



FAIR WORK  
AUSTRALIA

30 August 2012

Mr Stephen Purvinas  
Federal 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 the year ended 31 December 2011 (FR2011/2857)**

I acknowledge receipt of the financial report for The Australian Licenced Aircraft Engineers Association for the year ended 31 December 2011. The report was lodged with Fair Work Australia on 3 July 2012.

The financial report has been filed.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 (the RO Act). Please note that these matters are generally advised for assistance in the future preparation of financial reports. No further action is required in respect of the subject documents.

**1. Auditor's Report**

Auditor's Qualifications

Regulation 4 of the Fair Work (Registered Organisations Regulations) 2009 (the RO Regulations) defines an approved auditor as a person, who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants, and holds a current Public Practice Certificate.

While it is likely that the auditor is an approved auditor, please ensure that this is explicitly stated in future audit reports.

**2. Compilation Report on additional information**

I note that the financial report contains a compilation report which is addressed to the members of the Association. Also, the auditor in the scope of the report states that the GPFS and additional information were compiled exclusively for the benefit of the Committee of Management and Trustees, no audit or review has been performed and no person should rely on the additional financial information.

As the information contained in the Detailed Income Statement does not appear to form part of the audited "accounts and statements" the financial documents as lodged do not satisfy the requirements of s253 of the RO Act' in so far as finance costs are only disclosed in the un-audited Income & Expenditure Statement.

AASB 101(82) requires the statement of comprehensive income to include a line item that presents the finance costs for the period. The disclosure 'Bank Charges' should have been included in the Statement of Comprehensive Income, or the notes to the financial statements.

### **3. Operating Report**

#### Principal activities results

Subsection 254(2)(a) of the RO Act requires an operating report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of those activities. I note that the operating report provides a review of the principal activities and explains that there were no significant changes, but does not explain the results of these activities. Please note that subsection 254(2)(a) does not require a financial result, but instead a description of the results from representing the interests of members. In future years please ensure that the Operating Report describes the results of the principal activities of the Organisation.

### **4. References**

In paragraph (e)(v) of the Committee of Management Statement I note a reference to a "Registrar". This reference should be to the General Manager, Fair Work Australia. Also, the reference to "Commission" in paragraph (e)(vi) should now refer to "Fair Work Australia".

### **5. Timescale Provisions**

It should be noted that the financial report, accompanied by a Designated Officer's Certificate, must be lodged with Fair Work Australia within 14 days of its presentation to an appropriate meeting.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at [larry.powell@fwa.gov.au](mailto:larry.powell@fwa.gov.au).

Yours sincerely,



Larry Powell  
Registered Organisations

3 July 2012

The General Manager  
Fair Work Australia  
GPO Box 1994  
Melbourne VIC 3001



25 Stoney Creek Rd Bexley 2207 NSW  
Ph: (02) 9554 9399 Fax: (02) 9554 9644  
Email: [alaea@alaea.asn.au](mailto:alaea@alaea.asn.au)  
Web: [www.alaea.asn.au](http://www.alaea.asn.au)  
ABN: 84 234 747 620

By email: [melbourne@fairwork.gov.au](mailto:melbourne@fairwork.gov.au)

Dear General Manager

Please find attached the Designated Officers Certificate and 2011 Financial Accounts for the Australian Licensed Aircraft Engineers Association.

Yours sincerely

**Peter Somerville**  
**General Manager**

attchs

**Designated Officer's Certificate**

*s268 Fair Work (Registered Organisations) Act 2009*

I *Stephen Purvinas* being the *Federal Secretary* of the *Australian Licenced Aircraft Engineer's Association* certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report, was provided to members on *11 May 2012*; and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *29 May 2012* in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature



Date: 3 July 2012

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

**Operating Report**  
**For the year ended 31 December, 2011**

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 2011.

