

16 July 2013

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



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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 2012 Financial Accounts for the Australian Licensed Aircraft Engineers Association.

Yours sincerely

**Peter Somerville**  
General Manager

attchs

**“Guardians of Air Safety”**

**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 *14 May 2013*; 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



**STEVE PURVINAS**  
Federal Secretary

Date: 17 July 2013

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

**Operating Report**  
**For the year ended 31 December, 2012**

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 2012.

**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) #1:***

Paul Cousins (Federal President)

Wesley Bell (Vice President)

Stephen Purvinas (Federal Secretary)

Mike Watson

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

Michael Weitenberg (Senior Vice President)

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

Ralph Young

- ***Appointed from 5 September 2007 (continuing) #1:***

John Alldis

- ***Appointed from 24 June 2009 (continuing) #1:***

Bradley Cox

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

Mark Gant (Trustee)

Stephen Re (Trustee)

Wayne Vasta (Assistant Federal Secretary)

Paul Cail

Christopher Hall

Robert McGee

Vinko Vulin

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

Vin Lecky

Stephen Thorpe

- ***Appointed from 28 November 2007 (continuing) #1:***

David Taylor

***Past committee members***

- ***Resigned 19/11/2012 (appointed 1 July 2006)***

Brett Bradbury

- ***Resigned 27/08/2012 (appointed 28 April 2009)***

Peter Dwyer

#1 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 achieved the following results:

- provided 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.
- provided 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.
- promoted and enforced high standards in aircraft maintenance.
- provided 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, 2012**

**Operating Result**

The profit for the financial year after providing for income tax amounted to \$328,427 (2011: \$141,085 loss).

**Review of Operations**

The results for the period covered in this report have resulted in a surplus.

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

Revenue was higher due mainly to a recovery in investment revenue.

The association's operating costs decreased by \$411,012 when compared to the previous year's base. The main component of this decrease was a reduction in legal expenses of \$262,814; meetings and conferences expenses of \$86,969 (Note 21); and, computer expenses of \$68,819. Legal fees paid by ALAEA have decreased during the financial year (Note 21), 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 in the financial statements. 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 uncertainties, 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, 2012**

**Number of Members**

At balance date there were 3,131 members of ALAEA.

**Number of Employees**

At balance date there were 10 equivalent full-time employees (2011:10).

**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, 2012**

**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 8th day of MAY 2013**

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

**Committee of Management Statement**

On *2<sup>nd</sup> MAY* 2013, 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 2012:

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 General Manager, Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisations) Act 2009; and
  - (vi) no orders have been made by the Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) no recovery of wages activities was undertaken during the year ending 31 December 2012.

For Committee of Management:  
Title of Office held:

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

Signature:

  
.....

Date:

*8.5.2013*  
.....



## 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 2012 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", is written over the company name and registration number.

**ROSEMARY MEGALE**  
Director

Dated in Sydney this 8th day of May 2013.



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

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2012**

	Note	2012 \$	2011 \$
Revenue	2	2,297,893	2,240,570
Employee benefits expense		(1,003,940)	(999,805)
Depreciation expenses		(45,714)	(45,026)
Seminar expenses		(8,903)	(21,750)
Industrial & management expenses		(634,372)	(940,111)
Federal Conference		-	(3,251)
Postage, Printing & stationery		(35,284)	(24,100)
Computer expenses		(45,358)	(114,177)
Finance cost – bank fees & merchant charges		(16,259)	(15,195)
Welfare fund contributions		(20,083)	(20,299)
Realised losses on financial assets		(47,553)	-
Other expenses from ordinary activities		(113,177)	(133,599)
<b>Profit/(Loss) before income tax expense</b>	3	<u>327,250</u>	<u>(76,743)</u>
Income tax expense	1(h)	<u>-</u>	<u>-</u>
<b>Profit/(Loss) for the year</b>		<u>327,250</u>	<u>(76,743)</u>
<b>Other comprehensive income after income tax</b>			
Net gain/(loss) on revaluation of financial assets		<u>1,177</u>	<u>(64,342)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>1,177</u>	<u>(64,342)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>328,427</u>	<u>(141,085)</u>
<b>Total comprehensive income/(loss) attributable to members of the entity</b>		<u>328,427</u>	<u>(141,085)</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 2012**

