



21 July 2015

Mr Stephen Purvinas
Federal Secretary
The Australian Licenced Aircraft Engineers Association
by e-mail: alaea@alaea.asn.au

Dear Mr Purvinas,

**The Australian Licenced Aircraft Engineers Association
Financial Report for the year ended 31 December 2014 - [FR2014/457]**

I acknowledge receipt of the financial report of The Australian Licenced Aircraft Engineers Association. The documents were lodged with the Fair Work Commission on 30 June 2015.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2015 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to financial reporting process and timelines which explains the timeline requirements, and diagrammatic summary of financial reporting timelines which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met:

Reports must be provided to Members within 5 months of end of financial year where report is presented before committee of management meeting

The Designated Officer's Certificate states that the financial report was provided to members on 12 June 2015, and presented to a Committee of Management meeting on 30 June 2015. Under section 265(5)(b) of the RO Act, where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of the end of the financial year.

If these dates are correct, the reporting unit should have applied for an extension of time for the provision of the financial report to members in accordance with section 265(5) of the RO Act.

Please note that in future financial years if an extension of time is required, a written request, signed by a relevant officer, including any reason for the delay, must be made prior to required date for the provision of the reports to members.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the RO Act, I may be contacted on (03) 8661 7796 or by email at sam.gallichio@fwc.gov.au.

Yours sincerely



Sam Gallichio
Adviser
Regulatory Compliance Branch

30 June 2015


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

By email: orgs@fairwork.gov.au

Dear General Manager,

Please find attached the Designated Officers Certificate and 2014 Financial Accounts for the Australian Licensed Aircraft Engineers Association.

Yours sincerely,



Stephen Purvinas
Federal Secretary



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Email: alaea@alaea.asn.au
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“Guardians of Air Safety”



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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 *12th June 2015*; and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *30th June 2015* in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature

STEVE PURVINAS
Federal Secretary

Date: 30th June 2015

“Guardians of Air Safety”

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

Operating Report
For the year ended 31 December, 2014

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 2014.

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)

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

Michael Weitenberg (Senior Vice President)

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

John Alldis

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

Bradley Cox

- **Appointed from 11 March 2015 (continuing)**

Christian Tamblyn

Robert Toovey

* Re-elected 1 July 2014 for 4 year term

Past committee members

- **01/07/2002 (appointed) to 01/10/2014**

Mike Watson

- **01/07/2005 (appointed) to 30/06/2014**

Ralph Young

- **01/07/2010 (appointed) to 31/05/2014**

Vin Leckie

Stephen Thorpe

- **01/07/2014 (appointed) to 11/02/2015**

John Bursill

Current committee members

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

Mark Gant (Trustee)

Stephen Re (Trustee)

Wayne Vasta (Assistant Federal Secretary)

- **Appointed from 3 April 2013 (continuing) ^{#1:}**

Mathew Rea

- **Appointed from 1 July 2014 (continuing) ^{#1:}**

Wayne Derndorfer

Luke Murray

Simon Locke

Peter Gill

Past committee members

- **01/07/2006 (appointed) to 30/06/2014**

Paul Cail

Christopher Hall

Robert McGee

Vinko Vulin

- **27/11/2007 (appointed) to 30/06/2014**

David Taylor

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

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. There have been no significant changes in the nature of these activities.

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.

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

Operating Report
For the year ended 31 December, 2014

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.

Number of Members

At balance date there were 2,896 members of ALAEA.

Number of Employees

At balance date there were 8 equivalent full-time employees (2013:9).

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.

Contingencies and Commitments

There are no contingencies or commitments other than stated at Notes 9 & 11.

Operating Report
For the year ended 31 December, 2014

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.

Officers and members who are Trustee of a superannuation entity or Director of a company that is a Trustee of a superannuation entity or an exempt public sector superannuation scheme where a criterion for being a Trustee or Director is that the officer or member is an officer or 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

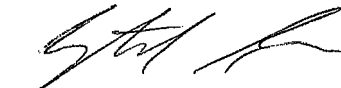
Name of Superannuation Fund – Qantas Superannuation Limited

Position held – Trustee

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



Mark Gant (Trustee)



Stephen Re (Trustee)

Dated this 2 day of JUNE 2015



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 2014 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". The signature is written in a cursive, flowing style.

R. MEGALE
Director
Registered Company Auditor

Dated in Sydney this 2nd day of June 2015.

