FairWork Commission

21 January 2016

Mr Daryl Hickey
President
The Civil Air Operations Officers' Association of Australia
1st Floor, 214 Graham Street
PORT MELBOURNE VIC 3207

via email: civilair@civilair.asn.au

Dear Mr Hickey

The Civil Air Operations Officers' Association of Australia Financial Report for the year ended 30 June 2015 - [FR2015/84]

I acknowledge receipt of the financial report of the Civil Air Operations Officers' Association of Australia (the reporting unit). The documents were lodged with the Fair Work Commission (FWC) on 21 December 2015. I also acknowledge supplementary information that was provided by Ms Jane Ponton of the reporting unit on 19 January 2016 confirming that a copy of the full report was provided to members not a concise report.

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

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

Please note that the financial report for the year ending 30 June 2016 may be subject to an advanced compliance review.

Reporting Requirements

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

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on 03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

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19 January 2016

General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001
via email to orgs@fwc.gov.au

Dear Madam,

RE: FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Please find attached an amended statement from the Association's President in relation to the copy of the Association's Financial Statements that were lodged with the Fair Work Commission on 18 December 2015.

I apologise for the errors made in my preparation of the original statement. The Association did not produce a concise report for financial year ended 30 June 2015.

Yours sincerely,

Jane Ponton

Jane Ponton
INDUSTRIAL OFFICER

ASSOCIATION FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

AMENDED STATEMENT

I, Daryl James Hickey, being the President of The Civil Air Operations Officers' Association of Australia certify:

- that the documents lodged with the Fair Work Commission on 18 December 2015 are copies of the full report referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members on 24 November 2015 and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 18 December 2015; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009.*

Signed:

Daryl Hickey
President

19 January 2016

ASSOCIATION FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

STATEMENT

I, Daryl James Hickey, being the President of The Civil Air Operations Officers' Association of Australia certify:

- that the documents attached and lodged herewith are copies of the full report and the concise report, referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the concise report was provided to members on 24 November 2015 and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 18 December 2015; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009.*

Signed:

Daryl Hickey
President

18 December 2015

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

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These financial statements cover both Civil Air Officers Association of Australia as an individual entity (parent entity) and the consolidated financial statements for the consolidated entity consisting of Civil Air Officers Association of Australia and its controlled entity. The financial report is presented in the Australian currency.

Civil Air Officers Association of Australia is the association advocating for the professional, technical and industrial needs of Australian Air Traffic Controllers and Air Traffic Control Support Staff. The association is registered under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia.

The principal place of business is:
1st Floor
214 Graham Street
PORT MELBOURNE VIC 3207

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY
OPERATING REPORT

Your committee of management present their report on the Civil Air Operations Officers Association of Australia (The Association) and its controlled entity for the financial year ended 30 June 2015.

Members of the committee of management:

The names of the committee of management in office at any time during or since the end of the financial year are:

President	Mr Daryl Hickey	
Vice President Technical	Mr Geoff Williams	
Vice President Professional	Mr Matthew Buckham	Appointed 20 August 2015
Vice President Professional	Mr Jamie Roberts	Resigned 19 August 2015
Vice President Finance	Mr Stuart Brades	
Vice President Communication	Mr Scott Shallies	Appointed 1 May 2015
Vice President Communication	Mr Timothy Kerr	Resigned 30 April 2015
Vice President Administrative	Ms Cheryl Lund	

The Committee of management have been in office since the start of the financial year to the date of this report unless otherwise stated.

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

The principal activities of the Association during the financial year were the protection and improvement of employment conditions for its members. No significant change in the nature of these activities occurred during the year.

A review of the operations of the association indicate that it continued to engage in its principal activity of advocating for the professional, technical and industrial needs of Australian Air Traffic Controllers and Air Traffic Control Support Staff. In pursuing these activities the association has sought to protect and enhance the profession of air traffic controllers and support staff through representation of individuals in grievances and disputes and by representing air traffic controllers and support staff in collective bargaining.

Union details

The number of full time equivalents employees at 30 June 2015 was 5.2 (2014: 6)

The number of members at 30 June 2015 was 1,080 (2014: 1,052).

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

OPERATING REPORT (Continued)

Right of members to resign

In accordance with Rule 14 of the Association:

(a) A member may resign from membership by written notice addressed and delivered to the President.

(b) A notice of resignation from membership takes effect:

(i) where the member ceases to be eligible to become a member of the Association:

(a) on the day on which the notice is received by the Association; or

(b) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is the later; or

(ii) in any other case

(a) at the end of 14 days after the notice is received by the Association; or

(b) on the day specified in the notice

whichever is the later

(c) Any dues payable but not paid by a former member in relation to a period before the members resignation 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

(d) A notice delivered to the President shall be taken to have been received by the Association when it was delivered.

(e) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (a).

(f) A resignation from membership is valid even if it is not affected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted."

Directorships of Superannuation Fund

To the best of our knowledge and belief, the following officers and employees of the Association are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

Officer/ Employee	Position	Trustee Company	Name of Superfund	Other
George Fishlock	Director	AvSuper Pty Ltd	Av Superannuation Trust	Position held as nominee of the ACTU

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

Signature of designated officer:

Name and title of designated officer: Daryl Hickey - President

Dated: 23rd November 2015

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated		Parent entity	
		2015	2014	2015	2014
		$	$	$	$
Revenue from continuing operations	4	**2,088,902**	2,199,640	**2,010,415**	2,107,668
Other income	5	**209,297**	219,423	**219,382**	232,716
Expenses					
Administration and office expenses		**(37,203)**	(38,119)	**(37,203)**	(38,119)
Affiliation and capitation fees	7	**(31,096)**	(30,568)	**(31,096)**	(30,568)
Computer expenses		**(23,488)**	(20,233)	**(23,488)**	(20,233)
Depreciation	8	**(55,998)**	(60,207)	**(13,445)**	(17,274)
Grants and donations	9	**(740)**	(851)	**(740)**	(851)
Insurances		**(24,948)**	(24,515)	**(24,948)**	(24,515)
Legal and professional	10	**(59,323)**	(41,465)	**(57,743)**	(40,015)
Loss on disposal of assets		**(745)**	(164)	**(745)**	(164)
Member expenses		**(2,474)**	(987)	**(2,474)**	(987)
Meeting and conference expenses		**(159,300)**	(156,323)	**(159,300)**	(156,323)
NCF and death benefits paid	11	**(315,359)**	(665,583)	**(315,359)**	(665,583)
Property expenses		**(76,362)**	(86,390)	**-**	-
Rent and occupancy		**(4,053)**	(10,556)	**(56,146)**	(62,650)
Employee expenses	12	**(760,389)**	(779,755)	**(760,389)**	(779,755)
Telephone and internet		**(14,538)**	(10,330)	**(14,538)**	(10,330)
		(1,566,016)	(1,926,046)	**(1,497,614)**	(1,847,367)
Surplus attributable to members		**732,183**	493,017	**732,183**	493,017
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year attributable to the members.		**732,183**	493,017	**732,183**	493,017