	Note	2012 \$	2011 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,603,012	1,491,710
Trade and other receivables	5	57,576	71,854
Financial assets	6	1,759,700	1,683,882
Other current assets	7	76,512	81,485
<b>Total current assets</b>		<u>3,496,800</u>	<u>3,328,931</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	302,877	335,431
<b>Total non-current assets</b>		<u>302,877</u>	<u>335,431</u>
<b>Total assets</b>		<u>3,799,677</u>	<u>3,664,362</u>
<b>Current liabilities</b>			
Trade and other payables	9	196,594	388,839
Provisions	10	113,055	116,718
<b>Total current liabilities</b>		<u>309,649</u>	<u>505,557</u>
<b>Non-Current liabilities</b>			
Provisions	10	26,286	23,490
<b>Total current liabilities</b>		<u>26,286</u>	<u>23,490</u>
<b>Total liabilities</b>		<u>335,935</u>	<u>529,047</u>
<b>Net Assets</b>		<u>3,463,742</u>	<u>3,135,315</u>
<b>Equity</b>			
General Fund		<u>3,463,472</u>	<u>3,135,315</u>
<b>Total equity</b>		<u>3,463,742</u>	<u>3,135,315</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 2012**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2011</b>	3,276,400	3,276,400
Loss attributable to the entity	(76,743)	(76,743)
Total other comprehensive income for the year	<u>(64,342)</u>	<u>(64,342)</u>
<b>Balance at 31 December 2011</b>	<b>3,135,315</b>	<b>3,135,315</b>
Profit/(Loss) attributable to the entity	327,250	327,250
Total other comprehensive income/(loss) for the year	<u>1,177</u>	<u>1,177</u>
<b>Balance at 31 December 2012</b>	<b><u>3,463,742</u></b>	<b><u>3,463,742</u></b>

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 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers (incl. Members)		2,226,563	2,222,228
Payments to suppliers and employees		(2,311,160 )	(2,209,722 )
Interest received		99,059	57,332
Trust distributions		232,194	116,206
Sundry receipts		-	-
		<u>                    </u>	<u>                    </u>
<b>Net cash provided by (used in) operating activities</b>		<u>246,656</u>	<u>186,044</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(13,160 )	(127,207 )
Proceeds from sale of plant and equipment		-	15,456
Payment for available-for-sale investments		<u>(122,194 )</u>	<u>(116,206 )</u>
		<u>                    </u>	<u>                    </u>
<b>Net cash provided by investing activities</b>		<u>(135,354 )</u>	<u>(227,957 )</u>
<b>Net increase/(decrease) in cash held</b>		111,302	(41,913 )
Cash at 1 January 2012		<u>1,491,710</u>	<u>1,533,623</u>
<b>Cash at 31 December 2012</b>	4	<u><u>1,603,012</u></u>	<u><u>1,491,710</u></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 2012**

**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 entitles the member to services to be provided during the membership period and therefore revenue is recognized over the period that reflects the timing, nature and value of the benefits provided. Membership fees received relating to future financial periods are recognized as deferred income.

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 2012**

**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:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>	<b>Depreciation basis</b>
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.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**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 2012**

**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 2012**

**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 2012**

**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 2012.

**- 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 2012**

**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

2013 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 2012**

	2012	2011
	\$	\$
<b>2. Revenue</b>		
<b>Other revenue</b>		
Interest received from other persons (banks)	91,480	94,646
Membership subscriptions	1,974,219	2,029,718
Trust distributions	232,194	116,206
Rebates	-	-
<b>Total revenue</b>	<u>2,297,893</u>	<u>2,240,570</u>
<b>3. Profit from Ordinary Activities</b>		
<b>(a) Expenses</b>		
Depreciation		
- land and buildings	21,194	19,299
- office equipment	20,118	16,459
- motor vehicle	4,402	9,268
<b>Total Depreciation</b>	<u>45,714</u>	<u>45,026</u>
Remuneration of auditor for:		
- auditing or review of financial report	19,000	20,671
- other services	-	3,970
<b>(b) Significant expenses</b>		
The following expense items are relevant in explaining the financial performance:		
Employee benefits expense to officeholders	408,030	359,028
Employee benefits expense to other than officeholders	716,139	699,190
Legal costs	83,226	346,040
Consultants fees	16,000	46,620
Meetings and conference expenses	269,631	353,600
General administrative expenses	232,260	286,071

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

	2012	2011
	\$	\$
<b>4. Cash and cash equivalents</b>		
Cash at bank and on hand	20,769	12,072
Short term bank deposits	1,582,243	1,479,638
	<u>1,603,012</u>	<u>1,491,710</u>
<b>5. Trade and other receivables</b>		
Subscriptions receivable	57,576	67,290
Other debtors	-	4,564
	<u>57,576</u>	<u>71,854</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 2012**

