \$	2018 \$
Payables to other reporting units	-	-
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs (other matters)	3,818	30,541
Legal costs (litigation)	-	-
Other trade creditors and accruals	<u>318,877</u>	<u>399,151</u>
	<u>322,695</u>	<u>429,692</u>

**20: Employee benefit obligations**

	2019 \$	2018 \$
<b>Employee provisions:</b>		
<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	329,480	250,248
Long service leave	371,441	313,506
Separations and redundancies	-	-
Other	-	-
	<u>700,921</u>	<u>563,754</u>
Total employee provisions	<u>700,921</u>	<u>563,754</u>
Current	657,600	521,044
Non-current	<u>43,321</u>	<u>42,710</u>
	<u>700,921</u>	<u>563,754</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**20: 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.

**21: Current liabilities – Other liabilities**

	2019 \$	2018 \$
Subscriptions received in advance	<u>921,784</u>	<u>861,861</u>

**22: Accumulated surplus**

	2019 \$	2018 \$
Balance 1 July	6,514,601	6,218,767
Surplus for the year	<u>485,664</u>	<u>295,834</u>
Balance 30 June	<u>7,000,265</u>	<u>6,514,601</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 2019

**23: Related party disclosures**

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

<i>Name</i>	<i>Position</i>
L Pole	President
G Kallis	Vice President Membership
B Bollen	Vice President Administration and Finance
R Nicholson	Trustee
B Murray	Trustee
G Brown	Trustee
S Beveridge	Safety and Technical Director
M O'Keefe	Welfare Director

(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.

**(d) Key management personnel remuneration**

	2019	2018
	\$	\$
<i>Short-term employee benefits</i>		
Salary (including annual leave taken)	228,941	218,061
Annual leave accrued	<u>5,453</u>	<u>3,111</u>
<b>Total short-term employee benefits</b>	<u>234,394</u>	<u>221,172</u>
<b>Post-employment benefits:</b>		
Superannuation	<u>25,150</u>	<u>25,000</u>
<b>Total post-employment benefits</b>	<u>25,150</u>	<u>25,000</u>
<b>Other long-term benefits:</b>		
Long-service leave	<u>16,024</u>	<u>7,249</u>
<b>Total other long-term benefits</b>	<u>16,024</u>	<u>7,249</u>
<b>Severance benefits</b>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>275,568</u>	<u>253,421</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

**23: 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.

<b>(h) Transactions with related parties</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
The Federation receives income from the Australian Air Pilots Mutual Benefit Fund (MBF) for the marketing and promotional services		
Income received for year	<b>181,866</b>	181,617
The Federation leases premises from the Australian Air Pilots Mutual Benefit Fund (MBF) on normal commercial terms and conditions.		
Lease expense for year	<b>(199,990)</b>	(202,791)
Amounts due from the MBF included in other receivables	<b>50,155</b>	53,728

**24: Contingencies**

There are no known contingent assets or liabilities at 30 June 2019.

**25: 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.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Within one year	<b>116,474</b>	113,082
Later than one year but less than five years	<b>109,697</b>	226,172
	<b><u>226,171</u></b>	<u>339,254</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**25: 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:

	2019	2018
	\$	\$
Within one year	8,200	8,200
Later than one year but less than five years	16,398	24,598
	<u>24,598</u>	<u>32,798</u>

**26: Cash flow information**

	2019	2018
	\$	\$
<b>(a) Reconciliation of cash flow from operations with surplus for the year</b>		
Surplus for the year	485,664	295,834
<i>Non-cash flows in surplus</i>		
Depreciation and amortisation	83,775	68,509
Net (gain) loss on disposal of property, plant and equipment	(9,245)	2,908
<i>Changes in assets and liabilities</i>		
Decrease in receivables	9,737	21,015
(Decrease) Increase in payables	(84,339)	91,559
Increase in subscriptions in advance	59,923	75,280
Increase in provisions	137,167	99,630
Cash flows from operations	<u>682,682</u>	<u>654,735</u>

**(b) Liabilities from Financing Activities**

The entity does not have any liabilities from financing activities.

**27: Events subsequent to reporting date**

After the year end, the Federation signed a contract to purchase a new building in Brisbane for \$2,500,000.