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

BALANCE SHEETS
AS AT 30 JUNE 2015

	Note	Consolidated		Parent entity	
		2015	2014	2015	2014
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	13	**7,313,030**	6,636,864	**4,833,873**	4,153,294
Trade and other receivables	14	**219,784**	209,186	**216,307**	203,320
Total current assets		**7,532,814**	6,846,050	**5,050,180**	4,356,614
Non-current assets					
Receivables	15	-	-	**3,848,665**	3,815,447
Property, plant and equipment	16	**1,087,646**	1,077,933	**49,578**	55,427
Investment properties	17	**1,557,102**	1,533,761	-	-
Total non-current assets		**2,644,748**	2,611,694	**3,898,243**	3,870,874
Total assets		**10,177,562**	9,457,744	**8,948,423**	8,227,488
LIABILITIES					
Current liabilities					
Trade and other payables	18	**243,855**	232,649	**233,381**	221,058
Provisions	19	**245,990**	271,783	**245,990**	271,783
Total current liabilities		**489,845**	504,432	**479,371**	492,841
Non- current liabilities					
Provisions	19	**7,739**	5,517	**7,739**	5,517
		7,739	5,517	**7,739**	5,517
Total liabilities		**497,584**	509,949	**487,110**	498,358
Net assets		**9,679,978**	8,947,795	**8,461,313**	7,729,130
MEMBERS FUNDS					
Reserves	20	**5,001,510**	4,398,360	**3,782,845**	3,179,695
Accumulated surplus	21	**4,678,468**	4,549,435	**4,678,468**	4,549,435
Total members funds		**9,676,978**	8,947,795	**8,461,313**	7,729,130

The above balance sheets should be read in conjunction with the accompanying notes.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Reserves $	Accumulated surplus $	Total $
Consolidated			
Balance at 1 July 2013	4,173,580	4,281,198	8,454,778
Total comprehensive income for the year	-	493,017	493,017
Transfers to and from reserve	224,780	(224,780)	-
Balance at 30 June 2014	4,398,360	4,549,435	8,947,795
Balance at 1 July 2014	**4,398,360**	**4,549,435**	**8,947,795**
Total comprehensive income for the year	**-**	**732,183**	**732,183**
Transfers to and from reserve	**603,150**	**(603,150)**	**-**
Balance at 30 June 2015	**5,001,510**	**4,678,468**	**9,679,978**
Parent Entity			
Balance at 1 July 2013	2,954,915	4,281,198	7,236,113
Total comprehensive income for the year	-	493,017	493,017
Transfers to and from reserve	224,780	(224,780)	-
Balance at 30 June 2014	3,179,695	4,549,435	7,729,130
Balance at 1 July 2014	**3,179,695**	**4,549,435**	**7,729,130**
Total comprehensive income for the year	**-**	**732,183**	**732,183**
Transfers to and from reserve	**603,150**	**(603,150)**	**-**
Balance at 30 June 2015	**3,782,845**	**4,678,468**	**8,461,313**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
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STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated		Parent Entity	
		2015	2014	2015	2014
		$	$	$	$
Cash flows from operating activities					
Membership fees received (inclusive of GST)		**2,208,687**	2,186,122	**2,208,687**	2,186,122
Receipts from tenants (inclusive of GST)		**82,511**	112,810	-	-
Receipts from other reporting units		-	-	-	-
Receipts from controlled entities		-	-	-	-
Distributions received		-	-	**90,520**	99,286
Payments to suppliers and employees (inclusive of GST)		**(1,727,234)**	(2,046,589)	**(1,698,634)**	(1,988,648)
Payments to controlled entities		-	-	-	-
Payments to other reporting units		-	-	-	-
Interest received		**201,999**	212,804	**121,564**	126,811
Net cash inflow from operating activities	26	**765,963**	465,147	**722,137**	423,571
Cash flows from investing activities					
Payment for investment property improvements		**(48,874)**	-	-	-
Payment for property, plant and equipment		**(40,923)**	(4,256)	**(8,340)**	(2,864)
Net cash (outflow) from investing activities		**(89,797)**	(4,256)	**(8,340)**	(2,864)
Cash flows from financing activities					
Loan repayments received		-	-	**57,302**	57,303
Loans made to related party		-	-	**(90,520)**	(99,286)
Net cash (outflow) from financing activities		-	-	**(33,218)**	(41,983)
Net increase in cash and cash equivalents		**676,166**	460,891	**680,579**	378,724
Cash and cash equivalents at beginning of financial year		**6,636,864**	6,175,973	**4,153,294**	3,774,570
Cash and cash equivalents at end of financial year	13	**7,313,030**	6,636,864	**4,833,873**	4,153,294

The above statements of cash flows should be read in conjunction with the accompanying notes.

1: Summary of significant accounting policies (Continued)

(a) Basis of Preparation

New and amended standards adopted by the Association

The Association has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- Interpretation 21 Accounting for Levies
- AASB 2014-1 Amendments to Australian Accounting Standards

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Civil Air Officers Association of Australia ("company" or "parent entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Civil Air Officers Association of Australia and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding or unit holding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Civil Air Officers Association of Australia.

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes separate financial statements for Civil Air Officers Association of Australia as an individual entity (parent entity) and the consolidated entity consisting of Civil Air Officers Association of Australia and its controlled entity.

(a) 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*. For the purpose of preparing the general purpose financial statements. the Civil Air Officers Association of Australia (the Association) is a not-for-profit entity. Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards have been applied in the preparation of this report as required under the Reporting Guidelines for the purpose of section 253 of the *Fair Work (Registered Organisations) Act 2009.*

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities at measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of full compliance with IFRS cannot be made due to the association applying the not for profit sector requirements contained in AIFRS

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

1: Summary of significant accounting policies (Continued)

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities net of the amount of goods and services tax (GST) as follows:

Membership fees
Membership fees revenue is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

Other revenue
Other revenue is recognised when the right to receive the revenue has been established.

