



31 May 2017

Mr Stephen Purvinas
Federal Secretary
Australian Licenced Aircraft Engineers Association, The

By Email: fedsec@alaea.ansn.au

cc. Stephen Re, Rose Megale

Dear Mr Purvinas

Re: Lodgement of Financial Statements and Accounts – Australian Licenced Aircraft Engineers Association - for year ended 31 December 2016 (FR2016/366)

I refer to the financial report for The Australian Licenced Aircraft Engineers Association. The report was lodged with the Registered Organisations Commission ('the ROC') on 29 May 2017.

The financial report has been filed based on a primary review. This involved confirming whether 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.

You do not have to take any further action in respect of the report lodged, but I make the following comments to assist you when you next prepare a financial report. Please note the next report may be subject to an advanced review.

Difference in figure reporting in LGD statement and financial report

A Loans, Grants and Donations statement was lodged with the Fair Work Commission as required under subsection 237(1) of the RO Act on 7 March 2017. The figure for donations exceeding \$1,000 in the financial report differed from the total of the donations listed in the Loans, Grants and Donations statement.

I have received advice from the organisation as to the reason for the difference and am satisfied the Loans, Grants and Donations statement was correct. However, the general purpose financial report did not disclose donations in accordance with Reporting Guideline 16(e) insofar as it did not disclose the total of donations exceeding \$1,000 within the audited report.

In this instance, a relevant figure disclosed as Welfare Fund payments in the compilation report did not satisfy the requirement of section 253 of the RO Act, which provides that the audited general purpose financial report must include "*information required by the reporting guidelines*" [s253(2)(b)(ii)].

This means that the total figure for the category “donations exceeding \$1,000” and the total figure for the category “donations \$1,000 and less” must be disclosed in the notes to the financial statements [RG16(e)] and not merged, in whole or in part, into an ‘other expenses total’ or disclosed only or in part in an unaudited compilation report. The disclosure of grants and donations in the general purpose financial report must reconcile with the statement of loans, grants and donations.

Next year’s audited general purpose financial report must reflect fully the total donations disclosure, as required by the Reporting Guidelines, and where appropriate adjustments to the relevant comparative figure(s) in accordance with AASB 101.

Reporting Requirements

On the Registered Organisations Commission 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 ROC 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 at <http://www.roc.gov.au/running-a-registered-organisation/financial-reporting>

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@roc.gov.au

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting

24 May 2017

The Registered Organisations Commissioner
Registered Organisations Commission

GPO Box 2983

Melbourne VIC 3001

By email: regorgs@roc.gov.au.

Dear Commissioner,

Please find attached the Designated Officers Certificate and 2016 Financial Accounts for the Australian Licensed Aircraft Engineers Association.

Yours sincerely,



Stephen Purvinas
Federal Secretary



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

“Guardians of Air Safety”



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

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 *23rd of May 2017*; and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *24th of May 2017* in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature

STEVE PURVINAS
Federal Secretary

Date: 24th May 2017

“Guardians of Air Safety”

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

Operating Report
For the year ended 31 December, 2016

Your Committee members submit the financial report of The Australian Licenced Aircraft Engineers' Association (hereinafter referred to as 'ALAEA') for the financial year ended 31 December 2016.

Committee Members:

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

Current committee members

- *Appointed from 1 July 2002 (continuing)*

Paul Cousins (Federal President)

Wesley Bell (Vice President)

Stephen Purvinas (Federal Secretary)

- *Appointed from 1 July 2004 (continuing)*

Michael Weitenberg (Senior Vice President)

- *Appointed from 5 September 2007 (continuing)*

John Alldis

- *Appointed from 24 June 2009 (continuing)*

Bradley Cox

- *Appointed from 11 March 2016 (continuing)*

Christian Tamblyn

Robert Toovey

- *Temporary Appointment from 9 July 2016 (continuing)*

Craig Hyde

Current committee members

- *Appointed from 1 July 2006 (continuing)*

Mark Gant (Trustee)

Stephen Re (Trustee)

Wayne Vasta (Assistant Federal Secretary –
extended leave from 08/07/2016)

- *Appointed from 3 April 2013 (continuing)*

Mathew Rea

- *Appointed from 1 July 2015 (continuing)*

Wayne Derndorfer

Luke Murray (acting Assistant Federal Secretary
from 09/07/2016)

Simon Locke

Peter Gill

- *Appointed from 12 August 2016 (continuing)*

Bret McClenahan

Mike Davies

Doug Rattey

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.

