



**Australian Government**  
**Australian Industrial Registry**

26 February 2009

Mr Stephen Purvinas  
Secretary  
The Australian Licenced Aircraft Engineers Association  
email: [alaea@alaea.asn.au](mailto:alaea@alaea.asn.au)

Dear Mr Purvinas

**Re: Financial Report for The Australian Licenced Aircraft Engineers Association for year ended 31 December 2007 – FR2007/609**

I acknowledge receipt of the financial report for The Australian Licenced Aircraft Engineers Association for the year ended 31 December 2007. The report was lodged with the Registry on 9 September 2008. I apologise for the delay in finalising this matter.

The financial report has now been filed.

I acknowledge receipt of the additional information which follows the Audit Report at page 32.

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

Yours sincerely

A handwritten signature in black ink, appearing to be 'K Donnellan', with a long horizontal stroke extending to the right.

Kevin Donnellan  
Statutory Services Branch  
Principal Registry  
Email: [kevin.donnellan@airc.gov.au](mailto:kevin.donnellan@airc.gov.au)

9 September 2008



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ABN: 84 234 747 620

Please find attached copies of the Australian Licenced Aircraft Engineers

- Operating Report,
- Committee of Management Statement
- Financial Statement
- Auditors Report
- Designated Officers Certificate

For any questions related to these documents please feel free to contact me on 02 9554 9399  
or 0447 693 607

  
*Stephen Re*

Trustee

Australian Licenced Aircraft Engineers Association

PHONE: (02) 9554 9399

FAX: (02) 9554 9644

Mobile: 0447 693 607

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



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**Designated Officer's Certificate or other Authorised Officer<sup>1</sup>**

s268 of Schedule 1 *Workplace Relations Act 1996*

I *Stephen Purvinas* being the Federal Secretary of the Australian Licenced Aircraft Engineers Association certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was provided to members on 22 May 2008; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 2 April 2008 however several anomalies were noted in respect to the number of financial members recorded on the reports and 2 elected councilors names missing from the report and thus a resolution to accept the report was not able to be held at this time. The report was returned to the accountant for amendment and was then re presented to the committee of management via electronic resolution on 18 April 2008 and passed prior to release to the membership on 22 May 2008 in accordance with section 266 of the RAO Schedule.
- On 15 August 2008 a further motion was put to the committee of management that following the release to the members there were no outstanding questions from the membership regarding the financial Report that the report be lodged with the Industrial Registrar. This motion was passed on 2 September 2008.

Signature

Date: 2 September 2008

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

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

**Operating Report**  
**For the year ended 31 December, 2007**

Your Committee members submit the financial report of the The Australian Licenced Aircraft Engineers' Association (hereinafter referred to as 'ALAEA') for the financial year ended 31 December 2007.

**Committee Members:**

The names of Committee of Management members who have held office throughout the year and at the date of this report are:

***Current committee members***

***- Appointed from 1 July 2002 (continuing):***

Paul Cousins (Federal President)  
Wesley Bell (Vice President)  
Stephen Purvinas (Federal Secretary)  
Danny Morarji  
Paras Parasram  
Mike Watson

***- Appointed from 1 July 2006 (continuing):***

Mark Gant (Trustee)  
Stephen Re (Trustee)  
Wayne Vasta (Assistant Federal Secretary)  
Brett Bradbury  
Paul Cail  
Christopher Hall  
Robert McGee  
Vinko Vulin

***- Appointed from 1 July 2004 (continuing):***

Michael Weitenberg (Senior Vice President)

***- Appointed from 1 May 2007 (continuing):***

Mervyn Whittle

***- Appointed from 5 September 2007 (continuing):***

John Alldis

***- Appointed from 1 July 2005 (continuing):***

Ralph Young

***- Appointed from 28 November 2007 (continuing):***

David Taylor

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***Past committee members:***

Kevin Dadge (Appointed from 1 July 2002 - resigned on 15 May 2007)

Mark Falconer (Appointed from 1 July 2006 – resigned on 9 February 2007)

**Principal Activities**

ALAEA has many stakeholders, including the members we care for and their families, our staff and volunteers, the broader community who use air travel, the government agencies that regulate the air travel industry and our suppliers. ALAEA's sees its position as being the peak body to advise government and assist in advising on the effective regulation of the air travel industry in respect of maintenance and safety issues which are paramount not only to those who use the air travel but to those who may be impacted by that air travel – notably the wider Australian community.

In keeping with this philosophy the principal activities of ALAEA during the financial year were:

- to provide welfare and support facilities and other services including information on technical developments in the aircraft industry, journals and employment related information to members of ALAEA.
- to provide legal representation for workplace related matters and negotiating Enterprise Bargaining Agreements (EBA's) and Australian Workplace Agreements (AWA's) on behalf of members of ALAEA.
- to promote and enforce high standards in aircraft maintenance.
- to provide a means of liaison between the Civil Aviation Safety Authority and Licenced Aircraft Engineers in connection with all matters involving Licenced Aircraft Engineers and the general promotion of safety standards in the aircraft industry.

**Significant Changes in Nature of Principal Activities and Financial Affairs**

There were no significant changes in the nature of these principal activities or the financial affairs of ALAEA during the financial year.

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

**Operating Report**  
**For the year ended 31 December, 2007**

**Operating Result**

The loss from ordinary activities after providing for income tax amounted to \$8,212 (2006: \$37,848 loss).

