



AUSTRALIAN INDUSTRIAL REGISTRY

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Fax: (03) 9654 6672

Mr David Kemp
Federal Secretary
The Australian Licensed Aircraft Engineers Association
25 Stoney Creek Road
BEXLEY NSW 2207

Dear Mr Kemp,

**Re: Financial statements for year ended 31 December 2003
FR2003/758**

I have received the financial statements of the abovenamed organisation for year ended 31 December 2003 lodged under cover of your letter dated 7 July 2004. The documents were lodged in the Industrial Registry on 8 July 2004.

The documents have been filed.

The following matters are advised for your assistance when preparing future financial documents - no further action is requested in respect of these matters for the documents lodged.

Dates of documents

I have noted that the documents lodged are dated "February 2004" and do not show the actual day on which they were signed. All documents should in future be correctly dated.

Auditor's report

I have also noted that the auditor's report has not been signed. Please ensure that the auditor signs the report in future.

Inadequate disclosure of income and expenditure - use of disclaimer

It is noted that the Income and Expenditure Statement was lodged under the cover of a *disclaimer* in which the auditor stated:

"... I do not express an opinion on this additional information and no warranty of accuracy or reliability is given."

This disclaimer appears to be in conflict with the financial reporting requirements of the Act, which expressly require the auditor to state whether in the auditor's opinion, the accounts and statements prepared under section 273 give a *true and fair view* of income and expenditure - see Attachment A. The auditor's report does not contain this statement.

The disclaimer also appears to be inconsistent with the opinion expressed in the audit report itself, which affirmed:

"... there were kept by the Associationsatisfactory records detailing the sources and nature of the income of the Association (including income from members) and the nature and purposes of expenditure."

It is important to note that the use of a disclaimer in future years will be contrary to the financial reporting requirements of the new RAO Schedule for the following reasons:

- ◆ subsection 257(5) of the Schedule requires the auditor to state whether the *general purpose financial report* is 'presented fairly' in accordance with the Australian Accounting Standards and the financial reporting requirements of the Schedule (sections 238 to 270) - see Attachment B;
- ◆ the general purpose financial report must include the detailed revenue and expenditure information set out at Points 10 and 11 of the *Reporting Guidelines* such as entrance fees or subscriptions, levies, donations, legal fees, employee benefits, political fees etc. - see Attachment C;
- ◆ therefore, the auditor must state whether this detailed expenditure information has been 'presented fairly'.

For the above reasons, the use of a disclaimer by an auditor relating to income and expenditure would be inconsistent with the obligation of an auditor under the RAO Schedule.

In respect of future financial returns, please ensure that:

- ◆ all mandatory revenue and expenditure information is provided in the main body of the accounts; and
- ◆ the revenue and expenditure information is not provided under the cover of a disclaimer.

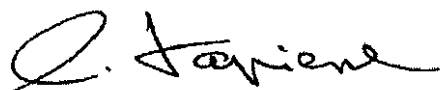
Future financial returns to be lodged under new RAO Schedule

From 12 May 2003 the legislative provisions concerning registered organisations were amended and removed from the *Workplace Relations Act 1996* and now form Schedule 1B to the Act. This new schedule is titled the *RAO (Registration and Accountability of Organisations) Schedule*. The RAO Schedule and the related RAO Regulations are available on the Commission's website at <http://www.airc.gov.au> (see *Procedures and Legislation*). We have forwarded to your organisation a *Fact Sheets* folder which set out the requirements of the RAO Schedule. A copy of each of these *Fact Sheets* is available on the Commission's website (see *Organisations*).

Your organisation will be required to follow the new financial reporting requirements of the RAO Schedule (and RAO Regulations) for the financial year which commenced 1 January 2004. You should discuss the new requirements and this letter with your accountant or auditor.

If you have any queries about any of the issues discussed in this letter or the new financial reporting requirements under the RAO Schedule please contact me on (03) 8661 7987 or by email at clency.lapierre@air.gov.au.

Yours sincerely,



Clency Lapierre
Statutory Services Branch
2 August 2004

Workplace Relations Act 1996 (Cth)

Section 273 - Organisation to prepare accounts etc.

