

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

Operating Report
For the year ended 31 December, 2017

Your Committee members submit the financial report of The Australian Licenced Aircraft Engineers' Association (hereinafter referred to as 'ALAEA') for the financial year ended 31 December 2017.

Committee Members:

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

Current committee members

- **Appointed from 1 July 2002 (continuing)**
Paul Cousins (Federal President)
Wesley Bell (Vice President)
- **Appointed from 1 July 2004 (continuing)**
Michael Weitenberg (Senior Vice President until 17/10/2017, thereafter Federal President)
- **Appointed from 5 September 2007 (continuing)**
John Alldis
- **Appointed from 24 June 2009 (continuing)**
Bradley Cox
- **Appointed from 11 March 2017 (continuing)**
Christian Tamblyn
Robert Toovey
- **Temporary Appointment from 9 July 2017 (continuing)**
Craig Hyde
- **Temporary Appointment from 30 June 2017 (continuing)**
Chris Burleigh
- **Temporary Appointment from 17 May 2017 (continuing)**
Rod Wyse

Current committee members

- **Appointed from 1 July 2006 (continuing)**
Mark Gant (Trustee)
Stephen Re (Trustee)
Wayne Vasta (Assistant Federal Secretary – extended leave from 08/07/2017)
- **Appointed from 3 April 2013 (continuing)**
Mathew Rea
- **Appointed from 1 July 2014 (continuing)**
Wayne Derndorfer
Luke Murray (acting Assistant Federal Secretary from 08/07/2016)
Simon Locke
Peter Gill (Senior Vice President from 17 May 2017)
- **Appointed from 12 August 2017 (continuing)**
Brett McClenahan
Mike Davies
Doug Rattey

Resigned committee members

- Paul Cousins (Federal President - Resigned 17 May 2017)

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

ALAEA has many stakeholders, including the members we care for and their families, our staff and volunteers, the broader community who use air travel, the government agencies that regulate the air travel industry and our suppliers. ALAEA's sees its position as being the peak body to advise government and assist in advising on the effective regulation of the air travel industry in respect of maintenance and safety issues which are paramount not only to those who use the air travel but to those who may be impacted by that air travel – notably the wider Australian community. There have been no significant changes in the nature of these activities.

In keeping with this philosophy the principal activities of ALAEA during the financial year achieved the following results:

- provided welfare and support facilities and other services including information on technical developments in the aircraft industry, journals and employment related information to members of ALAEA.
- provided legal representation for workplace related matters and negotiating Enterprise Bargaining Agreements (EBA's) and Australian Workplace Agreements (AWA's) on behalf of members of ALAEA.
- promoted and enforced high standards in aircraft maintenance.
- provided a means of liaison between the Civil Aviation Safety Authority and Licenced Aircraft Engineers in connection with all matters involving Licenced Aircraft Engineers and the general promotion of safety standards in the aircraft industry.

Significant Changes in Financial Affairs

In the opinion of the Committee of Management, there were no significant changes in the state of affairs of ALAEA that occurred during the financial year under review not otherwise disclosed in this report.

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Operating Report
For the year ended 31 December, 2017

Subsequent Events

With the exception of legal expenses to be incurred as shown in Note 12 and damages or other claims as a result of future unsuccessful defence of legal matters which claims are unable to be quantified at this time, and the unquantifiable effect of the continuing global uncertainties, there has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature that in the opinion of the Committee of Management is likely to substantially affect the operations of ALAEA, the results of those operations, or the state of affairs of ALAEA in future financial years.

Number of Members

At balance date there were 2,973 members of ALAEA. This number consisted of 570 members that have chosen not to resign from the Association but have taken associate status, meaning they pay no dues and have relinquished voting rights but are entitled to ongoing representation and association benefits if required.

Number of Employees

At balance date there were 8 equivalent full-time employees (2016:8).

Rights of Members to Resign

Part 6 of ALAEA's constitution provides the following:

- (1) A member of the Association may resign from membership by written notice addressed and delivered to the Federal secretary, or addressed and delivered to the officer performing the duties of the Federal Secretary at the Registered Office of the Association.
- (2) A member ceases to be eligible for membership if he ceases to be employed:
 - (a) in or in connection with an industry or industrial pursuit in respect of which the Association has constitutional coverage.
- (3) A notice of resignation from membership of the Association takes effect:
 - (a) where the member ceases to be eligible to become a member of the Association:
 - (i) on the day on which the notice is received by the Association; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to become a member;whichever is later.
 - (b) in any other cases, a member's notice of resignation shall take effect:
 - (i) at the end of two weeks after the notice is received by the Association;
 - (ii) or on the day specified in the notice;whichever is later.
- (4) Any dues payable but not paid by the former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
- (5) A notice delivered to the person mentioned in (1) above shall be taken to have been received by the Association when it is delivered.
- (6) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with (1) above.
- (7) A resignation from membership is valid even if it is not effected in accordance with this Rule if the member is informed in writing by on behalf of the Association that his resignation has been accepted.

