



Australian Government

Australian Industrial Registry

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Mr Michael Mijatov
Divisional Secretary
International Division
Flight Attendants' Association of Australia
20 Ewan Street
MASCOT NSW 2020

By e-mail: info@faaa.net

Dear Mr Mijatov

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial reports for year ended 31 March 2008 – FR2008/273**

I acknowledge receipt of the financial reports for the International Division of the Flight Attendants' Association of Australia for the year ended 31 March 2008. The documents were lodged in the Industrial Registry on 1 September 2008.

The financial documents have been filed and no further action is required with respect to these financial documents.

However, to enable future financial reports to be filed without delay I request the following improvements be made.

1. Auditor's Report

(a) Signed committee of management statement must be part of audit

The auditor's report must state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with the applicable accounting standards and requirements of the *Workplace Relations Act 1996* (the Act). A general purpose financial report consists of:

- profit and loss statement;
- balance sheet;
- statement of cash flows;
- notes to the accounts as required by the Australian Accounting Standards and the Act;
and
- a committee of management statement.

(see s253 of the RAO Schedule, Reporting Guidelines).

The main problem with the financial reports lodged is that the resolutions contained in the committee of management statement (divisional council's statement) were passed and signed on 27 August 2008 but the auditor's report was signed on 31 July 2008.

From the information provided it is clear the auditor did not take into account a signed copy of the committee of management statement. This is problematic as the resolutions contained in the committee of management statement had not yet been passed when the audit occurred.

I understand from my previous conversation with Ms Bodnar that the committee of management statement is prepared by the auditor when he audits the reporting unit's accounts. To ensure the legislation is fully complied with I request that after the resolutions are passed by the divisional council and the divisional council's statement is signed, this signed statement should

be returned to and considered by the auditor. The auditor should then sign the auditor's report again at a date after the committee of management statement has been signed.

(b) Auditor's opinion

The wording of the auditor's report should comply with s.257(5) of the RAO Schedule. The term "true and fair view" and the reference to s273 of the RAO Schedule of the *Workplace Relations Act 1996* have been superseded and is no longer relevant. Section 273 governs the procedures regarding Commission orders for inspection of financial records.

The auditor may wish to adopt the following wording to satisfy the requirements of the RAO Schedule:

"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996."

(c) Approved auditor

It is not clear from the report whether or not the auditor is an approved auditor. The definition of an *approved auditor* is contained in regulation 4 of the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003* (RAO Regulations).

Regulation 4 states:

"...an approved auditor means:

(a) a person who:

(i) is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants; and

(ii) holds a current Public Practice Certificate..."

Although the auditor's report provides that he is a registered company auditor, the preferred practise is that the qualifications are made explicit **and** that he holds a current Public Practice Certificate.

Please forward this correspondence to your auditor.

2. Committee of Management Statement

(a) Recovery of wages

Items 16 – 23, 25(f) and 27(b) of the *Reporting Guidelines* govern the financial reporting of recovery of wages activity.

I note the accounts do not provide any information in relation to any recovery of wages activity. In circumstances where the reporting unit has not undertaken any recovery of wages activity a brief sentence contained in the committee of management statement stating that there was no recovery of wages activity for the financial year would suffice. In the absence of such a statement the Registrar cannot assume no such activity has taken place. The Registrar must be satisfied the reporting unit has turned their mind to this reporting requirement.

(b) Section 272 reference

Paragraph (e)(iv) of the committee of management statement makes reference to section 274(2) of the *Workplace Relations Act 1996*. Section 274 relates to frivolous or vexatious applications for the Commission to order an inspection of financial records. Perhaps the correct section to appear in that paragraph should be section 272 of the RAO Schedule.

3. Operating Report

The legislative requirements regarding the contents of the operating report is contained in s.254 of the RAO Schedule and reg.159 of the RAO Regulations.

The operating report is missing information regarding significant changes in the reporting unit's *financial affairs* during the year [s.254(2)(b)]. If there are no significant changes in the financial affairs during the financial year a brief statement to indicate this is sufficient.

With regards to the details of right of members to resign, the relevant rules in the Flight Attendants' Association of Australia rule book are rules 33 and 34 and not 36 and 37.

4. Notes to general purpose financial report

Note 2 on page 7 of the financial statements draws attention to s.274 of the RAO Schedule. This section has been superseded. The relevant section is now s.272 and the wording of the section has changed.

Section 272 states:

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

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Note: This subsection is a civil penalty provision (see section 305).

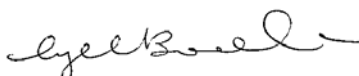
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(5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section and setting out those subsections."

Please ensure future financial reports adopt the current legislation.