- (1) As soon as practicable after the end of each financial year, an organisation:
- (a) shall cause to be prepared from the accounting records kept by the organisation under subsection 272(1) in relation to the financial year, such accounts and other statements, in relation to the financial year, as are prescribed;

Section 276 - Powers and duties of auditors

- (4) An auditor shall, in a report under this section in relation to a financial year, state:
- (a) whether in the auditor's opinion:
 - (ii) the accounts and statements prepared under section 273 in relation to the year were properly drawn up so as to give a true and fair view of:
 - (A) the financial affairs of the organisation as at the end of the year; and
 - (B) the income and expenditure, and any surplus or deficit, of the organisation for the year;

Regulation 107 - Prescribed accounts

For the purpose of subsection 273(1) of the Act, each of the following accounts is prescribed in respect of each financial year of an organisation:

- (a) an account of all the income and expenditure of the organisation during the financial year, being an account that, without limiting the generality of the foregoing, sets out (so far as applicable) the following particulars of income or expenditure during the financial year:

...

Schedule 1B - Registration and Accountability of Organisations

Part 3 - Accounts and audit

Division 4 - Auditors

Section 257 - Powers and duties of auditors

(1) **[Audit and report]** An auditor of a reporting unit must audit the financial report of the reporting unit for each financial year and must make a report in relation to the year to the reporting unit.

...

(5) **[Auditor's report]** An auditor must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- (a) the Australian Accounting Standards;
- (b) any other requirements imposed by this Part.

If not of that opinion, the auditor's report must say why.

...

Schedule 1B - Registration and Accountability of Organisations

Section 255 - Reporting guidelines

(1) **[Publication in Gazette]** The Industrial Registrar must, by written determination published in the *Gazette*, issue reporting guidelines for the purposes of sections 253 and 270.

Section 253 - Reporting unit to prepare general purpose financial report

(1) **[Report to be prepared at end of financial year]** As soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australia Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year.

(2) **[Requirements of report]** The general purpose financial report must consist of:

(a) financial statements containing:

- (i) a profit and loss statement, or other operating statement; and
- (ii) a balance sheet; and
- (iii) a statement of cash flows; and
- (iv) any other statements required by the Australian Accounting Standards; and

(b) notes to the financial statements containing:

- (i) notes required by the Australian Accounting Standards; and
- (ii) information required by the reporting guidelines (see section 255); and

(c) any other reports or statements required by the reporting guidelines (see section 255).

7 July 2004

Deputy Industrial Registrar
Australian Industrial Registry
(NSW Registry)
Level 8, Terrace Towers
80 William Street
EAST SYDNEY 2011



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Ph: (02) 9554 9399 Fax: (02) 9554 9644
Email: alaea@alaea.asn.au
Web: www.alaea.asn.au
ABN: 84 234 747 620

Dear Sir/Madam

Certificate of Federal Secretary under s.280(1)(b)
Financial Statements – Year ended 31 December 2003

I refer to the enclosed financial statements of the ALAEA for the year ended 31 December 2003.

I certify that the documents lodged are true copies of documents supplied to all members of the ALAEA and the Federal Executive in May 2004 and approved by a presentation meeting of the Federal Executive (Committee of Management) of the Australian Licensed Aircraft Engineers Association on 7th July 2004.

The ALAEA rules provide that 5% of the membership can seek a general meeting of the members to discuss the financial report. No request was received from the membership.

Yours faithfully

DAVID KEMP
Federal Secretary

" To undertake supervise and certify for the safety of all who fly. "

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

CONTENTS

Committee's Report	2
Accounting Officer's Report	3
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to and forming part of the Financial Statements	7
Audit Report	19
Compilation Report	20
Income & Expenditure Statement	21
Welfare Fund	23

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

Committee's Report
For the year ended 31 December, 2003

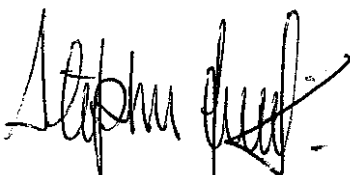
We, Fergus Haines and Stephen Fenech, being two members of the Committee of Management of The Australian Licenced Aircraft Engineers' Association, do state on behalf of the Committee that:

1. In the opinion of the Committee of Management, the attached accounts show a true and fair view of the financial affairs of the Association as at 31 December, 2003.
2. In the opinion of the Committee of Management, meetings of the Committee were held during the year ended 31 December, 2003 in accordance with the rules of the Association.
3. To the knowledge of any member of the Committee, there have been no instances where records of the Association or other documents (not being documents containing information made available to a member of the Union under Sub-Section 274(2) of the Workplace Relations Act 1996), or copies of these records or documents, or copies of the rules of the Association, have not been furnished, or made available to members in accordance with the requirements of the Workplace Relations Act 1996, the Regulations thereto, or the rules of the Association.
4. The Association has complied with Sub-Section 279(1) and (6) of the Workplace Relations Act 1996 in relation to the financial accounts in respect of the year ended 31 December 2003, and the Auditor's Report thereon.
5. At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Members of the Committee.



Fergus Haines (Trustee)



Stephen Fenech (Trustee)

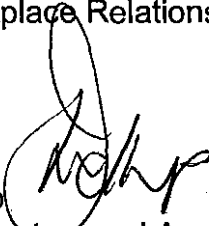
THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

Accounting Officer's Report
For the year ended 31 December, 2003

I, David Kemp, being the Officer responsible for the keeping of the accounting records of The Australian Licenced Aircraft Engineers' Association ("the Association") certify that as at 31 December 2003, the number of financial members of the Association were 4,104.

In my opinion:

1. The attached accounts show a true and fair view of the financial affairs of the Association as at 31 December 2003.
2. A record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Association.
3. Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association.
4. With regards to funds of the Association raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
5. No loans or other financial benefits, other than remuneration by way of honoraria or in respect of their full time employment with the Association, were made to persons holding office in the Association.
6. The register of members of the Association was maintained in accordance with the Workplace Relations Act 1996.


David Kemp
Federal Secretary and Accounting Officer

Bexley February 2004

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 December 2003

	Note	2003 \$	2002 \$
Revenue from ordinary activities	2	1,458,263	1,676,728
Employment benefits expense		(540,280)	(471,992)
Depreciation expenses		(54,837)	(59,373)
Industrial & management expenses		(788,381)	(853,394)
Other expenses from ordinary activities		<u>(227,667)</u>	<u>(256,302)</u>
Profit/(Loss) from ordinary activities before income tax expense	14	(152,902)	35,667
Income tax expense relating to ordinary activities	1b	<u>-</u>	<u>-</u>
Net profit / (loss) from ordinary activities after income tax expense attributable to the Association		<u>(152,902)</u>	<u>35,667</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(152,902)</u>	<u>35,667</u>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2003

	Note	2003 \$	2002 \$
Current assets			
Cash assets	4	2,478,382	2,667,407
Receivables	5	130,482	121,907
Other financial assets	6	579,514	541,802
Other	7	<u>32,410</u>	<u>34,950</u>
Total current assets		<u>3,220,788</u>	<u>3,366,066</u>
Non-current assets			
Property, plant and equipment	8	<u>429,333</u>	<u>473,435</u>
Total non-current assets		<u>429,333</u>	<u>473,435</u>
Total assets		<u>3,650,121</u>	<u>3,839,501</u>
Current liabilities			
Payables	9	103,517	119,337
Provisions	10	<u>163,099</u>	<u>183,757</u>
Total current liabilities		<u>266,616</u>	<u>303,094</u>
Total liabilities		<u>266,616</u>	<u>303,094</u>
Net Assets		<u>3,383,505</u>	<u>3,536,407</u>
Equity			
General Fund	11	<u>3,383,505</u>	<u>3,536,407</u>
Total equity		<u>3,383,505</u>	<u>3,536,407</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2003

	NOTE	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. members)		1,409,242	1,694,016
Payments to suppliers and employees		<u>(1,720,003)</u>	<u>(1,768,763)</u>
		(310,761)	(74,747)
Interest received		125,796	124,392
Sundry receipts		-	16,340
Income taxes paid		<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	14	(184,965)	65,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Property, plant & equipment		11,818	40,926
Payment for plant & equipment		<u>(15,878)</u>	<u>(82,358)</u>
Net cash provided by (used in) investing activities		<u>(4,060)</u>	<u>(41,432)</u>
Net increase/(decrease) in cash held		189,025	24,553
Cash at the beginning of the financial year		<u>2,667,407</u>	<u>2,642,854</u>
Cash at the end of the financial year	13	<u>\$ 2,478,382</u>	<u>\$ 2,667,407</u>