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.

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

Operating Report
For the year ended 31 December, 2016

Subsequent Events

With the exception of legal expenses to be incurred as shown in Note 12 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 2,954 members of ALAEA. This number consisted of 493 members that have chosen not to resign from the Association but have taken associate status, meaning they pay no dues and have relinquished voting rights but are entitled to ongoing representation and association benefits if required.

Number of Employees

At balance date there were 8 equivalent full-time employees (2015:8).

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 & 12.

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

Operating Report
For the year ended 31 December, 2016

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)

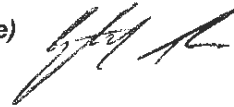


Dated this 3rd day of

may

2017

Stephen Re (Trustee)



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

Committee of Management Statement

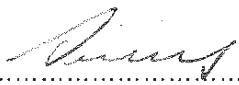
On 3 May 2017, the Committee of Management of The Australian Licenced Aircraft Engineers' Association ("ALAEA") passed the following resolution in relation to the general purpose financial report ("GPFR") for the financial year ended 31 December 2016:

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 2016.

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

Designated officer: **Stephen Purvinas**
Title of Office held: **Federal Secretary**

Signature: 
Date: 3 May 2017

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 2016 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.

MAZARS RISK & ASSURANCE PTY LIMITED



R. MEGALE
Director
Registered Company Auditor

Dated in Sydney this 3rd day of May 2017.

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 2016

	Note	2016 \$	2015 \$
Revenue	2	2,151,898	2,182,632
Employee benefits expense	3(a)	(1,073,611)	(1,235,583)
Depreciation expenses	3(b)	(36,261)	(49,870)
Affiliation fees	3(c)	(57,293)	(55,772)
Administration costs	3(d)	(216,579)	(222,076)
Industrial & management expenses	3(e)	(519,445)	(664,024)
Welfare fund contributions		(20,272)	(20,510)
Federal Conference		-	-
Audit fees	3(f)	(13,000)	(13,175)
Grants and donations	3(g)	(7,769)	(11,019)
Other expenses from ordinary activities		-	-
Profit/(loss) before income tax expense	3(h)	207,668	(89,397)
Income tax expense	1(i)	-	-
Profit/(Loss) for the year		<u>207,668</u>	<u>(89,397)</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		-	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>207,668</u>	<u>(89,397)</u>
Profit/(loss) attributable to members of the entity		<u>207,668</u>	<u>(89,397)</u>
Total comprehensive income attributable to members of the entity		<u>207,668</u>	<u>(89,397)</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 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	4	3,737,345	3,489,174
Trade and other receivables	5	-	-
Other current assets	6	128,712	95,509
Total current assets		<u>3,866,057</u>	<u>3,584,683</u>
Non-current assets			
Property, plant and equipment	7	183,803	206,316
Intangible asset	10	24,700	-
Total non-current assets		<u>208,503</u>	<u>206,316</u>
Total assets		<u>4,074,560</u>	<u>3,790,999</u>
Current liabilities			
Trade and other payables	8	270,695	224,425
Provisions	9	153,269	122,586
Total current liabilities		<u>423,964</u>	<u>347,011</u>
Non-Current liabilities			
Provisions	9	60,317	61,377
Total current liabilities		<u>60,317</u>	<u>61,377</u>
Total liabilities		<u>484,281</u>	<u>408,388</u>
Net Assets		<u>3,590,279</u>	<u>3,382,611</u>
Equity			
General Fund		<u>3,590,279</u>	<u>3,382,611</u>
Total equity		<u>3,590,279</u>	<u>3,382,611</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 2016

