



# Fair Work Australia

19 August 2009

Mr Stephen Re  
Trustee  
The Australian Licenced Aircraft Engineers Association  
By email: [trustee1@alaea.asn.au](mailto:trustee1@alaea.asn.au)

Cc: Stephen Purvinas (Federal Secretary, The Australian Licenced Aircraft Engineers Association; By email: [fedsec@alaea.asn.au](mailto:fedsec@alaea.asn.au))

Dear Mr Re,

## **Financial reports of The Australian Licenced Aircraft Engineers Association for the financial year ended 31 December 2008 (FR2008/578)**

I acknowledge receipt of the financial report of The Australian Licenced Aircraft Engineers Association for the financial year ended 31 December 2008. The documents were lodged in Fair Work Australia on 30 July 2009.

The financial report has been filed.

You are not required to take any further action in connection with the abovementioned report. I note the matter below in relation to the future financial reports of the organisation.

### **Timescale Requirements**

Reporting units are required to undertake their financial reporting obligations in accordance with specified timelines. In particular, section 266 of the RAO Schedule to the former *Workplace Relations Act 1996* required the financial report to be presented to a general meeting of members, or a committee of management meeting, within six months after the end of the financial year. In the absence of an extension of time for holding a general meeting of the members [see section 265(5)] the latest possible date of lodgment with Fair Work Australia is six months and 14 days after the end of the financial year. The timelines have not changed under the *Fair Work (Registered Organisations) Act 2009*.

In future years, any financial report would need to be prepared in sufficient time to enable presentation to a Committee of Management meeting within six months after the end of the financial year.

If you wish to discuss any matters further, I can be contacted on 03 8661 7811 or via email to [mark.elliott@fwa.gov.au](mailto:mark.elliott@fwa.gov.au).

Yours sincerely

Mark Elliott

Tribunal Services and Organisations  
Fair Work Australia  
Tel: 03 86617811  
Email: [mark.elliott@fwa.gov.au](mailto:mark.elliott@fwa.gov.au)

30 July 2009



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ABN: 84 234 747 620

The Industrial Registrar,  
By email to: [ian.stewart@fwa.gov.au](mailto:ian.stewart@fwa.gov.au)

Please find attached copies of the Australian Licenced Aircraft Engineers Association

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

For any questions relating to these documents please feel free to contact me on (02)554 9399 or 0447 693 607

Regards

*Stephen Re*

Trustee

Australian Licenced Aircraft Engineers Association

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

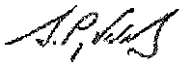
**Designated Officer's Certificate or other Authorised Officer**

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 *29 June 2009*; and
- that the full report was presented to a *meeting of the committee of management* of the reporting unit on *23 June 2009* in accordance with section 266 of the RAO Schedule and a resolution was passed to present the report to the members. The report was subsequently provided to the members via a notice to members and displayed on the ALAEA website.
- 
- that after a period exceeding 28 days on 28 July 2009 a further motion was put the committee of management that following the release to the members there were no outstanding questions relating to the financial report that the report be lodged with the Industrial Registrar. This motion was passed on 30 July 2008.

Signature



Date: 30 July 2009

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

**Operating Report**  
**For the year ended 31 December, 2008**

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 2008.

**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 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 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 2005 (continuing):***

Ralph Young

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

David Taylor

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**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, 2008**

**Operating Result**

The loss from ordinary activities after providing for income tax amounted to \$219,072 (2007: \$8,212 loss).

**Review of Operations**

The results for the period covered in this report were adversely affected by the global recession. Unfortunately, the recession has deepened and this will again adversely affect the 2009 year results.

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

Revenue is higher due to increases in the amounts of interest and trust distributions received. This growth is not expected to be maintained in future years and in fact a lower revenue stream from these sources is expected due to the economic climate. Members' subscriptions were in line with the previous year.

Excluding the impact of the global recession which resulted in an unrealised loss on managed funds of \$401,160 (2007: \$25,331 loss) the association's operating costs were lower by \$116,377 compared to the prior year. Total employment expenses are in line with the prior year. In summary, except for the unrealised loss on investments the association would have returned a surplus result of \$182,008 (2007: \$17,119).