The accompanying Notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

The financial report covers The Australian Licenced Aircraft Engineers' Association as an individual entity. It is an association registered under the Workplace Relations Act 1996 and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Re-classification of financial information

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

(b) Income Tax

No provision for income tax is necessary, as Trade Unions are exempt from income tax under s50-15 of the Income Tax Assessment Act 1997.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

1. Statement of significant accounting policies (continued)

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability (respectively) in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Property, Plant and Equipment

Acquisitions

All assets acquired including property, plant and equipment are initially recorded at the price paid at the date of acquisition plus incidental costs directly relating to the acquisition.

Costs subsequent to acquisition

These costs are capitalised where the costs permit the asset to provide an extended economic benefit to the Association or where those costs modify the asset such that those modifications become an intrinsic part of the original asset.

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

1. Statement of significant accounting policies (continued)

(d) Property, Plant and Equipment (continued)

Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write down is recognised as an expense in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value.

Depreciation

The depreciable amount of fixed assets, excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Depreciation rate	Depreciation basis
Buildings	5% - 10%	Prime cost
Office equipment & furniture	10% - 33.34%	Prime cost
Motor vehicles	15%	Prime cost

(e) Revenue

Revenue from members' subscriptions and joining fees are recognised on the accruals basis.

Interest revenue is recognised as it accrues.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

1. Statement of significant accounting policies (continued)

(g) Employee entitlements

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date (Note 9). Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and other current employee entitlements, which will be settled after one year, are accrued at their nominal amounts. Other employee benefits payable later than one year have been measured at their nominal value as it is considered that this results in a value not materially different to that achieved by determining the present value of the estimated future cash outflows to be made for those benefits.

The Association makes contributions to employee superannuation plans (not controlled by the Association, its Trustees or its Committee members). Such contributions are charged as expenses as incurred. The Association has no legal obligation to cover any shortfall in the plans' obligations to provide benefits to employees on retirement.

(h) Information to be provided to Members or Registrar

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 274 of that Act which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

	2003 \$	2002 \$
2. Revenue from Ordinary activities		
<i>From operating activities</i>		
Members subscriptions	1,286,941	1,283,994
Consulting fees	0	250,000
Other income	0	519
	<u>1,286,941</u>	<u>1,534,513</u>
<i>From non-operating activities</i>		
Interest received from other persons	118,007	116,967
Unrealised gains on managed funds	41,497	0
Proceeds on disposal of fixed assets	11,818	25,248
	<u>171,322</u>	<u>142,215</u>
	<u>1,458,263</u>	<u>1,676,728</u>

3. Profit from Ordinary Activities

Profit from ordinary activities before income tax expense has been determined after:

(a) Expenses

Net loss on disposal of plant & vehicles	5,143	3,539
Remuneration of auditor		
- audit or review of financial report	6,000	5,500
- other services	4,240	6,419
Total remuneration	<u>10,240</u>	<u>11,919</u>
Depreciation of non-current assets		
- plant & equipment	23,375	33,693
- buildings	19,644	19,644

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

	2003	2002
	\$	\$
4. Cash		
Cash at bank	286,644	352,031
Short term deposits	2,191,450	2,313,876
Cash on hand	<u>288</u>	<u>1,500</u>
	<u>2,478,382</u>	<u>2,667,407</u>
5. Receivables		
Subscriptions receivable	109,547	96,990
Other debtor	<u>20,935</u>	<u>24,917</u>
	<u>130,482</u>	<u>121,907</u>
6. Other financial assets		
Managed funds (at market value)	<u>579,514</u>	<u>541,802</u>
7. Other		
Prepayments & accrued interest	<u>32,410</u>	<u>34,950</u>
8. Property, plant and equipment		
Freehold land (at cost)	<u>110,000</u>	<u>110,000</u>
Building		
At cost	384,214	384,214
Accumulated depreciation	<u>140,682</u>	<u>121,038</u>
	<u>243,532</u>	<u>263,176</u>
Plant & equipment		
At cost	154,244	138,366
Accumulated depreciation	<u>116,585</u>	<u>103,615</u>
	<u>37,659</u>	<u>34,751</u>
Motor vehicles		
At cost	51,230	84,487
Accumulated depreciation	<u>13,088</u>	<u>18,979</u>
	<u>38,142</u>	<u>65,508</u>
	<u>429,333</u>	<u>473,435</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