**Review of Operations**

The results for the period covered in this report represent a balanced outcome when considered in the light of changes in the global economy and the impact on investments as well as the normal increases in operating costs which were incurred.

Factors which impacted upon the financial results of ALAEA for the year and in the main contributed to the small loss include:

There has been a decrease in the number of registered members at year end compared to the previous year. This, in addition to un-financial members, has principally resulted in a 3.8% decrease in revenue from member subscriptions. There was no additional revenue in the current year as there was in the prior year when ALAEA received donations and insurance recoveries of \$53,539.

Commencing in the year ended 31 December 2005 Qantas broke with previous practice and charged ALAEA for time taken off by Committee Members to attend meetings at ALAEA. This has continued to place an extra burden on ALAEA in the 2007 year. In addition to the amount paid to Qantas, ALAEA has continued to incur additional costs as salary and fees paid to officeholders. Further details are provided at Note 21 of the financial statements. This will be a continuing additional cost to ALAEA in order to fulfill the objectives ALAEA is committed to as noted above.

Total overhead expenses are in line with that of the prior year, after allowing for a loss on managed funds of \$25,331. Total management expenses are down on the prior year due mainly to additional recoveries in the prior year by Qantas for the time taken off by Committee Members to attend meetings of ALAEA in earlier years. Total employment costs are lower in the current year as in the prior year there were redundancy and long service leave payouts.

**Significant Changes in Financial Affairs**

In the opinion of the Committee of Management, there were no significant changes in the state of affairs of ALAEA that occurred during the financial year under review not otherwise disclosed in this report.

**Subsequent Events**

With the exception of legal expenses to be incurred as shown in Note 14 and damages or other claims as a result of future unsuccessful defence of legal matters which claims are unable to be quantified at this time, there has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature that in the opinion of the Committee of Management is likely to substantially affect the operations of ALAEA, the results of those operations, or the state of affairs of ALAEA in future financial years.

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

**Operating Report**  
**For the year ended 31 December, 2007**

**Number of Members**

At balance date there were 3,757 members of ALAEA (2006: 3,876).

**Number of Employees**

At balance date there were 5 equivalent full-time employees (2006: 5).

**Rights of Members to Resign**

Part 6 of ALAEA's constitution provides the following:

- (1) A member of the Association may resign from membership by written notice addressed and delivered to the Federal secretary, or addressed and delivered to the officer performing the duties of the Federal Secretary at the Registered Office of the Association.
- (2) A member ceases to be eligible for membership if he ceases to be employed:
  - (a) in or in connection with an industry or industrial pursuit in respect of which the Association has constitutional coverage.
- (3) A notice of resignation from membership of the Association takes effect:
  - (a) where the member ceases to be eligible to become a member of the Association:
    - (i) on the day on which the notice is received by the Association; or
    - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to become a member;whichever is later.
  - (b) in any other cases, a member's notice of resignation shall take effect:
    - (i) at the end of two weeks after the notice is received by the Association;
    - (ii) or on the day specified in the notice;whichever is later.
- (4) Any dues payable but not paid by the former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
- (5) A notice delivered to the person mentioned in (1) above shall be taken to have been received by the Association when it is delivered.
- (6) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with (1) above.
- (7) A resignation from membership is valid even if it is not effected in accordance with this Rule if the member is informed in writing by on behalf of the Association that his resignation has been accepted.

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

**Operating Report**  
**For the year ended 31 December, 2007**

**Superannuation Trustees**

No officer of ALAEA acts as a Trustee or is a director of a company that acts as a trustee of a superannuation entity or an exempt public sector superannuation scheme where a criterion for being a Trustee is the officer is a member of a registered organization.

ALAEA is only aware of one member (not being an officeholder) of ALAEA acting as a Trustee in the circumstances aforementioned. Details are as follows:

Members name – Mr. Kash Gillies

Name of Superannuation Fund – Qantas Superannuation Limited

Position held – Trustee

**Contingencies and Commitments**

There are no contingencies or commitments other than stated at Notes 13 & 14.

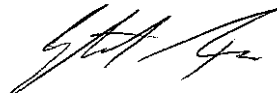
**Proceedings on behalf of ALAEA**

No person has applied for leave of Court to bring proceedings on behalf of ALAEA or intervene in any proceedings to which ALAEA is a party for the purpose of taking responsibility on behalf of ALAEA for all or any part of those proceedings.

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



**Mark Gant (Trustee)**



**Stephen Re (Trustee)**

**Dated this 16 day of April 2008**

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

**Committee of Management Statement**

On 22<sup>nd</sup> April 2008, the Committee of Management of The Australian Licenced Aircraft Engineers' Association ("ALAEA") passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2007:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flow of the reporting unit for the financial year to which they relate;
- (d) 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) the organisation is the sole reporting unit; and
  - (v) there has not been any request for information by a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule; and
  - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule.
- (e) No recovery of wages activities was undertaken during the year ending 31 December 2007.


For Committee of Management:

Title of Office held:

**Stephen Purvinas**

**Federal Secretary**

Signature:

.....