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2015	3,472,008	3,472,008
Profit attributable to the entity	(89,397)	(89,397)
Total other comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2015	3,382,611	3,382,611
Profit /(Loss) attributable to the entity	207,668	207,668
Total other comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2016	<u>3,590,279</u>	<u>3,590,279</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 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. Members)		2,231,736	2,336,712
Payments to suppliers and employees		(2,071,090)	(2,450,422)
Interest received		<u>125,272</u>	<u>151,307</u>
Net cash provided by (used in) operating activities	11	<u>285,918</u>	<u>37,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(14,942)	(13,806)
Payment for intangible asset		(24,700)	-
Proceeds from sale of plant and equipment		<u>1,895</u>	<u>10,000</u>
Net cash provided by (used in) investing activities		<u>(37,747)</u>	<u>(3,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		248,171	33,791
Cash and cash equivalents at 1 January 2016		<u>3,489,174</u>	<u>3,455,383</u>
Cash and cash equivalents at 31 December 2016	4	<u>3,737,345</u>	<u>3,489,174</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 2016

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 2015.

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.

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

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

(b) Property, Plant and Equipment

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

Property

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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 capitalised 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 2016

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) 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.)

(ii) 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

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.

(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.

Impairment testing is performed annually for intangible assets with indefinite lives.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

(e) Employee Benefits

Short-term employee benefits

Provision is made for ALAEA's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

ALAEA's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. 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. Any remeasurements of obligations of other long-term employee benefit-obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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) Intangibles

ALAEA acquired certain education manuals during the year. The expected useful life of these manuals are 20-30 years. Amortisation of these costs may commence in the 2017 year.

(k) 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.

(l) Affiliation fee

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

(m) 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.

(n) Accounts Payable and Other Payables

Accounts payable 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

(o) 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.

No impairment has been recognised in respect of intangible assets in the current year.

- **Key judgements**

Provision for employee benefits (short term)

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

Provision for employee benefits (long term)

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.

(p) 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

(q) 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 2016. 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.

ALAEA is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the ALAEA's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

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.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. ALAEA does not undertake hedging.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

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

AASB 15 Revenue from Contracts with Customers (effective for periods commencing 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise 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 the goods or services.

To achieve this objective, AASB 15 provides the following five-step process:

- (a) Identify the contract(s) with a customer;
- (b) Identify the performance obligations in the contract(s);
- (c) Determine the transaction price;
- (d) Allocate the transaction price to the performance obligations in the contract(s); and,
- (e) Recognise revenue when (or as) the entity satisfies a performance obligation.

The transitional provisions of this Standard permit an entity to either:

- re-state the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or,
- recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

ALAEA is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 16 Leases (effective for reporting periods commencing 1 January 2019)

When effective, this Standard will replace the current standard AASB 1117 Leases and some lease related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main items addressed by the new standard are:

- (a) recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- (b) depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- (c) inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- (d) application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and,
- (e) additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

ALAEA is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the ALAEA's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

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

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective for reporting periods commencing 1 January 2018)

AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15. Refer to ALAEA's comments in the section on AASB 15 above.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (effective for reporting periods commencing 1 January 2018)

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9. Refer to ALAEA's comments in the section on AASB 9 above.

AASB 2015-8 Amendments to Australian Accounting Standards (effective for reporting periods commencing 1 January 2017)

AASB 2015-8 amends the mandatory application date of AASB 15 *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. It also defers the consequential amendments that were originally set out in *AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*. Refer to ALAEA's comments the section on AASB 15 above.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (effective for reporting periods commencing 1 January 2017)

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (effective for reporting periods commencing 1 January 2017)

This Standard amends AASB 136 *Impairment of Assets* to: a Remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and b Clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that:

- (a) AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*; and,
- (b) AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138.

ALAEA is yet to undertake a detailed assessment of the impact of AASB 2015-8. However, based on the ALAEA's preliminary assessment, when these amendments are first adopted for the year ending 31 December 2017, the ALAEA will need to use fair value less costs of disposal to measure the recoverable amounts of relevant assets.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

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

AASB 1058 Income of Not-for-Profit Entities (effective for reporting periods commencing 1 January 2019)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 *Revenue from Contracts with Customers*. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognize and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 *Property, Plant and Equipment*).