(d) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) Income tax

No provision for income tax has been raised as the association is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. The Group still has obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

1: Summary of significant accounting policies (Continued)

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

(g) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollected are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1: Summary of significant accounting policies (Continued)

(i) Investment in other financial assets

Classification

The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting period.

The group does not hold any investments in the following categories: financial assets at fair value through profit or loss and held-to-maturity investments.

(i) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities which include shares and unit holdings, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are carried at fair value through profit and loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the group's right to receive payments is established.

Details on how the fair value of financial instruments is determined are disclosed in note 21.

1: Summary of significant accounting policies (Continued)
(i) Investment in other financial assets (continued)

Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(k) Property, plant and equipment

Property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of asset	Depreciation rate	Depreciation basis
Land and buildings	2.5%	Diminishing Value
Building improvements	3% to 20%	Diminishing Value
Computer equipment	33%	Diminishing Value
Motor vehicles	18.75%	Diminishing Value
Furniture and fittings	33%	Diminishing Value

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1: Summary of significant accounting policies (Continued)

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the association. Investment property is carried at deemed cost as is allowed by AASB 140. Cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of asset	Depreciation rate	Depreciation basis
Buildings	2.5%	Diminishing Value

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Goods and services tax (GST) (continued)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense

Receivables and payables in the balance sheet are stated inclusive 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 balance sheet.

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 as classified as operating cash flow. Commitments and contingencies are disclosed inclusive of GST.

1: Summary of significant accounting policies (Continued)

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value

(p) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the Association's functional and presentation currency.

1: Summary of significant accounting policies (Continued)

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2014, it also sets out new rules for hedge accounting. When adopted, the standard will affect the Association's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. There will be no impact on the Association's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Association does not have any such liabilities.

(ii) AASB 15 *Revenue from Contracts with customers* (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. There will be no impact on the Association's financial report.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgments in applying the association's accounting policies

Employee entitlements
Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at the balance date:
- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service.

3: Information to be provided to members or general manager

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsection (1), (2) and (3) of section 272 which read as follows:

(1) a member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) the application must be made 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).

4: Revenue from continuing operations

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Membership fees	**2,010,415**	2,107,668	**2,010,415**	2,107,668
Capitation fees	-	-	-	-
Levies and contributions	-	-	-	-
Rent	**78,487**	91,972	-	-
	2,088,902	2,199,640	**2,010,415**	2,107,668

5: Other income

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Interest	**201,999**	212,804	**121,564**	126,811
Grants and donations received	-	-	-	-
Distributions received	-	-	**90,520**	99,286
Financial support from another reporting unit	-	-	-	-
Other revenue	**7,298**	6,619	**7,298**	6,619
	209,297	219,423	**219,382**	232,716

6: Expenses

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
The surplus for the year includes the following specific expenses:				
Defined contribution superannuation expense	**102,857**	103,407	**102,857**	103,407
Rental expenses relating to operating leases				
Minimum lease payments	-	-	**52,093**	52,093
Consideration to employers for payroll deductions	-	-	-	-
Penalties - (RO Act or RO Regulations)	-	-	-	-
Fees and allowances - Meeting and Conferences	-	-	-	-

7: Affiliation and capitation fees

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Affiliation fees:				
Australian Council of Trade Unions	**4,125**	5,823	**4,125**	5,823
Victorian Trades Hall	**2,300**	2,183	**2,300**	2,183
IFATCA	**21,421**	18,020	**21,421**	18,020
International Transport Workers' Federation	**1,590**	2,889	**1,590**	2,889
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Other associations				
Union Shopper	**1,660**	1,653	**1,660**	1,653
	31,096	30,568	**31,096**	30,568

8: Depreciation

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Investment property	**25,533**	25,759	-	-
Buildings	**12,500**	12,500	-	-
Building improvements	**4,520**	4,674	-	-
Motor vehicles	**7,345**	9,040	**7,345**	9,040
Furniture and fixtures	**2,259**	2,657	**2,259**	2,657
Computers	**3,841**	5,577	**3,841**	5,577
	55,998	60,207	**13,445**	17,274

9: Grants and donations

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Grants – less than $ 1,000	-	-	-	-
Grants – more than $ 1,000	-	-	-	-
Donations – less than $ 1,000	**740**	851	**740**	851
Donations – more than $ 1,000	-	-	-	-
	740	851	**740**	851

10: Legal and professional fees

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Legal costs				
Litigation	-	-	-	-
Other legal matters	**13,525**	12,490	**13,525**	12,490
	13,525	12,490	**13,525**	12,490
Auditors remuneration				
Audit or review of the financial report	**6,420**	6,300	**5,100**	5,000
Other audit services	-	-	-	-
	6,420	6,300	**5,100**	5,000
Other professional fees	**39,378**	22,675	**39,118**	22,525
	59,323	41,465	**57,743**	40,015

11: Necessitous circumstances fund and death benefit payments

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
NCF payments	**285,914**	665,583	**285,914**	665,583
Death benefits paid	**29,445**	-	**29,445**	-
	315,359	665,583	**315,359**	665,583

12: Employee expenses

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Holders of office:				
Wages, salaries and allowances	**18,349**	18,100	**18,349**	18,100
Superannuation	**6,446**	6,502	**6,446**	6,502
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
	24,795	24,602	**24,795**	24,602
Employees other than holders of office:				
Wages, salaries and allowances	**594,337**	593,084	**594,337**	593,084
Superannuation	**96,410**	96,905	**96,410**	96,905
Leave and other entitlements	**(23,570)**	16,357	**(23,570)**	16,357
Separation and redundancies	-	-	-	-
Other employee expenses (a)	**68,417**	48,807	**68,417**	48,807
	735,594	755,153	**735,594**	755,153
	760,389	779,755	**760,389**	779,755

(a) Other employee expenses consists primarily of FBT, payroll tax, training and recruitment expenses.

(b) No other fees or allowances have been paid to persons in respect of their attendance as a representative of the reporting unit at a conference or other meeting.