**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 11 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, and the unquantifiable effect of the continuing global recession, 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, 2008**

**Number of Members**

At balance date there were 3,009 members of ALAEA.

**Number of Employees**

At balance date there were 6 equivalent full-time employees (2007: 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, 2008

**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 organisation.

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 11 & 12.

**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 24<sup>th</sup> day of June 2009

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

Committee of Management Statement

On 24 June 2009, 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 2008:

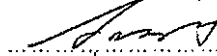
The Committee of Management declares in relation to the GPFR that in its opinion:

- (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 2008.

For Committee of Management:  
Title of Office held:

**Stephen Purvinas**  
**Federal Secretary**

Signature:

  
.....

Date:

24/6/2009



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

**INCOME STATEMENT**  
**for the year ended 31 December 2008**

	Note	2008 \$	2007 \$
Revenue from ordinary activities	2	1,636,998	1,588,406
Employee benefits expense		(460,846)	(464,380)
Depreciation expenses		(43,750)	(38,957)
Seminar expenses		(27,016)	(57,062)
Industrial & management expenses		(720,193)	(781,968)
Postage, Printing & stationery		(23,841)	(59,523)
Computer expenses		(64,443)	(51,093)
Welfare fund contributions		(13,680)	(13,684)
Losses on investments		(401,160)	(25,331)
Other expenses from ordinary activities		<u>(101,141)</u>	<u>(104,620)</u>
<b>Profit/(Loss) from ordinary activities before income tax expense</b>	3,14(a)	(219,072)	(8,212)
Income tax expense relating to ordinary activities	1(a)	<u>-</u>	<u>-</u>
<b>Net profit / (loss) from ordinary activities after Income tax expense attributable to ALAEA</b>		<u>(219,072)</u>	<u>(8,212)</u>
<b>Total changes in equity other than those resulting From transactions with owners as owners</b>		<u>(219,072)</u>	<u>(8,212)</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 2008

	Note	2008 \$	2007 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,851,833	2,110,021
Trade and other receivables	5	65,300	89,211
Financial assets	6	1,384,839	1,646,426
Other current assets	7	23,452	40,412
<b>Total current assets</b>		<u>3,325,424</u>	<u>3,886,070</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	332,080	356,271
<b>Total non-current assets</b>		<u>332,080</u>	<u>356,271</u>
<b>Total assets</b>		<u>3,657,504</u>	<u>4,242,341</u>
<b>Current liabilities</b>			
Trade and other payables	9	76,116	435,284
Provisions	10	33,614	46,880
<b>Total current liabilities</b>		<u>109,730</u>	<u>482,164</u>
<b>Non-Current liabilities</b>			
Provisions	10	24,629	17,960
<b>Total current liabilities</b>		<u>24,629</u>	<u>17,960</u>
<b>Total liabilities</b>		<u>134,359</u>	<u>500,124</u>
<b>Net Assets</b>		<u>3,523,145</u>	<u>3,742,217</u>
<b>Equity</b>			
General Fund		<u>3,523,145</u>	<u>3,742,217</u>
<b>Total equity</b>		<u>3,523,145</u>	<u>3,742,217</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE**  
**for the year ended 31 December 2008**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
Balance at 1 January 2007	3,750,429	3,750,429
Loss for the year	<u>(8,212)</u>	<u>(8,212)</u>
Balance at 31 December 2007	3,742,217	3,742,217
Loss for the year	<u>(219,072)</u>	<u>(219,072)</u>
Balance at 31 December 2008	<u>3,523,145</u>	<u>3,523,145</u>

The accompanying notes form part of these financial statements.