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

Committee of Management Statement

On 1 JUNE 2015, the Committee of Management of The Australian Licenced Aircraft Engineers' Association ("ALAEA") passed the following resolution in relation to the general purpose financial report ("GPFR") for the financial year ended 31 December 2014:

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

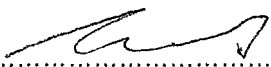
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission ("FWC");
- (c) the financial statements and notes give a true and fair view of the 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 (RO Act); 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 of the FWC duly made under section 272 of the RO Act; and
 - (vi) no orders for inspection of financial records have been made by the FWC under section 273 of the RO Act.
- (f) no recovery of wages activities was undertaken during the year ending 31 December 2014.

This declaration is made in accordance with a resolution of the Committee of Management of ALAEA.

Designated officer:
Title of Office held:

Stephen Purvinas
Federal Secretary

Signature:


.....

Date:

1. JUNE. 2015
.....

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue	2	2,098,240	2,125,795
Employee benefits expense	3(a)	(1,197,866)	(1,105,407)
Depreciation expenses	3(b)	(45,268)	(42,765)
Affiliation fees	3(c)	(43,647)	(40,633)
Administration costs	3(d)	(207,244)	(208,051)
Industrial & management expenses	3(e)	(633,619)	(511,498)
Welfare fund contributions		(18,943)	(18,905)
Net losses on financial assets		-	-
Federal Conference		(73,523)	-
Audit fees	3(f)	(12,085)	(12,000)
Grants and donations	3(g)	(10,000)	(34,315)
Other expenses from ordinary activities		<u>-</u>	<u>-</u>
Profit/(loss) before income tax expense	3(h)	(143,955)	152,221
Income tax expense	1(i)	<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>(143,955)</u>	<u>152,221</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Net fair value re-measurement gains/(losses) on available for sale financial assets		<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(143,955)</u>	<u>152,221</u>
Profit/(loss) attributable to members of the entity		<u>(143,955)</u>	<u>152,221</u>
Total comprehensive income attributable to members of the entity		<u>(143,955)</u>	<u>152,221</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 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	4	3,455,383	3,494,843
Trade and other receivables	5	77,615	84,467
Other current assets	6	<u>128,642</u>	<u>113,423</u>
Total current assets		<u>3,661,640</u>	<u>3,692,733</u>
Non-current assets			
Property, plant and equipment	7	<u>252,380</u>	<u>265,521</u>
Total non-current assets		<u>252,380</u>	<u>265,521</u>
Total assets		<u>3,914,020</u>	<u>3,958,254</u>
Current liabilities			
Trade and other payables	8	264,545	201,939
Provisions	9	<u>125,334</u>	<u>140,352</u>
Total current liabilities		<u>389,879</u>	<u>342,291</u>
Non-Current liabilities			
Provisions	9	<u>52,133</u>	<u>-</u>
Total current liabilities		<u>52,133</u>	<u>-</u>
Total liabilities		<u>442,012</u>	<u>342,291</u>
Net Assets		<u>3,472,008</u>	<u>3,615,963</u>
Equity			
General Fund		<u>3,472,008</u>	<u>3,615,963</u>
Total equity		<u>3,472,008</u>	<u>3,615,963</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 2014

	Retained Earnings \$	Total \$
Balance at 1 January 2013	3,463,742	3,463,742
Profit attributable to the entity	152,221	152,221
Total other comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2013	3,615,963	3,615,963
Profit /(Loss) attributable to the entity	(143,955)	(143,955)
Total other comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2014	<u>3,472,008</u>	<u>3,472,008</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. Members)		2,109,433	2,055,832
Payments to suppliers and employees		(2,298,547)	(2,159,076)
Interest received		114,773	85,985
Net gains received from disposal of managed funds		<u>67,008</u>	<u>70,010</u>
Net cash provided by (used in) operating activities	10	<u>(7,333)</u>	<u>52,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(32,127)	(5,409)
Proceeds from sale of investments		-	1,914,500
Payment for available-for-sale investments		<u>-</u>	<u>(70,011)</u>
Net cash provided by (used in) investing activities		<u>(32,127)</u>	<u>1,839,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		(39,460)	1,891,831
Cash and cash equivalents at 1 January 2014		<u>3,494,843</u>	<u>1,603,012</u>
Cash and cash equivalents at 31 December 2014	4	<u>3,455,383</u>	<u>3,494,843</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 2014

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 registered under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia and affiliated to the ACTU.

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009 (RO Act)*. For the purpose of preparing the general purpose financial statements, ALAEA is a not-for-profit entity.

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. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The amounts presented in the financial statements have been rounded to the nearest dollar.

Changes to the reporting guidelines made under section 255 of the RO Act came into effect for each financial year ending on or after 30 June 2014.