13: Current assets - Cash and cash equivalents

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Cash in hand	**200**	100	**200**	100
Cash at bank	**1,179,698**	1,183,984	**1,050,828**	973,499
Cash at bank – NCF account	**1,449,258**	925,326	**1,449,258**	925,326
Term deposit	**2,350,287**	2,273,085	-	-
Term deposit – NCF account	**2,333,587**	2,254,369	**2,333,587**	2,254,369
	7,313,030	6,636,864	**4,833,873**	4,153,294

13: Current assets - Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:

Balances as above	**7,313,030**	6,636,864	**4,833,873**	4,153,294
Bank overdrafts	**-**	-	**-**	-
Balances per statements of cash flows	**7,313,030**	6,636,864	**4,833,873**	4,153,294

14: Current assets - Trade and other receivables

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Receivables from other reporting units	**-**	-	**-**	-
Prepayments	**37,778**	36,703	**37,778**	30,837
Other receivables	**182,006**	172,483	**178,529**	172,483
	219,784	209,186	**216,307**	203,320

15: Non-current assets – Receivables

	Consolidated		Parent Entity	
	2015	2014	2015	2014
	$	$	$	$
Loans to related parties	**-**	-	**3,848,665**	3,815,447
	-	-	**3,848,665**	3,815,447

(a) Impaired trade receivables

None of the non-current receivables are impaired or past due but not impaired.

16: Non-current assets - Property, plant and equipment

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Land and buildings				
At cost or fair value	**1,162,000**	1,162,000	-	-
Less accumulated depreciation	**(197,568)**	(185,068)	-	-
	964,432	976,932	-	-
Building improvements				
At cost	**139,628**	107,047	-	-
Less accumulated depreciation	**(65,992)**	(61,473)	-	-
	73,636	45,574	-	-
Total property	**1,038,068**	1,022,506	-	-
Computers and equipment				
At cost	**37,858**	35,195	**37,858**	35,195
Less accumulated depreciation	**(25,647)**	(24,485)	**(25,647)**	(24,485)
	12,211	10,710	**12,211**	10,710
Motor vehicles				
At cost	**67,776**	67,776	**67,776**	67,776
Less accumulated depreciation	**(35,949)**	(28,604)	**(35,949)**	(28,604)
	31,827	39,172	**31,827**	39,172
Furniture and fittings				
At cost	**52,564**	53,231	**52,564**	53,231
Less accumulated depreciation	**(47,024)**	(47,686)	**(47,024)**	(47,686)
	5,540	5,545	**5,540**	5,545
Total plant and equipment	**49,578**	55,427	**49,578**	55,427
Total property plant and equipment	**1,087,646**	1,077,933	**49,578**	55,427

16: Non-current assets - Property, plant and equipment (Continued)

Movements - Group	Land and buildings	Building improve-ments	Computers and equipment	Motor vehicles	Furniture and fittings	Total
			$	$	$	$
Year ended 30 June 2014						
Opening net book amount	989,432	49,756	14,475	48,212	7,150	1,109,025
Additions – acquisitions	-	492	1,812	-	1,052	3,356
Disposals	-	-	-	-	-	-
Depreciation charge	(12,500)	(4,674)	(5,577)	(9,040)	(2,657)	(34,448)
Closing net book amount	976,932	45,574	10,710	39,172	5,545	1,077,933
Year ended 30 June 2015						
Opening net book amount	**976,932**	**45,574**	**10,710**	**39,172**	**5,545**	**1,077,933**
Additions – acquisitions	-	**32,582**	**5,983**	-	**2,357**	**40,922**
Disposal	-	-	**(641)**	-	**(103)**	**(744)**
Depreciation charge	**(12,500)**	**(4,520)**	**(3,841)**	**(7,345)**	**(2,259)**	**(30,465)**
Closing net book amount	**964,432**	**73,636**	**12,211**	**31,827**	**5,540**	**1,087,646**

Movements - Parent	Computers and equipment	Motor vehicles	Furniture and fittings	Total
	$	$	$	$
Year ended 30 June 2014				
Opening net book amount	14,475	48,212	7,150	69,837
Additions – acquisitions	1,812	-	1,052	2,864
Disposal	-	-	-	-
Depreciation charge	(5,577)	(9,040)	(2,657)	(17,274)
Closing net book amount	10,710	39,172	5,545	55,427
Year ended 30 June 2015				
Opening net book amount	**10,710**	**39,172**	**5,545**	**55,427**
Additions – acquisitions	**5,983**	-	**2,357**	**8,340**
Disposal	**(641)**	-	**(103)**	**(744)**
Depreciation charge	**(3,841)**	**(7,345)**	**(2,259)**	**(13,445)**
Closing net book amount	**12,211**	**31,827**	**5,540**	**49,578**

(a) Land and buildings at valuation

The valuation basis of land and buildings is the fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The property was valued on 15th November 2010 by Craig Cunningham Property Consultants. The valuation does not take account of subsequent improvements which are recorded at cost. Based on this valuation the committee of management is satisfied that there has been no permanent diminution in the value of the land and buildings.

17: Non-current assets – Investment property

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
At cost or fair value	**1,952,442**	1,903,568	-	-
Less accumulated depreciation	**(395,340)**	(369,807)	-	-
	1,557,102	1,533,761		-

(a) Amounts recognised in the statement of comprehensive income for investment properties

Rental income	**78,487**	91,972	-	-
Direct operating expenses from property that generated rental income.	**(76,362)**	(86,390)	-	-
Direct operating expenses from property that did not generate rental income	-	-	-	-
	2,125	5,582	-	-

(b) Leasing arrangements

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	**30,691**	45,984	-	-
Later than one year but not later than five years	**14,637**	22,287	-	-
Later than five years	-	-	-	-
	45,328	68,271	-	-

(c) Movements

Opening net book amount	**1,533,761**	1,558,784	-	-
Additions – acquisitions	**48,874**	736	-	-
Depreciation charge	**(25,533)**	(25,759)	-	
Closing net book amount	**1,557,102**	1,533,761	-	-

18: Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Payables – other reporting units	-	-	-	-
Payables – employees for payroll deductions	-	-	-	-
Payables – legal expenses	-	1,760	-	1,760
Trade payables	**51,578**	49,278	**46,296**	43,656
Other payables	**94,420**	79,732	**89,228**	73,763
Membership fees in advance	**97,857**	101,879	**97,857**	101,879
	243,855	232,649	**233,381**	221,058

19: Employee provisions

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Employees other than office holders:				
Annual leave	**62,718**	52,069	**62,718**	52,069
Long service leave	**191,011**	225,231	**191,011**	225,231
Separations and redundancies	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total employee provisions	**253,729**	277,300	**253,729**	277,300
Current	**245,990**	271,783	**245,990**	271,783
Non-current	**7,739**	5,517	**7,739**	5,517
Total employee provisions	**253,729**	277,300	**253,729**	277,300