No other 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 2019**

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**28: 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*

**29: 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.

**30: Financial instruments**

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 2019

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**30: Financial instruments (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:

	2019	2018
	\$	\$
Cash at bank		
<i>AA- Rating</i>	3,363,387	2,810,543
Deposits at call		
<i>AA- Rating</i>	5,121,005	5,118,541
	<u>8,484,392</u>	<u>7,929,084</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

**30: Financial instruments (Continued)**

**(c) Liquidity risk**

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

**(d) Sensitivity analysis**

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

	2019	2018
	\$	\$
Effect on results:		
<i>Increase of interest rates by 2%</i>	169,687	158,581
<i>Decrease of interest rates by 2%</i>	(169,687)	(158,581)

**(e) Maturity profile of financial instruments**

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

2019	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 \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	145	145
Cash at bank	0.04	3,363,387	-	-	-	-	-	3,363,387
Deposits at bank	2.26	-	5,121,005	-	-	-	-	5,121,005
Other receivables		-	-	-	-	-	128,735	128,735
		<u>3,363,387</u>	<u>5,121,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,880</u>	<u>8,613,272</u>
<b>Financial Liabilities</b>								
Other payables		-	-	-	-	-	322,695	322,695
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,695</u>	<u>322,695</u>
<b>Net Financial Assets (Liabilities)</b>		<u>3,363,387</u>	<u>5,121,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,815)</u>	<u>8,290,577</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

30: Financial instruments (Continued)

(e) Maturity profile of financial instruments (continued)

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 \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	145	145
Cash at bank	0.2	2,810,543	-	-	-	-	-	2,810,543
Deposits at bank	2.75	-	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>
<b>Financial Liabilities</b>								
Other payables		-	-	-	-	-	429,692	429,692
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,692</u>	<u>429,692</u>
<b>Net Financial Assets (Liabilities)</b>		<u>2,810,543</u>	<u>5,118,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(323,256)</u>	<u>7,605,828</u>

31: 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 Federation'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 2019 was assessed to be insignificant
- Fair value of certain 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 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

31: Fair Value Measurements (Continued)

a) Financial assets and liabilities (continued)

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

	Note	2019		2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash at bank and bank deposits	(i)	8,290,432	8,290,432	7,929,084	7,929,084
Trade and other receivables	(i)	128,735	128,735	106,291	106,291
<b>Total financial assets</b>		<b>8,419,167</b>	<b>8,419,167</b>	<b>8,035,373</b>	<b>8,035,373</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	322,695	322,695	429,692	429,692
Line of credit	(i)	-	-	-	-
<b>Total financial liabilities</b>		<b>322,695</b>	<b>322,695</b>	<b>429,692</b>	<b>429,692</b>

- (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.

(b) Financial and Non-financial Assets and Liabilities 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.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019**

- *Income approach:* converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

**31: Fair Value Measurements (Continued)**

**Financial and Non-financial Assets and Liabilities Fair Value Hierarchy (Continued)**

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 2019 and 30 June 2018:

<b>Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>30 June 2019</b>			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
<b>30 June 2018</b>			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
<b>Non-financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>30 June 2019</b>			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
<b>30 June 2018</b>			
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 (2018: no transfers).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**31: Fair Value Measurements (Continued)**

**(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.

**32: 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 2019.
- 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 23.
- No payments have been made to any person who may be a declared person.

COMMITTEE OF MANAGEMENT STATEMENT

On the 17 day of October 2019, 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 2019:

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 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);
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: Louise Pole

Name of designated officer: LOUISE POLÉ

Title of designated officer: PRESIDENT

Dated: 17 OCTOBER 2019

**Independent Auditor's Report  
to the Committee of Management and  
Members of the Australian Federation of Air Pilots  
General Purpose Financial Report – Year Ended 30<sup>th</sup> June 2019**

**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 30<sup>th</sup> June 2019, Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows all for the year ended 30<sup>th</sup> June 2019 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 30<sup>th</sup> June 2019 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 30<sup>th</sup> June 2019 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 Latrobe Street, Melbourne, Victoria



**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

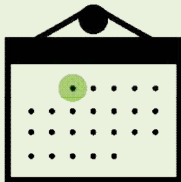
**Melbourne 23<sup>rd</sup> October 2019**



**Australian Government**  
**Registered Organisations Commission**

10 December 2019

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



**URGENT REMINDER:**

**The Australian Federation of Air Pilots's financial report is due (FR2019/168)**

Dear Simon Lutton,

We are writing to remind you of the Australian Federation of Air Pilots's obligation to lodge a financial report under section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We hope you are on track to complete your financial report on time. If not, please contact us as soon as possible to discuss ways we can assist you to meet the deadline.