This change made it mandatory that all reporting units apply Tier 1 reporting requirements as per the Australian Accounting Standard 1053 Application for Tiers of Australian Accounting Standards.

No accounting standard has been adopted earlier than the application date stated in the standard.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Accounting Policies

(a) Revenue and Other Income

Revenue from the sale of goods is recognised 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 recognised over the period that reflects the timing, nature and value of the benefits provided. Membership fees received relating to future financial periods are recognised as deferred income.

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

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

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

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

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

(b) Property, Plant and Equipment

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

Property

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

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 Committee 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(n) 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 ALAEA 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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

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 2014

1. Statement of significant accounting policies (continued)

(c) Financial Instruments

Initial Recognition & Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when ALAEA 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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.)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

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 other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the ALAEA assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, ALAEA recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised 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 derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(d) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when ALAEA would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(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.

At this time, ALAEA still expects most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows.

(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 to ten months.

(g) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(h) 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.

(i) Income Tax and Fringe Benefits Tax

ALAEA is a registered Trade Union and exempt from income tax under Section 50-1 of the Income Tax Assessment Act 1997.

ALAEA has obligations for Fringe Benefits Tax (FBT).

(j) 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.

(k) Affiliation fee

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

(l) Comparative Figures

Where required by Accounting Standards or 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.

(m) 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 ALAEA 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(n) 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.

- **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.

(o) Going Concern**

ALAEA is not reliant on any agreed financial support to continue on a going concern

ALAEA has not agreed to provide any entity with financial support to ensure that that entity can continue as a going concern.

The Trustees have determined that the going concern basis of preparation of the financial report is appropriate.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(p) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the entity for the annual reporting period ended 31 December 2014. The new standards, interpretations and amendments are not expected to have a significant impact on the financial statements. ALAEA's assessment of the new and amended pronouncements that are relevant to ALAEA but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments – Effective from 1 January 2018

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

- a. Financial assets that are debt instruments will be classified based on
- (1) the objective of the entity's business model for managing the financial assets;
 - (2) the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
 - The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

- New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures
- Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time
- In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

AASB 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2010-7 may have a significant impact on ALAEA's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets – Effective from 1 January 2014

AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

(q) Fair Value of Assets and Liabilities

ALAEA measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

'Fair value' is the price ALAEA would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to ALAEA at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1. Statement of significant accounting policies (continued)

(q) Fair Value of Assets and Liabilities (continued)

The fair value of liabilities and ALAEA's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, detailed in the respective note to the financial statements.

(s) Additional Information required by the Fair Work Commission by way of reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009 (the RO Act)

The new reporting guidelines became effective so as to apply to each financial year of a reporting unit that ends on or after 30 June 2014. The major effect was to stipulate that all reporting units apply Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 *Application for Tiers of Australian Accounting Standards*.

In addition to the aforementioned, the guidelines list information to be provided beyond that necessary to comply with the presentation of Tier 1 General Purpose Financial Statements (GPFS). As such items do not form part of GPFS that additional information has generally been suffixed by (**).