If you wish to discuss the matters contained in this letter please do not hesitate to contact me on (03) 8661 7989 (Wednesdays to Fridays) or by email at cynthia.lobooth@airc.gov.au.

Yours sincerely,



Cynthia Lo-Booth
Statutory Services Branch

17 September 2008

Cc: Ms Sharon Bodnar
By email: sharon@faaa.net

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008
TOGETHER WITH THE REPORT OF THE AUDITORS**

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**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008	2007
		\$	\$
INCOME			
Advertising		5,455	6,909
Insurance Claim		2,494	0
Membership fees		1,578,402	1,743,901
Sale of Fixed Asset		0	503
Interest received		94,106	30,263
Workcover grant		0	60,500
TOTAL INCOME		1,680,457	1,842,076
LESS: EXPENSES			
Depreciation			
Building improvements		19,769	19,234
Computers		9,163	8,752
Equipment		12,827	12,551
Furniture and Fittings		1,853	1,853
		<u>43,612</u>	<u>42,390</u>
Employee Expenses			
Salaries of officials		91,435	108,617
Salaries of employees		423,265	357,084
Increase/(decrease) in provn for annual leave		(253)	9,173
Increase/(decrease) in provn for LSL		(11,306)	5,839
Superannuation		45,588	41,810
Leave Bank expenses		110,633	161,516
Recruitment		6,693	0
Staff Training & Amenities		6,991	0
		<u>673,046</u>	<u>684,039</u>
Other Expenses			
Affiliation Fees		48,673	30,186
Audit fees		14,380	1,645
Bank charges		16,891	17,676
Building expenses		28,832	19,815
Computers and networks		57,817	73,847
Conferences		0	3,273
Councillors		0	(1,802)
Donations		1,000	6,836

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2008**

CONTINUED

	2008	2007
	\$	\$
Electricity	6,549	5,713
General industrial expenses	50,321	97,016
Insurance	15,263	56,914
Interest	6,029	5,702
Loss on disposal of fixed assets	1,006	493
Postage	11,596	9,179
Printing and stationery	12,705	22,712
Small equipment written off	381	2,308
Telephone	39,807	41,070
Travel	31,143	48,436
	<u>342,393</u>	<u>441,019</u>
TOTAL EXPENSES	<u>1,059,051</u>	<u>1,167,448</u>
OPERATING SURPLUS FOR THE YEAR	<u>621,406</u>	<u>674,628</u>

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash at Bank and on hand	3	1,704,474	1,073,510
Other debtors		20,000	23,985
TOTAL CURRENT ASSETS		<u>1,724,474</u>	<u>1,097,495</u>
NON CURRENT ASSETS			
Land and Building		798,000	798,000
Building improvements, plant and equipment		815,920	832,549
TOTAL NON CURRENT ASSETS		<u>1,613,920</u>	<u>1,630,549</u>
TOTAL ASSETS		<u><u>3,338,394</u></u>	<u><u>2,728,044</u></u>
CURRENT LIABILITIES			
Accounts payable and accrued expenses		54,239	55,022
Provisions		28,369	39,928
TOTAL CURRENT LIABILITIES		<u>82,608</u>	<u>94,950</u>
NON CURRENT LIABILITY			
Building loan		3,656	3,832
TOTAL NON CURRENT LIABILITY		<u>3,656</u>	<u>3,832</u>
TOTAL LIABILITIES		<u><u>86,264</u></u>	<u><u>98,783</u></u>
NET ASSETS		<u><u>3,252,130</u></u>	<u><u>2,629,261</u></u>
MEMBERS' FUNDS			
Accumulated surplus at beginning of year		2,630,724	1,954,633
Surplus for the year		621,406	674,628
MEMBERS' FUNDS AT END OF YEAR		<u><u>3,252,130</u></u>	<u><u>2,629,261</u></u>

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 \$	2007 \$
Cash Flow from operating activities			
Membership fees		1,578,402	1,743,901
Payments to suppliers and employees		(1,048,310)	(1,239,765)
Interest received		94,106	30,263
Sundry Income		7,948	67,409
Cash provided by operating activities	6	<u>632,285</u>	<u>576,924</u>
Cash Flow from investing activities			
Payments for buildings, plant and equipment		<u>(1,006)</u>	<u>(12,312)</u>
Proceeds from borrowings			
Building loan (repaid)		<u>(176)</u>	<u>(130)</u>
Net increase/(decrease) in cash		630,964	589,366
Add: Cash at beginning of year		1,073,510	484,144
Cash at end of year	3	<u><u>1,704,474</u></u>	<u><u>1,073,510</u></u>

The accompanying notes form part of these financial statements

**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2008**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The financial report has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Workplace Relations Act 1996. The financial report has also been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Association in the preparation of the financial report.