Contingencies and Commitments

There are no contingencies or commitments other than stated at Notes 9 & 12.

Operating Report
For the year ended 31 December, 2017

Proceedings on behalf of ALAEA

No person has applied for leave of Court to bring proceedings on behalf of ALAEA or intervene in any proceedings to which ALAEA is a party for the purpose of taking responsibility on behalf of ALAEA for all or any part of those proceedings.

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

ALAEA is not aware of any member (whether or not an officeholder) of ALAEA acting as a Trustee in the circumstances aforementioned.

Signed



Mark Gant (Trustee)



Stephen Re (Trustee)

Dated this 20th day of JUNE 2018

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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Committee of Management Statement

On 13 JUNE 2018, the Committee of Management of The Australian Licenced Aircraft Engineers' Association ("ALAEA") passed the following resolution in relation to the general purpose financial report ("GPFR") for the financial year ended 31 December 2017:

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

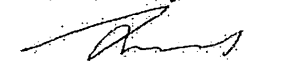
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flow of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 (RO Act); and
 - (iv) the organisation is the sole reporting unit; and
 - (v) there has not been any request for information by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act; and
 - (vi) no orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Designated officer:
Title of Office held:

Stephen Purvinas
Federal Secretary

Signature:



Date:

19/6/2018

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	2	2,080,884	2,151,898
Employee benefits expense	3(a)	(1,086,970)	(1,073,611)
Depreciation expenses	3(b)	(23,018)	(36,261)
Affiliation fees	3(c)	(40,860)	(57,293)
Administration costs	3(d)	(159,657)	(216,579)
Industrial & management expenses	3(e)	(679,012)	(519,445)
Welfare fund contributions		-	(20,272)
Federal Conference		-	-
Audit fees	3(f)	(13,000)	(13,000)
Grants and donations	3(g)	(27,381)	(7,769)
Other expenses from ordinary activities		-	-
Profit/(loss) before income tax expense	3(h)	50,986	207,668
Income tax expense	1(i)	-	-
Profit/(Loss) for the year		<u>50,986</u>	<u>207,668</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Net fair value re-measurement gains/(losses) on available for sale financial assets		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>50,986</u>	<u>207,668</u>
Profit/(loss) attributable to members of the entity		<u>50,986</u>	<u>207,668</u>
Total comprehensive income attributable to members of the entity		<u>50,986</u>	<u>207,668</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
 for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	4	3,833,312	3,737,345
Trade and other receivables	5	119	-
Other current assets	6	<u>56,144</u>	<u>128,712</u>
Total current assets		<u>3,889,575</u>	<u>3,866,057</u>
Non-current assets			
Property, plant and equipment	7	201,340	183,803
Intangible asset	10	<u>24,700</u>	<u>24,700</u>
Total non-current assets		<u>226,040</u>	<u>208,503</u>
Total assets		<u>4,115,615</u>	<u>4,074,560</u>
Current liabilities			
Trade and other payables	8	249,551	270,695
Provisions	9	<u>204,193</u>	<u>153,269</u>
Total current liabilities		<u>453,744</u>	<u>423,964</u>
Non-Current liabilities			
Provisions	9	<u>20,606</u>	<u>60,317</u>
Total current liabilities		<u>20,606</u>	<u>60,317</u>
Total liabilities		<u>474,350</u>	<u>484,281</u>
Net Assets		<u>3,641,265</u>	<u>3,590,279</u>
Equity			
General Fund		<u>3,641,265</u>	<u>3,590,279</u>
Total equity		<u>3,641,265</u>	<u>3,590,279</u>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2016	3,382,611	3,382,611
Profit attributable to the entity	207,668	207,668
Total other comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2016	3,590,279	3,590,279
Profit/(Loss) attributable to the entity	50,986	50,986
Total other comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>
Balance at 31 December 2017	<u>3,641,265</u>	<u>3,641,265</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. Members)		2,192,207	2,231,736
Payments to suppliers and employees		(2,186,476)	(2,071,090)
Interest received		<u>129,427</u>	<u>125,272</u>
Net cash provided by (used in) operating activities	11	<u>135,158</u>	<u>285,918</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(40,555)	(14,942)
Payment for intangible asset		-	(24,700)
Proceeds from sale of plant and equipment		<u>1,364</u>	<u>1,895</u>
Net cash provided by (used in) investing activities		<u>(39,191)</u>	<u>(37,747)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		95,967	248,171
Cash and cash equivalents at 1 January 2017		<u>3,737,345</u>	<u>3,489,174</u>
Cash and cash equivalents at 31 December 2017	4	<u><u>3,833,312</u></u>	<u><u>3,737,345</u></u>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies

The financial report covers The Australian Licenced Aircraft Engineers' Association (hereinafter also referred to as "ALAEA") as an individual not for profit entity. ALAEA is a Trade Union registered under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia and affiliated to the ACTU.

Basis of Preparation

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The amounts presented in the financial statements have been rounded to the nearest dollar.