**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)* <sup>#1</sup>:

Paul Cousins (Federal President)

Wesley Bell (Vice President)

Stephen Purvinas (Federal Secretary)

Mike Watson

- *Appointed from 1 July 2004 (continuing)* <sup>#1</sup>:

Michael Weitenberg (Senior Vice President)

- *Appointed from 1 July 2005 (continuing)* <sup>#1</sup>:

Ralph Young

- *Appointed from 5 September 2007 (continuing)* <sup>#1</sup>:

John Alldis

- *Appointed from 28 April 2009 (continuing)* <sup>#1</sup>:

Peter Dwyer

- *Appointed from 24 June 2009 (continuing)* <sup>#1</sup>:

Bradley Cox

- *Appointed from 1 July 2006 (continuing)* <sup>#1</sup>:

Mark Gant (Trustee)

Stephen Re (Trustee)

Wayne Vasta (Assistant Federal Secretary)

Brett Bradbury

Paul Cail

Christopher Hall

Robert McGee

Vinko Vulin

- *Appointed from 28 November 2007 (continuing)* <sup>#1</sup>:

David Taylor

- *Appointed from 1 July 2010 (continuing)*:

Vin Lecky

Stephen Thorpe

<sup>#1</sup> Re-elected 1 July 2010 for 4 year term

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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, 2011

**Operating Result**

The loss for the financial year after providing for income tax amounted to \$141,085 (2010: \$345,476 loss).

**Review of Operations**

The results for the period covered in this report continued to be adversely affected by the global recession. Factors which impacted upon the financial results of ALAEA for the year and in the main contributed to the loss include:

Revenue was higher overall due to an increase in the amounts of members' subscriptions. In keeping with the impact of financial difficulties worldwide the amounts of interest and trust distributions received has declined by \$2,821 and \$32,954 respectively.

In addition to the decrease in trust distributions received from investments that was an unrealized loss on investments of \$64,342 which contributed to the loss for the financial year.

The association's operating costs increased by \$94,056 when compared to the previous year's base. This compares favorably with the cost increase in the previous year (\$435,633 after removing the once off impact of increase in costs due to engagement of additional staff during the 2010 year). The main components of this increase were (a) total employment expenses \$36,189; (b) legal fees \$69,477; (c) computer expenses \$46,692 due to the acquisition of a new Members' Database software licence. The new licence will provide savings to ALAEA by way of reduced ongoing maintenance costs estimated at some \$10,000 per annum. Legal fees paid by ALAEA increased during the financial year (Note 21) due to ALAEA representing the interests of its members. Legal fees are unable to be fully quantified until matters are complete and costs awarded.

Accounting standards prohibit ALAEA from providing for legal fees or the annual conference. As a result these expenses when paid or incurred can cause a substantial impact on the financial statements for that year. ALAEA does in its financial statements each year make reference to these future expenses at Notes 10 and 11.

**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, and the unquantifiable impact of the new carbon tax 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, 2011**

**Number of Members**

At balance date there were 3,266 members of ALAEA.

**Number of Employees**

At balance date there were 10 equivalent full-time employees (2010:10).

**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, 2011

**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 27<sup>th</sup> day of APRIL 2012



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

Committee of Management Statement

On *24 APRIL* 2012, the Committee of Management of The Australian Licenced Aircraft Engineers' Association ("ALAEA") passed the following resolution in relation to the general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (GPFR) of the reporting unit for the financial year ended 31 December 2011:

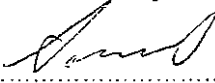
The Committee of Management declares in relation to the GPFR that in its opinion:

- (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 General Manager of FWA;
- (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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; 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 Fair Work (Registered Organisations) Act 2009; and
  - (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (e) No recovery of wages activities was undertaken during the year ending 31 December 2011.

For Committee of Management:  
Title of Office held:

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

Signature:

  
.....

Date:

*27.4.2012*  
.....



### AUDITORS' INDEPENDENCE DECLARATION

In accordance with APES 110, I declare to the best of my knowledge and belief that during the year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in APES 110 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is made in respect of Australian Licensed Aircraft Engineers Association.

**DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED**  
Registered Audit Company Number 408650

A handwritten signature in black ink, appearing to read "R. Megale", written in a cursive style.