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

**CASH FLOW STATEMENT**  
 for the year ended 31 December 2008

	Note	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers (incl. Members)		1,516,236	1,503,110
Payments to suppliers and employees		(1,886,632)	(1,701,105)
Interest received		131,767	110,897
Trust distributions		139,573	124,977
Donations received from closing union		-	-
Sundry receipts		-	-
<b>Net cash provided by (used in) operating activities</b>	14(a)	<u>(99,056)</u>	<u>37,879</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from property, plant & equipment		11,404	-
Purchase of plant & equipment		(30,963)	(48,340)
Purchase of investments		<u>(139,573)</u>	<u>(124,977)</u>
<b>Net cash provided by investing activities</b>		<u>(159,132)</u>	<u>(173,317)</u>
<b>Net increase/(decrease) in cash held</b>		(258,188)	(135,438)
Cash at 1 January 2008		<u>2,110,021</u>	<u>2,245,459</u>
Cash at 31 December 2008	4	<u>1,851,833</u>	<u>2,110,021</u>

The accompanying notes form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**1. Statement of significant accounting policies**

The financial report covers The Australian Licenced Aircraft Engineers' Association (hereinafter also referred to as "ALAEA") as an individual not for profit entity. ALAEA is a Trade Union domiciled in Australia and affiliated to the ACTU.

**Basis of Preparation**

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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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 financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**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	12.5% - 15%	Prime cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes 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.

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

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

**(c) Financial Instruments**

**Recognition & initial measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

Financial assets are recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**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. 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 (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

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

**(d) Impairment of Assets**

At each reporting date, ALAEA 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.

**(e) 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.

**(f) 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.

**(g) 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.



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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

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

**(h) 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 directly from members or collected by employers prior to year end.

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.

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).

**(i) 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.

**(j) Affiliation fee**

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

**(k) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

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

**(l) Critical accounting estimates and judgments**

The committee members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and by the association.

***Key estimates and assumptions***

The Committee of ALAEA makes estimates and assumptions concerning the association's operations and the future. The resulting accounting estimates may vary from actual results. None of the estimates or assumptions is expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***Key judgements – 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.

**(m) 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 June 2009 by the Committee.

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

	Note	2008	2007
		\$	\$
<b>2. Revenue from Ordinary activities</b>			
<b>(a) Operating activities</b>			
Interest received from other persons (banks)	2(b)	129,472	95,008
Membership subscriptions		1,367,953	1,368,421
Trust distributions		139,573	124,977
<b>Total revenue from operating activities</b>		<u>1,636,998</u>	<u>1,588,406</u>
<b>Total revenue</b>		<u>1,636,998</u>	<u>1,588,406</u>
<b>(b) Interest revenue from:</b>			
Other persons		<u>129,472</u>	<u>95,008</u>
<b>Total interest revenue</b>		<u>129,472</u>	<u>95,008</u>
<b>3. Profit from Ordinary Activities</b>			
<b>(a) Expenses</b>			
Depreciation			
- land and buildings		19,644	19,644
- office equipment		13,847	11,064
- motor vehicle		10,259	8,249
<b>Total Depreciation</b>		<u>43,750</u>	<u>38,957</u>
Remuneration of auditor for:			
- auditing or review of financial report		20,698	18,550
- other services		<u>14,860</u>	<u>3,742</u>
<b>(b) Significant expenses</b>			
The following expense items are relevant in explaining the financial performance:			
Employee benefits expense to officeholders		345,860	289,474
Employee benefits expense to other than officeholders		453,183	464,380
Legal costs		45,633	109,830
Consultants fees		33,372	37,662
Meetings and conference expenses		205,793	268,021
General administrative expenses		173,224	198,524
Loss on investments (unrealised)		401,160	25,331

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

	2008 \$	2007 \$
<b>4. Cash and cash equivalents</b>		
Cash at bank and on hand	1,718,385	1,984,843
Short term bank deposits	133,448	125,178
	<u>1,851,833</u>	<u>2,110,021</u>

The effective interest rate on short-term bank deposits was 6.6% (2007: 6.6%); these deposits have an average maturity of 49 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>1,851,833</u>	<u>2,110,021</u>
---------------------------	------------------	------------------

**5. Trade and other receivables**

Subscriptions receivable	59,800	71,295
Other debtors	5,500	17,916
	<u>65,300</u>	<u>89,211</u>

Current receivables are generally on 60 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There has been no expense or provision for impairment of receivables.