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014 \$	2013 \$
2. Revenue		
Membership subscriptions **	1,894,289	1,886,995
Interest received (from cash on deposit)	136,943	84,000
Trust distributions	-	70,011
Net gains on disposal of managed funds	67,008	84,789-
Capitation fees	-	-
Levies **	-	-
Grants **	-	-
Donations **	-	-
Rebates	-	-
Total revenue	<u>2,098,240</u>	<u>2,125,795</u>
3. (a) Employment costs		
Employee expenses **		
Officeholders**:		
Wages and salaries	372,806	311,961
Superannuation	39,601	31,078
Leave and other entitlements	23,292	6,750
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>435,699</u>	<u>349,789</u>
Employees other than Officeholders**:		
Wages and salaries	626,902	614,570
Superannuation	67,067	69,264
Leave and other entitlements	19,774	35,264
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>713,743</u>	<u>719,098</u>
Total employee expenses**	<u>1,149,442</u>	<u>1,068,887</u>
Other employment costs:		
Payroll tax	47,690	16,658
Staff training	734	3,227
Temporary staffing and placements	-	16,635
	<u>48,424</u>	<u>36,520</u>
Total Employment costs	<u>1,197,866</u>	<u>1,105,407</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014 \$	2013 \$
3. (b) Depreciation:		
Depreciation		
- land and buildings	21,195	21,195
- office equipment	19,671	17,168
- motor vehicle	4,402	4,402
Total Depreciation	<u>45,268</u>	<u>42,765</u>
(c) Affiliation fees: **		
ACTU	16,579	16,146
Unions NSW	4,214	4,099
Union Shopper	1,330	-
Victorian Trades Hall Council	3,423	3,323
Aircraft Engineers International	9,192	8,130
International Transport Workers Federation	8,328	6,944
Global Cabin Air Quality Executive	-	1,409
International Federation of Airworthiness	581	582
	<u>43,647</u>	<u>40,633</u>
(d) Administration expenses:		
Consideration to employers for payroll deductions **	14,069	16,321
Compulsory levies **	-	-
Capitation fees **	-	-
Property expenses	47,892	50,208
Seminars	20,180	34,663
Postage, printing and stationery	39,516	35,027
Information communications technology	56,262	45,714
Finance cost – bank fees & merchant charges	16,349	15,801
Other	12,976	10,317
Total administration expenses	<u>207,244</u>	<u>208,051</u>
(e) Industrial and management expenses:		
Legal costs **		
Litigation	164,271	119,621
Other legal matters	-	-
	<u>164,271</u>	<u>119,621</u>
Other costs		
Consultants and contractors	47,511	46,267
Conferences and meeting expenses **	248,788	186,633
Fees/allowances – meetings and conferences **	63,919	24,908
Other Industrial & management expenses	109,130	134,069
Total Industrial and management expenses	<u>633,619</u>	<u>511,498</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014	2013
	\$	\$
3. (f) Audit fees:		
Remuneration of auditor for:		
- auditing or review of financial report	12,085	12,000
- other services	-	-
	<u>12,085</u>	<u>12,000</u>
No other services were provided by the auditors of the financial statements.		
(g) Grants and donations expense:		
Grants: **		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations **		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	10,000	34,315
	<u>10,000</u>	<u>34,315</u>
(h) Penalties:		
Penalties – via RO Act or RO Regulations **	-	-
Other fines or penalties	-	-
	<u>-</u>	<u>-</u>
4. Cash and cash equivalents		
Cash at bank and on hand	36,093	301,909
Short term bank deposits	<u>3,419,290</u>	<u>3,192,934</u>
	<u>3,455,383</u>	<u>3,494,843</u>
5. Trade and other receivables		
Receivables from other reporting entities **	-	-
Less provision for doubtful debts **	-	-
Receivables from other reporting entities (net)	<u>-</u>	<u>-</u>
Other receivables:		
Subscriptions receivable	77,347	73,644
Other debtors	<u>268</u>	<u>10,823</u>
Total other receivables	<u>77,615</u>	<u>84,467</u>
Total trade and other receivables (net)	<u>77,615</u>	<u>84,467</u>

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014 \$	2013 \$
6. Other current assets		
Prepayments	57,319	64,270
Accrued interest	71,323	49,153
	<u>128,642</u>	<u>113,423</u>
7. Property, plant and equipment		
Land and buildings		
Freehold land (at cost)	<u>110,000</u>	<u>110,000</u>
Building:		
At cost	432,605	432,605
Less accumulated depreciation	<u>(360,614)</u>	<u>(339,419)</u>
Total buildings	<u>71,991</u>	<u>93,186</u>
Total land and buildings	<u>181,991</u>	<u>203,186</u>
Plant and equipment		
Plant & equipment:		
At cost	305,926	273,799
Less accumulated depreciation	(235,537)	(211,464)
Less accumulated impairment losses	-	-
Total plant and equipment	<u>70,389</u>	<u>62,335</u>
Total property, plant and equipment	<u>252,380</u>	<u>265,521</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

7. 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 2013	110,000	114,381	54,856	23,640	302,877
Additions	-	-	5,409	-	5,409
Disposals	-	-	-	-	-
Depreciation expense	-	(21,195)	(17,168)	(4,402)	(42,765)
Balance at 31 December 2013	110,000	93,186	43,097	19,238	265,521
Additions	-	-	32,127	-	32,127
Disposals	-	-	-	-	-
Depreciation expense	-	(21,195)	(19,671)	(4,402)	(45,268)
Balance at 31 December 2014	110,000	71,991	55,553	14,836	252,380

Note	2014	2013
	\$	\$

8. Trade and other payables

Current

Trade payables:

Trade payables	120,845	83,317
Payables to other reporting units **	-	-

Total trade payables	120,845	83,317
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Settlement is usually made within 60 days.