**ROSEMARY MEGALE**  
Director

Dated in Sydney this 27<sup>th</sup> day of April 2012.

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

STATEMENT OF COMPREHENSIVE INCOME  
 for the year ended 31 December 2011

	Note	2011 \$	2010 \$
Revenue	2	2,240,570	1,942,123
Employee benefits expense		(999,805)	(963,616)
Depreciation expenses		(45,026)	(38,761)
Seminar expenses		(21,750)	(34,556)
Industrial & management expenses		(940,111)	(841,277)
Federal Conference		(3,251)	(92,371)
Postage, Printing & stationery		(24,100)	(23,521)
Computer expenses		(114,177)	(67,485)
Welfare fund contributions		(20,299)	(16,955)
Other expenses from ordinary activities		(148,794)	(129,850)
<b>Loss before income tax expense</b>	3	(76,743)	(266,269)
Income tax expense	1(h)	-	-
<b>Loss for the year</b>		<u>(76,743)</u>	<u>(266,269)</u>
<b>Other comprehensive income after income tax</b>			
Net gain/(loss) on revaluation of financial assets		(64,342)	(79,207)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>(64,342)</u>	<u>(79,207)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>(141,085)</u>	<u>(345,476)</u>
<b>Total comprehensive income/(loss) attributable to members of the entity</b>		<u>(141,085)</u>	<u>(345,746)</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION  
 for the year ended 31 December 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,491,710	1,533,623
Trade and other receivables	5	71,854	58,556
Financial assets	6	1,683,882	1,632,018
Other current assets	7	81,485	48,382
<b>Total current assets</b>		<u>3,328,931</u>	<u>3,272,579</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	335,431	268,706
<b>Total non-current assets</b>		<u>335,431</u>	<u>268,706</u>
<b>Total assets</b>		<u>3,664,362</u>	<u>3,541,285</u>
<b>Current liabilities</b>			
Trade and other payables	9	388,839	162,755
Provisions	10	116,718	88,507
<b>Total current liabilities</b>		<u>505,557</u>	<u>251,262</u>
<b>Non-Current liabilities</b>			
Provisions	10	23,490	13,623
<b>Total current liabilities</b>		<u>23,490</u>	<u>13,623</u>
<b>Total liabilities</b>		<u>529,047</u>	<u>264,885</u>
<b>Net Assets</b>		<u>3,135,315</u>	<u>3,276,400</u>
<b>Equity</b>			
General Fund		<u>3,135,315</u>	<u>3,276,400</u>
<b>Total equity</b>		<u>3,135,315</u>	<u>3,276,400</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 2011

	Retained Earnings \$	Total \$
Balance at 1 January 2010	3,621,876	3,621,876
Loss attributable to the entity	(266,269)	(266,269)
Total other comprehensive income for the year	<u>(79,207)</u>	<u>(79,207)</u>
Balance at 31 December 2010	3,276,400	3,276,400
Loss attributable to the entity	(76,744)	(76,744)
Total other comprehensive income/(loss) for the year	<u>(64,342)</u>	<u>(64,342)</u>
Balance at 31 December 2011	<u>3,135,314</u>	<u>3,135,314</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 2011

	Note	2011 \$	2010 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers (incl. Members)		2,222,228	1,866,164
Payments to suppliers and employees		(2,209,722)	(2,298,229)
Interest received		57,332	86,369
Trust distributions		116,206	149,161
Sundry receipts		-	-
		<u>186,044</u>	<u>(196,535)</u>
<b>Net cash provided by (used in) operating activities</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(127,207)	(14,102)
Proceeds from sale of plant and equipment		15,456	-
Payment for available-for-sale investments		<u>(116,206)</u>	<u>(149,161)</u>
<b>Net cash provided by investing activities</b>		<u>(227,957)</u>	<u>(163,263)</u>
<b>Net increase/(decrease) in cash held</b>		(41,913)	(359,798)
Cash at 1 January 2011		<u>1,533,623</u>	<u>1,893,421</u>
Cash at 31 December 2011	4	<u>1,491,710</u>	<u>1,533,623</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 2011**

**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**

ALAEA has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the requirements of the Fair Work (Registered Organisations) Act 2009.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are 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) Revenue and Other Income**

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

Revenue from members' subscriptions and joining fees are recognized when received directly from members or collected by employers prior to year end.