Date:

22 APRIL 2008



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

**INCOME STATEMENT**  
**for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
Revenue from ordinary activities	2	1,588,406	1,755,678
Employee benefits expense		(464,380)	(613,801)
Depreciation expenses		(38,957)	(37,572)
Seminar expenses		(57,062)	(35,214)
Industrial & management expenses		(839,030)	(877,031)
Postage, Printing & stationery		(59,523)	(56,841)
Computer expenses		(51,093)	(49,927)
Welfare fund contributions		(13,684)	(14,231)
Other expenses from ordinary activities		<u>(72,889)</u>	<u>(108,909)</u>
<b>Profit/(Loss) from ordinary activities before income tax expense</b>	3,18(a)	(8,212)	(37,848)
Income tax expense relating to ordinary activities	1(a), 4	<u>-</u>	<u>-</u>
<b>Net profit / (loss) from ordinary activities after income tax expense attributable to ALAEA</b>		<u>(8,212)</u>	<u>(37,848)</u>
<b>Total changes in equity other than those resulting From transactions with owners as owners</b>		<u>(8,212)</u>	<u>(37,848)</u>

The accompanying notes form part of these financial statements.

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

**BALANCE SHEET**  
**for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
<b>Current assets</b>			
Cash and cash equivalents	6	2,110,021	2,245,459
Trade and other receivables	7	89,211	83,013
Financial assets	8	1,646,426	1,546,780
Other current assets	9	40,412	33,916
<b>Total current assets</b>		<u>3,886,070</u>	<u>3,909,168</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>356,271</u>	<u>346,888</u>
<b>Total non-current assets</b>		<u>356,271</u>	<u>346,888</u>
<b>Total assets</b>		<u>4,242,341</u>	<u>4,256,056</u>
<b>Current liabilities</b>			
Trade and other payables	11	435,284	436,781
Provisions	12	<u>46,880</u>	<u>52,904</u>
<b>Total current liabilities</b>		<u>482,164</u>	<u>489,685</u>
<b>Non-Current liabilities</b>			
Provisions	12	<u>17,960</u>	<u>15,942</u>
<b>Total current liabilities</b>		<u>17,960</u>	<u>15,942</u>
<b>Total liabilities</b>		<u>500,124</u>	<u>505,627</u>
<b>Net Assets</b>		<u>3,742,217</u>	<u>3,750,429</u>
<b>Equity</b>			
General Fund		<u>3,742,217</u>	<u>3,750,429</u>
<b>Total equity</b>		<u>3,742,217</u>	<u>3,750,429</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2007**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2006</b>	3,788,277	3,788,277
Loss for the year	<u>(37,848)</u>	<u>(37,848)</u>
<b>Balance at 31 December 2006</b>	3,750,429	3,750,429
Loss for the year	<u>(8,212)</u>	<u>(8,212)</u>
<b>Balance at 31 December 2007</b>	<u><b>3,742,217</b></u>	<u><b>3,742,217</b></u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2007**

	<b>Note</b>	<b>2007</b> \$	<b>2006</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (incl. Members)		1,503,110	1,602,499
Payments to suppliers and employees		(1,701,105 )	(1,788,921)
Interest received		110,897	131,575
Trust distributions		124,977	163,665
Donations received from closing union		-	46,543
Sundry receipts		-	6,996
		<u>          </u>	<u>          </u>
<b>Net cash provided by (used in) operating activities</b>	<b>18(a)</b>	<u><b>37,879</b></u>	<u><b>162,357</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from property, plant & equipment		-	-
Purchase of plant & equipment		(48,340 )	-
Purchase of investments		(124,977 )	(163,665)
		<u>          </u>	<u>          </u>
<b>Net cash provided by investing activities</b>		<u><b>(173,317 )</b></u>	<u><b>(163,665)</b></u>
<b>Net increase/(decrease) in cash held</b>			
		<b>(135,438 )</b>	<b>(1,308)</b>
Cash at 1 January 2007		<u><b>2,245,459</b></u>	<u><b>2,246,767</b></u>
<b>Cash at 31 December 2007</b>	<b>6</b>	<u><b>2,110,021</b></u>	<u><b>2,245,459</b></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies**

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

The financial report covers The Australian Licenced Aircraft Engineers' Association (hereinafter also referred to as "ALAEA") as an individual entity. ALAEA is a Trade Union domiciled in Australia and affiliated to the ACTU.

The financial report of ALAEA complies with all Australian equivalents to International Financial Reporting Standards (IFRS).

As a result, some terminology has changed with effect from 31 December 2005. In particular, Section 253(2) of RAO Schedule 1 and Determinations of reporting guidelines for the purposes of section 253 and 270 of the RAO Schedule 1 refer to a profit and loss statement or other operating statement. This statement is currently referred to under GPFR prepared under IFRS as an Income Statement.

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

**Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

**(a) Income Tax**

ALAEA is a registered Trade Union and exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

**(b) Property, Plant and Equipment**

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

**Property**

Freehold land and buildings are measured on the cost basis less subsequent depreciation for buildings and impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies (continued)**

**(b) Property, Plant and Equipment (continued)**

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ALAEA and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of asset	Depreciation rate	Depreciation basis
Buildings	5% - 10%	Prime cost
Office equipment & furniture	10% - 25%	Prime cost
Motor vehicles	15%	Prime cost

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 the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**De-recognition and disposal**

An item of property, plant and equipment is de-recognised upon disposal or when the item is no longer used in the operations of the association. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is de-recognised.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies (continued)**

**(c) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to ALAEA are classified as finance leases. There were no finance leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term. There were no lease incentives.

**(d) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. The fair value of all unlisted investments is determined by reference to the unit price at year end as determined by the Fund Manager.