(a) Employee benefits - long service leave

A provision has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

19: Employee provisions (Continued)

(a) Employee benefits - long service leave (continued)

Amounts not expected to be settled within the next 12 months.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to prorate payments in certain circumstances. The entire obligation is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued long service leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Long service leave obligation expected to be settled after 12 months	**191,011**	225,231	**191,011**	225,231

20: Reserves

		Consolidated		Parent entity	
		2015	2014	2015	2014
		$	$	$	$
Asset revaluation reserve	(i)	**1,218,665**	1,218,665	**-**	-
Necessitous fund reserve	(ii)	**3,782,845**	3,179,695	**3,782,845**	3,179,695
		5,001,510	4,398,360	**3,782,845**	3,179,695

(a) Movement in reserves:

	Consolidated 2015	Consolidated 2014	Parent entity 2015	Parent entity 2014
(i) Asset revaluation reserve				
Balance at beginning of year	**1,218,665**	1,218,665	**-**	-
Transfers to/from reserves	**-**	-	**-**	-
Balance at end of year	**1,218,665**	1,218,665	**-**	-
(ii) Necessitous fund (NCF) reserve				
Balance at beginning of year	**3,179,695**	2,954,915	**3,179,695**	2,954,915
Net transfer for the year				
Contributions for year	**797,280**	789,280	**797,280**	789,280
Interest earned for year	**103,339**	108,975	**103,339**	108,975
Expenses paid during year	**(11,555)**	(8,883)	**(11,555)**	(8,883)
Benefits paid during year	**(285,914)**	(664,592)	**(285,914)**	(664,592)
Net transfer from accumulated surplus	**603,150**	224,780	**603,150**	224,780
Balance at end of year	**3,782,845**	3,179,695	**3,782,845**	3,179,695

20: Reserves (continued)

(b) Nature and purpose of the reserves:

(i) Asset revaluation reserve

The Asset revaluation reserve is used to record increments on the revaluation of non-current assets.

(ii) Necessitous fund reserve

The necessitous fund reserve is a separate fund established by the rules of the Association. The sole purpose of the fund is to provide benefits to individual members upon cancellation of the members licence as a direct result of an inability to satisfy the medical requirements of the licence. These funds are maintained in designated bank accounts and term deposits (refer Note 13 for more details). The amounts paid from the fund during the year consist of benefit payments and expenses which consist of an administration charge transferred to the accumulated surplus.

21: Accumulated surplus

	Consolidated		Parent entity	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Movements in accumulated surplus were as follows:				
Balance 1 July	**4,549,435**	4,281,198	**4,549,435**	4,281,198
Net surplus for the year	**732,183**	493,017	**732,183**	493,017
Net transfer to necessitous fund reserve	**(603,150)**	(224,780)	**(603,150)**	(224,780)
Balance 30 June	**4,678,468**	4,549,435	**4,678,468**	4,549,435

22: Commitments

	Consolidated		Parent entity	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Non-cancellable operating leases The parent entity leases office space under a non-cancellable operating lease with its controlled entity. The agreement commenced on 3 September 2009 for a period of 3 years with a further 3 terms of 3 years each. It is expected that on renewal, the terms of the leases will be renegotiated.				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**6,534**	15,650	**6,534**	15,650
Later than one year and not later than five years	**2,723**	9,257	**2,723**	9,257
Later than five years	**-**	-	**-**	-
	9,257	24,907	**9,257**	24,907

23: Contingencies

There are no other known contingent assets or liabilities at 30 June 2015 other than discussed elsewhere in this report.

24: Events occurring after the reporting date

There were no events that occurred after 30 June 2015, or prior to signing of the financial statements, that would affect the ongoing structure and financial activities of the group.

25: Related party transactions

(a) Parent entity

The parent entity within the group is the Civil Air Officers Association of Australia.

(b) Controlled entity

The consolidated financial statements incorporate the assets, liabilities and results of the following entity in accordance with the accounting policy described in note 1:

Name of entity	Country	Activity
Air Officers Trust	Australia	Discretionary property trust

(c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Purchases of goods and services				
Rent	-	-	**52,093**	52,093
Receipt of income				
Distribution received	-	-	**90,520**	99,286

25: Related party transactions (continued)

(d) Loans to controlled entity

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Loans to controlled entity				
Beginning of the year	-	-	**3,815,447**	3,773,462
Loans advanced	-	-	**90,520**	99,286
Loan repayments received	-	-	**(57,302)**	(57,301)
End of year	-	-	**3,848,665**	3,815,447

(i) This loan is interest free

(ii) No provision is considered necessary for non- recovery from the related party of the full amount of any outstanding balances, and no expense has been recognised in respect of this.

(e) Key management personnel remuneration for the reporting period

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
The aggregate compensation made to key management personnel of the group is as follows:				
Short -term employee benefits:				
Salary (including annual leave taken)	**240,528**	239,973	**240,528**	239,973
Movement on annual leave accrual	**(3,630)**	(3,620)	**(3,630)**	(3,620)
	236,898	236,353	**236,898**	236,353
Post-employment benefits:				
Superannuation	**33,083**	33,138	**33,083**	33,138
	33,083	33,138	**33,083**	33,138
Other long term benefits:				
Long service leave	**2,382**	3,325	**2,382**	3,325
	2,382	3,325	**2,382**	3,325
Total	**272,363**	272,816	**272,363**	272,816

26: Cash flow information

	Consolidated		Parent entity	
	2015	2014	2015	2014
	$	$	$	$
Reconciliation of cash flow from operations with surplus for the year				
Surplus for the year	**732,183**	493,017	**732,183**	493,017
Non-cash flows in profit				
Depreciation	**55,998**	60,207	**13,445**	17,274
Loss on disposal of assets	**745**	164	**745**	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	**(4,552)**	(159,958)	**(12,989)**	(171,598)
Increase(decrease) in payables	**5,160**	55,360	**12,324**	68,521
(Decrease)/increase in provisions	**(23,571)**	16,357	**(23,571)**	16,357
Net cash flows from operating activities	**765,963**	465,147	**722,137**	423,571

27: Other information

(i) Going Concern
The Association's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support
No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The Association did not acquire any asset or a liability during the financial year as a result of:

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the General Manager under s245(1) of the RO Act;
- a revocation by the General Manager under s249(1) of the RO Act;

(iv) Acquisition of assets and liabilities as part of a business combination:
If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

28: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The Association has not derived any revenue in respect of these activities.