	2012 \$	2011 \$
<b>6. Financial assets</b>		
<b>CURRENT</b>		
Available-for-sale financial assets	<u>1,759,700</u>	<u>1,683,882</u>
<b>(a) Available-for-sale financial assets comprise:</b>		
Unlisted investments – at fair value	<u>1,759,700</u>	<u>1,683,882</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	25,374	22,768
Accrued interest	51,138	58,717
	<u>76,512</u>	<u>81,485</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	432,605
Less accumulated depreciation	(318,224)	(297,030)
Total buildings	<u>114,381</u>	<u>135,575</u>
Total land and buildings	<u>224,381</u>	<u>245,575</u>
<b>Plant and equipment</b>		
Plant & equipment:		
At cost	268,390	255,230
Less accumulated depreciation	(189,894)	(165,374)
Less accumulated impairment losses	-	-
Total plant and equipment	<u>78,496</u>	<u>89,856</u>
<b>Total property, plant and equipment</b>	<u>302,877</u>	<u>335,431</u>

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**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 2011	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
Additions	-	-	13,160	-	13,160
Disposals	-	-	-	-	-
Depreciation expense	-	(21,194)	(20,118)	(4,402)	(45,714)
Balance at 31 December 2012	110,000	114,381	54,856	23,640	302,877

Note      2012      2011  
                 \$                    \$

**9. Trade and other payables**

**Current**

**Unsecured liabilities:**

Trade payables	63,401	139,045
Employee benefits payable – non- officeholders	29,456	26,546
Employee benefits payable – officeholders	13,702	13,354
Commissions payable to employers	1,239	1,587
Legal fees payable	17,595	172,808
Membership fees received in advance	37,562	-
GST payable	23,257	4,736
Welfare Fund contributions payable	10,382	10,299
Fighting Fund Contributions payable	-	20,464
	196,594	388,839

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

- Total current	17	196,594	388,839
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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 2012**

	2012 \$	2011 \$
<b>10. Provisions</b>		
<b>Current</b>		
Employee benefits – non office holders		
Annual leave	67,102	65,709
Long service leave	18,498	27,058
<b>Total – non office holders</b>	<u>85,600</u>	<u>92,767</u>
Employee benefits – office holders		
Annual leave	27,455	23,951
Long service leave	-	-
<b>Total – office holders</b>	<u>27,455</u>	<u>23,951</u>
<b>Total current provisions</b>	<u>113,055</u>	<u>116,718</u>
<b>Non-current</b>		
Employee benefits – non office holders		
Long service leave	26,286	23,490
<b>Total Non-current provisions</b>	<u>26,286</u>	<u>23,490</u>
<b>Movements in provisions</b>		
<b>Current</b>		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	92,767	69,172
Additional provisions raised during year	57,136	61,056
Amounts used	(64,303)	(42,208)
Adjustments	-	4,747
<i>Balance at end of the year</i>	<u>85,600</u>	<u>92,767</u>
<i>Employee benefits movements – office holders</i>		
Opening balance at beginning of year	23,951	16,875
Additional provisions raised during year	11,728	9,363
Amounts used	(8,224)	(5,764)
Adjustments	-	3,477
<i>Balance at end of the year</i>	<u>27,455</u>	<u>23,951</u>
<b>Total balance at end of the year</b>	<u>113,055</u>	<u>116,718</u>



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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

	2012	2011
	\$	\$
<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	23,490	13,623
Additional provisions raised during year	2,796	9,867
Amounts used	-	-
Adjustments	-	-
<i>Balance at end of the year</i>	<u>26,286</u>	<u>23,490</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>26,286</u>	<u>23,490</u>
 <b>Analysis of total provisions</b>		
Current	113,055	116,718
Non-current	<u>26,286</u>	<u>23,490</u>
	<u>139,341</u>	<u>140,208</u>
 <b>Number of employees at year end</b>		
- Non Officeholders	<u>8</u>	<u>8</u>
- Officeholders	<u>18</u>	<u>20</u>

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**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).

2012	2011
\$	\$

**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:

100,000	100,000
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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	101,407	92,432
Employer contributions provided as payable at balance date	-	10,406

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

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**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.