8. Property, plant and equipment (continued)

Committee valuation:

A committee of management valuation of freehold land and buildings was undertaken at 31 December 2003. The valuation was based on an assessment of the property's current market value. The increase in value has not been taken up in the financial statements.

	2003 \$	2002 \$
Freehold land and building		
Committee valuation 2003	<u>750,000</u>	<u>0</u>

Movement in carrying amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

Freehold land and building

Carrying amount at beginning of year	373,176	392,820
Additions	-	-
Disposals	-	-
Depreciation	<u>(19,644)</u>	<u>(19,644)</u>
	<u>353,532</u>	<u>373,176</u>

Office equipment

Carrying amount at beginning of year	34,751	27,067
Additions	15,878	31,127
Disposals	0	(1,716)
Depreciation	<u>(12,970)</u>	<u>(21,727)</u>
	<u>37,659</u>	<u>34,751</u>

Motor vehicles

Carrying amount at beginning of year	65,508	49,781
Additions	0	51,230
Disposals	(11,818)	(23,537)
Depreciation	<u>(15,548)</u>	<u>(11,966)</u>
	<u>38,142</u>	<u>65,508</u>

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

	2003 \$	2002 \$
9. Payables		
Current		
Trade creditors	76,493	95,265
Other creditors and accruals	<u>27,024</u>	<u>24,072</u>
	<u>103,517</u>	<u>119,337</u>
10. Provisions		
Current		
Annual leave	56,164	69,182
Conferences & training	75,000	50,000
Long service leave	<u>31,935</u>	<u>64,575</u>
	<u>163,099</u>	<u>183,757</u>
Number of employees at year end	<u>8</u>	<u>6</u>
11. General Fund		
Balance at beginning of year	3,536,407	3,500,740
Net profit / (loss) from operations	<u>(152,902)</u>	<u>35,667</u>
Balance at the end of the year	<u>3,383,505</u>	<u>3,536,407</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

12. Segment reporting

The Association is a Trade Union of Licenced Aircraft Engineers operating throughout Australia.

Some members also reside and work in this capacity outside Australia.

13. Reconciliation of cash

For the purposes of this statement of cash flows, cash includes:

- (a) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (b) investments in money market instruments.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2003	2002
	\$	\$
Cash	286,932	353,531
Deposits at call	<u>2,191,450</u>	<u>2,313,876</u>
	<u>2,478,382</u>	<u>2,667,407</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

14. Reconciliation of Profit from ordinary activities after income tax to net cash provided by operating activities

	2003 \$	2002 \$
Profit / (loss) from ordinary activities after income tax	<u>(152,902)</u>	<u>35,667</u>
Non-cash flows in profit from ordinary activities:		
Loss/(Profit) on sale of assets	5,143	(15,673)
Unrealised loss/(gain) on investments	(41,497)	15,821
Depreciation	<u>43,019</u>	<u>53,337</u>
	<u>6,665</u>	<u>53,485</u>
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(786)	9,960
(Increase)/Decrease in managed funds	3,784	3,645
Increase/(Decrease) in prepayments	(5,248)	(1,055)
Increase/(Decrease) in payables	(15,820)	20,007
Increase/(Decrease) in provisions	<u>(20,658)</u>	<u>(55,724)</u>
	<u>(38,728)</u>	<u>(23,167)</u>
Net cash flows from operating activities	<u>(184,965)</u>	<u>65,985</u>

15. Employment commitments

Superannuation commitment

The Association has provided for a contribution rate of 9% of each employee's Base salary to a superannuation fund.