ALAEA is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the ALAEA's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (effective for reporting periods commencing 1 January 2017)

AASB 2016-7 amends the mandatory effective date of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

ALAEA is yet to undertake a detailed assessment of the impact of AASB 2016-7. However, based on the ALAEA's preliminary assessment, the amendments are not expected to have a material impact on the financial statements when first adopted for the year ending 31 December 2017.

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (effective for reporting periods commencing 1 January 2019)

AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 *Financial Instruments* (2014) and AASB 15 *Revenue from Contracts with Customers*. This guidance will assist not-for-profit entities in applying those Standards.

Refer to ALAEA's comments in the section on AASB 1058 above.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

(r) 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 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 2015. 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 (**).

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016	2015
	\$	\$
2. Revenue		
Membership subscriptions **	2,025,234	2,049,506
Interest received (from cash on deposit)	125,963	133,126
Profit on disposal of asset	701	-
Capitation fees **	-	-
Levies **	-	-
Grants **	-	-
Donations **	-	-
Total revenue	<u>2,151,898</u>	<u>2,182,632</u>
3. (a) Employment costs		
Employee expenses **		
Officeholders**:		
Wages and salaries	388,894	350,162
Superannuation	40,900	37,275
Leave and other entitlements	9,405	14,386
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>439,199</u>	<u>401,823</u>
Employees other than Officeholders**:		
Wages and salaries	538,210	559,067
Superannuation	57,681	66,347
Leave and other entitlements	25,547	(7,890)
Separation and redundancies	-	169,291
Other employee expenses	-	-
	<u>621,438</u>	<u>786,815</u>
Total employee expenses**	<u>1,060,637</u>	<u>1,188,638</u>
Other employment costs:		
Payroll tax	10,407	41,716
Staff training	2,567	5,229
Temporary staffing and placements	-	-
	<u>12,974</u>	<u>46,945</u>
Total Employment costs	<u>1,073,611</u>	<u>1,235,583</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016	2015
	\$	\$
3. (b) Depreciation:		
Depreciation		
- land and buildings	14,309	21,195
- office equipment	21,952	23,839
- motor vehicle	-	4,836
Total Depreciation	<u>36,261</u>	<u>49,870</u>
 (c) Affiliation fees: **		
ACTU	16,958	16,984
Unions NSW	5,648	3,543
Union Shopper	2,951	1,415
Victorian Trades Hall Council	4,054	3,519
Aircraft Engineers International	17,192	14,570
International Transport Workers Federation	9,672	9,053
Global Cabin Air Quality Executive	-	5,364
International Federation of Airworthiness	-	724
APHEDA	818	236
Australia Asia Worker Links	-	364
	<u>57,293</u>	<u>55,772</u>
 (d) Administration expenses:		
Consideration to employers for payroll deductions **	-	-
Compulsory levies **	-	-
Capitation fees **	-	-
Property expenses	46,764	48,542
Seminars	51,489	55,327
Postage, printing and stationery	36,605	31,800
Information communications technology	44,828	51,369
Finance cost – bank fees & merchant charges	23,035	22,550
Industrial library	13,858	12,488
Total administration expenses	<u>216,579</u>	<u>222,076</u>
 (e) Industrial and management expenses:		
Legal costs **		
Litigation	152,833	199,413
Other legal matters	872	742
	<u>153,705</u>	<u>200,155</u>
 Other costs		
Consultants and contractors	4,227	23,884
Conferences and meeting expenses **	199,480	242,868
Fees/allowances – meetings and conferences **	46,796	56,093
Other Industrial & management expenses	115,237	141,024
Total Industrial and management expenses	<u>519,445</u>	<u>664,024</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016	2015
	\$	\$
3. (f) Audit fees:		
Remuneration of auditor for:		
- auditing or review of financial report	13,000	13,175
- other services	-	-
	<u>13,000</u>	<u>13,175</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	1,669	1,019
Total paid that exceeded \$1,000	6,100	10,000
	<u>7,769</u>	<u>11,019</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	288,195	25,915
Short term bank deposits	3,449,150	3,463,259
	<u>3,737,345</u>	<u>3,489,174</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	-	-
Other debtors	-	-
Total other receivables	<u>-</u>	<u>-</u>
Total trade and other receivables (net)	<u>-</u>	<u>-</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016 \$	2015 \$
6. Other current assets		
Prepayments	74,879	42,367
Accrued interest	53,833	53,142
	<u>128,712</u>	<u>95,509</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>(396,118)</u>	<u>(381,809)</u>
Total buildings	<u>36,487</u>	<u>50,796</u>
Total land and buildings	<u>146,487</u>	<u>160,796</u>
Plant and equipment		
Plant & equipment:		
At cost	226,143	214,289
Less accumulated depreciation	(188,827)	(168,769)
Less accumulated impairment losses	<u>-</u>	<u>-</u>
Total plant and equipment	<u>37,316</u>	<u>45,520</u>
Total property, plant and equipment	<u>183,803</u>	<u>206,316</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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 2015	110,000	71,991	55,553	14,836	252,380
Additions	-	-	13,806	-	13,806
Disposals	-	-	-	(10,000)	(10,000)
Depreciation expense	-	(21,195)	(23,839)	(4,836)	(49,870)
Balance at 31 December 2015	110,000	50,796	45,520	-	206,316
Additions	-	-	15,643	-	15,643
Disposals	-	-	(1,895)	-	(1,895)
Depreciation expense	-	(14,309)	(21,952)	-	(36,261)
Balance at 31 December 2016	110,000	36,487	37,316	-	183,803