	2012	2011
	\$	\$
<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>16,295</u>	<u>7,402</u>

**(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.

**15. 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 2012 was \$149,637 (2011: \$140,921).

**16. Key Management Personnel Compensation**

The totals of remuneration paid to key management personnel (KMP) of ALAEA during the year are as follows:

Key management personnel compensation	<u>375,137</u>	<u>324,278</u>
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**THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION**  
**ABN 84 234 747 620**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**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	2012 \$	2011 \$
<b>Financial Assets</b>			
Cash and cash equivalents	4	1,603,012	1,491,710
Loans and receivables	5	57,576	71,854
Available-for-sale financial assets			
- Managed Funds	6	1,759,700	1,683,882
		<u>3,420,288</u>	<u>3,247,446</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	9	196,594	388,839
- Borrowings		-	-
		<u>196,594</u>	<u>388,839</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 2012 was \$17,759 (2011: \$22,068).

**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**  
**ABN 84 234 747 620**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

**20. Recovery of wages activity**

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2012.

	2012	2011
	\$	\$
<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	17,771	19,241
(b) & Payments to another reporting unit as contribution towards		
(c) administrative expenses	0	0
(d) Federation and affiliation fees	41,720	42,188
(e) Compulsory levies imposed on ALAEA not included in (d)	0	0
(f) Donations to benevolent institutions	600	1,000
Grants & donations to other institutions	7,000	0
(g) Employee benefits <i>expense</i> to officeholders	408,030	359,028
(h) Employee benefits <i>expense</i> to other than officeholders	716,139	699,190
(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	83,226	346,040
(k) Meetings and conference expenses	269,631	353,600
(l) Penalties imposed under the Act or Regulations	0	0

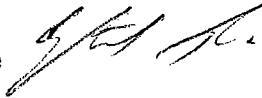
**22. Post-reporting date events**

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 2012 (including comparatives) were approved by the Committee on *2<sup>nd</sup> May* 2013.

  
 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 2012.

### 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 2012 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



ROSEMARY MEGALE  
Director

Dated in Sydney this 8th day of May 2013.

**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.

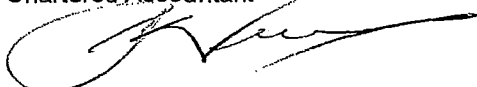
*Our Responsibility*

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

18<sup>th</sup> APRIL, 2013

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 2012**

	Note	2012 \$	2011 \$
<b>Income</b>			
Members' subscriptions		1,974,219	2,029,718
Interest received		91,480	94,646
Trust distributions		232,194	116,206
Gains on managed funds (unrealised)		1,177	-
		<u>2,299,070</u>	<u>2,240,570</u>
<b>Total income</b>			
 <b>Expenses</b>			
<b>Employment Costs</b>			
Salaries & annual leave – Employees		897,878	872,850
Long service leave provision		(5,764)	9,632
Payroll tax		15,959	23,332
Staff training		3,128	-
Temporary staffing & placements		-	1,559
Superannuation		92,739	92,432
		<u>1,003,940</u>	<u>999,805</u>
 <b>Industrial</b>			
Industrial & travel expenses		180,109	207,019
Professional services		137,746	432,870
Telephone		51,382	51,282
		<u>369,237</u>	<u>691,171</u>
 <b>Management</b>			
Affiliation fees		41,720	42,188
Federal executive expenses		223,415	206,752
Training & conferences		8,903	25,001
		<u>274,038</u>	<u>273,941</u>

This is part of the Additional Financial Information referred to in the Compilation Report 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 2012**

	Note	2012 \$	2011 \$
<b>Overhead Expenses</b>			
Bank charges & merchant charges		16,259	15,195
Commissions on employer payroll deductions		17,771	19,241
Computer expenses		45,358	114,177
Depreciation – building		21,194	19,299
Depreciation – equipment		24,520	25,727
Donations		7,600	1,000
Electricity		7,948	11,661
Fringe benefits tax		(5,748)	11,176
Insurance		16,702	14,277
Library		11,235	8,375
Loss on managed funds (realised)		47,553	-
Loss on managed funds (unrealised)		-	64,342
Membership recruitment costs		14,761	20,495
Motor vehicle expenses		9,417	12,196
Postage & delivery		12,847	10,427
Printing & stationery		22,437	13,673
Rates & property expenses		26,680	28,307
Repairs & maintenance		1,309	2,483
Staff amenities		5,502	4,388
Welfare Fund contribution		20,083	20,299
		<u>323,428</u>	<u>416,738</u>
<b>Total Expenditure</b>		<u>1,970,643</u>	<u>2,381,655</u>
<b>Operating Surplus/(Loss) for the year</b>		<b>328,427</b>	<b>(141,085)</b>
Accumulated funds at beginning of year		<u>3,135,315</u>	<u>3,276,400</u>
<b>Accumulated Funds at end of year</b>		<u><b>3,463,742</b></u>	<u><b>3,135,315</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 2012**