29: Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee of Management ensure that the overall risk management strategy is in line with this objective.

The capital structure of the entity consists of cash and cash equivalents, listed securities and members' funds, comprising reserves and retained earnings.

The Committee of Management effectively manages the Group's capital by assessing the Group's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee of Management to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

30: Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by the Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk
(i) Foreign exchange risk
The group is not exposed to foreign exchange risk.

(ii) Price risk
The group is not exposed to equity securities price.

(iii) Cash flow and fair value interest rate risk

The group has no borrowings and is therefore not exposed to interest rate risk on liabilities. The Group has investments in a variety of interest-bearing assets which have fixed interest rates and therefore are not subject to interest rate volatility.

30: Financial risk management (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks.

The group has no significant concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	Consolidated		Parent entity	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Cash at bank	**2,628,956**	2,109,310	**2,500,086**	1,898,825
AA- Rating				
Deposits at call	**4,683,874**	4,527,454	**2,333,587**	2,254,369
AA- Rating				

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

(d) Sensitivity analysis

As at 30 June the effect on the (deficit)/surplus as a result of changes in interest rates, with all other variables remaining constant would be as follows:

	Consolidated		Parent entity	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Effect on results:				
Increase of interest rates by 2%	**146,257**	132,735	**96,673**	83,064
Decrease of interest rates by 2%	**(146,257)**	(132,735)	**(96,673)**	(83,064)

30: Financial risk management (Continued)

(e) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

CONSOLIDATED

2015

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	1.4	2,628,956	-	-	-	-	-	2,628,956
Deposits at bank	3.5	-	4,683,874	-	-	-	-	4,683,874
Other receivables		-	-	-	-	-	182,006	182,006
		2,628,956	4,683,874	-	-	-	182,206	7,495,036
Financial Liabilities								
Trade payables		-	-	-	-	-	51,578	51,578
Other payables		-	-	-	-	-	94,420	94,420
		-	-	-	-	-	145,998	145,998
Net Financial Assets (Liabilities)		2,628,956	4,683,874	-	-	-	36,208	7,349,038

2014

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	100	100
Cash at bank	2.3	2,109,310	-	-	-	-	-	2,109,310
Deposits at bank	3.6	-	4,527,454	-	-	-	-	4,527,454
Other receivables		-	-	-	-	-	172,483	172,483
		2,109,310	4,527,454	-	-	-	172,583	6,809,347
Financial Liabilities								
Trade payables		-	-	-	-	-	51,038	51,038
Other payables		-	-	-	-	-	79,732	79,732
		-	-	-	-	-	130,770	130,770
Net Financial Assets (Liabilities)		2,109,310	4,527,454	-	-	-	41,813	6,678,577

30: Financial risk management (Continued)

e) Maturity profile of financial instruments (continued)

PARENT ENTITY

2015

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	1.4	2,500,086	-	-	-	-	-	2,500,086
Deposits at bank	3.5	-	2,333,587	-	-	-	-	2,333,587
Other receivables		-	-	-	-	-	178,529	178,529
		2,500,086	2,333,587	-	-	-	178,729	5,012,402
Financial Liabilities								
Trade payables		-	-	-	-	-	46,296	46,296
Other payables		-	-	-	-	-	89,228	89,228
		-	-	-	-	-	135,524	135,524
Net Financial Assets (Liabilities)		2,500,086	2,333,587	-	-	-	43,205	4,876,878

2014

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	100	100
Cash at bank	2.3	1,898,825	-	-	-	-	-	1,898,825
Deposits at bank	3.6	-	2,254,369	-	-	-	-	2,254,369
Other receivables		-	-	-	-	-	172,483	172,483
		1,898,825	2,254,369	-	-	-	172,583	4,325,777
Financial Liabilities								
Trade payables		-	-	-	-	-	45,416	45,416
Other payables		-	-	-	-	-	73,763	73,763
		-	-	-	-	-	119,179	119,179
Net Financial Assets (Liabilities)		1,898,825	2,254,369	-	-	-	53,404	4,206,598

30: Financial risk management (Continued)

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The Group does not have any financial instruments that need to be disclosed by level.

The fair value of financial assets available-for-sale is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These are included in level 1.

31: Rule 41 – Disclosure

In terms of the Rule 41 of the Association the following disclosures are required to be made to members of the Association:

(i) Rule 41A – Disclosure of officer's relevant remuneration and non-cash benefits

In terms of rule 41A(c), the Association must disclose the identity of the five highest paid officers as well as the amount of the remuneration and value or form of relevant non-cash benefits:

Committee of Management allowances paid	$
Jamie Roberts	1,000
Stuart Brades	1,000
Geoffrey Williams	1,000
Cheryl Lund	1,000
Daryl Hickey	1,000

Officers are reimbursed for reasonable business expenses as incurred when carrying out business on behalf of the Association.

No officers have received non-cash benefits in terms of this rule for the year ended 30 June 2015.

31: Rule 41 – Disclosure(Continued)

(ii) Rule 41B - Disclosure of officer's material personal interests

In terms of rule 41B, the Association must disclose any material personal interests in a matter that an officer or a relative of the officer has or acquires that relates to the affairs of the Association which has been disclosed to it by any officer.

- No officers have made any disclosures to the Association required in terms of this rule.

(iii) Rule 41C - Disclosure of payments

In terms of rule 41C, the Association must declare payments made to each related party or to each declared persons or body of the Association

- Any such related party transactions are recorded in note 25 above.
- No payments have been made to any person who may be a declared person.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

COMMITTEE OF MANAGEMENT STATEMENT

On 23rd November 2015 the Committee of Management of the Civil Air Officers Association of Australia (the Association) passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 30 June 2015:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which they relate;
4. there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and:
5. during the financial year to which the GPFR relates and since the end of 30 June 2015:
   - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
   - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
   - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
   - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
   - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and.
   - (v1) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance
6. Any wage recovery activity has resulted in payments being made directly to members by employers. The reporting unit has not derived any revenue in respect of these activities.