**6. Financial assets**

Available for sale financial assets	<u>1,384,839</u>	<u>1,646,426</u>
Unlisted investments – at fair value	<u>1,384,839</u>	<u>1,646,426</u>
Total available-for-sale financial assets	<u>1,384,839</u>	<u>1,646,426</u>

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

	2008	2007
	\$	\$
<b>7. Other current assets</b>		
Prepayments	16,376	31,041
Accrued interest	7,076	9,371
	<u>23,452</u>	<u>40,412</u>
<b>8. Property, plant and equipment</b>		
<b>Land and buildings</b>		
Freehold land (at cost)	<u>110,000</u>	<u>110,000</u>
Building:		
At cost	384,214	384,214
Less accumulated depreciation	(238,902)	(219,258)
Total buildings	<u>145,312</u>	<u>164,956</u>
Total land and buildings	<u>255,312</u>	<u>274,956</u>
<b>Plant and equipment</b>		
Plant & equipment:		
At cost	238,424	236,170
Less accumulated depreciation	(161,656)	(154,855)
Less accumulated impairment losses	-	-
Total plant and equipment	<u>76,768</u>	<u>81,315</u>
<b>Total property, plant and equipment</b>	<u>332,080</u>	<u>356,271</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	Buildings	Office Equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2007	110,000	184,600	14,033	38,255	346,888
Additions	-	-	48,340	-	48,340
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
Additions	-	-	2,163	28,800	30,963
Disposals	-	-	-	(11,404)	(11,404)
Depreciation expense	-	(19,644)	(13,847)	(10,259)	(43,750)
Balance at 31 December 2008	110,000	145,312	39,625	37,143	332,080

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

	2008	2007
	\$	\$
<b>9. Trade and other payables</b>		
<b>Current</b>		
<b>Unsecured liabilities:</b>		
Trade payables	56,018	91,990
Commissions payable to employers	-	1,340
Legal fees payable	-	442
Employee benefits payable – officeholders	-	340,143
GST payable	8,049	-
Welfare Fund contributions payable	12,049	1,369
	<u>76,116</u>	<u>435,284</u>

**Employee benefits payable – officeholders:**

This amount is predominately payable to Qantas in respect of days taken from the employer airline by officeholders to attend official meetings of ALAEA.

**10. Provisions**

<b>Current</b>		
Employee benefits – non office holders		
Annual leave	33,614	46,880
<b>Total current provisions</b>	<u>33,614</u>	<u>46,880</u>
<b>Non-current</b>		
Employee benefits – non office holders		
Long service leave	24,629	17,960
<b>Total Non-current provisions</b>	<u>24,629</u>	<u>17,960</u>
<b>Movements in provisions</b>		
<b>Current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	46,880	52,904
Additional provisions raised during year	24,474	26,012
Amounts used	(37,740)	(32,036)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>33,614</u>	<u>46,880</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

	2008	2007
	\$	\$
<b>10. Provisions (continued)</b>		
<b>Movements in provisions (continued)</b>		
<b>Non-current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	17,960	15,942
Additional provisions raised during year	6,669	2,018
Amounts used	-	-
Adjustments	-	-
<i>Balance at end of the year</i>	<u>24,629</u>	<u>17,960</u>
<b>Analysis of total provisions</b>		
Current	33,614	46,880
Non-current	<u>24,629</u>	<u>17,960</u>
	<u>58,243</u>	<u>64,840</u>
<b>Number of employees at year end</b>		
- Non Officeholders	<u>6</u>	<u>5</u>
- Officeholders	<u>19</u>	<u>19</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(e).

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

	2008	2007
	\$	\$
<b>11. Contingent liability</b>		
Estimates of the potential financial effect of contingent liabilities that may become payable:		
<b>Contingent Liabilities</b>		
<b>Claims:</b>		
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>
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.		
<b>12. Employment commitments</b>		
<b>Superannuation commitment</b>		
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>37,282</u>	<u>44,494</u>
Employer contributions provided as payable at balance date	<u>3,333</u>	<u>4,378</u>



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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**13. 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.