Other payables:

Employee benefits payable – non- officeholders	33,930	18,394
Employee benefits payable – officeholders	23,085	17,407
Commissions payable to employers – payroll deductions**	2,084	1,875
Legal fees payable **	1,650	28,621
Membership fees received in advance	53,738	29,237
GST payable	26,365	23,088
Welfare Fund contributions payable	2,848	-
Fighting Fund Contributions payable	-	-
	143,700	118,622
	264,545	201,939

Other payables are expected to be settled in:

- No more than 12 months	15	264,545	201,939
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THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014	2013
	\$	\$
9. Provisions		
Current		
Employee benefits – non office holders		
Annual leave	59,463	76,372
Long service leave	35,548	31,462
Separations and redundancies	-	-
Other	-	-
Total – non office holders	<u>95,011</u>	<u>107,834</u>
Employee benefits – office holders		
Annual leave	30,323	32,518
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
Total – office holders	<u>30,323</u>	<u>32,518</u>
Total current provisions	<u>125,334</u>	<u>140,352</u>
Non-current		
Employee benefits – non office holders		
Annual leave	-	-
Long service leave	28,477	-
Separations and redundancies	-	-
Other	-	-
Total – non office holders	<u>28,477</u>	<u>-</u>
Employee benefits – office holders		
Annual leave	-	-
Long service leave	23,656	-
Separations and redundancies	-	-
Other	-	-
Total – office holders	<u>23,656</u>	<u>-</u>
Total Non-current provisions	<u>52,133</u>	<u>-</u>
Movements in provisions		
Current		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	107,834	85,600
Transfer from non-current entitlements	-	26,286
Additional provisions raised during year	69,086	88,880
Amounts used	(81,909)	(92,932)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>95,011</u>	<u>107,834</u>

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

	2014	2013
	\$	\$
9. Provisions (continued)		
Movements in provisions (continued)		
Current		
<i>Employee benefits movements – office holders</i>		
Opening balance at beginning of year	32,518	27,455
Additional provisions raised during year	11,710	13,892
Amounts used	(13,905)	(8,829)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>30,323</u>	<u>32,518</u>
 <i>Total balance at end of the year</i>	 <u>125,334</u>	 <u>140,352</u>
 Non-current		
<i>Employee benefits movements – non office holders</i>		
Opening balance at beginning of year	-	26,286
Additional provisions raised during year	28,477	-
Amounts used	-	-
Adjustments	-	-
Transfer to current entitlements	-	(26,286)
<i>Balance at end of the year</i>	<u>28,477</u>	<u>-</u>
 <i>Employee benefits movements – office holders</i>		
Opening balance at beginning of year	-	-
Additional provisions raised during year	23,656	-
Amounts used	-	-
Adjustments	-	-
<i>Balance at end of the year</i>	<u>23,656</u>	<u>-</u>
 <i>Total balance at end of the year</i>	 <u>52,133</u>	 <u>-</u>
 Analysis of total provisions		
Current	125,334	140,352
Non-current	52,133	-
	<u>177,467</u>	<u>140,352</u>
 Number of employees at year end		
- Non Officeholders	<u>8</u>	<u>9</u>
- Officeholders	<u>15</u>	<u>19</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

2014	2013
\$	\$

9. Provisions (continued)

Movements in provisions

Provision for Employee Benefits

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience ALAEA does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since ALAEA does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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).

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 2018 in the holding of the Federal conference.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

10. Cash Flow

(a) Cash Flows Reconciliation

	Note	2014	2013
		\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:			
Cash and cash equivalents as per:			
Cash flows statement		3,455,383	3,494,843
Balance sheet		<u>3,488,383</u>	<u>3,494,843</u>
Difference		<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:			
Profit/(deficit) for the year		(143,955)	152,221
Adjustments for non-cash items			
Depreciation/amortisation		45,268	42,765
Loss/(Gain) on disposal of assets		-	(84,789)
Changes in assets/liabilities			
(Increase)/decrease in net receivables		(15,318)	(24,906)
(Increase)/decrease in prepayments		6,951	(38,896)
Increase/(decrease) in supplier payables		34,828	13,839
Increase/(decrease) in other payables		27,778	(8,494)
Increase/(decrease) in employee provisions		<u>37,115</u>	<u>1,011</u>
Net cash from/(used in) operating activities		<u>(7,333)</u>	<u>52,751</u>

10. (b) Cash Flow Information **

Cash inflows			
ALAEA		<u>2,291,214</u>	<u>4,126,327</u>
Total cash inflows		<u>2,291,214</u>	<u>4,126,327</u>
Cash outflows			
ALAEA		<u>2,330,674</u>	<u>2,234,496</u>
Total cash outflows		<u>2,330,674</u>	<u>2,234,496</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

11. Contingent liability

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

Contingent Liabilities

Claims:

ALAEA is unable to quantify the cost of legal actions which may be commenced in the next 12 months in respect of members or in defending actions taken against members and ALAEA.