	2003 \$	2002 \$
Details of contributions during the year are as follows:		
Employer contributions expensed in statement of financial performance	<u>58,342</u>	<u>54,541</u>
Employer contributions provided as payable at balance date	<u>6,078</u>	<u>5,230</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

16. Capital and Leasing Commitments

Operating lease expenditure contracted for at balance date that is not cancelable and is not provided for in the accounts:

	2003 \$	2002 \$
Payable:		
Being for rent of equipment:		
No later than 1 year	32,955	26,289
Later than 1 year but later than 2 years	26,289	26,289
Later than 2 years but not later than 5 years	<u>39,784</u>	<u>66,073</u>
	<u>99,028</u>	<u>118,651</u>

17. Related parties

Trustees:

The names of persons who were Trustees of the Association at any time during the financial year are as follows:

Fergus Haines and Stephen Fenech

Trustees' transactions:

Transactions between Trustees, Committee Members and the Association are on normal commercial terms and conditions no more favourable than those available to other parties.

18. Association details

The principal place of business of the Association is:

25 Stoney Creek Rd
Bexley, NSW

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

19. Additional financial instruments disclosure

(a) Interest rate risk

	2003	2002	2003	2003	2003	2002	2002	2002
	Weighted average		Fixed	Non-	Total	Fixed	Non-	Total
	interest rate		Interest	Interest		Interest	interest	
	%	%	bearing ¹	bearing	\$	bearing* ¹	bearing	\$
Financial assets								
*1 Interest bearing maturing within 1 year.								
Cash	0.5	1.0	-	286,932	286,932	-	353,531	353,531
Short term deposits	5.3	4.0	2,191,450	-	2,191,450	2,313,876	-	2,313,876
			2,191,450	286,932	2,478,382	2,313,876	353,531	2,667,407

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

(c) Net fair values of financial assets and liabilities

For all financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION

ABN 84 234 747 620

Independent Audit Report

To the members of The Australian Licenced Aircraft Engineers' Association

Scope

We have audited the financial report of The Australian Licenced Aircraft Engineers' Association (the "Association") for the year ended 31 December 2003 as set out on pages 2 to 17.

The Association's Committee of Management and Accounting Officer are responsible for the financial report. We have conducted an independent audit of these financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Association's financial position and performance as presented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion:

1. There were kept by the Association for the year ended 31 December, 2003 satisfactory records detailing the sources and nature of the income of the Association (including income from members) and the nature and purposes of expenditure;
2. The attached accounts and statements including the Certificates of the Committee of Management and the Accounting Officer are prepared in accordance with Section 273 of the Workplace Relations Act 1996;
3. All the information and explanations that, under subsection 276(2), officers or employees of the Association were required to provide were provided;
4. The financial report set out on pages 2 to 17 has been prepared from the accounting records of the Association and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Association as at 31 December 2003 and the results of its operations and cash flows for the year then ended.

J.W. Kellert & Co

Chartered Accountant

John W. Kellert F.C.A.

Registered Company Auditor

Suite 4, 78 Cahors Rd, Padstow, NSW

Dated this th day of February 2004.

COMPILATION REPORT ON ADDITIONAL INFORMATION
TO THE MEMBERS OF
THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

Scope

My Auditor's Report dated th February 2004, covering the Statutory Financial Statements of The Australian Licenced Aircraft Engineers' Association (hereinafter called 'ALAEA') for the year ended 31 December 2003 as presented by the Committee Members in the preceeding pages, does not relate to the additional financial information presented hereinafter.

Disclaimer:

This additional information comprising the Income & Expenditure Statement for the year ended 31 December 2003 is in accordance with the books and records presented to us by ALAEA that have been subjected to the auditing procedures applied in my statutory audit of ALAEA for the year ended 31 December 2003. It will be appreciated that my statutory audit did not include verification or validation procedures of all items of the additional financial information. Accounting Standards and other mandatory professional reporting requirements have not been adopted in the preparation of the additional information.

Accordingly, I do not express an opinion on this additional information and no warranty of accuracy or reliability is given. To the extent permitted by law, neither myself or any employee of mine undertakes responsibility arising in any way whatsoever to any person (other than ALAEA) and we do not accept liability for any loss or damage which any person (other than ALAEA) may suffer in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused. No person should rely on the additional information without having an audit or review conducted.