	2008	2007
	\$	\$
<b>14. 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	<u>(219,072)</u>	<u>(8,212)</u>
Non-cash flows in profit from ordinary activities:		
Depreciation	43,750	38,957
Net loss on investments (unrealised)	401,160	25,331
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	11,495	(2,892)
(Increase)/Decrease in other assets	29,376	(6,496)
Increase/(Decrease) in creditors and accruals	(359,168)	(4,803)
Increase/(Decrease) in provisions	<u>(6,597)</u>	<u>(4,006)</u>
Net cash provided by operating activities	<u>(99,056)</u>	<u>37,879</u>
<b>(b) Credit stand-by arrangement and loan facilities</b>		
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 2008

	2008	2007
	\$	\$
<b>15. Related Party Transactions</b>		
(a) Transactions with members: ALAEA provides necessary welfare and support services to its members.		
(b) Transactions with ACTU: - affiliation fees paid to the ACTU which amount is included in the determination of operating profit before income tax	<u>22,745</u>	<u>31,563</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: <i>Continuing (Appointed 01/07/2002)</i> – Paul Cousins, Wesley Bell, Stephen Purvinas, Danny Morarji, Paras Parasram and Mike Watson.  <i>Continuing (Appointed 01/07/2004)</i> – Michael Weitenberg  <i>Continuing (Appointed 01/07/2005)</i> – Ralph Young  <i>Continuing (Appointed 01/07/2006)</i> – Mark Gant, Stephen Re, Wayne Vasta, Brett Bradbury, Paul Cail, Christopher Hall, Robert McGee and Vinko Vulin.  <i>Continuing (Appointed 01/05/2007)</i> – Mervyn Whittle  <i>Continuing (Appointed 05/09/2007)</i> – John Alldis  <i>Continuing (Appointed 28/11/2007)</i> – David Taylor		
(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.		

**16. 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 2008 was \$114,217 (2007: \$97,270).

**THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION**  
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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**17. 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 \$	
2008 Total compensation	321,678	24,182	-	-	-	-	345,860
2007 Total compensation	180,394	9,432	-	100,144	-	-	289,970

17(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.

**18. Recovery of wages activity**

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2008.

2008	2007
\$	\$

**19. 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:

	2008	2007
<i>Section 253 determination Paragraph 11:</i>		
(a) Employer payroll deduction expenses	14,662	16,512
(b) & Payments to another reporting unit as contribution towards		
(c) administrative expenses	0	0
(d) Federation and affiliation fees	40,597	65,025
(e) Compulsory levies imposed on ALAEA not included in (d)	0	0
(f) Donations to benevolent institutions	1,539	1,000
Grants & donations to other institutions	0	0
(g) Employee benefits expense to officeholders	345,860	289,474
(h) Employee benefits expense to other than officeholders	460,846	464,380
(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	45,633	109,830
(k) Meetings and conference expenses	205,793	268,021
(l) Penalties imposed under the Act or Regulations	0	0

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

	2008	2007
	\$	\$
<b>20. Other information required under determination of reporting guidelines for the purposes of sections 253 &amp; 270 of RAO Schedule (continued)</b>		
<i>Section 270 determination Paragraph 19:</i>		
(a) Employer payroll deduction expenses	14,662	16,512
(b) Federation and affiliation fees	40,597	65,025
(c) Compulsory levies imposed on ALAEA not included in (b)	0	0
(d) Donations to benevolent institutions	1,539	1,000
Grants & donations to other institutions	0	0
(e) Employee benefits <i>paid</i> to officeholders:		
(i) wages & benefits	321,678	280,042
(ii) annual leave & sick leave	0	0
(iii) long service leave	0	0
(iv) superannuation	24,182	9,432
(f) Employee benefits <i>paid</i> to other than officeholders:		
(i) - wages & benefits	381,566	387,850
- redundancy	-	-
(ii) - annual leave	41,998	32,036
- sick leave (other than normal wage entitlements)	-	-
(iii) - long service leave	-	-
(iv) - superannuation	37,282	44,494
(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	20,698	18,550
- other services	14,860	3,742
(i) Meetings and conference expenses	205,793	268,021
(j) General administrative expenses	173,224	198,524
(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 amortization on investments and assets	43,750	38,957
(m) Penalties imposed under the Act or Regulations	0	0

\*Note - For the year ending 31 December 2008 all the above expenses are shown on an accruals basis and the corresponding adjustment has been made to the comparative expenses where necessary.