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

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

Trust distributions from managed funds are recognized 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).

**(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 2011

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 and are therefore carried at cost less accumulated depreciation and any accumulated 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. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Notes 1(c) and 1(m) for details of impairment).

**Depreciation**

The depreciable amount of all fixed assets including building and capitalized 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 fixed asset	Depreciation rate	Depreciation basis
Buildings	5% - 10%	Prime cost
Office equipment & furniture	10% - 25%	Prime cost
Motor vehicles	12.5% - 15%	Prime cost

Each asset class's carrying amount is written down immediately to its recoverable amount if the class'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 Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.



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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(c) Financial Instruments

**Initial Recognition & Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that ALAEA commits to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and Subsequent Measurement**

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or, cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

*Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting period. (All other loans and receivables are classified as non-current assets.)

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1. Statement of significant accounting policies (continued)

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that either do not meet the criteria for classification as any other type of financial asset or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

*(iv) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**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 recognized in the Statement of Comprehensive Income.

Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**Derecognition**

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby ALAEA no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is 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.

**(d) Impairment of Assets**

At the end of each reporting period, ALAEA assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(e) Employee Benefits

Provision is made for the ALAEA's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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) 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 six months or less.

(g) 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Income Tax

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

(i) 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(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 the reporting requirements of the Fair Work Act (Registered Organisations) Act 2009 comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period and employee RDO's which remain unpaid. The balance (including employee RDO's as these may be taken at any time by employees or requested to be paid out at any time by employees) is recognised as a current liability with amounts other than all RDO's normally paid within 60 days of recognition of the liability.

(m) Critical accounting estimates and judgments

The Committee evaluates estimates and judgments incorporated into the financial statements 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 within ALAEA.

- Key estimates

*Impairment - General*

ALAEA assesses impairment at the end of each reporting period by evaluation of conditions and events specific to ALAEA that may be indicative of impairment triggers. Recoverable amounts of relevant assets are re-assessed using estimates of sale values.

*Impairment - Carbon price*

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

- 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(e). The amount of these provisions would change should any of these factors change in the next 12 months.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(n) Information to be provided to members or General Manager of FWA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of Chapter 8 which reads as follows:

(1) A member of a reporting unit, or the General Manager, 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

2012 by the Committee.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011	2010
	\$	\$
<b>2. Revenue</b>		
Other revenue		
Interest received from other persons (banks)	94,646	97,467
Membership subscriptions	2,029,718	1,695,496
Trust distributions	116,206	149,160
Rebates	-	-
Total revenue	<u>2,240,570</u>	<u>1,942,123</u>
<b>3. Profit from Ordinary Activities</b>		
<b>(a) Expenses</b>		
Depreciation		
- land and buildings	19,299	19,185
- office equipment	16,459	12,033
- motor vehicle	9,268	7,543
Total Depreciation	<u>45,026</u>	<u>38,761</u>
Remuneration of auditor for:		
- auditing or review of financial report	20,671	20,251
- other services	3,970	7,990
<b>(b) Significant expenses</b>		
The following expense items are relevant in explaining the financial performance:		
Employee benefits expense to officeholders	359,028	320,320
Employee benefits expense to other than officeholders	699,190	656,492
Legal costs	346,040	276,562
Consultants fees	46,620	37,444
Meetings and conference expenses	353,600	427,645
General administrative expenses	286,071	220,456

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011	2010
	\$	\$
<b>4. Cash and cash equivalents</b>		
Cash at bank and on hand	12,072	21,183
Short term bank deposits	1,479,638	1,512,440
	<u>1,491,710</u>	<u>1,533,623</u>
<b>5. Trade and other receivables</b>		
Subscriptions receivable	67,290	58,556
Other debtors	4,564	-
	<u>71,854</u>	<u>58,556</u>