Note	2016	2015
	\$	\$

8. Accounts Payable and Other Payables

Current

Accounts payable:

Trade creditors and accruals	55,896	51,898
Payables to other reporting units **	-	-

Total Accounts Payables	55,896	51,898
--------------------------------	---------------	---------------

Settlement is usually made within 60 days.

Other Payables:

Employee benefits payable – non- officeholders	32,077	26,930
Employee benefits payable – officeholders	37,030	26,548
Commissions payable to employers – payroll deductions**	-	-
Legal fees payable – litigation **	-	20,296
Legal fees payable – other **	-	-
Membership fees received in advance	66,582	57,245
TAFE fees received in advance	26,367	-
GST payable	22,113	23,150
Welfare Fund contributions payable	30,630	18,358
Fighting Fund Contributions payable	-	-
	214,799	172,527
	270,695	224,425

Other payables are expected to be settled in:

- No more than 12 months	15	270,695	224,425
--------------------------	----	----------------	----------------

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016	2015
	\$	\$
9. Provisions		
Employee Benefits		
Employee benefits – non office holders **		
Annual leave	46,494	47,598
Long service leave	93,746	71,652
Separations and redundancies	-	-
Other	-	-
Total – non office holders	<u>140,240</u>	<u>119,250</u>
Employee benefits – office holders **		
Annual leave	42,479	37,101
Long service leave	30,867	27,612
Separations and redundancies	-	-
Other	-	-
Total – office holders	<u>73,346</u>	<u>64,713</u>
Total Employee Benefits	<u>213,586</u>	<u>183,963</u>
Analysis of total provisions		
Current	153,269	122,586
Non-current	60,317	61,377
	<u>213,586</u>	<u>183,963</u>
Movements in provisions		
<i>Annual Leave</i>		
Opening balance at beginning of year	84,699	89,786
Transfer from non-current entitlements	-	-
Additional provisions raised during year	61,570	69,725
Amounts used	(57,296)	(74,812)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>88,973</u>	<u>84,699</u>
<i>Long Service Leave</i>		
Opening balance at beginning of year	99,264	87,681
Additional provisions raised during year	31,751	13,682
Amounts used	(6,402)	(2,099)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>124,613</u>	<u>99,264</u>
<i>Total balance at end of the year</i>	<u>213,586</u>	<u>188,963</u>
Number of employees at year end		
- Non Officeholders	<u>8</u>	<u>8</u>
- Officeholders	<u>19</u>	<u>16</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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.