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

Signature of designated officer:

Name and title of designated officer: Daryl Hickey - President

Dated: 23rd November 2015

D. PENMAN & CO.
CHARTERED ACCOUNTANT

LEVEL 10, 420 ST KILDA ROAD
MELBOURNE VICTORIA 3004
TELEPHONE (03) 9866 5003
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA AND CONTROLLED ENTITY

Report on the Financial Report

I have audited the accompanying financial report of Civil Air Operations Officers Association of Australia and Controlled Entity for the year ended 30 June 2015 comprising the statements of comprehensive income, the balance sheets, the statements of changes in equity, the statements of cash flows, the statement by committee of management and the notes to the financial statements.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. My audit has been conducted in accordance with Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient to provide a basis for my audit opinion.

Independence

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion the financial report of Civil Air Operations Officers Association of Australia and Controlled Entity:

(a) presents fairly the association's and consolidated entity's financial position as at 30 June 2015 and of their financial performance for the year ended on that date; and
(b) complies with Australian Accounting Standards and the requirements imposed by Part 3 Chapter 8 of the Fair Work (Registered Organisations) Act 2009; and
(c) reports fairly all information required by the reporting guidelines of the General Manager in relation to recovery of wages activity.

I also declare that:

(a) in my opinion management's use of the going concern basis of accounting in the preparation of the financial report is appropriate; and
(b) I am a Registered Company Auditor and that I currently hold a Public Practice Certificate issued by the Institute of Chartered Accountants in Australia.

David Penman
Chartered Accountant 26812
Registered Company Auditor 15485
Melbourne 23 November 2015

AIR OFFICERS TRUST
ABN 16 950 829 154

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

AIR OFFICERS TRUST
ABN 16 950 829 154

TABLE OF CONTENTS

This financial report covers Air Officers Trust as an individual entity. The financial report is presented in the Australian currency.

Air Officers Trust is a discretionary Trust, domiciled in Australia.

The principal place of business is:
1st Floor
214 Graham Street
PORT MELBOURNE VIC 3207

The financial report was authorised for issue by the Directors of the Trustee on the 23rd of November 2015. The Directors of the Trustee have the power to amend and reissue the financial report.

AIR OFFICERS TRUST
ABN 16 950 829 154

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Revenue from continuing operations	3	**130,580**	144,064
Other income	3	**80,435**	85,994
Expenses			
Audit fees		**(1,320)**	(1,300)
Depreciation	4	**(42,554)**	(42,932)
Other property expenses		**(63,771)**	(59,692)
Repairs and maintenance		**(12,590)**	(26,698)
Legal and professional		**(260)**	(150)
		(120,495)	(130,772)
Profit attributable to beneficiaries		**90,520**	99,286
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to beneficiaries		**90,520**	99,286

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AIR OFFICERS TRUST
ABN 16 950 829 154

BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**2,479,157**	2,483,570
Receivables	6	**3,477**	5,866
Total current assets		**2,482,634**	2,489,436
Non-current assets			
Investment Property	7	**2,595,170**	2,556,267
Total non-current assets		**2,595,170**	2,556,267
Total assets		**5,077,804**	5,045,703
Current liabilities			
Trade and other payables	8	**10,454**	11,571
Total current liabilities		**10,454**	11,571
Non-current liabilities			
Borrowings	9	**3,848,665**	3,815,447
Total non-current liabilities		**3,848,665**	3,815,447
Total liabilities		**3,859,119**	3,827,018
Net assets		**1,218,685**	1,218,685
EQUITY			
Settled sum	10	**20**	20
Reserves	11	**1,218,665**	1,218,665
Total equity		**1,218,685**	1,218,685

The above balance sheet should be read in conjunction with the accompanying notes.

AIR OFFICERS TRUST
ABN 16 950 829 154

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Settled sum	Retained profits	Reserves	Total
	$	$	$	$
Balance at 1 July 2013	20	-	1,218,665	1,218,685
Total comprehensive income for the year	-	99,286	-	99,286
Distributions paid or provided for	-	(99,286)	-	(99,286)
Balance at 30 June 2014	20	-	1,218,665	1,218,685
Balance at 1 July 2014	**20**		**1,218,665**	**1,218,685**
Total comprehensive income for the year	-	**90,520**		**90,520**
Distributions paid or provided for	-	**(90,520)**		**(90,520)**
Balance at 30 June 2015	20	-	**1,218,665**	**1,218,685**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

AIR OFFICERS TRUST
ABN 16 950 829 154

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$	$
Cash flows from operating activities			
Receipts from tenants		**144,278**	162,867
Interest received		**80,435**	85,994
Payments to suppliers and employees		**(90,367)**	(108,164)
Net cash inflow/(outflows) from operating activities	**15**	**134,346**	140,697
Cash flows from investing activities			
Payment for property, plant and equipment		**(81,457)**	(1,227)
Net cash (outflow) from investing activities		**(81,457)**	(1,227)
Cash flows from financing activities			
Distributions made		**(90,520)**	(99,286)
Repayment of loans to related parties		**(57,302)**	(57,303)
Loans received from related parties		**90,520**	99,286
Net cash (outflow) from financing activities		**(57,302)**	(57,303)
Net increase/(decrease) in cash and cash equivalents		**(4,413)**	82,167
Cash and cash equivalents at beginning of financial year		**2,483,570**	2,401,403
Cash and cash equivalents at end of financial year	**5**	**2,479,157**	2,483,570

The above statement of cash flows should be read in conjunction with the accompanying notes.

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the company comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New and amended standards adopted by the Trust

The Trust has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- Interpretation 21 Accounting for Levies
- AASB 2014-1 Amendments to Australian Accounting Standards

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

1: Summary of significant accounting policies (Continued)

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Trust's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Rent

Rent revenue is recognised when the right to receive the rent has been established.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

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

(c) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

1: Summary of significant accounting policies (Continued)

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the balance sheet are stated inclusive 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 balance sheet.

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 as classified as operating cash flow.

Commitments and contingencies are disclosed inclusive of GST.

(f) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the entity. Investment property is carried at cost as is allowed by AASB 140.

Investment property is carried at historical cost or fair value less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of asset	Depreciation rate	Depreciation basis
Buildings	2.5%	Diminishing Value
Building improvements	3%- 20%	Diminishing Value

(g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs .

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1: Summary of significant accounting policies (Continued)

(h) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(i) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2014, it also sets out new rules for hedge accounting. When adopted, the standard will affect the Trust's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. There will be no impact on the Trust's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Trust does not have any such liabilities.