Based on past experience ALAEA has estimated that it may incur expenses for legal actions of \$150,000 during the 12 months to 31 December 2015.

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. 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 other than.

	2014	2013
	\$	\$

13. Related Party Disclosures

(i) Related Party Transactions for the Reporting Period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from Officeholders includes:

Membership subscriptions received from Officeholders	13,212	12,641
--	--------	--------

Expenses paid to Officeholders includes:

Committee and other meeting attendance fees paid to officeholders in compensation of daily pay not received from employers.	170,555	68,012
---	---------	--------

Amounts owed by Officeholders includes:

Funds advanced against un-vouched expenses	-	-
Membership subscriptions due at year end	-	-

Amounts owed to Officeholders includes:

Expense re-imburements payable	-	-
--------------------------------	---	---

Loans from/to Officeholders	-	-
------------------------------------	---	---

Expenses paid to ACTU:

Affiliation fees paid to the ACTU which amount is included in the determination of operating profit before income tax

16,579

16,146

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

13. Related Party Disclosures

(i) Related Party Transactions for the Reporting Period (continued)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Amounts owed and amounts owing at the year-end are unsecured and interest free and settlement occurs in cash. Expenses remaining un-vouched after 2 weeks are deducted from any future expense re-imburement claim. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2014, the ALAEA has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2013: \$Nil). This assessment is undertaken each financial year through assessing the exposure and history of settlements with the related party and the market in which the related party operates.

(ii) Key Management Personnel Remuneration for the Reporting Period

	2014	2013
	\$	\$
Short-term employee benefits		
Salary (including annual leave & RDO taken)	305,021	318,711
Annual leave & RDO accrued	49,562	49,925
Performance bonus	-	-
Total short-term employee benefits	<u>354,583</u>	<u>368,636</u>
Post-employment benefits	-	-
Other long-term benefits	23,656	-
Termination benefits	-	-
Total benefits	<u>378,239</u>	<u>368,636</u>

(iii) Transactions with key management personnel and their close family members

Loans to/from key management personnel	-	-
Other transactions with key management personnel		
Membership subscription fees paid by Officeholders	13,212	12,641

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

14. Financial Risk Management

Financial instruments:

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	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	4	3,455,383	3,494,843
Loans and receivables	5	77,615	84,467
Available-for-sale financial assets			
- Managed Funds	6	-	-
		<u>3,532,998</u>	<u>3,579,310</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	9	264,545	201,939
- Borrowings		-	-
		<u>264,545</u>	<u>201,939</u>

Financial Risk Management Policies

The Delegated Officers and Employees of the Committee of Management ("DOECOM") is responsible for monitoring and managing ALAEA's compliance with its risk management strategy and consists of senior DOECOM members. The finance committee's overall risk management strategy is to assist ALAEA in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks ALAEA is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks ALAEA is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of their obligations to ALAEA that could lead to a financial loss to ALAEA.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired, are considered to be of high credit quality. Aggregates of such amounts are detailed below:

	2014	2013
	\$	\$
Gross amount	77,615	84,467
Not more than 30 days	77,615	75,044
More than 30 days but not more than 60 days	-	-
More than 60 days but not more than 90 days	-	-
More than 90 days	-	9,423
Total	<u>77,615</u>	<u>84,467</u>

In respect of trade and other receivables, ALAEA is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of membership subscriptions collected by employers at year end and remitted to ALAEA in the following month. Based on historical information about member default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments.

(b) Liquidity risk

Liquidity risk arises from the possibility that ALAEA might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. ALAEA manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. ALAEA does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment:								
Accounts payable and other payables (excluding estimated annual leave and deferred income)	264,545	201,939	-	-	-	-	264,545	201,939
Total expected outflows	264,545	201,939	-	-	-	-	264,545	201,939
Financial Assets - cash flows realisable:								
Cash on hand	3,455,383	3,494,843	-	-	-	-	3,455,383	3,494,843
Accounts receivable and other debtors	77,615	84,467	-	-	-	-	77,615	84,467
Other financial assets	-	-	-	-	-	-	-	-
Total anticipated inflows	3,532,998	3,579,310	-	-	-	-	3,532,998	3,579,310
Net (outflow) / inflow on financial instruments	3,268,453	3,377,371	-	-	-	-	3,268,453	3,377,371

(c) Market risk

1. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which expose ALAEA to interest rate risk are limited to listed shares, fixed interest securities and cash on hand assets.

ALAEA's investments in short term deposits all pay fixed interest rates.