**Did you know?** The ROC is currently seeking to improve non-compliance with these three areas:

- Providing the full report to members
- Providing the report to members within the deadlines
- Lodging the full report with the ROC within 14 days of the s.266 meeting.



**Compliance Calculator**

If you are not sure whether your planned dates are consistent with the RO Act, have a look at our [compliance calculator](#). The compliance calculator will help you work out your unique dates for when your report needs to be provided, presented and lodged.





2 July 2019

Simon Lutton  
General Manager  
Australian Federation of Air Pilots  
Sent via email: [industrial@afap.org.au](mailto:industrial@afap.org.au)

Dear Simon Lutton,

**Re: Lodgement of Financial Report - FR2019/168  
*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 2019. 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, that is on or before 28 September 2019.

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being 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 your rules) no later than 31 December 2019 (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. 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 (see attached *Loans Grants and Donations* fact sheet FS 009).

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) 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 effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located 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](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**

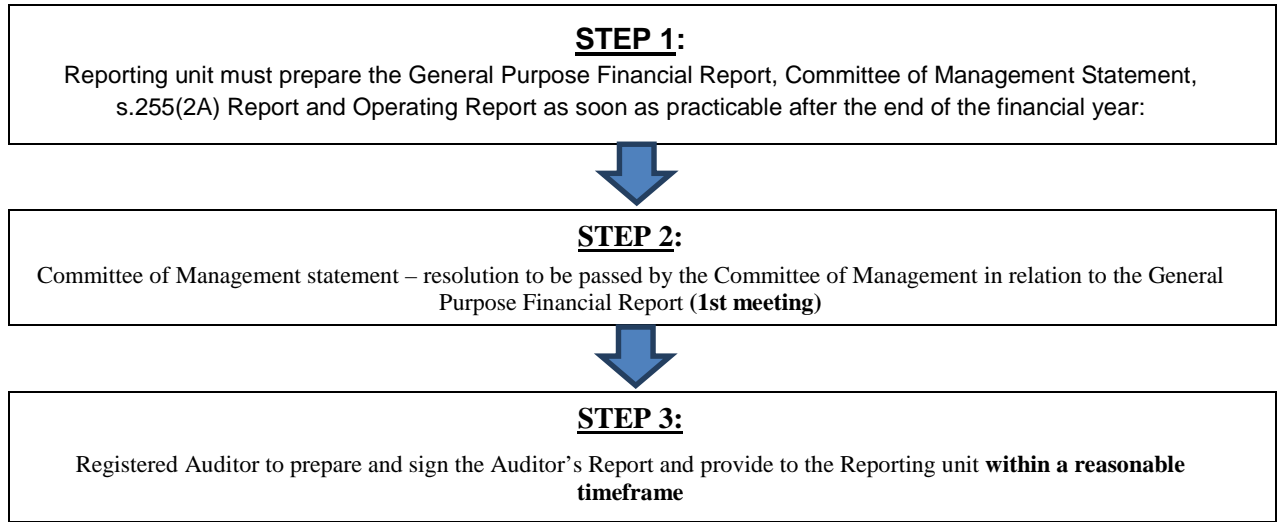


## Fact sheet

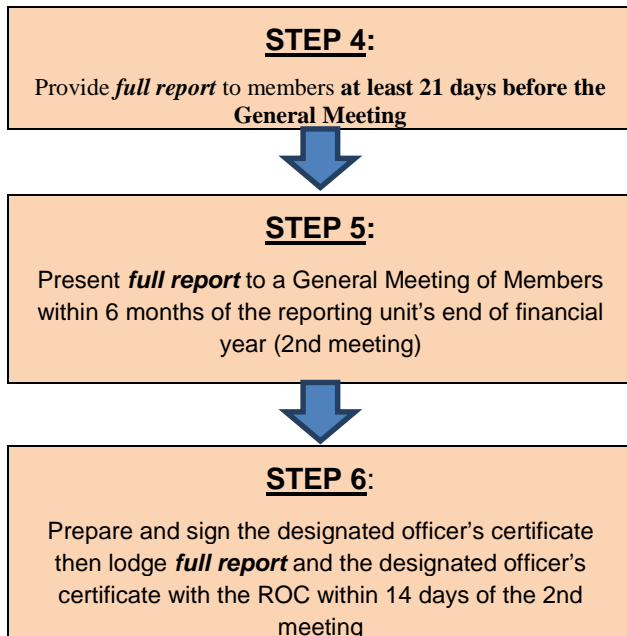
### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

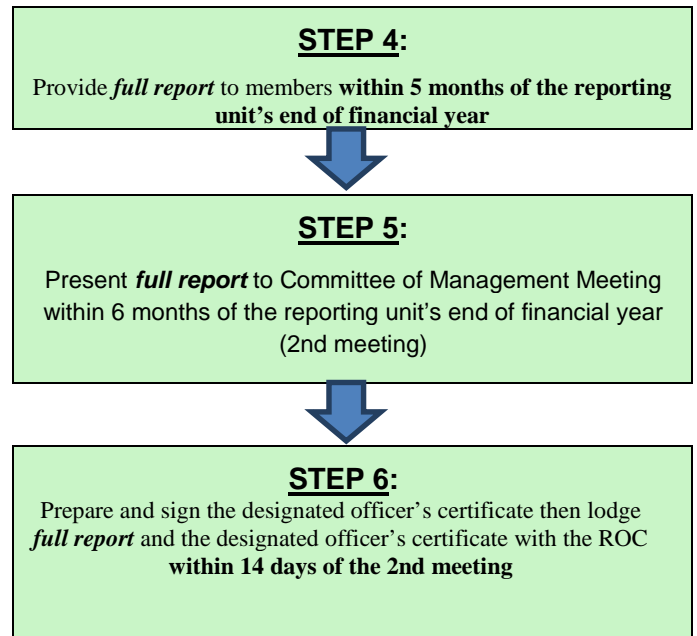
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)



## Misconceptions

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

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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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.