(ii) AASB 15 *Revenue from Contracts with customers* (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. There will be no impact on the Trust's financial report.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Trust and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment
The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised for the year ended 30 June 2015.

(b) Critical judgments in applying the trust's accounting policies

There are no critical judgements made in applying the Trust's accounting policies.

3: Revenue

	2015	2014
	$	$
From continuing operations		
rent received	**130,580**	144,064
Other income		
interest	**80,435**	85,994

4: Expenses

	2015	2014
	$	$
The profit for the year includes the following specific expenses:		
Depreciation of non-current assets		
- Buildings	**31,250**	31,250
- Improvements	**11,304**	11,682
	42,554	42,932

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5: Current assets - Cash and cash equivalents

	2015	2014
	$	$
Cash at bank	128,870	210,485
Term deposit	2,350,287	2,273,085
	2,479,157	2,483,570

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	2015	2014
Balances as above	2,479,157	2,483,570
Balances per cash flow statement	2,479,157	2,483,570

6: Current assets – Receivables

	2015	2014
	$	$
Prepayments	3,477	5,866

7: Investment property

	2015	2014
	$	$
Land and buildings		
At cost or fair value	2,905,000	2,905,000
Less accumulated depreciation	(493,919)	(462,669)
	2,411,081	2,442,331
Building improvements		
At cost	349,070	267,613
Less accumulated depreciation	(164,981)	(153,677)
	184,089	113,936
Balance at end of year	2,595,170	2,556,267

7: Investment property (continued)

(a) Movement in the carrying amounts between the beginning and the end of the year:

2014	Land and buildings $	Building improvements $	Total $
Opening net book amount	2,473,581	124,391	2,597,972
Additions	-	1,227	1,227
Depreciation	(31,250)	(11,682)	(42,932)
Closing net book amount	2,442,331	113,936	2,556,267

2015	Land and buildings $	Building improvements $	Total $
Opening net book amount	**2,442,331**	**113,936**	**2,556,267**
Additions	**-**	**81,457**	**81,457**
Depreciation	**(31,250)**	**(11,304)**	**(42,554)**
Closing net book amount	**2,411,081**	**184,089**	**2,595,170**

(b) Land and buildings at valuation

The valuation basis of land and buildings is the fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The property was last valued on 15th November 2010 by Craig Cunningham Property Consultants. The valuation does not take account of subsequent improvements which are recorded at cost. Based on this valuation the committee of management is satisfied that there has been no permanent diminution in the value of the land and buildings.

(c) Amounts recognised in statement of comprehensive income for investment properties

Rental and other tenant income	**130,580**	144,064
Direct operating expenses from property that generated rental income.	**(120,495)**	(130,772)
Direct operating expenses from property that did not generated rental income	**-**	-
	10,085	13,292

7: Investment property (continued)

(d) Leasing arrangements

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	**30,691**	45,984
Later than one year but not later than five years	**14,637**	22,287
Later than five years		-
	45,328	68,271

8: Current assets - Trade and other payables

	2015	2014
	$	$
Unsecured		
Trade creditors	**5,282**	5,601
Other payables	**3,813**	5,193
Rent in advance	**1,359**	777
	10,454	11,571

9: Non-current liabilities - Borrowings

	2015	2014
	$	$
Unsecured		
Related parties	**3,848,665**	3,815,447

10: Settled sum

	2015	2014
	$	$
Settled sum – R J Garlick	**20**	20

11: Reserves

	2015	2014
	$	$
Asset revaluation reserve	**1,218,665**	1,218,665

(a) Movements in reserves:

(i) Asset revaluation reserve		
Beginning of the year	**1,218,665**	1,218,665
Transfer to/from reserve	**-**	-
End of year	**1,218,665**	1,218,665

(b) Nature and purpose of reserves:

(i) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

12: Distributions

	2015	2014
	$	$
Total comprehensive income for the year	**90,520**	99,286
Distributions paid or provided for	**(90,520)**	(99,286)
	-	-

13: Contingencies

There are no known contingent assets or liabilities at 30 June 2015.

14: Related party transactions

	2015 $	2014 $
Sales of goods and services		
Rent received from a related party	**52,093**	52,093
Loans from related parties		
Beginning of the year	**3,815,447**	3,773,462
Additional advance	**90,520**	99,286
Loan repayments received	**(57,302)**	(57,301)
End of year	**3,848,665**	3,815,447

(i) This loan is interest free

(a) Key management personnel compensation

The trust did not pay any compensation to the key management personnel during the year.

(b) Trustee

The trustee of the trust is Air Officers Pty Ltd – ACN 005 633 616

15: Cash flow information

	2015 $	2014 $
Reconciliation of cash flow from operations with profit after income tax		
Profit for the year	**90,520**	99,286
Non-cash flows in profit		
Depreciation	**42,554**	42,932
Changes in assets and liabilities		
(Decrease)/Increase in payables	**(1,117)**	(13,163)
Decrease/(Increase) in other assets	**2,389**	11,642
Net cash flows from operating activities	**134,346**	140,697

16: Events subsequent to reporting date

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the Trust, the results of those activities or the state of affairs of the Trust in the ensuing or any subsequent financial year.

AIR OFFICERS TRUST
ABN 16 950 829 154

DIRECTORS OF THE TRUSTEE DECLARATION

In the Directors of the Trustee opinion:

(a) the financial statements and notes, as set out on pages 1 to 14 present fairly the trust's financial position at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards.

(b) there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Trustee.

Director Daryl Hickey - President

Director Stuart Brades - Vice President Finance

Dated: 23rd November 2015
Melbourne

D. PENMAN & CO.
CHARTERED ACCOUNTANT

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EMAIL DAVID_STANFORD@UNITE.COM.AU

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF AIR OFFICERS TRUST

Report on the Financial Report

I have audited the special purpose financial report of Air Officers Trust for the year ended 30 June 2015 comprising the statement of cpmprehensive income,the balance sheet,the statement of changes in equity,the statement of cash flows,the notes to the financial statements and the directors of the trustee company declaration.

Trustee's Responsibility for the Financial Report

The directors of the trustee company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the trust deed. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report; that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. My audit has been conducted in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient to provide a basis for my audit opinion.

Independence

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion the financial report of Air Officers Trust presents fairly in all material respects the financial position of the trust at 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including Australian Accounting Interpretations).

David Penman
Chartered Accountant 26812
Registered Company Auditor 15485
Level 10, 420 St Kilda Road Melbourne
23 November 2015