**Impairment**

At each reporting date, ALAEA assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies (continued)**

**(e) Impairment of Assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(f) Employee Benefits**

Provision is made for the ALAEA's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

**(g) Provisions**

Provisions are recognised when ALAEA has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies (continued)**

**(i) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from members' subscriptions and joining fees are recognised when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Trust distributions from managed funds are recognised at crediting date being the date the Fund Manager applies the distribution to the purchase of units in the managed funds.

Donations are recognised on receipt.

No amounts are included in the financial statements for services donated by volunteers.

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

**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(k) Affiliation fee**

ALAEA is required to pay an annual affiliation fee to the ACTU. Other voluntary affiliation fees are also paid to other Unions.

**(l) Comparative Figures**

Where required by Accounting Standards or as a result of applying for the first time reporting requirements of the Workplace Relations Act 1996 comparative figures have been adjusted to conform with changes in presentation for the current year.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**1. Statement of significant accounting policies (continued)**

**(m) Significant accounting estimates and judgments**

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported.

In the application of AIFRS management is required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Significant accounting judgments***

ALAEA no longer leases office equipment as disclosed in Note 13. Management has determined that all the risks and rewards of ownership of that equipment remain with the lessor and has therefore classified the leases as operating leases.

***Significant accounting estimates and assumptions***

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

***Provision for employee benefits***

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 1(f). The amount of these provisions would change should any of these factors change in the next 12 months.

**(n) 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 272 of Schedule 1 which reads as follows:

- (1) A member of a reporting unit, or a Registrar, 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 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).

The financial report was authorised for issue on 22<sup>nd</sup> April 2008 by the Committee.

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
<b>2. Revenue from Ordinary activities</b>			
<i>(a) Operating activities</i>			
Interest received from other persons	2(b)	95,008	122,100
Membership subscriptions		1,368,421	1,423,180
Trust distributions		124,977	146,555
<b>Total revenue from operating activities</b>		<u>1,588,406</u>	<u>1,691,835</u>
<i>Non-operating activities</i>			
Unrealised gains on managed funds		-	10,304
Donation received from closing union		-	46,543
Insurance recoveries		-	6,996
<b>Total revenue from non-operating activities</b>		<u>-</u>	<u>63,843</u>
<b>Total revenue</b>		<u>1,588,406</u>	<u>1,755,678</u>
<i>(b) Interest revenue from:</i>			
Other persons		95,008	122,100
<b>Total interest revenue</b>		<u>95,008</u>	<u>122,100</u>
<b>3. Profit from Ordinary Activities</b>			
<i>(a) Expenses</i>			
Depreciation		38,957	37,572
Rental expense on operating leases			
- minimum lease payments plant & equipment		-	26,289
<i>(b) Significant expenses</i>			
The following expense items are relevant in explaining the financial performance:			
Employee benefits expense to officeholders		289,474	570,801
Employee benefits expense to other than officeholders		486,674	613,801
Legal costs		109,830	148,297
Consultants fees		37,662	49,749
Meetings and conference expenses		268,021	366,214
General administrative expenses		223,855	216,963

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

2007	2006
\$	\$

**4. Income tax expense**

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)

-	-
---	---

Less:

Tax effect of:

- non-taxable income arising from income tax exemption

-	-
---	---

Income tax expense

-	-
---	---

**5. Auditor's remuneration**

Remuneration of auditor for:

- auditing or review of financial report

18,550	17,800
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- other services

3,742	4,820
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**6. Cash and cash equivalents**

Cash at bank and on hand

1,984,843	238,460
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Short term bank deposits

125,178	2,006,999
---------	-----------

<u>2,110,021</u>	<u>2,245,459</u>
------------------	------------------

The effective interest rate on short-term bank deposits was 6.6% (2006: 6.1%); these deposits have an average maturity of 58 days.

**Reconciliation of cash**

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

Cash and cash equivalents

<u>2,110,021</u>	<u>2,245,459</u>
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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

<b>2007</b>	<b>2006</b>
<b>\$</b>	<b>\$</b>

**7. Trade and other receivables**

Subscriptions receivable	71,295	68,403
Other debtors	17,916	14,610
	<u>89,211</u>	<u>83,013</u>

**8. Financial assets**

Available for sale financial assets	<u>1,646,426</u>	<u>1,546,780</u>
Unlisted investments – at fair value	<u>1,646,426</u>	<u>1,546,780</u>
Total available-for-sale financial assets	<u>1,646,426</u>	<u>1,546,780</u>

Available-for-sale financial assets comprise investments in Managed Funds. There are no fixed returns or fixed maturity date attached to these investments.

**9. Other current assets**

Prepayments	31,041	8,656
Accrued interest	9,371	25,260
	<u>40,412</u>	<u>33,916</u>

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>10. Property, plant and equipment</b>		
<b>Land and buildings</b>		
Freehold land (at cost)	110,000	110,000
 Building:		
At cost	384,214	384,214
Less accumulated depreciation	219,258	199,614
Total buildings	164,956	184,600
Total land and buildings	274,956	294,600
 <b>Plant and equipment</b>		
Plant & equipment:		
At cost	236,170	187,830
Accumulated depreciation	154,855	135,542
Accumulated impairment losses	-	-
Total plant and equipment	81,315	52,288
 <b>Total property, plant and equipment</b>	356,271	346,888

***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 \$	Buildings \$	Office Equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2006	110,000	204,244	23,712	46,504	384,460
Depreciation expense	-	(19,644)	(9,679)	(8,249)	(37,572)
Balance at 31 December 2006	110,000	184,600	14,033	38,255	346,888
Additions	-	-	48,340	-	48,340
Disposals	-	-	-	-	-
Depreciation expense	-	(19,644)	(11,064)	(8,249)	(38,957)
Balance at 31 December 2007	110,000	164,956	51,309	30,006	356,271