**21. Association details**

*The principal place of business and registered office of ALAEA is:*  
 25 Stoney Creek Rd  
 Bexley, NSW

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**22. Financial instruments**

**(a) Financial Risk Management**

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

ALAEA does not have any derivative instruments at 31 December 2008.

**Financial Risks**

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

**Interest rate risk**

ALAEA is not exposed to fluctuations in interest rate on debt.

**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.

**Liquidity risk**

ALAEA manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash facilities are maintained. Cash transactions are limited to high credit quality financial institutions.

**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.

Credit risk is managed by the entity and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions. ALAEA seeks to minimise its exposure by investing within the Australian banking sector and using professional fund managers for managing its other investments.

**(vi) Price risk**

ALAEA is not exposed to any material commodity price risk.

Securities price risk arises in that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or to factors affecting all instruments traded in the market. ALAEA is exposed to securities price risk. This arises from investments held by ALAEA and classified on the balance sheet as available for sale.

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**22. Financial Instruments (continued)**

**(b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average		Floating Interest Rate		Within 1 year		Non-interest bearing		Total	
	Effective interest rate		2008	2007	2008	2007	2008	2007	2008	2007
	2008	2007	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>										
Cash (incl. daily saver)	6.6	6.6	1,718,385	1,984,843	-	-	-	-	1,718,385	1,984,843
Cash in short term deposits	6.5	6.6	-	-	133,448	125,178	-	-	133,448	125,178
Receivables			-	-	-	-	65,300	89,211	65,300	89,211
Investments			-	-	-	-	1,384,839	1,646,426	1,384,839	1,646,426
<b>Total Financial Assets</b>			<b>1,718,385</b>	<b>1,984,843</b>	<b>133,448</b>	<b>125,178</b>	<b>1,450,139</b>	<b>1,735,637</b>	<b>3,301,972</b>	<b>3,845,658</b>
<b>Financial liabilities:</b>										
Trade and other payables			-	-	-	-	76,116	435,284	76,116	435,284
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,116</b>	<b>435,284</b>	<b>76,116</b>	<b>435,284</b>

Trade and sundry payables are expected to be paid as follows:

	2008	2007
	\$	\$
<b>Trade and other payables:</b>		
Less than 6 months	76,116	435,284
6 months to 1 year	-	-
	<b>76,116</b>	<b>435,284</b>

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**22. Financial Instruments (continued)**

**(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 standard 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 \$1,380,000. Aggregate net fair values are materially in line with carrying amounts of financial assets and financial liabilities at balance date.

**(d) Sensitivity analysis**

Interest rate risk:

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date on cash and cash equivalents. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 December 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2008	2007
	\$	\$
<b>Change in profit – increase/(decrease)</b>		
– Increase in interest rate by 1%	14,637	7,812
– Decrease in interest rate by 3%	(61,209)	(46,303)
<b>Change in equity - increase/(decrease)</b>		
– Increase in interest rate by 1%	14,637	7,812
– Decrease in interest rate by 3%	(61,209)	(46,303)

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**22. Financial Instruments (continued)**

(d) Sensitivity analysis (continued)

Equity price risk on managed funds:

As at 31 December 2008, the effect on profit and equity as a result of changes in managed fund market pricing, with all other variables remaining constant, would be as follows:

	2008	2007		2008	2007
	\$	\$		\$	\$
Change in profit – increase/(decrease)			Change in equity - increase/(decrease)		
– Increase in funds price by 10%	138,483	164,642	– Increase in funds price by 10%	138,483	164,642
– Decrease in funds price by 15%	(207,724)	(246,963)	– Decrease in funds price by 15%	(207,724)	(246,963)

**23. Capital Management**

The Committee of Management operates under policies approved by the Trustees. Risk management policies are approved and reviewed by the Committee of Management on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

The Committee effectively manages the Association's capital by assessing the Association's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of redemptions and re-investments.

There have been no changes to the strategy adopted to control the capital of the entity since prior year. The strategy of the entity is to maintain a gearing ratio of 0%.