There are no impaired receivables in the current or previous financial year.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011 \$	2010 \$
<b>6. Financial assets</b>		
<b>CURRENT</b>		
Available-for-sale financial assets	<u>1,683,882</u>	<u>1,632,018</u>
<b>(a) Available-for-sale financial assets comprise:</b>		
Unlisted investments – at fair value	<u>1,683,882</u>	<u>1,632,018</u>
Available-for-sale financial assets comprise investments in Managed Funds. There are no fixed returns or fixed maturity date attached to these investments.		
<b>7. Other current assets</b>		
Prepayments	22,768	26,979
Accrued interest	<u>58,717</u>	<u>21,403</u>
	<u>81,485</u>	<u>48,382</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	432,605	384,214
Less accumulated depreciation	<u>(297,030)</u>	<u>(277,731)</u>
Total buildings	<u>135,575</u>	<u>106,483</u>
Total land and buildings	<u>245,575</u>	<u>216,483</u>
<b>Plant and equipment</b>		
Plant & equipment:		
At cost	255,230	252,526
Less accumulated depreciation	<u>(165,374)</u>	<u>(200,303)</u>
Less accumulated impairment losses	-	-
Total plant and equipment	<u>89,856</u>	<u>52,223</u>
<b>Total property, plant and equipment</b>	<u>335,431</u>	<u>268,706</u>



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

8. Property, plant and equipment (continued)

*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 2010	110,000	125,668	28,097	29,600	293,365
Additions	-	-	14,102	-	14,102
Disposals	-	-	-	-	-
Depreciation expense	-	(19,185)	(12,033)	(7,543)	(38,761)
Balance at 31 December 2010	110,000	106,483	30,166	22,057	268,706
Additions	-	48,391	49,472	29,344	127,207
Disposals	-	-	(1,365)	(14,091)	(15,456)
Depreciation expense	-	(19,299)	(16,459)	(9,268)	(45,026)
Balance at 31 December 2011	110,000	135,575	61,814	28,042	335,431

Note	2011	2010
	\$	\$

9. Trade and other payables

Current

Unsecured liabilities:

Trade payables	178,945	85,956
Commissions payable to employers	1,587	1,257
Legal fees payable	172,808	61,292
Employee benefits payable – officeholders	-	-
GST payable	4,736	13,438
Welfare Fund contributions payable	10,299	812
Fighting Fund Contributions payable	20,464	-
	<u>388,839</u>	<u>162,755</u>

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

- Total current	17	<u>388,839</u>	<u>162,755</u>
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*Collateral pledged*

No collateral has been pledged for any of the trade and other payable balances.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011	2010
	\$	\$
<b>10. Provisions</b>		
<b>Current</b>		
Employee benefits – non office holders		
Annual leave	65,709	44,339
Long service leave	27,058	27,293
<b>Total – non office holders</b>	<u>92,767</u>	<u>71,632</u>
Employee benefits – office holders		
Annual leave	23,951	16,875
Long service leave	-	-
<b>Total – office holders</b>	<u>23,951</u>	<u>16,875</u>
<b>Total current provisions</b>	<u>116,718</u>	<u>88,507</u>
<b>Non-current</b>		
Employee benefits – non office holders		
Long service leave	23,490	13,623
<b>Total Non-current provisions</b>	<u>23,490</u>	<u>13,623</u>
<b>Movements in provisions</b>		
<b>Current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	69,172	33,097
Additional provisions raised during year	61,056	44,541
Amounts used	(42,208)	(34,224)
Adjustments	4,747	28,218
<i>Balance at end of the year</i>	<u>92,767</u>	<u>71,632</u>
<i>Employee benefits movements – office holders</i>		
Opening balance at beginning of year	16,875	14,917
Additional provisions raised during year	9,363	7,308
Amounts used	(5,764)	(5,350)
Adjustments	3,477	-
<i>Balance at end of the year</i>	<u>23,951</u>	<u>16,875</u>
<i>Total balance at end of the year</i>	<u>116,718</u>	<u>88,507</u>