	2012 \$	2011 \$
<b>Income</b>		
Contributions from General Fund	20,083	20,299
Interest received	8,633	6,299
	<hr/>	<hr/>
Total income	28,716	26,598
	<hr/>	<hr/>
<b>Expenses</b>		
Welfare payments	20,000	10,000
	<hr/>	<hr/>
	20,000	10,000
	<hr/>	<hr/>
<b>Surplus for the year</b>	8,716	16,598
<b>Accumulated funds at beginning of year</b>	140,921	124,323
	<hr/>	<hr/>
<b>Accumulated Funds at end of year</b>	149,637	140,921
	<hr/>	<hr/>

**Balance Sheet**  
**for the year ended 31 December 2012**

**Current Assets**

Investments:		
Term deposit	139,255	130,622
Receivables – ALAEA	10,382	10,299
	<hr/>	<hr/>
<b>Net Assets</b>	149,637	140,921
	<hr/>	<hr/>
<b>Accumulated Funds</b>	149,637	140,921
	<hr/>	<hr/>

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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 2012**  
**(commenced 22 November 2010)**

	2012 \$	2011 \$
<b>Income</b>		
Contributions from Members	-	9,356
Interest received	691	
	<u>691</u>	<u>9,356</u>
<b>Total income</b>	<u>691</u>	<u>9,464</u>
<b>Expenses</b>		
Member payments	5,000	3,929
	<u>5,000</u>	<u>3,929</u>
<b>Surplus/(deficit) for the year</b>	(4,309)	5,535
<b>Accumulated funds at beginning of year</b>	<u>22,068</u>	<u>16,533</u>
<b>Accumulated Funds at end of year</b>	<u>17,759</u>	<u>22,068</u>

**Balance Sheet**  
**for the year ended 31 December 2012**

**Current Assets**

<b>Cash &amp; Cash Equivalents:</b>		
Cash at Bank	17,759	1,604
Receivables – ALAEA	-	20,464
	<u>17,759</u>	<u>22,068</u>
<b>Net Assets</b>	<u>17,759</u>	<u>22,068</u>
<b>Accumulated Funds</b>	<u>17,759</u>	<u>22,068</u>

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

**Operating Report**  
**For the year ended 31 December, 2012**

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 2012.

**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) #1:***

Paul Cousins (Federal President)

Wesley Bell (Vice President)

Stephen Purvinas (Federal Secretary)

Mike Watson

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

Michael Weitenberg (Senior Vice President)

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

Ralph Young

- ***Appointed from 5 September 2007 (continuing) #1:***

John Alldis

- ***Appointed from 24 June 2009 (continuing) #1:***

Bradley Cox

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

Mark Gant (Trustee)

Stephen Re (Trustee)

Wayne Vasta (Assistant Federal Secretary)

Paul Cail

Christopher Hall

Robert McGee

Vinko Vulin

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

Vin Lecky

Stephen Thorpe

- ***Appointed from 28 November 2007 (continuing) #1:***

David Taylor

***Past committee members***

- ***Resigned 19/11/2012 (appointed 1 July 2006)***

Brett Bradbury

- ***Resigned 27/08/2012 (appointed 28 April 2009)***

Peter Dwyer

#1 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 it 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 achieved the following results:

- provided 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.
- provided 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.
- promoted and enforced high standards in aircraft maintenance.
- provided 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, 2012**

**Operating Result**

The profit for the financial year after providing for income tax amounted to \$328,427 (2011: \$141,085 loss).

**Review of Operations**

The results for the period covered in this report have resulted in a surplus.

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

Revenue was higher due mainly to a recovery in investment revenue.

The association's operating costs decreased by \$411,012 when compared to the previous year's base. The main component of this decrease was a reduction in legal expenses of \$262,814; meetings and conferences expenses of \$86,969 (Note 21); and, computer expenses of \$68,819. Legal fees paid by ALAEA have decreased during the financial year (Note 21), 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 in the financial statements. 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 uncertainties, 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.