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>11. Trade and other payables</b>		
<b>Current</b>		
<b>Unsecured liabilities:</b>		
Trade payables	91,990	65,989
Commissions payable to employers	1,340	1,606
Legal fees payable	442	35,092
Employee benefits payable – officeholders	340,143	319,409
GST payable	-	-
Welfare Fund contributions payable	1,369	14,685
	<u>435,284</u>	<u>436,781</u>
<b>Employee benefits payable – officeholders:</b>		
This amount is predominately payable to Qantas in respect of days taken from the employer airline by officeholders to attend official meetings of ALAEA.		
<b>12. Provisions</b>		
<b>Current</b>		
Employee benefits – non office holders		
Annual leave	46,880	52,904
<b>Total current provisions</b>	<u>46,880</u>	<u>52,904</u>
<b>Non-current</b>		
Employee benefits – non office holders		
Long service leave	17,960	15,942
<b>Total Non-current provisions</b>	<u>17,960</u>	<u>15,942</u>
<b>Movements in provisions</b>		
<b>Current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	52,904	75,956
Additional provisions raised during year	26,012	41,134
Amounts used	(32,036)	(64,186)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>46,880</u>	<u>52,904</u>

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>12. Provisions (continued)</b>		
<b>Movements in provisions (continued)</b>		
<b>Current</b>		
<i>Conferences and training</i>		
Opening balance at beginning of year	-	100,000
Additional provisions raised during year	-	-
Amounts used	-	(100,000)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>-</u>	<u>-</u>
<b>Non-current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	15,942	57,152
Additional provisions raised during year	2,018	(8,876)
Amounts used	-	(32,334)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>17,960</u>	<u>15,942</u>
<b>Analysis of total provisions</b>		
Current	46,880	52,904
Non-current	<u>17,960</u>	<u>15,942</u>
	<u>64,840</u>	<u>68,846</u>
<b>Number of employees at year end</b>		
- Non Officeholders	<u>5</u>	<u>5</u>
- Officeholders	<u>19</u>	<u>18</u>

**Provision for Conferences and Training**

ALAEA no longer provides for estimated conference and training expenses. ALAEA may incur costs in the future in connection with the Federal conference. It is estimated that ALAEA may incur costs of approximately \$120,000 in the year ending 31 December 2010 in the holding of the Federal conference.

**Provision for Long-term Benefits**

A provision has been recognised for employee entitlements relating to annual and 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 upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(m).



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>13. Capital and leasing commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
- Not later than 12 months	-	26,289
- Between 12 months and 5 years	-	-
- Greater than 5 years	-	-
Balance at the end of the year	<u>-</u>	<u>26,289</u>

ALAEA has not entered into any new leases during the past financial year.

**14. Contingent liability**

Estimates of the potential financial effect of contingent liabilities that may become payable:

**Contingent Liabilities**

**Claims:**

The committee have estimated the cost of legal actions commenced in respect of members or in defending actions taken against members and ALAEA but which have not been taken up as an expense in the financial statements as:

<u>100,000</u>	<u>100,000</u>
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ALAEA is unable to quantify the additional cost to the association from the possible claims for damages by third parties in the event of losing any of the above legal actions.

**15. Employment commitments**

**Superannuation commitment**

ALAEA has provided for superannuation contributions for each employee in accordance with their workplace agreement. Details of contributions are as follows:

Employer contributions expensed in Income Statement	<u>44,494</u>	<u>53,636</u>
Employer contributions provided as payable at balance date	<u>4,378</u>	<u>3,341</u>

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**16. Segment reporting**

ALAEA operates predominantly in one business and geographical segment, being a Trade Union of Licenced Aircraft Engineers operating throughout Australia. Some members also reside and work in as Licenced Aircraft Engineers outside Australia.

**17. Events subsequent to Reporting Date**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of ALAEA, the results of those operations, or the state of affairs of ALAEA in future financial years.

	2007 \$	2006 \$
<b>18. Cash Flow Information</b>		
<b>(a) Reconciliation of Net Cash provided by operating activities to Profit from ordinary activities after income tax</b>		
Profit / (loss) from ordinary activities after income tax	(8,212)	(37,848)
Non-cash flows in profit from ordinary activities:		
Depreciation	38,957	37,572
Net loss on disposal of investments	25,331	-
Unrealised loss/(gain) on investments	-	(10,304)
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(2,892)	42,637
(Increase)/Decrease in other assets	(6,496)	3,574
Increase/(Decrease) in creditors and accruals	(4,803)	290,988
Increase/(Decrease) in provisions	(4,006)	(164,262)
Net cash provided by operating activities	<u>37,879</u>	<u>162,357</u>

**(b) Credit stand-by arrangement and loan facilities**

ALAEA has no credit stand-by or financing facilities in place

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>19. Related Party Transactions</b>		
<b>(a) Transactions with members:</b>		
ALAEA provides necessary welfare and support services to its members.		
<b>(b) Transactions with ACTU:</b>		
- affiliation fees paid to the ACTU which amount is included in the determination of operating profit before income tax	<u>31,563</u>	<u>31,261</u>

**(c) Trustees:**

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

Mark Gant (appointed 01/07/2006) and Stephen Re (appointed 01/07/2006).