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011	2010
	\$	\$
<b>10. Provisions</b>		
<b>Movements in provisions</b>		
<b>Non-current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	13,623	38,725
Additional provisions raised during year	9,867	3,116
Amounts used	-	-
Adjustments	-	(28,218)
<i>Balance at end of the year</i>	<u>23,490</u>	<u>13,623</u>
<i>Employee benefits movements – office holders</i>		
Opening balance at beginning of year	-	-
Additional provisions raised during year	-	-
Amounts used	-	-
Adjustments	-	-
<i>Balance at end of the year</i>	<u>-</u>	<u>-</u>
<i>Total balance at end of the year</i>	<u>23,490</u>	<u>13,623</u>
<b>Analysis of total provisions</b>		
Current	116,718	88,507
Non-current	<u>23,490</u>	<u>13,623</u>
	<u>140,208</u>	<u>102,130</u>
<b>Number of employees at year end</b>		
- Non Officeholders	<u>8</u>	<u>8</u>
- Officeholders	<u>20</u>	<u>20</u>

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

10. Provisions (continued)

**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 \$140,000 in the year ending 31 December 2014 in the holding of the Federal conference.

**Provision for Long-term Benefits**

A provision has been recognized 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).

2011	2010
\$	\$

11. 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.

12. 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 profit and loss	<u>92,432</u>	<u>88,894</u>
Employer contributions provided as payable at balance date	<u>10,406</u>	<u>15,418</u>

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

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.

	2011	2010
	\$	\$
<b>14. 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>7,402</u>	<u>8,925</u>
<b>(e) Trustees' transactions:</b>		
Transactions between Trustees, Committee Members and ALAEA are on normal commercial terms and conditions no more favourable than those available to other members.		
<b>15. Mortality and other benefits</b>		
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 2011 was \$140,921 (2010: \$124,323).		
<b>16. Key Management Personnel Compensation</b>		
The totals of remuneration paid to key management personnel (KMP) of ALAEA during the year are as follows:		
Key management personnel compensation	<u>324,278</u>	<u>317,920</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

17. Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:-

	Note	2011 \$	2010 \$
<b>Financial Assets</b>			
Cash and cash equivalents	4	1,491,710	1,533,623
Loans and receivables	5	71,854	58,556
Available-for-sale financial assets			
- Managed Funds	6	1,683,882	1,632,018
		<u>3,247,446</u>	<u>3,224,197</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	9	388,839	162,755
- Borrowings		-	-
		<u>388,839</u>	<u>162,755</u>

**Net Fair Values**

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss, the fair values have been based on closing quoted bid prices at the end of the reporting period.

In determining the fair values of the unlisted available-for-sale financial assets, the Committee has used inputs that are observable either directly (as prices) or indirectly (derived from prices).

18. Fighting Fund

Members of ALAEA make voluntary contributions to a Fighting Fund which commenced on 22 November 2010 for members of ALAEA. This Fund is applied solely for the financial assistance of members of ALAEA who are affected by loss of wages during negotiations with employers. The fund is administered by the Federal Executive of ALAEA. The balance of the Fighting Fund at 31<sup>st</sup> December 2011 was \$22,068 (2010: \$16,533).

19. Association details

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

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20. Recovery of wages activity

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2011.


	2011	2010
	\$	\$
<b>21. Other information required under determination of reporting guidelines for the purposes of section 253 of Fair Work (Registered Organisations) Act 2009</b>		
The following expense items are provided in accordance with the above Fair Work (Registered Organisations) Act 2009:		
<b>Section 253 determination Paragraph 11:</b>		
(a) Employer payroll deduction expenses	19,241	16,716
(b) & Payments to another reporting unit as contribution towards		
(c) administrative expenses	0	0
(d) Federation and affiliation fees	42,188	28,063
(e) Compulsory levies imposed on ALAEA not included in (d)	0	0
(f) Donations to benevolent institutions	1,000	400
Grants & donations to other institutions	0	0
(g) Employee benefits <i>expense</i> to officeholders	359,028	320,320
(h) Employee benefits <i>expense</i> to other than officeholders	699,190	656,492
(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	346,040	276,563
(k) Meetings and conference expenses	353,600	427,645
(l) Penalties imposed under the Act or Regulations	0	0

22. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

23. Authorisation of financial statements

The financial statements for the year ended 31 December 2011 (including comparatives) were approved by the Committee on 24<sup>th</sup> APRIL 2012.