10. Intangible asset

ALAEA acquired certain education manuals during the year. The expected useful life of these manuals are 20-30 years. Amortisation of these costs may commence in the 2017 year.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

11. Cash Flow

(a) Cash Flows Reconciliation

	Note	2016 \$	2015 \$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:			
Cash and cash equivalents as per:			
Cash flows statement		3,737,345	3,489,174
Balance sheet		<u>3,737,345</u>	<u>3,489,174</u>
Difference		<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:			
Profit/(deficit) for the year		207,668	(89,397)
Adjustments for non-cash items			
Depreciation/amortisation		36,261	49,870
Loss/(Gain) on disposal of assets		(701)	-
Changes in assets/liabilities			
(Increase)/decrease in net receivables		(691)	95,796
(Increase)/decrease in prepayments		(32,512)	14,952
Increase/(decrease) in supplier payables		46,270	(40,412)
Increase/(decrease) in other payables		-	292
Increase/(decrease) in employee provisions		<u>29,623</u>	<u>6,496</u>
Net cash from/(used in) operating activities		<u>285,918</u>	<u>37,597</u>

11. (b) Cash Flow Information **

Cash inflows		
ALAEA	<u>2,358,903</u>	<u>2,498,019</u>
Total cash inflows	<u>2,358,903</u>	<u>2,498,019</u>
Cash outflows		
ALAEA	<u>2,110,732</u>	<u>2,464,228</u>
Total cash outflows	<u>2,110,732</u>	<u>2,464,228</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

12. 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 \$250,000 during the 12 months to 31 December 2017.

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.

13. Events subsequent to Reporting Date

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

	2016	2015
	\$	\$

14. 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	18,497	13,583
------------------------------------------------------	--------	--------

Expenses paid to Officeholders includes:

Committee and other meeting attendance fees paid to officeholders in compensation of daily pay not received from employers.	135,397	130,867
-----------------------------------------------------------------------------------------------------------------------------	---------	---------

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	16,957	16,985
-----------------------------------------------------------------------------------------------------------------------	--------	--------

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

14. 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 December 2016, the ALAEA has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2015: \$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

	2016	2015
	\$	\$
Short-term employee benefits		
Salary (including annual leave & RDO taken)	310,757	295,130
Annual leave & RDO accrued	6,149	10,429
Performance bonus	-	-
Total short-term employee benefits	<u>316,906</u>	<u>305,559</u>
Post-employment benefits	-	-
Other long-term benefits		
Long service leave	3,255	3,956
Termination benefits	-	-
Total benefits	<u>320,161</u>	<u>309,515</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	18,497	13,583

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

15. 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: *Financial Instruments: Recognition and Measurement*, as detailed in the accounting policies to these financial statements, are as follows:-

	Note	2016 \$	2015 \$
Financial Assets			
Cash and cash equivalents	4	3,737,345	3,489,174
Loans and receivables	5	-	-
		<u>3,737,345</u>	<u>3,489,174</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	8	<u>270,695</u>	<u>224,425</u>
		<u>270,695</u>	<u>224,425</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. 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

(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:

	2016	2015
	\$	\$
Gross amount	-	-
Not more than 30 days	-	-
More than 30 days but not more than 60 days	-	-
More than 60 days but not more than 90 days	-	-
More than 90 days	-	-
Total	<u>-</u>	<u>-</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 may consist 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 2016

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment:								
Accounts payable and other payables (excluding estimated annual leave and deferred income)	270,695	224,425	-	-	-	-	270,695	224,425
Total expected outflows	270,695	224,425	-	-	-	-	270,695	224,425
Financial Assets - cash flows realisable:								
Cash on hand	3,737,345	3,489,174	-	-	-	-	3,737,345	3,489,174
Accounts receivable and other debtors	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total anticipated inflows	3,737,345	3,489,174	-	-	-	-	3,737,345	3,489,174
Net (outflow) / inflow on financial instruments	3,466,650	3,264,749	-	-	-	-	3,466,650	3,264,749

(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 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

(c) Market risk (continued)

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.

Year ended 31 December 2016	Profit \$	Equity \$
+/- 0.5% in interest rates	+/- 4,200	+/- 4,200
Year ended 31 December 2015	Profit \$	Equity \$
+/- 0.5% in interest rates	+/- 4,574	+/- 4,574

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

16. 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.