**(d) Committee Members:**

The names of persons who were Committee Members of ALAEA at any time during the financial year are as follows:

**Continuing (Appointed 01/07/2002)** – Paul Cousins, Wesley Bell, Stephen Purvinas, Danny Morarji, Paras Parasram and Mike Watson.

**Continuing (Appointed 01/07/2004)** – Michael Weitenberg

**Continuing (Appointed 01/07/2005)** – Ralph Young

**Continuing (Appointed 01/07/2006)** – Mark Gant, Stephen Re, Wayne Vasta, Brett Bradbury, Paul Cail, Christopher Hall, Robert McGee and Vinko Vulin.

**Continuing (Appointed 01/05/2007)** – Mervyn Whittle

**Continuing (Appointed 05/09/2007)** – John Alldis

**Continuing (Appointed 28/11/2007)** – David Taylor

**Resigned 09/02/2007** – Mark Falconer (appointed 01/07/2006 and resigned 09/02/2007)

**Resigned 15/05/2007** – Kevin Dadge (appointed 01/07/2002 and resigned 15/05/2007)

**(e) Trustees' transactions:**

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

**20. Mortality and other benefits**

ALAEA contributes to a Welfare Fund for members of ALAEA. The fund is administered by the Federal Executive of ALAEA. The balance of the Welfare Fund at 31<sup>st</sup> December 2007 was \$97,270 (2006: \$90,231).

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**21. Key Management Personnel Compensation**

	Short-term Benefits					Post Employment Benefit	Total
	Salary & Fees \$	Superannuation Contribution \$	Bonus \$	Non-Cash Benefits (refer to Note 21(a)) \$	Other \$	Long-term Benefits Long Service Leave \$	
<b>2007</b> Total compensation	180,394	9,432	-	100,144	-	-	289,970
<b>2006</b> Total compensation	61,443	4,438	-	259,078	-	-	324,959

21(a) Non-cash benefits are predominantly comprised of amounts charged to ALAEA by Qantas in respect of days taken off from the employer airline by officeholders to attend official meetings of ALAEA.

**22. Recovery of wages activity**

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2007.

2007	2006
\$	\$

**23. Other information required under determination of reporting guidelines for the purposes of sections 253 & 270 of RAO Schedule**

The following expense items are provided in accordance with the above RAO schedule:

**Section 253 determination Paragraph 11:**

(a) Employer payroll deduction expenses	16,512	18,079
(b) & Payments to another reporting unit as contribution towards		
(c) administrative expenses	0	0
(d) Federation and affiliation fees	65,025	39,702
(e) Compulsory levies imposed on ALAEA not included in (d)	0	0
(f) Donations to benevolent institutions	1,000	1,200
Grants & donations to other institutions	0	0
(g) Employee benefits expense to officeholders	189,474	570,801
(h) Employee benefits expense to other than officeholders	486,674	613,801
(i) Fees or allowances to persons in respect of their attendances as representatives of ALAEA at conferences or other meetings	0	0
(j) Legal costs and litigation expenditure	109,830	148,297
(k) Meetings and conference expenses	268,021	366,214
(l) Penalties imposed under the Act or Regulations	0	0

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

	2007 \$	2006 \$
<b>23. Other information required under determination of reporting guidelines for the purposes of sections 253 &amp; 270 of RAO Schedule (continued)</b>		
<b>Section 270 determination Paragraph 19:</b>		
(a) Employer payroll deduction expenses	16,512	18,079
(b) Federation and affiliation fees	65,025	39,702
(c) Compulsory levies imposed on ALAEA not included in (b)	0	0
(d) Donations to benevolent institutions	1,000	1,200
Grants & donations to other institutions	0	0
(e) Employee benefits <i>paid</i> to officeholders:		
(i) wages & benefits	282,590	301,190
(ii) annual leave & sick leave	0	0
(iii) long service leave	0	0
(iv) superannuation	9,432	4,359
(f) Employee benefits <i>paid</i> to other than officeholders:		
(i) - wages & benefits	410,314	351,897
- redundancy	-	60,000
(ii) - annual leave	32,036	63,185
- sick leave (other than normal wage entitlements)	-	-
(iii) - long service leave	-	32,334
(iv) - superannuation	44,494	52,301
(g) Fees or allowances to persons (excluding amounts included in sub-paragraphs (e) and (f) above) in respect of their attendances as representatives of ALAEA at conferences or other meetings	0	0
(h) Remuneration of auditor for:		
- auditing or review of financial report	18,550	17,800
- other services	3,742	4,820
(i) Meetings and conference expenses	268,021	366,214
(j) General administrative expenses	223,855	216,963
(k) Interest on loans and any other expenses incurred in connection with the control or management of assets of ALAEA	0	0
(l) Depreciation or amortisation on investments and assets	38,957	37,572
(m) Penalties imposed under the Act or Regulations	0	0

**24. Association details**

***The principal place of business and registered office of ALAEA is:***

25 Stoney Creek Rd  
Bexley, NSW

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**25. Financial instruments**

**(a) Financial Risk Management**

ALAEA's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

ALAEA does not have any derivative instruments at 31 December 2007.

**(i) Financial Risks**

The main risks ALAEA is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**(ii) Interest rate risk**

ALAEA is not exposed to fluctuations in interest rate on debt. For further details on interest rate risk refer to Note 25(b).

**(iii) Foreign currency risk**

ALAEA is not exposed to fluctuations in foreign currencies except in its investments through managed funds which are professionally managed by parties not associated with ALAEA.