ALAEA also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

(c) Market risk (continued)

2. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held. Such risk is managed through diversification of investments across industries and geographical locations.

At year end ALAEA is not exposed to other price risk on investments held for trading or for medium to longer terms.

Interest rate sensitivity analysis

The following table illustrates sensitivities to ALAEA's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 31 December 2014		
+/- 0.5% in interest rates	+/- 4,200	+/- 4,200
	Profit	Equity
	\$	\$
Year ended 31 December 2013		
+/- 0.5% in interest rates	+/- 4,574	+/- 4,574

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

15. Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by ALAEA. Most of these instruments, which are carried at amortised cost (i.e. accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to ALAEA.

	Footnote	2014		2013	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	3,455,383	3,455,383	3,494,843	3,494,843
Accounts receivable and other debtors	(i)	77,615	77,615	84,467	84,467
Available-for-sale financial assets:					
— at fair value					
— managed investments available for sale	(ii)	-	-	-	-
Total financial assets		3,532,998	3,532,998	3,579,310	3,579,310
Financial liabilities					
Accounts payable and other payables	(i)	264,545	264,545	201,939	201,939
Total financial liabilities		264,545	264,545	201,939	201,939

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.
- (ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the Committee have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

15. Fair Values (continued)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets	-	-	-	-
	-	-	-	-
<hr/>				
2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets	-	-	-	-
	-	-	-	-
<hr/>				

In valuing unlisted investments, included in Level 2 of the hierarchy, the valuations provided by the investment advisor overseeing the various Managed Funds in the investment portfolio have been adopted to determine the fair value of these investments.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

16. Capital Management

The delegated management personnel (DMP) control the capital of ALAEA to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The DMP and Committee of Management (COM) ensure that the overall risk management strategy is in line with this objective.

The DMP operate under the direction and review by the COM. Risk management policies are approved and reviewed by the COM on a regular basis. These include credit risk policies and future cash flow requirements.

Management effectively managed ALAEA's capital by assessing ALAEA's financial risks and responding to changes in those risks and in the market. These responses may include the consideration of debt levels.

17. Fighting Fund

This Fund is applied solely for the financial assistance of members of ALAEA who are affected by loss of wages during negotiations with employers and at the direction of the COM for union related assistance. The fund is administered by the Federal Executive of ALAEA. The balance of the Fighting Fund at 31st December 2014 was \$18,815 (2013: \$18,397).

No contributions were received into the fighting fund during the years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

18. 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 31st December 2014 was \$168,491 (2013: \$157,719).

19. 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.

20. Recovery of wages activity **

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2014.

21. Acquisitions through amalgamations, restructures or General Manager determinations **

ALAEA has not acquired an asset or a liability during the financial year as a result of:

- (a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- (b) a restructure of the branches of the organisation; or
- (c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- (d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1),

22. Business combinations**

ALAEA has not acquired assets and liabilities during the financial year as part of a business combination.

23. Post-reporting date events

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

24. Disclosure required by ALAEA Rules

In accordance with ALAEA's Rule, ALAEA is required to provide the following information to members concerning remuneration of ALAEA Officers during the financial year ended 31 December 2014.

Officer Name	Relevant Remuneration	Relevant non-cash benefits
██████████	██████████	None
██████████	██████████	None
██████████	██████████	None
██████████	██████████	None
██████████	██████████	None

25. 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 2014

26. Information to be provided to members or General Manager of FWC

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 which reads as follows:

Information to be provided to members or the General Manager of the Fair Work Commission:

- (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).

27. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 (including comparatives) were approved by the Committee on 2nd June 2015.

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 2014.

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:

- (i) presents fairly in all material respects the financial position of The Australian Licensed Aircraft Engineers Association at 31 December 2014 and of its performance and cash flows for the year then ended; and
- (ii) presents fairly The Australian Licensed Aircraft Engineers Association's recovery of wages and activity financial report; and
- (iii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Association Constitution; and
- (iv) complies with the requirements of Fair Work (Registered Organisations) Regulations 2009 and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Other Matters

Going Concern

In our opinion, the Committee's use of the going concern basis for the preparation of the Financial Report for the Australian Licensed Aircraft Engineers Association is appropriate.

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 a light blue horizontal line.