Changes to the reporting guidelines made under section 255 of the RO Act came into effect for each financial year ending on or after 30 June 2016.

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

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

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

Accounting Policies

(a) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from members' subscriptions and joining fees entitles the member to services to be provided during the membership period and therefore revenue is recognised over the period that reflects the timing, nature and value of the benefits provided. Membership fees received relating to future financial periods are recognised as deferred income.

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

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

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

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

(b) Property, Plant and Equipment

Property

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(b) Property, Plant and Equipment (continued)

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Notes 1(c) and 1(d) for details of impairment).

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 association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to ALAEA commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate	Depreciation basis
Buildings	5% - 10%	Prime cost
Office equipment & furniture	10% - 25%	Prime cost
Motor vehicles	12.5% - 15%	Prime cost

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

Each asset class's carrying amount is written down immediately to its recoverable amount if the class's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income when the item is de-recognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(c) Financial Instruments

Initial Recognition & Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when ALAEA becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that ALAEA commits to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or, cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) *Financial liabilities*

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

Impairment

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

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby ALAEA no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Impairment of Assets

At the end of each reporting period, ALAEA assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs of disposal and its value in use, to the asset's carrying amount. For non-cash generating specialised assets measured using the cost basis, the recoverable amount is determined using current replacement cost in AASB 13 Fair Value Measurement. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, ALAEA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(e) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Any remeasurements of obligations of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

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

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

(f) Cash and Cash Equivalents

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

(g) Accounts receivable and other debtors

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income Tax and Fringe Benefits Tax

ALAEA is a registered Trade Union and exempt from income tax under Section 50-1 of the Income Tax Assessment Act 1997. ALAEA has obligations for Fringe Benefits Tax (FBT).

(j) Intangibles

ALAEA acquired certain education manuals in the prior year. The expected useful life of these manuals are 20-30 years. Amortisation of these costs may commence in the 2018 year.

(k) Provisions

Provisions are recognised when ALAEA has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(l) Affiliation fee

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

(m) Comparative Figures

Where required by Accounting Standards or the reporting requirements of the Fair Work Act (Registered Organisations) Act 2009 comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by ALAEA during the reporting period and employee RDO's which remain unpaid. The balance (including employee RDO's as these may be taken at any time by employees or requested to be paid out at any time by employees) is recognised as a current liability with amounts other than all RDO's normally paid within 60 days of recognition of the liability.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(o) Critical accounting estimates and judgments

The Committee evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within ALAEA.

• Key estimates

Impairment - General

ALAEA assesses impairment at the end of each reporting period by evaluation of conditions and events specific to ALAEA that may be indicative of impairment triggers. Recoverable amounts of relevant assets are re-assessed using estimates of sale values.

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

• Key judgements

Provision for employee benefits (short term)

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

Provision for employee benefits (long term)

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 1(e). The amount of these provisions would change should any of these factors change in the next 12 months.

(p) Going Concern**

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

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

The Management Committee has determined that the going concern basis of preparation of the financial report is appropriate.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(q) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the entity for the annual reporting period ended 31 December 2017. The new standards, interpretations and amendments are not expected to have a significant impact on the financial statements. ALAEA's assessment of the new and amended pronouncements that are relevant to ALAEA but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments – Effective from 1 January 2018

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

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

The main changes are described below.

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

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

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

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

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

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

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

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- (a) Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.*
- (b) Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.*

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

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

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

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

NFP entities will generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries.

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

AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

AASB 2017-1 amends:

- (1) AASB 1 *First-time Adoption of Australian Accounting Standards* to delete some short-term exemptions for first-time adopters that were available only for reporting periods that have passed and to add exemptions arising from AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*;
- (2) AASB 128 *Investments in Associates and Joint Ventures* to clarify that:
 - (a) a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture; and
 - (b) an entity that is not an investment entity may elect to retain the fair value measurement applied by its associates and joint ventures that are investment entities when applying the equity method. This choice is available separately for each investment entity associate or joint venture; and
- (3) AASB 140 *Investment Property* to reflect the principle that an entity transfers a property to, or from, investment property when, and only when, there is a change in use of the property supported by evidence that a change in use has occurred.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. Statement of significant accounting policies (continued)

(r) Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

The new reporting guidelines became effective so as to apply to each financial year of a reporting unit that ends on or after 30 June 2016. The major effect was to stipulate that all reporting units apply Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 *Application for Tiers of Australian Accounting Standards*.