**(iv) Liquidity risk**

ALAEA manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash facilities are maintained.

**(v) 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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

ALAEA does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by ALAEA.

**(vi) Price risk**

ALAEA is not exposed to any material commodity price risk.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**25. Financial Instruments (continued)**

**(b) Interest Rate Risk**

ALAEA's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	<b>Weighted Average</b>		<b>Floating Interest Rate</b>		<b>Within 1 year</b>		<b>Non-interest bearing</b>		<b>Total</b>	
	<b>Effective interest rate</b>									
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets:</b>										
Cash (incl. daily saver)	6.6	.05	1,894,843	238,460	-	-	-	-	1,894,843	238,460
Cash in short term deposits	6.6	6.08	-	-	125,178	2,006,999	-	-	125,178	2,006,999
Receivables			-	-	-	-	89,211	83,013	89,211	83,013
Investments			-	-	-	-	1,646,426	1,546,780	1,646,426	1,546,780
<b>Total Financial Assets</b>			<b>1,894,843</b>	<b>238,460</b>	<b>125,178</b>	<b>2,006,999</b>	<b>1,735,637</b>	<b>1,629,793</b>	<b>3,755,658</b>	<b>3,875,252</b>
<b>Financial liabilities:</b>										
Trade and other payables			-	-	-	-	435,284	436,781	435,284	436,781
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435,284</b>	<b>436,781</b>	<b>435,284</b>	<b>436,781</b>

**(c) Net fair values of financial assets and liabilities**

For 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. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements. Since the end of the financial year investments in managed funds have decreased in value to approximately \$1,550,000.

Aggregate net fair values are materially in line with carrying amounts of financial assets and financial liabilities at balance date.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**26. Changes in Accounting Policy**

The following Australian Accounting Standards issued or amended but are not yet effective and which are applicable to the ALAEA have not been adopted in preparation of the financial statements at reporting date. Only those standards which are applied by the ALAEA in accordance with Note 1 are listed hereunder.

AASB Amendment	Standards Affected		Outline of Amendment	Application date of the standard
AASB 101 Presentation of Financial Statements (July 2007)	AASB 101	Presentation of Financial Statements (July 2007)	<p>The main changes are to require that an entity must:</p> <ul style="list-style-type: none"> <li>- Present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income).</li> <li>- present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the ALAEA applies an accounting policy retrospectively, makes a retrospective re-statement or re-classifies items in its financial statements.</li> <li>- disclose income tax relating to each component of comprehensive income.</li> <li>- disclose re-classification adjustments relating to components of other comprehensive income.</li> <li>- There are other changes to terminology, however these are not mandatory.</li> </ul> <p>The changes do not affect recognition or measurement criteria, therefore the changes are not expected to have any impact on the ALAEA's reported financial position.</p>	31 December 2009



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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

**26. Changes in Accounting Policy (continued)**

AASB 107 Cash Flow Statements (July 2007)	AASB 7	Cash Flow Statements (April 2007)	<p>Incorporates amendments relating to relating to the inclusion of the option to present a statement of cash flows using the indirect method and related guidance and examples.</p> <p>Other changes include minor editorial and terminology amendments.</p> <p>As AASB 107 is a presentation standard only, these amendments are not expected to have any impact on the financial report.</p>	30 June 2008
AASB 110 Events after the Balance Sheet Date (April 2007)	AASB 110	Events after the Balance Sheet Date (July 2004)	<p>Incorporates amendments relating to the deletion of Australian specific guidance and other minor editorial items.</p> <p>Unless there are events subsequet to balance date these changes are not expected to have any impact on the financial report.</p>	30 June 2008
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Various	(Various titles)	<p>AASB 2007-8 consequently amends a number of AASB's as a result of the re-issue of AASB 101. Some of the changes include changing the terms:</p> <ul style="list-style-type: none"> <li>- 'general purpose financial report' to 'general purpose financial statements'</li> <li>- 'financial report' to 'financial statements'</li> </ul> <p>in application paragraphs, where relevant, of Australian Accounting Standards (including interpretations) to better align with IFRS terminology.</p> <p>The changes do not affect recognition or measurement criteria, therefore the changes are not expected to have any impact on the ALAEA's reported financial position.</p>	31 December 2009

**THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION**  
**ABN 84 234 747 620**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION**

**Report on the financial report**

We have audited the accompanying financial report, being a general purpose financial report, of The Australian Licenced Aircraft Engineers' Association (hereinafter referred to as "ALAEA", which comprises the Balance Sheet as at 31 December 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Statement of by Members of the Committee.

**Committee Members' responsibility for the financial report**

The committee members of ALAEA are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Workplace Relations Act 1996 and are appropriate to meet the needs of the members. The committee members' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a) the members of the Committee also state, in accordance with Accounting Standards AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the committee members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee members' financial reporting requirements under the Workplace Relations Act 1996. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

**Independence**

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

**Auditor's opinion**

In our opinion the general purpose financial report of The Australian Licenced Aircraft Engineers' Association presents fairly in accordance with applicable accounting standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996, the financial position of ALAEA as at 31 December 2007, and the results of its operations and its cash flows for the year then ended.