  
 Mark Gant  
 Trustee

  
 Stephen Re  
 Trustee



INDEPENDENT AUDIT REPORT 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 Licensed Aircraft Engineers' Association ("the Association") which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the statement by members of the committee for the Association, for the year ended 31 December 2011.

**Committee Members' responsibility for the Financial Report**

The committee members of the Association are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the Association Constitution and the Fair Work (Registered Organisations) Act 2009. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The committee of management has stated that the Association operates as a not for profit trade union.

**Audit Approach**

We conducted an independent audit in order to express an opinion to the members of the Association. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, and is in accordance with the Association Constitution and the Fair Work (Registered Organisations) Act 2009, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Association's and the entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the trustees.





While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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 Fair Work Act 2009. We disclaim any assumption of responsibility for any other 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 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 followed applicable independence requirements of Australian professional ethical pronouncements.

#### **Auditor's Opinion**

In our opinion the financial report Australian Licensed Aircraft Engineers Association is presented fairly and:

- (i) gives a true and fair view of the financial position of Australian Licensed Aircraft Engineers Association at 31 December 2011 and of their performance for the year ended on that date; and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) the Association Constitution and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Fair Work (Registered Organisations) Act 2009.

**DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED**  
Registered Audit Company Number 408650

A handwritten signature in black ink, appearing to read "R. Megale". The signature is written in a cursive, flowing style.

**ROSEMARY MEGALE**  
Director

Dated in Sydney this 27<sup>th</sup> day of April 2012.

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

We have compiled the accompanying:

1. general purpose Financial Statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the Notes to the financial statements (GPFS); and,
2. the following Income and Expenditure Statement, Welfare Fund Income and Expenditure Statement and Balance Sheet, and Fighting Fund Income and Expenditure Statement and Balance Sheet (the "Additional Financial Information")

in accordance with APS 315: Compilation of Financial Information.

The specific purpose for which GPFS were prepared was to assist the Committee in their reporting requirements as required under the Fair Work (Registered Organisations) Act 2009 and ALAEA's constitution. The specific purpose for which the Additional Financial Information was prepared was to provide information relating to the performance of ALAEA that satisfies the information needs of the Committee members.

*The Responsibility of the Committee*

The Committee of Management and Trustees are solely responsible for the information contained in the general purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

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.

*Our Responsibility*

On the basis of information provided by the Delegated Officers and Employees of the Committee of Management ("DOECOM") we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting adopted and APES 315 Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the DOECOM provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. Whilst ALAEA is independently audited, no audit or review has been performed by our Firm and accordingly no assurance is expressed by us.

The GPFS and Additional Information were compiled exclusively for the benefit of the Committee of Management and Trustees. We do not accept responsibility to any other person for the contents of the GPFS or the Additional Information. 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

20<sup>th</sup> APRIL, 2012

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

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

Income & Expenditure Statement  
 for the year ended 31 December 2011

	Note	2011 \$	2010 \$
<b>Income</b>			
Members' subscriptions		2,029,718	1,695,496
Interest received		94,646	97,467
Trust distributions		116,206	149,160
Donations		-	-
Rebates		-	-
Profit on sale of assets		-	-
		<hr/>	<hr/>
<b>Total income</b>		<b>2,240,570</b>	<b>1,942,123</b>
<b>Expenses</b>			
<b>Employment Costs</b>			
Salaries & annual leave – Employees		872,850	822,935
Staff recruitment		-	400
Long service leave provision		9,632	2,191
Payroll tax		23,332	14,592
Temporary staffing & placements		1,559	34,514
Superannuation		92,432	88,984
		<hr/>	<hr/>
		<b>999,805</b>	<b>963,616</b>
<b>Industrial</b>			
Industrial & travel expenses		207,019	194,602
Professional services		432,870	342,247
Telephone		51,282	54,464
		<hr/>	<hr/>
		<b>691,171</b>	<b>591,313</b>
<b>Management</b>			
Affiliation fees		42,188	28,063
Federal executive expenses		206,752	221,901
Training & conferences		25,001	126,927
		<hr/>	<hr/>
		<b>273,941</b>	<b>376,891</b>