J.W. KELLERT & CO.
Chartered Accountant

By: **John W. Kellert** B.Comm., F.C.A.

Date: th February, 2004

Address: Suite 4, 78 Cahors Road
Padstow, NSW, 2211

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Members' subscriptions	1,286,941	1,283,994
Consulting fees	0	250,000
Interest received	118,007	116,967
Proceeds on disposal of fixed assets	11,818	40,926
Unrealised gains on managed funds	41,497	0
Other income	<u>0</u>	<u>519</u>
Total income	<u>1,458,263</u>	<u>1,692,406</u>
<u>Expenses</u>		
Administration Costs - Employment		
Salaries – Employees	445,647	406,506
Annual leave provision	17,144	1,757
Long service leave provision	13,529	4,238
Temporary staffing & placements	5,618	4,950
Superannuation	<u>58,342</u>	<u>54,541</u>
	<u>540,280</u>	<u>471,992</u>
Industrial		
Industrial & travel expenses	327,271	292,935
Professional services	135,548	62,968
Safety awareness campaign	8,024	67,695
Telephone	<u>49,367</u>	<u>47,202</u>
	<u>520,210</u>	<u>470,800</u>
Management		
Affiliation fees	13,134	20,222
Federal executive expenses	212,342	284,666
Training & conferences	23,666	52,706
Training & conferences provided	<u>25,000</u>	<u>25,000</u>
	<u>274,142</u>	<u>382,594</u>

This statement is for the information of members and does not form part of the audited financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

Income & Expenditure Statement
For the year ended 31 December, 2003

	2003 \$	2002 \$
Overhead Expenses		
Advertising	4,029	0
Bank charges	7,134	6,200
Commissions	18,809	19,767
Computer expenses	31,745	66,428
Depreciation – building	19,644	19,644
Depreciation – equipment	23,375	33,693
Donations	1,187	750
Electricity	3,945	3,467
Fringe benefits tax	5,542	10,374
General expenses	283	532
Insurance	10,832	12,480
Investment management fees	3,785	3,645
Library	3,567	8,601
Motor vehicle expenses	17,790	15,989
Postage & delivery	22,807	18,814
Printing & stationery	46,040	34,334
Rates & property expenses	20,551	16,504
Repairs & maintenance	1,237	2,262
Staff amenities	4,400	3,956
Unrealised loss on managed funds	0	15,820
Welfare Fund contribution	12,870	12,840
Written down value of fixed assets disposed	<u>16,961</u>	<u>25,253</u>
	<u>276,533</u>	<u>331,353</u>
 TOTAL EXPENDITURE	 <u>1,611,165</u>	 <u>1,656,739</u>
 OPERATING SURPLUS/(LOSS) FOR YEAR	 (152,902)	 35,667
 Accumulated funds at beginning of year	 <u>3,536,407</u>	 <u>3,500,740</u>
 ACCUMULATED FUNDS AT END OF YEAR	 <u>3,383,505</u>	 <u>3,536,407</u>

This statement is for the information of members and does not form part of the audited financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
ABN 84 234 747 620

WELFARE FUND

Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Contributions from General Fund	12,870	12,840
Interest received	<u>1,890</u>	<u>1,400</u>
Total income	<u>14,760</u>	<u>14,240</u>
Expenses		
Welfare payments	<u>7,500</u>	<u>11,500</u>
	<u>7,500</u>	<u>11,500</u>
SURPLUS/(DEFICIT) FOR THE YEAR	7,260	2,740
Accumulated funds at beginning of year	<u>72,082</u>	<u>69,342</u>
ACCUMULATED FUNDS AT END OF YEAR	<u>79,342</u>	<u>72,082</u>

Balance Sheet
As at 31 December, 2003

Current Assets

Investments		
Term deposit	64,151	62,262
Receivables - A.L.A.E.A.	<u>15,191</u>	<u>9,820</u>
Net Assets	<u>79,342</u>	<u>72,082</u>
Accumulated Funds	<u>79,342</u>	<u>72,082</u>

This statement is for the information of members and does not form part of the audited financial statements.