	Footnote	2016		2015	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	3,737,345	3,737,345	3,489,174	3,489,174
Accounts receivable and other debtors	(i)	-	-	-	-
Total financial assets		3,737,345	3,737,345	3,489,174	3,489,174
Financial liabilities					
Accounts payable and other payables	(i)	270,695	270,695	224,425	224,425
Total financial liabilities		270,695	270,695	224,425	224,425

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. Accounts Payable and Other Payables exclude amounts relating to the provision of annual leave which is outside the scope of AASB 139.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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 2016 was \$19,356 (2015: \$19,289).

No contributions were received into the fighting fund during the years ended 31 December 2016 and 2015.

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 2016 was \$208,154 (2015: \$191,124).

ALAEA contributed \$20,272 into the Welfare Fund during the year (2015: \$20,510).

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 2016.

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 authorisation.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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 2016.

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

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 2016 (including comparatives) were approved by the Committee on *3 may* 2017.

Mark Gant
Trustee



Stephen Re
Trustee



J.W. KELLERT B.COM., F.C.A.

J.W. KELLERT
— & CO. —
CHARTERED ACCOUNTANT
ABN 12 230 175 046

Telephone (02) 9533 4886 (02) 9533 7146
Fax (02) 9596 0131
Postal Address: P.O. Box 36, Riverwood NSW 2210
8 Shenstone Road, Riverwood NSW 2210
Email: mail@kellertco.com.au

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.

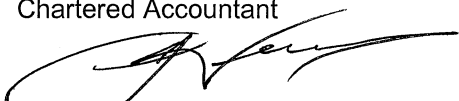
Our Responsibility

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. The audit conducted of the GPFS does not include an audit of the Additional Information.

J.W. Kellert & Co
Chartered Accountant



John W. Kellert

3 May, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS ASSOCIATION

Report on the Financial Report

Opinion

We have audited the accompanying financial report of the Australian Licenced Aircraft Engineers Association (the "Association"), which comprises the statement of financial position as at 31 December 2016 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, other selected explanatory notes and the statement by the members of the committee for the Association as set out on pages 4 to 36.

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 2016 and of its performance and cash flows for the year then ended;
- (ii) presents fairly The Australian Licensed Aircraft Engineers Association's recovery of wages and activity financial report;
- (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.

Basis of Opinion

We conducted our independent audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

Responsibilities of the Committee Members' 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the members' with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

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.

MAZARS RISK & ASSURANCE PTY LTD



R. MEGALE
Director
Registered Company Auditor

Dated in Sydney this 3rd day of May 2017.



25 January 2017

Federal Secretary
Australian Licenced Aircraft Engineers Association, The
By Email: fedsec@alaea.asn.au

Dear Federal Secretary,

**Re: Lodgement of Financial Report - [FR2016/366]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Australian Licenced Aircraft Engineers Association, The (the reporting unit) ended on 31 December 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017.

The new Registered Organisations Commission

The Registered Organisations Commission (the ROC) will be established in 2017.

Statements of loans, grants and donation and financial reports must be lodged with the Fair Work Commission until the ROC is established. Once the ROC is established, they must be lodged with the ROC.

It is not yet known when in 2017 the ROC will be established. The Fair Work Commission will be providing information on the transition to the ROC through its subscription service and its website. For details about the subscription service, go to [Subscriptions](#) and subscribe to the Registered organisations information service.

Where to lodge Statements of Loans Grants and Donations and Financial Reports

	Before the ROC is established	From establishment of the ROC
Where to lodge	Lodge your statement of loans grants donations and your financial report with the Fair Work Commission	Lodge your statement of loans grants donations and your financial report and with the ROC
How to lodge	The easiest way to lodge is via email: orgs@fwc.gov.au	Lodgement methods are not yet known

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Our focus this year: timelines and disclosure of loans, grants and donations

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

As stated above, section 237 requires the loans, grants and donations statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017. A sample statement of loans, grants or donations is available at [sample documents](#).