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017	2016
	\$	\$
2. Revenue		
Membership subscriptions **		
- Generally applied	1,972,579	2,004,962
- Welfare Fund applied	19,881	20,272
	<u>1,992,460</u>	<u>2,025,234</u>
Interest earned (from cash on deposit)	87,060	125,963
Profit on disposal of asset	1,364	701
Capitation fees **	-	-
Levies **	-	-
Wages recovery **	-	-
Grants **	-	-
Revenue from other reporting units **	-	-
Donations **	-	-
Total revenue	<u>2,080,884</u>	<u>2,151,898</u>
3. (a) Employment costs		
Employee expenses **		
Officeholders**:		
Wages and salaries	397,638	388,894
Superannuation	44,627	40,900
Leave and other entitlements	5,573	9,405
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>447,838</u>	<u>439,199</u>
Employees other than Officeholders**:		
Wages and salaries	553,175	538,210
Superannuation	57,524	57,681
Leave and other entitlements	7,534	25,547
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>618,233</u>	<u>621,438</u>
Total employee expenses**	<u>1,066,071</u>	<u>1,060,637</u>
Other employment costs:		
Payroll tax	18,267	10,407
Staff training	2,632	2,567
Temporary staffing and placements	-	-
	<u>20,899</u>	<u>12,974</u>
Total Employment costs	<u>1,086,970</u>	<u>1,073,611</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017	2016
	\$	\$
3. (b) Depreciation:		
Depreciation		
- land and buildings	3,071	14,309
- office equipment	18,961	21,952
- motor vehicle	986	-
Total Depreciation	<u>23,018</u>	<u>36,261</u>
(c) Affiliation fees: **		
ACTU	17,498	16,958
Unions NSW	4,445	5,648
Union Shopper	3,350	2,951
Victorian Trades Hall Council	4,593	4,054
Aircraft Engineers International	-	17,192
International Transport Workers Federation	8,103	9,672
Global Cabin Air Quality Executive	1,597	-
International Federation of Airworthiness	1,274	-
APHEDA	-	818
	<u>40,860</u>	<u>57,293</u>
(d) Administration expenses:		
Consideration to employers for payroll deductions **	-	-
Compulsory levies **	-	-
Capitation fees **	-	-
Property expenses	41,164	46,764
Advertising **	-	-
Seminars	13,774	51,489
Postage, printing and stationery	20,160	36,605
Information communications technology	48,250	44,828
Finance cost – bank fees & merchant charges	22,832	23,035
Industrial library	13,477	13,858
Amounts paid to other reporting units **	-	-
Amounts (including donations) paid to political parties **	-	-
Total administration expenses	<u>159,657</u>	<u>216,579</u>
(e) Industrial and management expenses:		
Legal costs **		
Litigation	340,865	152,833
Other legal matters	1,279	872
	<u>342,144</u>	<u>153,705</u>
Other costs		
Consultants and contractors	400	4,227
Conferences and meeting expenses **	202,595	199,480
Fees/allowances – meetings and conferences **	18,498	46,796
Other Industrial & management expenses	115,375	115,237
Total Industrial and management expenses	<u>679,012</u>	<u>519,445</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017	2016
	\$	\$
3. (f) Audit fees:		
Remuneration of auditor for:		
- auditing or review of financial report	13,000	13,000
- other services	-	-
	<u>13,000</u>	<u>13,000</u>
No other services were provided by the auditors of the financial statements.		
(g) Grants and donations expense:		
Grants: **		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations – paid generally**		
Total paid that were \$1,000 or less	-	1,669
Total paid that exceeded \$1,000	27,381	6,100
	<u>27,381</u>	<u>7,769</u>
Donations – paid from Welfare Fund**		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
	<u>-</u>	<u>-</u>
(h) Penalties:		
Penalties – via RO Act or RO Regulations **	-	-
Other fines or penalties**	-	-
	<u>-</u>	<u>-</u>
4. Cash and cash equivalents		
Cash at bank and on hand	295,583	288,195
Short term bank deposits	<u>3,537,729</u>	<u>3,449,150</u>
	<u>3,833,312</u>	<u>3,737,345</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017	2016
	\$	\$
5. Trade and other receivables		
Receivables from other reporting entities **	-	-
Less provision for doubtful debts **	-	-
Receivables from other reporting entities (net)	<u>-</u>	<u>-</u>
Other receivables:		
Subscriptions receivable	-	-
Other debtors	119	-
Total other receivables	<u>119</u>	<u>-</u>
Total trade and other receivables (net)	<u>119</u>	<u>-</u>
There are no impaired receivables in the current or previous financial year.		
6. Other current assets		
Prepayments	44,678	74,879
Accrued interest	11,466	53,833
	<u>56,144</u>	<u>128,712</u>
7. Property, plant and equipment		
Land and buildings		
Freehold land (at cost)	<u>110,000</u>	<u>110,000</u>
Building:		
At cost	432,605	432,605
Less accumulated depreciation	<u>(399,189)</u>	<u>(396,118)</u>
Total buildings	<u>33,416</u>	<u>36,487</u>
Total land and buildings	<u>143,416</u>	<u>146,487</u>
Plant and equipment		
Plant & equipment:		
At cost	174,368	226,143
Less accumulated depreciation	<u>(116,444)</u>	<u>(188,827)</u>
Less accumulated impairment losses	-	-
Total plant and equipment	<u>57,924</u>	<u>37,316</u>
Total property, plant and equipment	<u>201,340</u>	<u>183,803</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