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

Income & Expenditure Statement (continued)  
 for the year ended 31 December 2011

	Note	2011 \$	2010 \$
<b>Overhead Expenses</b>			
Advertising		-	-
Bank charges		15,195	14,066
Commissions on employer payroll deductions		19,241	16,716
Computer expenses		114,177	67,485
Depreciation – building		19,299	19,185
Depreciation – equipment		25,727	19,576
Donations		1,000	400
Electricity		11,661	7,274
Fringe benefits tax		11,176	5,154
Insurance		14,277	14,427
Library		8,375	8,437
Loss on managed funds (unrealised)		64,342	79,207
Membership recruitment costs		20,495	16,392
Motor vehicle expenses		12,196	10,066
Postage & delivery		10,427	9,448
Printing & stationery		13,673	14,073
Rates & property expenses		28,307	28,915
Repairs & maintenance		2,483	3,404
Staff amenities		4,388	4,599
Welfare Fund contribution		20,299	16,955
		<u>416,738</u>	<u>355,779</u>
<b>Total Expenditure</b>		<u>2,381,655</u>	<u>2,287,599</u>
<b>Operating Surplus/(Loss) for the year</b>		<b>(141,085)</b>	<b>(345,476)</b>
Accumulated funds at beginning of year		<u>3,276,400</u>	<u>3,621,876</u>
<b>Accumulated Funds at end of year</b>		<u><b>3,135,315</b></u>	<u><b>3,276,400</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 2011

	2011 \$	2010 \$
<b>Income</b>		
Contributions from General Fund	20,299	16,955
Interest received	6,299	5,984
	<u>26,598</u>	<u>22,939</u>
<b>Expenses</b>		
Welfare payments	10,000	20,820
	<u>10,000</u>	<u>20,820</u>
<b>Surplus for the year</b>	16,598	2,119
<b>Accumulated funds at beginning of year</b>	<u>124,323</u>	<u>122,204</u>
<b>Accumulated Funds at end of year</b>	<u>140,921</u>	<u>124,323</u>

Balance Sheet  
 for the year ended 31 December 2011

Current Assets

Investments:		
Term deposit	130,622	123,511
Receivables – ALAEA	10,299	812
	<u>140,921</u>	<u>124,323</u>
<b>Net Assets</b>	<u>140,921</u>	<u>124,323</u>
<b>Accumulated Funds</b>	<u>140,921</u>	<u>124,323</u>

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

FIGHTING FUND

Income & Expenditure Statement  
for the year ended 31 December 2011  
(commenced 22 November 2010)

	2011 \$	2010 \$
<b>Income</b>		
Contributions from Members	<u>9,356</u>	<u>25,670</u>
Total income	<u>9,464</u>	<u>25,670</u>
<b>Expenses</b>		
Member payments	<u>3,929</u>	<u>9,137</u>
	<u>3,929</u>	<u>9,137</u>
Surplus for the year	5,535	16,533
Accumulated funds at beginning of year	<u>16,533</u>	<u>-</u>
Accumulated Funds at end of year	<u>22,068</u>	<u>16,533</u>

Balance Sheet  
for the year ended 31 December 2011

Current Assets

Cash & Cash Equivalents:

Cash at Bank	1,604	16,533
Receivables – ALAEA	<u>20,464</u>	<u>-</u>
Net Assets	<u>22,068</u>	<u>16,533</u>
Accumulated Funds	<u>22,068</u>	<u>16,533</u>

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