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission (FWC) website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statements, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Running a Registered Organisation section.

Civil penalties may apply

It should be noted that s.268 and s.237 are civil penalty provisions. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

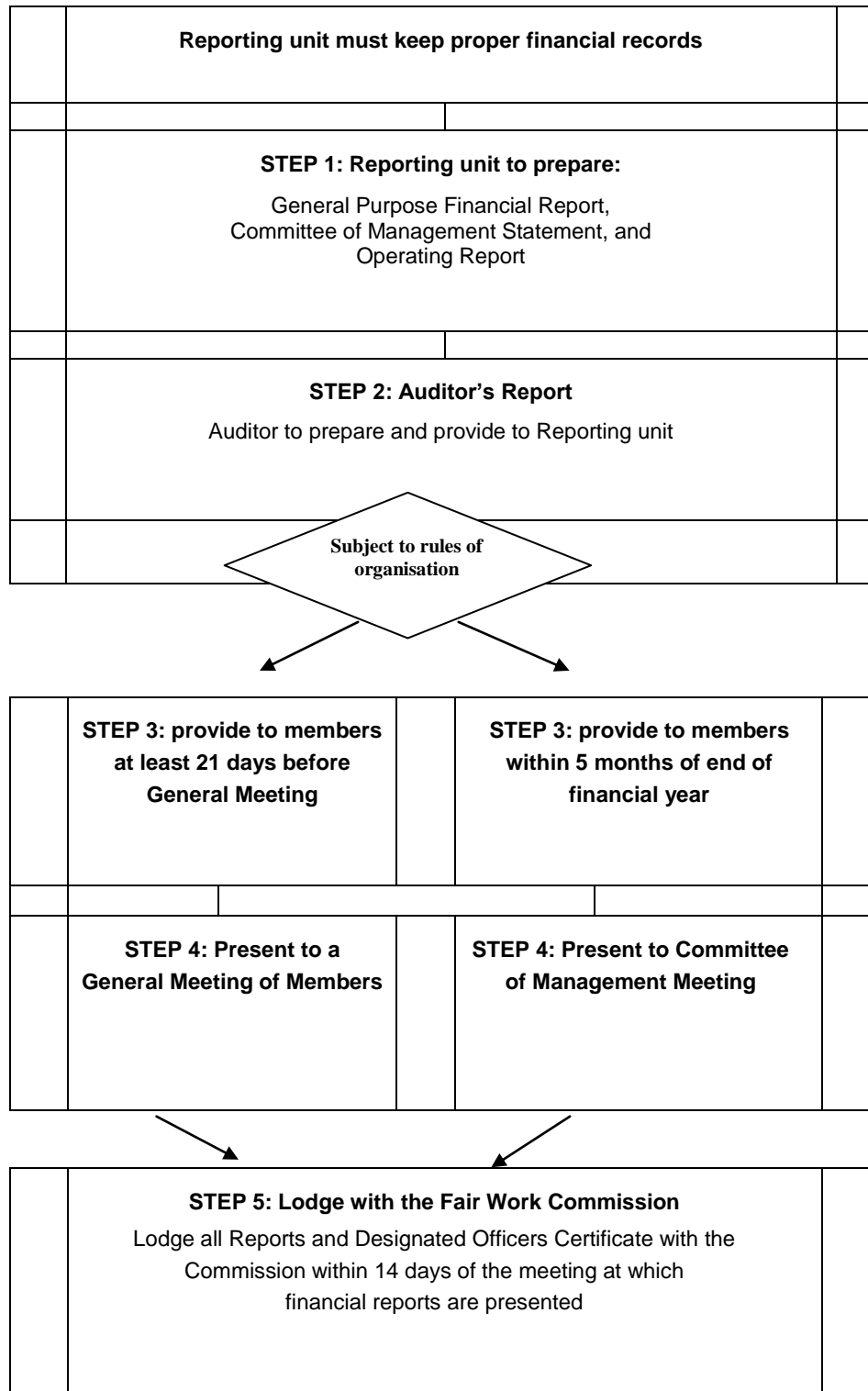


Marianne Kay
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and







the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
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	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au