7. Property, plant and equipment (continued)

Movement in carrying amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

	Freehold Land	Buildings	Office Equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2016	110,000	50,796	45,520	-	206,316
Additions	-	-	15,643	-	15,643
Disposals	-	-	(1,895)	-	(1,895)
Depreciation expense	-	(14,309)	(21,952)	-	(36,261)
Balance at 31 December 2016	110,000	36,487	37,316	-	183,803
Additions	-	-	26,711	13,844	40,555
Disposals	-	-	-	-	-
Depreciation expense	-	(3,071)	(18,961)	(986)	(23,018)
Balance at 31 December 2017	110,000	33,416	45,066	12,858	201,340

Note	2017	2016
	\$	\$

8. Accounts Payable and Other Payables

Current

Accounts payable:

Trade creditors and accruals	99,358	55,896
Payables to other reporting units **	-	-
Total Accounts Payables	99,358	55,896

Settlement is usually made within 60 days.

Other Payables:

Employee benefits payable – non- officeholders	31,342	32,077
Employee benefits payable – officeholders	39,500	37,030
Commissions payable to employers – payroll deductions**	-	-
Legal fees payable – litigation **	-	-
Legal fees payable – other **	-	-
Membership fees received in advance	66,359	66,582
TAFE fees received in advance	-	26,367
GST payable	12,413	22,113
Welfare Fund contributions payable	-	30,630
Fighting Fund Contributions payable	579	-
	150,193	214,799
	249,551	270,695

Other payables are expected to be settled in:

- No more than 12 months	15	249,551	270,695
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THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
 ABN 84 234 747 620

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017	2016
	\$	\$
9. Provisions		
Employee Benefits		
Employee benefits – non office holders **		
Annual leave	49,390	46,494
Long service leave	97,859	93,746
Separations and redundancies	-	-
Other	-	-
Total – non office holders	<u>147,249</u>	<u>140,240</u>
Employee benefits – office holders **		
Annual leave	41,888	42,479
Long service leave	35,662	30,867
Separations and redundancies	-	-
Other	-	-
Total – office holders	<u>77,550</u>	<u>73,346</u>
Total Employee Benefits	<u>224,799</u>	<u>213,586</u>
Analysis of total provisions		
Current	204,193	153,269
Non-current	20,606	60,317
	<u>224,799</u>	<u>213,586</u>
Movements in provisions		
<i>Annual Leave</i>		
Opening balance at beginning of year	88,973	84,699
Transfer from non-current entitlements	-	-
Additional provisions raised during year	65,079	61,570
Amounts used	(62,774)	(57,296)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>91,278</u>	<u>88,973</u>
<i>Long Service Leave</i>		
Opening balance at beginning of year	124,613	99,264
Additional provisions raised during year	17,981	31,751
Amounts used	(9,073)	(6,402)
Adjustments	-	-
<i>Balance at end of the year</i>	<u>133,521</u>	<u>124,613</u>
<i>Total balance at end of the year</i>	<u>224,799</u>	<u>213,586</u>
Number of employees at year end		
- Non Officeholders	<u>8</u>	<u>8</u>
- Officeholders	<u>19</u>	<u>19</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

9. Provisions (continued)

Movements in provisions

Provision for Employee Benefits

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(e).

Provision for Conferences and Training

ALAEA no longer provides for estimated conference and training expenses. ALAEA will incur costs in the future in connection with the Federal conference. It is estimated that ALAEA may incur costs of approximately \$120,000 in the year ending 31 December 2018 in the holding of the Federal conference.

10. Intangible asset

ALAEA acquired certain education manuals during the year. The expected useful life of these manuals are 20-30 years. Amortisation of these costs may commence in the 2018 year.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

11. Cash Flow

(a) Cash Flows Reconciliation

	Note	2017	2016
		\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:			
Cash and cash equivalents as per:			
Cash flows statement		3,833,312	3,737,345
Balance sheet		<u>3,833,312</u>	<u>3,737,345</u>
Difference		<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:			
Profit/(deficit) for the year		50,986	207,668
Adjustments for non-cash items			
Depreciation/amortisation		23,018	36,261
Loss/(Gain) on disposal of assets		(1,364)	(701)
Changes in assets/liabilities			
(Increase)/decrease in net receivables		42,248	(691)
(Increase)/decrease in prepayments		30,201	(32,512)
Increase/(decrease) in supplier payables		(21,144)	46,270
Increase/(decrease) in other payables		-	-
Increase/(decrease) in employee provisions		<u>11,213</u>	<u>29,623</u>
Net cash from/(used in) operating activities		<u><u>135,158</u></u>	<u><u>285,918</u></u>

11. (b) Cash Flow Information **

Cash inflows			
ALAEA		<u>2,321,636</u>	<u>2,358,903</u>
Total cash inflows		<u><u>2,321,636</u></u>	<u><u>2,358,903</u></u>
Cash outflows			
ALAEA		<u>2,225,667</u>	<u>2,110,732</u>
Total cash outflows		<u><u>2,225,667</u></u>	<u><u>2,110,732</u></u>

There were no cash inflows/outflows from any other reporting unit.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

12. Contingent liability

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

Contingent Liabilities

Claims:

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

Based on past experience ALAEA has estimated that it may incur expenses for legal actions of \$300,000 during the 12 months to 31 December 2018.