**J.W. Kellert & Co.**  
Chartered Accountant



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

Registered Auditor No. 2874

Approved Auditor (Reg. 4 of RAO Regulations)

Suite 4, Ground Floor, 78 Cahors Rd, Padstow, NSW

Dated this 23<sup>rd</sup> day of April 2008

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**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 23<sup>rd</sup> April 2008, covering the General Purpose Financial Statements of The Australian Licenced Aircraft Engineers' Association (hereinafter called 'ALAEA') for the year ended 31 December 2007 as presented by the Committee Members in the preceeding pages, does not relate to the Additional Financial Information presented hereinafter which are designated as special purpose financial information.

We have compiled the following special purpose Income and Expenditure Statement and Welfare Fund Income and Expenditure Statement and Balance Sheet (the "Additional Financial Information") in accordance with APS 9: Statement on Compilation of Financial Reports.

**Disclaimer:**

The additional financial information for the year ended 31 December 2007 is in accordance with the books and records presented to us by ALAEA that have been subjected to the auditing procedures applied in my audit of ALAEA's General Purpose Financial Statements for the year ended 31 December 2007.

It will be appreciated that my audit of the General Purpose Financial Statements did not include verification or validation procedures of all items of the following Additional Financial Information.

Accounting Standards and other mandatory professional reporting requirements have not been adopted in the preparation of the Additional Financial Information, which has been prepared to satisfy the information requirements of the Committee of Management.

Accordingly, I do not express an opinion on this special purpose Additional Financial Information and no warranty of accuracy or reliability is given. To the extent permitted by law, neither myself or any employee or associated entity 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 Additional Financial Information, including any errors or omissions therein, arising through negligence or otherwise however caused. No person should rely on the Additional Financial Information without having an audit or review conducted.

**J.W. KELLERT & CO.**

Chartered Accountant



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

23<sup>rd</sup> April, 2008

Suite 4, Ground Floor, 78 Cahors Road  
Padstow, NSW, 2211

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

**Income & Expenditure Statement**  
**for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
<b>Income</b>			
Members' subscriptions		1,368,421	1,423,180
Interest received		95,008	122,100
Trust distributions		124,977	146,555
Donations		-	46,543
Insurance recoveries		-	6,996
Unrealised gains on managed funds		-	10,304
<b>Total income</b>		<b>1,588,406</b>	<b>1,755,678</b>
<b>Expenses</b>			
<b>Employment Costs</b>			
Salaries & annual leave – Employees		405,023	446,809
Redundancy costs		-	60,000
Long service leave provision		2,018	(8,876)
Payroll tax		(81)	81
Temporary staffing & placements		12,926	62,232
Superannuation		44,494	53,636
		<b>464,380</b>	<b>613,882</b>
<b>Industrial</b>			
Industrial & travel expenses		264,630	220,280
Professional services		169,784	220,666
Telephone		46,055	36,668
		<b>480,469</b>	<b>477,614</b>
<b>Management</b>			
Affiliation fees		65,025	39,702
Federal executive expenses		236,474	359,715
Training & conferences		57,062	35,214
		<b>358,561</b>	<b>434,631</b>

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

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

**Income & Expenditure Statement (continued)**  
**for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
<b>Overhead Expenses</b>			
Advertising		1,763	1,861
Bank charges		7,618	7,725
Commissions on employer payroll deductions		16,512	18,079
Computer expenses		51,093	49,927
Depreciation – building		19,644	19,644
Depreciation – equipment		19,313	17,928
Donations		1,000	1,200
Electricity		5,547	3,648
Fringe benefits tax		5,123	8,515
Insurance		13,143	13,311
Investment management fees		-	-
Library		1,664	16,376
Loss on realization of managed funds		25,331	-
Membership recruitment costs		5,071	-
Motor vehicle expenses		12,227	11,550
Postage & delivery		11,354	18,580
Printing & stationery		48,169	38,261
Rates & property expenses		27,461	21,251
Repairs & maintenance		4,205	1,935
Staff amenities		3,286	3,377
Welfare Fund contribution		13,684	14,231
		<u>293,208</u>	<u>267,399</u>
<b>Total Expenditure</b>		<u>1,596,618</u>	<u>1,793,526</u>
<b>Operating Surplus/(Loss) for the year</b>		<b>(8,212 )</b>	<b>(37,848)</b>
Accumulated funds at beginning of year		<u>3,750,429</u>	<u>3,788,277</u>
<b>Accumulated Funds at end of year</b>		<u><b>3,742,217</b></u>	<u><b>3,750,429</b></u>

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

**WELFARE FUND**

**Income & Expenditure Statement**  
**for the year ended 31 December 2007**

	Note	2007 \$	2006 \$
<b>Income</b>			
Contributions from General Fund		13,684	14,231
Interest received		5,290	5,751
		<u>18,974</u>	<u>19,982</u>
<b>Total income</b>		<u>18,974</u>	<u>19,982</u>
<b>Expenses</b>			
Welfare payments		12,000	6,000
		<u>12,000</u>	<u>6,000</u>
<b>Surplus for the year</b>		6,974	13,982
<b>Accumulated funds at beginning of year</b>		<u>90,231</u>	<u>76,249</u>
<b>Accumulated Funds at end of year</b>		<u>97,205</u>	<u>90,231</u>

**Balance Sheet**  
**for the year ended 31 December 2007**

**Current Assets**

Investments:			
Term deposit		95,836	75,546
Receivables – ALAEA		1,369	14,685
		<u>97,205</u>	<u>90,231</u>
<b>Net Assets</b>		<u>97,205</u>	<u>90,231</u>
<b>Accumulated Funds</b>		<u>97,205</u>	<u>90,231</u>

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