The gearing ratios for the years ended 31 December 2008 and 31 December 2007 are as follows:

	Note	2008	2007
		\$	\$
Financial liabilities		-	-
Trade and other payables	9	76,116	435,284
Total		76,116	435,284
Less cash and cash equivalents	4	(1,851,833)	(2,110,021)
Net debt		(1,775,717)	(1,674,737)
Total equity (reserves + retained earnings)		3,523,145	3,742,217
Total capital		1,747,428	2,067,480
Gearing ratio		N/A	N/A



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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008**

**24. 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	Effective date (i.e. annual reporting periods ending on or after)
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure.	31 December 2009
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Various	(Various titles)	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:  - 'general purpose financial report' to 'general purpose financial statements'  - 'financial report' to 'financial statements'  in application paragraphs, where relevant, of Australian Accounting Standards (including interpretations) to better align with IFRS terminology.  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.	31 December 2009
AASB 2007-10 Further Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	Consequential amendments to a number of accounting standards arising from the revision of AASB 101: Presentation of Financial Statements issued in September 2007. Changes are largely to terminology and do not affect recognition or measurement criteria.	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 2008, and the Income Statement, Statement of Recognised Income and Expenditure 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. The Committee of Management has stated that the Association operates as a not-for-profit trade union.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. 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. In so doing no opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of individual members.

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.

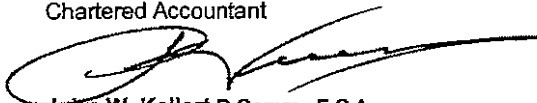
**Independence**

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 2008, 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 25<sup>th</sup> day of June 2009

Liability limited by a scheme approved under Professional Standards Legislation

**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 25<sup>th</sup> June 2009, covering the General Purpose Financial Statements of The Australian Licenced Aircraft Engineers' Association (hereinafter called 'ALAEA') for the year ended 31 December 2008 as presented by the Committee Members in the preceding 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 2008 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 2008.

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.

25<sup>th</sup> June, 2009

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 2008**

	Note	2008 \$	2007 \$
<b>Income</b>			
Members' subscriptions		1,367,953	1,368,421
Interest received		129,472	95,008
Trust distributions		139,573	124,977
Donations		-	-
Insurance recoveries		-	-
Unrealised gains on managed funds		-	-
		<hr/>	<hr/>
<b>Total income</b>		<b>1,636,998</b>	<b>1,588,406</b>
<b><u>Expenses</u></b>			
<b>Employment Costs</b>			
Salaries & annual leave – Employees		369,993	405,023
Staff recruitment		7,412	-
Long service leave provision		6,669	2,018
Payroll tax		-	(81)
Temporary staffing & placements		39,490	12,926
Superannuation		37,282	44,494
		<hr/>	<hr/>
		<b>460,846</b>	<b>464,380</b>
<b>Industrial</b>			
Industrial & travel expenses		234,123	264,630
Professional services		118,485	169,784
Telephone		55,760	46,055
		<hr/>	<hr/>
		<b>408,368</b>	<b>480,469</b>
<b>Management</b>			
Affiliation fees		40,597	65,025
Federal executive expenses		271,228	236,474
Training & conferences		27,016	57,062
		<hr/>	<hr/>
		<b>338,841</b>	<b>358,561</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 2008**

	Note	2008 \$	2007 \$
<b>Overhead Expenses</b>			
Advertising		540	1,763
Bank charges		9,489	7,618
Commissions on employer payroll deductions		14,662	16,512
Computer expenses		64,443	51,093
Depreciation – building		19,644	19,644
Depreciation – equipment		24,106	19,313
Donations		1,539	1,000
Electricity		4,841	5,547
Fringe benefits tax		4,209	5,123
Insurance		8,115	13,143
Library		3,091	1,664
Loss on managed funds (unrealised)		401,160	25,331
Membership recruitment costs		10,259	5,071
Motor vehicle expenses		12,912	12,227
Postage & delivery		9,705	11,354
Printing & stationery		14,136	48,169
Rates & property expenses		23,767	27,461
Repairs & maintenance		4,058	4,205
Staff amenities		3,659	3,286
Welfare Fund contribution		13,680	13,684
		<u>648,015</u>	<u>293,208</u>
<b>Total Expenditure</b>		<u>1,856,070</u>	<u>1,596,618</u>
<b>Operating Surplus/(Loss) for the year</b>		<b>(219,072 )</b>	<b>(8,212)</b>
Accumulated funds at beginning of year		<u>3,742,217</u>	<u>3,750,429</u>
<b>Accumulated Funds at end of year</b>		<u><b>3,523,145</b></u>	<u><b>3,742,217</b></u>