(a) Plant and Equipment

Plant and equipment acquired on restructuring at 31 March 2000 has been accounted for at an independent expert valuation. Additions since then, have been brought to account at cost. Depreciation is calculated on the straight-line basis in order to write the assets off over their estimated useful lives to the Association. Assets costing less than \$1,000 are written off 100% in the year of purchase.

(b) Employee Entitlements

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at their nominal amount. The Long Service Leave entitlements have been measured by reference to periods of service and current salary rates as it is considered that this results in an amount not materially different to that achieved by discounting future cash flows. Contributions are made by the Division to employee superannuation funds and the expense is charged when incurred.

(c) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in deposits with banks or financial institutions.

(d) Land and Building

It is not practicable to ascertain the separate values of the land and the building. Therefore, depreciation has not been provided on the building.

(e) Income Tax Expense

No provision for income tax is necessary, as Industrial Trade Unions are exempt from income tax, under Section 50 - 15 of the Income Tax Assessment Act 1997.

(f) Membership Fees

Membership Fees are accounted for on a cash basis.

(g) Building Expenses

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

This item includes removal expenses, water and council rates, cleaning and security.

**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2008 (continued)**

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996, the attention of the members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which read as follows:

- (1) A member of an organisation, or Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application under subsection (1) by a member of the organisation, or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 3: CASH

	2008	2007
	\$	\$
Cash on hand	3,500	3,500
Cash at bank	(56,047)	(74,540)
Cash at QSCU	1,269	1,268
Business Online Saver	<u>1,755,752</u>	<u>1,143,282</u>
	<u>1,704,474</u>	<u>1,073,510</u>

NOTE 4: NON CURRENT ASSETS

Asset	2008			2007		
	Valuation or cost	Dep'n	Written down value	Valuation or cost	Dep'n	Written down value
	\$			\$		
Building Improvements	798,752	57,641	741,111	786,177	37,873	748,304
Computers	83,565	63,105	20,460	88,708	64,803	23,905
Furniture & Fittings	20,376	5,649	14,727	20,377	3,796	16,580
Office Equipment	77,771	38,149	39,622	69,081	25,322	43,759
Total	<u>980,465</u>	<u>164,544</u>	<u>815,920</u>	<u>964,343</u>	<u>131,794</u>	<u>832,548</u>

NOTE 5: PROVISIONS

	2008	2007
	\$	\$
Annual Leave	22,778	23,031
Long Service Leave	<u>5,591</u>	<u>16,897</u>
	<u>28,369</u>	<u>39,928</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2008 (continued)

NOTE 6: RECONCILIATION OF CASH FLOW FROM
OPERATIONS WITH OPERATING SURPLUS

	2008	2007
	\$	\$
Operating Surplus	621,406	674,628
Non Cash Flows in Operating Surplus		
Depreciation	43,612	42,389
(Profit)/Loss on disposal of plant and equipment	1,006	(9)
Provision for Employee Entitlements	(11,559)	15,012
Changes in Assets and Liabilities		
Decrease in Sundry Creditors	(26,165)	(134,574)
Decrease in Sundry Debtors	3,985	(20,522)
Net Cash provided by operating activities	<u>632,285</u>	<u>576,924</u>

OPERATING REPORT

Principal activities

The Principal activities of the Division during the reporting period were to provide industrial and organising services to the members consistent with the objects of the Division and particularly the object of protecting and improving the interests of the members.

The Division's principal activities resulted in maintaining and improving the wages and conditions of Flight Attendants. Enterprise agreements were negotiated with Qantas Airways and Australian Airlines and many members were assisted at disciplinary hearings.

There were no significant changes in the nature of the Division's principal activities during the reporting period.

In August 2005, the Division purchased, renovated and moved into a building near Sydney Airport. This has resulted in increased convenience for members and a significant saving on rent.

Rights of members to resign

Members may resign from the Division in accordance with Rules 36 and 37, which read as follows:

36 - RESIGNATION

- (a) A member may resign from membership of the Association by written notice addressed and delivered to the Divisional Secretary.
- (b) A notice of resignation from membership of the Association takes effect:
 - (1) Where a member ceases to be eligible to become a member of the Association:
 - (i) on the day on which the notice is received by the Divisional Secretary;
 - or
 - (ii) 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 later; or
 - (2) in any other case:
 - (i) at the end of 2 weeks after the notice is received by the Divisional Secretary; or
 - (ii) on the day specified in the notice;whichever is the later.
- (c) Any membership fees payable but not paid by a former member of the Association, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
- (d) A notice delivered to the person mentioned in Sub-Rule (a) shall be taken to have been received by the Association when it was delivered.