ALAEA is unable to quantify the additional cost to the association from the possible claims for damages by third parties in the event of losing any of the above legal actions.

13. Events subsequent to Reporting Date

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

2017	2016
\$	\$

14. Related Party Disclosures

(i) Related Party Transactions for the Reporting Period

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

Revenue received from Officeholders includes:

Membership subscriptions received from Officeholders	16,888	18,497
--	--------	--------

Expenses paid to Officeholders includes:

Committee and other meeting attendance fees paid to officeholders in compensation of daily pay not received from employers.	102,275	135,397
---	---------	---------

Amounts owed by Officeholders includes:

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

Amounts owed to Officeholders includes:

Expense re-imbursements payable	-	-
---------------------------------	---	---

Loans from/to Officeholders

Expenses paid to ACTU:

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

17,498	16,957
--------	--------

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

14. Related Party Disclosures

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

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Amounts owed and amounts owing at the year-end are unsecured and interest free and settlement occurs in cash. Expenses remaining un-vouched after 2 weeks are deducted from any future expense re-imbusement claim. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 December 2017, the ALAEA has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$Nil). This assessment is undertaken each financial year through assessing the exposure and history of settlements with the related party and the market in which the related party operates.

(ii) Key Management Personnel Remuneration for the Reporting Period

	2017	2016
	\$	\$
Short-term employee benefits		
Salary (including annual leave & RDO taken)	320,296	310,757
Annual leave & RDO accrued	779	6,149
Performance bonus	-	-
Total short-term employee benefits	<u>321,075</u>	<u>316,906</u>
Post-employment benefits	-	-
Other long-term benefits		
Long service leave	4,795	3,255
Termination benefits	-	-
Total benefits	<u>325,870</u>	<u>320,161</u>

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

Loans to/from key management personnel	-	-
Other transactions with key management personnel		
Membership subscription fees paid by Officeholders	16,888	18,497

(iv) Transactions with former related parties

-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

15. Financial Risk Management

Financial instruments:

ALAEA's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*, as detailed in the accounting policies to these financial statements, are as follows:-

	Note	2017 \$	2016 \$
Financial Assets			
Cash and cash equivalents	4	3,833,312	3,737,345
Loans and receivables	5	119	-
		<u>3,833,431</u>	<u>3,737,345</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	8	249,551	270,695
		<u>249,551</u>	<u>270,695</u>

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

(a) Credit risk

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

Credit Risk Exposures

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

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

	2017	2016
	\$	\$
Gross amount	-	-
Not more than 30 days	-	-
More than 30 days but not more than 60 days	-	-
More than 60 days but not more than 90 days	-	-
More than 90 days	-	-
Total	<u>-</u>	<u>-</u>

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

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are ALAEA's maximum possible credit risk exposure in relation to these instruments.

(b) Liquidity risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment:								
Accounts payable and other payables (excluding estimated annual leave and deferred income)	249,551	270,695	-	-	-	-	249,551	270,695
Total expected outflows	249,551	270,695	-	-	-	-	249,551	270,695
Financial Assets - cash flows realisable:								
Cash on hand	3,833,312	3,737,345	-	-	-	-	3,833,312	3,737,345
Accounts receivable and other debtors	119	-	-	-	-	-	119	-
Other financial assets	-	-	-	-	-	-	-	-
Total anticipated inflows	3,833,431	3,737,345	-	-	-	-	3,833,431	3,737,345
Net (outflow) / inflow on financial instruments	3,583,800	3,466,650	-	-	-	-	3,583,800	3,466,650

(c) Market risk

1. Interest rate risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

(c) Market risk (continued)

Interest rate sensitivity analysis

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

Year ended 31 December 2017	Profit \$	Equity \$
+/- 0.5% in interest rates	+/- 17,564	+/- 17,564
Year ended 31 December 2016	Profit \$	Equity \$
+/- 0.5% in interest rates	+/- 4,200	+/- 4,200

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

16. Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

	Footnote	2017		2016	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	3,833,312	3,833,312	3,737,345	3,737,345
Accounts receivable and other debtors	(i)	119	119	-	-
Total financial assets		3,833,431	3,833,431	3,737,345	3,737,345
Financial liabilities					
Accounts payable and other payables	(i)	249,551	249,551	270,695	270,695
Total financial liabilities		249,551	249,551	270,695	270,695

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

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Accounts Payable and Other Payables exclude amounts relating to the provision of annual leave which is outside the scope of AASB 139.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

17. Fighting Fund

This Fund commenced 22 November 2010 and is applied solely for the financial assistance of members of ALAEA who are affected by loss of wages during negotiations with employers and at the direction of the COM for union related assistance. The fund is administered by the Federal Executive of ALAEA. No contributions were received into the fighting fund during the years ended 31 December 2017 and 2016. A summary of the Fighting Fund position follows:

**Income & Expenditure Statement
 for the year ended 31 December 2017**

	2017 \$	2016 \$
Income		
Contributions from Members	-	-
Interest income	579	67
Total income	<u>579</u>	<u>67</u>
Expenses		
Bank Fees	20	-
	<u>20</u>	<u>-</u>
Surplus/(deficit) for the year	559	67
Accumulated funds at beginning of year	<u>19,356</u>	<u>19,289</u>
Accumulated Funds at end of year	<u>19,915</u>	<u>19,356</u>

**Balance Sheet
 for the year ended 31 December 2017**

Current Assets

Cash & Cash Equivalents:

Cash at Bank	47	67
Term Deposit	19,289	19,289
Receivables – ALAEA	<u>579</u>	<u>-</u>
Net Assets	<u>19,915</u>	<u>19,356</u>
Accumulated Funds	<u>19,915</u>	<u>19,356</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

18. Mortality and other benefits

ALAEA contributes to a Welfare Fund for members of ALAEA. The fund is administered by the Federal Executive of ALAEA. ALAEA contributed \$19,881 into the Welfare Fund during the year (2016: \$20,272). A summary of the Welfare Fund position follows:

**Income & Expenditure Statement
 for the year ended 31 December 2017**

	2017	2016
	\$	\$
Income		
Contributions from General Fund	19,881	20,272
Interest income	4,874	4,758
Total income	<u>24,755</u>	<u>25,030</u>
Expenses		
Welfare donations to members	<u>20,000</u>	<u>8,000</u>
	<u>20,000</u>	<u>8,000</u>
Surplus for the year	4,755	17,030
Accumulated funds at beginning of year	<u>208,154</u>	<u>191,124</u>
Accumulated Funds at end of year	<u>212,909</u>	<u>208,154</u>

**Balance Sheet
 for the year ended 31 December 2017**

Current Assets		
Investments:		
Term deposit	213,028	177,524
Receivables – ALAEA	-	30,630
Total Assets	<u>213,028</u>	<u>208,154</u>
Current Liabilities		
Other payables:		
Payables – ALAEA	<u>119</u>	-
Total Liabilities	<u>119</u>	-
Net Assets	<u>212,909</u>	<u>208,154</u>
Accumulated Funds	<u>212,909</u>	<u>208,154</u>

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

19. Events subsequent to Reporting Date

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

20. Recovery of wages activity **

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2017.

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

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

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

22. Business combinations**

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

23. Post-reporting date events

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

24. Disclosure required by ALAEA Rules

In accordance with ALAEA's Rule, ALAEA is required to provide the following information to members concerning remuneration of ALAEA Officers during the financial year ended 31 December 2017.

Officer Name	Relevant Remuneration	Relevant non-cash benefits
Stephen Purvinas	\$186,107	None
Stephen Re	\$134,189	None
Christian Tamblyn	\$13,522	None
Mark Gant	\$10,346	None
Wayne Derndorfer	\$9,372	None

25. Association details

The principal place of business and registered office of ALAEA is:
25 Stoney Creek Rd
Bexley, NSW

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

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

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 which reads as follows:

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

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


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

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

27. Authorisation of financial statements

The financial statements for the year ended 31 December 2017 (including comparatives) were approved by the Committee on 13 June 2018.


Mark Gant
Trustee


Stephen Re
Trustee

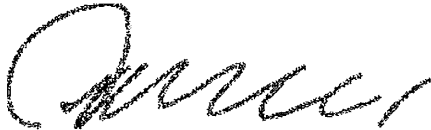
**Auditors Independence Declaration to the Committee of Management of
The Australian Licenced Aircraft Engineers Association**

For the year ended 31 December 2017

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017, there have been:

- No contraventions of the auditor independence requirements as set out in the APES 110 Code of Ethics for Professional Accountants in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

Hanrick Curran Audit Pty Ltd
Registered Company Auditor: 338599



Alex Fraser
Director

Brisbane, 20 June 2018

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of the Australian Licenced Aircraft Engineers Association (the "Association"), which comprises the statement of financial position as at 31 December 2017 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, other selected explanatory notes and the statement by the members of the committee for the Association as set out on pages 4 to 36.