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**

**WELFARE FUND**

**Income & Expenditure Statement**  
**for the year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Income</b>			
Contributions from General Fund		13,680	13,684
Interest received		6,332	5,290
		<u>20,012</u>	<u>18,974</u>
<b>Expenses</b>			
Welfare payments		3,000	12,000
		<u>3,000</u>	<u>12,000</u>
<b>Surplus for the year</b>		17,012	6,974
<b>Accumulated funds at beginning of year</b>		<u>97,205</u>	<u>90,231</u>
<b>Accumulated Funds at end of year</b>		<u>114,217</u>	<u>97,205</u>

**Balance Sheet**  
**for the year ended 31 December 2008**

**Current Assets**

<b>Investments:</b>			
Term deposit		102,168	95,836
Receivables – ALAEA		12,049	1,369
		<u>114,217</u>	<u>97,205</u>
<b>Net Assets</b>		<u>114,217</u>	<u>97,205</u>
<b>Accumulated Funds</b>		<u>114,217</u>	<u>97,205</u>

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



**Australian Government**

**Australian Industrial Registry**

26 February 2009

Mr Stephen Purvinas  
Federal Secretary  
The Australian Licenced Aircraft Engineers Association

fedsec@alaea.asn.au

Dear Mr Purvinas

**Lodgement of Financial Documents for year ended 31 December 2008 [FR2008/578]  
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

The financial year of The Australian Licenced Aircraft Engineers Association (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents, and to lodge the full financial report in the Registry within 14 days of it being presented to the relevant meeting.

The RAO Schedule sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The enclosed *Timeline/Planner* summarises these requirements.

In addition, the following information can be found on the AIRC website:

- Fact Sheet 6 – Accounting, Auditing and Reporting Obligations;
- Fact Sheet 7 – Information Needs of Members;
- Fact Sheet 8 – Financial Reporting Process and Time Limits;
- Fact Sheet 9 – Diagrammatic Summary of Financial Reporting Process and Time Limits;
- Fact Sheet 10 – Auditors.
- Sample Committee of Management Statement and Designated Officer's Certificate;
- RAO Schedule and RAO Regulations;
- Registrar's Reporting Guidelines – the Guidelines set out requirements that must be met in addition to those required by the Australian Accounting Standards.

The above documents may be viewed at: <http://www.airc.gov.au/registered/FR/information.htm>

ou to lodge all financial reports electronically (e.g. as pdf files) at  
vely, you can forward the documents by fax to (03) 9655 0410.

rmation or if you believe you will be unable to lodge the financial report  
id of the financial year please contact me on (03) 8661 7993 or by email

  
Larry Powell  
Statutory Services Branch

**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /
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Prepare financial statements and Operating Report.
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(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) Two members of the Committee of Management must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /

*As soon as practicable after end of financial year*

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
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*Within a reasonable time of having received the GPFR  
(NB: Auditor's report must be dated on or after date of Committee of Management Statement)*

Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> <li>• the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>• the Auditor's Report; and</li> <li>• the Operating Report.</li> </ul>	/ /
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*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,  
or  
(b) in any other case including where the report is presented to a Committee of Management meeting\*, the report must be provided to members within 5 months of end of financial year.*

Present full report to:	
(a) General Meeting of Members - s266 (1),(2); OR	/ /
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /

*Within 6 months of end of financial year*

*Within 6 months of end of financial year*

Lodge full report in the Industrial Registry, together with the Designated Officer's certificate – s268 #	/ /
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*Within 14 days of meeting*

\* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

# The Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the certificate stating that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.