R. MEGALE

Director

Registered Company Auditor

Dated in Sydney this 2nd day of June 2015.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY NSW 2060 • PO Box 1994, NORTH SYDNEY NSW 2059

T: (02) 9922 1166 • F: (02) 9922 2044 • E: email@duncandovico.com.au • ABN: 39 151 805 275

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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

22 MAY, 2015

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 2014

	Note	2014 \$	2013 \$
Income			
Members' subscriptions		1,894,289	1,886,995
Interest received		136,943	84,000
Trust distributions		-	70,011
Gains on managed funds (realised)		<u>67,008</u>	<u>84,789</u>
Total income		<u>2,098,240</u>	<u>2,125,795</u>
<u>Expenses</u>			
Employment Costs			
<i>Employees:</i>			
Salaries & annual leave		986,555	981,867
Long service leave provision		56,219	(13,322)
Superannuation		<u>106,668</u>	<u>100,342</u>
		1,149,442	1,068,887
<i>Other:</i>			
Payroll tax		47,690	16,658
Staff training		734	3,227
Temporary staffing & placements		<u>-</u>	<u>16,635</u>
		<u>1,197,866</u>	<u>1,105,407</u>
Industrial			
Industrial & travel expenses		235,062	213,737
Professional services		212,086	155,431
Telephone		<u>38,628</u>	<u>39,571</u>
		<u>485,776</u>	<u>408,739</u>
Management			
Affiliation fees		43,647	40,633
Federal executive expenses		131,034	66,584
Training & conferences		<u>93,703</u>	<u>34,663</u>
		<u>268,384</u>	<u>141,880</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 2014

	Note	2014 \$	2013 \$
Overhead Expenses			
Bank charges & merchant charges		16,349	15,801
Commissions on employer payroll deductions		14,069	16,321
Computer expenses		56,262	45,714
Depreciation – building		21,195	21,195
Depreciation – equipment		24,073	21,570
Donations		10,000	34,315
Electricity		10,882	12,170
Fringe benefits tax		(2,200)	9,972
Insurance		12,976	16,483
Library		9,857	9,482
Membership recruitment costs		8,469	9,001
Motor vehicle expenses		10,629	11,129
Postage & delivery		8,191	8,119
Printing & stationery		31,325	26,908
Rates & property expenses		28,047	24,610
Repairs & maintenance		8,963	13,427
Staff amenities		2,139	2,426
Welfare Fund contribution		18,943	18,905
		<u>290,169</u>	<u>317,548</u>
Total Expenditure		<u>2,242,195</u>	<u>1,973,574</u>
Operating Surplus/(Loss) for the year		(143,955)	152,221
Accumulated funds at beginning of year		<u>3,615,963</u>	<u>3,463,742</u>
Accumulated Funds at end of year		<u>3,472,008</u>	<u>3,615,963</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

WELFARE FUND

Income & Expenditure Statement
for the year ended 31 December 2014

	2014 \$	2013 \$
Income		
Contributions from General Fund	18,943	18,905
Interest received	<u>6,829</u>	<u>9,177</u>
Total income	<u>25,772</u>	<u>28,082</u>
Expenses		
Welfare payments	<u>15,000</u>	<u>20,000</u>
	<u>15,000</u>	<u>20,000</u>
Surplus for the year	10,772	8,082
Accumulated funds at beginning of year	<u>157,719</u>	<u>149,637</u>
Accumulated Funds at end of year	<u>168,491</u>	<u>157,719</u>

Balance Sheet
for the year ended 31 December 2014

Current Assets

Investments:		
Term deposit	165,643	158,814
Receivables – ALAEA	<u>2,848</u>	<u>-</u>
Total Assets	<u>168,491</u>	<u>158,814</u>

Current Liabilities

Other payables:		
Payables – ALAEA	<u>-</u>	<u>1,095</u>
Total Liabilities	<u>-</u>	<u>1,095</u>
Net Assets	<u>168,491</u>	<u>157,719</u>
Accumulated Funds	<u>168,491</u>	<u>157,719</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 2014
(commenced 22 November 2010)

	2014 \$	2013 \$
Income		
Contributions from Members	-	-
Interest received	418	638
	<u>418</u>	<u>638</u>
Total income	<u>418</u>	<u>638</u>
Expenses		
Member payments	-	-
	<u>-</u>	<u>-</u>
Surplus/(deficit) for the year	418	638
Accumulated funds at beginning of year	<u>18,397</u>	<u>17,759</u>
Accumulated Funds at end of year	<u><u>18,815</u></u>	<u><u>18,397</u></u>

Balance Sheet
for the year ended 31 December 2014

Current Assets

Cash & Cash Equivalents:

Cash at Bank	18,815	18,397
Receivables – ALAEA	-	-
Net Assets	<u>18,815</u>	<u>18,397</u>
Accumulated Funds	<u><u>18,815</u></u>	<u><u>18,397</u></u>

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