In our opinion the financial report of the Australian Licenced Aircraft Engineers Association:

- (i) presents fairly in all material respects the financial position of The Australian Licenced Aircraft Engineers Association at 31 December 2017 and of its performance and cash flows for the year then ended;
- (ii) presents fairly The Australian Licenced Aircraft Engineers Association's recovery of wages and activity financial report;
- (iii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Association Constitution; and
- (iv) complies with the requirements of Fair Work (Registered Organisations) Regulations 2009, and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis of Opinion

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

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

We performed procedures to assess whether in all material respects the financial report presents fairly, and is in accordance with the Association's Constitution and the Fair Work (Registered Organisations) Act 2009, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Association's and the entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

Responsibilities of the Committee Members for the Financial Report

The committee members of the Association are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the Association's Constitution and the Fair Work (Registered Organisations) Act 2009. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The committee of management has stated that the Association operates as a not for profit trade union.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustee's/Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw

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

attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

Going Concern

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

Hanrick Curran Audit Pty Ltd
Authorised Audit Company: 338599



Alex Fraser
Director and Registered Company Auditor (no 6254)

Brisbane, 20 June 2018
HCMAZ993342

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

J.W. KELLERT
— & CO. —

CHARTERED ACCOUNTANT

ABN 12 230 175 046

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8 Shenstone Road, Riverwood NSW 2210

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COMPILATION REPORT ON ADDITIONAL INFORMATION

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

We have compiled the accompanying:

1. general purpose Financial Statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the Notes to the financial statements (GPFS); and,
2. the following Income and Expenditure Statement, Welfare Fund Income and Expenditure Statement and Balance Sheet, and Fighting Fund Income and Expenditure Statement and Balance Sheet (the "Additional Financial Information")

in accordance with APS 315: Compilation of Financial Information.

The specific purpose for which GPFS were prepared was to assist the Committee in their reporting requirements as required under the Fair Work (Registered Organisations) Act 2009 and ALAEA's constitution. The specific purpose for which the Additional Financial Information was prepared was to provide information relating to the performance of ALAEA that satisfies the information needs of the Committee members.

The Responsibility of the Committee

The Committee of Management and Trustees are solely responsible for the information contained in the general purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Accounting Standards and other mandatory professional reporting requirements have not been adopted in the preparation of the Additional Financial Information, which has been prepared to satisfy the information requirements of the Committee of Management.

Our Responsibility

On the basis of information provided by the Delegated Officers and Employees of the Committee of Management ("DOECOM") we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting adopted and APES 315 Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the DOECOM provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. Whilst ALAEA is independently audited, no audit or review has been performed by our Firm and accordingly no assurance is expressed by us.

The GPFS and Additional Information were compiled exclusively for the benefit of the Committee of Management and Trustees. We do not accept responsibility to any other person for the contents of the GPFS or the Additional Information. No person should rely on the Additional Financial Information without having an audit or review conducted. The audit conducted of the GPFS does not include an audit of the Additional Information.

J.W. Kellert & Co
Chartered Accountant



John W. Kellert
25 May, 2018

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

Income & Expenditure Statement
for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Income			
Members' subscriptions		1,992,460	2,025,234
Interest received		87,060	125,963
Profit on disposal of asset		<u>1,364</u>	<u>701</u>
Total Income		<u>2,080,884</u>	<u>2,151,898</u>
Expenses			
Employment Costs			
<i>Employees:</i>			
Salaries & annual leave		955,012	936,707
Redundancy payment		-	-
Long service leave provision		8,908	25,349
Superannuation		<u>102,151</u>	<u>98,581</u>
		1,066,071	1,060,637
<i>Other:</i>			
Payroll tax		18,267	10,407
Staff training		2,632	2,567
Temporary staffing & placements		<u>-</u>	<u>-</u>
		<u>1,086,970</u>	<u>1,073,611</u>
Industrial			
Industrial & travel expenses		163,396	167,176
Professional services		386,179	194,805
Telephone		<u>34,714</u>	<u>37,938</u>
		<u>584,289</u>	<u>399,919</u>
Management			
Affiliation fees		40,860	57,293
Federal executive expenses		69,339	99,404
Executive and Representative training & conferences		<u>15,174</u>	<u>53,683</u>
		<u>125,373</u>	<u>210,380</u>

This is part of the Additional Financial Information referred to in the Compilation Report and does not form part of the audited general purpose financial statements.

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

Income & Expenditure Statement (continued)
for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Overhead Expenses			
Bank charges & merchant charges		22,832	23,035
Commissions on employer payroll deductions		-	-
Computer expenses		48,250	44,828
Depreciation – building		3,071	14,309
Depreciation – equipment		18,961	21,952
Depreciation – motor vehicle		986	-
Donations		7,500	7,769
Electricity		9,571	7,834
Fringe benefits tax		4,226	1,488
Insurance		13,813	15,877
Library		13,477	13,858
Membership recruitment costs		12,078	8,081
Motor vehicle expenses		4,226	2,891
Postage & delivery		8,715	8,599
Printing & stationery		11,446	28,006
Rates & property expenses		28,682	29,610
Repairs & maintenance		2,911	9,320
Staff amenities		2,640	2,591
Welfare Fund contribution		19,881	20,272
		<u>233,266</u>	<u>260,320</u>
Total Expenditure		<u>2,029,898</u>	<u>1,944,230</u>
Operating Surplus/(Loss) for the year		50,986	207,668
Accumulated funds at beginning of year		<u>3,590,279</u>	<u>3,382,611</u>
Accumulated Funds at end of year		<u>3,641,265</u>	<u>3,590,279</u>

This is part of the Additional Financial Information referred to in the Compilation Report and does not form part of the audited general purpose financial statements.