## 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.

## Grants & Donations within the Financial Report

Item 14(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:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, 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](mailto:regorgs@roc.gov.au)

## Your steps checklist

Your financial year ended on 30 June 2019. You should be well into the following process.

Pre-lodgement checklist	✓
Draft the financial report and have the committee of management pass the Committee of Management resolution <b>Did you know?</b> This is the first meeting in the financial reporting process	<input type="checkbox"/>
Have the auditor complete and sign the auditor's report <b>Tips:</b> You must use a registered auditor. The SIGNED report is part of the full report. Make sure it is included in what is provided to members	<input type="checkbox"/>
Provide the full report to members This must be done: <ul style="list-style-type: none"><li>• If you are going to a committee of management meeting (requires a 5% rule), within 5 months of 30 June 2019</li><li>• If you are going to a general meeting of members, 21 days before the meeting</li></ul>	<input type="checkbox"/>
Present the full report to the second meeting. <b>Hints:</b> This meeting must be within 6 months of 30 June 2019. This is either a committee of management meeting (requires a 5% rule) or a general meeting of members	<input type="checkbox"/>
Lodge with the ROC within <b>14 days</b> of the meeting – <a href="mailto:regorgs@roc.gov.au">regorgs@roc.gov.au</a> <b>TIP:</b> lodge it straight away – there's no need to wait the full 14 days	<input type="checkbox"/>

If you require further advice or assistance please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au) or call us on 1300 341 665.

Yours sincerely,

## Registered Organisations Commission



### Penalties apply

**We emphasise that sections 253, 254, 265(1)(a), 266 and 268 of the RO Act are civil penalty provisions.**

Failure of an organisation to prepare a full report, provide it to members, present it to a meeting and lodge with the ROC within legislative time frames may expose your organisation to Federal Court proceedings with the possibility of a pecuniary penalty being imposed upon an officer and/or the organisation.