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

- (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 of the Association 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.

37 - LIABILITY OF FORMER MEMBERS

- (a) Any member who ceases to be a member shall remain liable to the Association for all money owing by that member to the Association at the time of ceasing to be a member unless Divisional Executive releases the member in whole or part from such obligation.
- (b) All membership fees, levies or other monies owing by any member of the Association under the Rules may at any time be sued for and recovered in the name of the Association by the Divisional Secretary.

Superannuation Trustees

Michael Mijatov was a Director on the Board of Qantas Superannuation Limited.

Number of members

The number of persons who were, at 31 March 2008, recorded on the Register of Members of the Division was 2838.

Number of employees

The number of persons who were, at 31 March 2008, employees of the Division was 4.

Members of Divisional Council

The persons, who held office during the year ended 31 March 2008, are:

- Michael Mijatov (Secretary)
- Lee Lam (Assistant Secretary)
- Steven Reed (President)
- Vanessa Dunn (Vice President)
- Mark Agar
- Tony Brady
- Stephen Brownlie
- Yvette Childs
- David Horsfall
- Lee Jackson
- Nicholas Kenny
- Shane Wade



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MICHAEL MIJATOV
27 August 2008

DIVISIONAL COUNCIL'S STATEMENT

At a meeting held on 27 August 2008, the Divisional Council of the Flight Attendants' Association of Australia International Division passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 March 2008.

The Divisional Council of the Flight Attendants' Association of Australia International Division declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Division for the financial year ended 31 March 2008.
- (d) there are reasonable grounds to believe that the Division will be able to pay its debts as and when they become due and payable:
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Division were held in accordance with the rules of the Division; and
 - (ii) the financial affairs of the Division have been managed in accordance with the rules of the Division;
 - (iii) the financial affairs of the Division have been kept and maintained in accordance with the RAO schedule and the RAO Regulations; and
 - (iv) there have been no instances where records of the Division or other documents [not being documents containing information made available to a member of the Division under Sub-Section 274 [2] of the Workplace Relations Act, 1996], or copies of these records or documents, or copies of the rules of the Division, have not been furnished, or made available to members in accordance with the requirements of the Workplace Relations Act, 1996, the Regulations thereto, or the rules of the Division; and
 - (v) no orders have been made by the Commission under section 273 of the RAO Schedule for inspection of the Division's financial records.

For the Divisional Council of the Flight Attendants' Association of Australia International Division.



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MICHAEL MIJATOV
DIVISIONAL SECRETARY
27 August 2008

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE FLIGHT ATTENDANTS' ASSOCIATION OF
AUSTRALIA INTERNATIONAL DIVISION**

SCOPE

We have audited the financial report of the Flight Attendants' Association of Australia International Division, for the year ended 31 March 2008 as set out on pages 1 to 8. The Division's Executive and Accounting Officer are responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Division.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with applicable accounting standards, other mandatory professional reporting requirements in Australia and other statutory requirements so as to present a view of the Division which is consistent with our understanding of its financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

REPORT

We have received all the information and explanations required for the purposes of our audit.

In our opinion:

- [i] There were kept by the Division in respect of the year under review, satisfactory records detailing the sources and nature of income of the Division [including income from members] and the nature and purposes of expenditure, and
- [ii] The attached financial report including the Certificates of the Divisional Executive and the Accounting Officer is prepared in accordance with Section 273 of the Workplace Relations Act, 1996. The financial report has been prepared from the accounting records of the Division and is properly drawn up so as to give a true and fair view of:
 - [a] the financial position of the Division as at 31 March 2008; and
 - [b] the financial performance of the Division for the year ended on that date;

and is in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

CHARTER GROUP
Chartered Accountants



WILLIAM J. WALKER
Registered Company Auditor
Level 8, 225 Clarence Street
SYDNEY NSW 2000
31 July 2008

**FLIGHT ATTENDANTS' ASSOCIATION OF AUSTRALIA
INTERNATIONAL DIVISION**

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Flight Attendants' Association of Australia International Division for the year ended 31 March 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Flight Attendants' Association of Australia International Division only.

Charter Group



William John Walker
Partner

Sydney
Date: 31 July 2008

DESIGNATED OFFICER'S CERTIFICATE

I, Michael Mijatov, being the secretary of the Flight Attendants' Association of Australia International Division certify:

1. that the documents lodged herewith are copies of the full report referred to in s268 of the RAO schedule; and presented at the Council meeting 27 August 2008; and
2. that the full report be provided to members on 5 September 2008.



MICHAEL MIJATOV
27 August 2008