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

Operating Report
For the year ended 31 December, 2018

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 2018.

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)
Stephen Purvinas (Federal Secretary)

- Appointed from 1 July 2018 (continuing)
Rodney Wyse (Federal President) (temporary appointment as Qantas Councillor to 30 June 2018)

- Appointed from 1 July 2004 (continuing)
Michael Weitenberg (Senior Vice President from 1 July 2018) (Federal President to 30 June 2018)

- Appointed from 5 September 2007 (continuing)
John Aldis

- Appointed from 24 June 2009 (continuing)
Bradley Cox

- Appointed from 11 March 2017 (continuing)
Christian Tamblyn

- Appointed from 1 July 2018 (continuing)
Christopher Burleigh
Craig Hyde

Committee member to 30 June 2018 and did not seek re-election
Doug Rattey

Current committee members

- Appointed from 1 July 2006 (continuing)
Mark Gant (Trustee)

Stephen Re (Trustee)

- Appointed from 1 July 2006 (continuing)

Peter Gill (Vice President from 1 July 2018) (Senior Vice President to 30 June 2018)

- Appointed from 3 April 2013 (continuing)
Mathew Rea

- Appointed from 1 July 2014 (continuing)
Wayne Derndorfer

Luke Murray (Assistant Federal Secretary)
Robert Toovey
Simon Locke

- Appointed from 12 August 2017 (continuing)
Brett McClenahan
Mike Davies

Wayne Vasta (on leave of absence from 8 July 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 it 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.

Number of Members

At balance date there were 3,041 members of ALAEA. This number consisted of 586 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.

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Operating Report
For the year ended 31 December, 2018

Number of Employees

At balance date there were 10 equivalent full-time employees (2017:8).

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.

Officers or members who are a Trustee of a superannuation entity or Director of a company that is a Trustee of a superannuation entity where being a member or officer of a registered organisation is a criterion for them holding such position

There are no officers or members holding such position.

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

Mark Gant (Trustee)   *Stephen Re (Trustee)*

Dated this 15th *day of* May *2019*

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Committee of Management Statement

On 15 MAY 2019, 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 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

(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 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 FWC under section 273 of the RO Act.

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

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

Signature: ....

Date: 15 MAY 2019

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 2018

	Note	2018 $	2017 $
Revenue	2	2,280,052	2,080,884
Employee benefits expense	3(a)	(1,150,628)	(1,086,970)
Depreciation expenses	3(b)	(24,863)	(23,018)
Affiliation fees	3(c)	(48,048)	(40,860)
Administration costs	3(d)	(157,303)	(159,657)
Industrial & management expenses	3(e)	(840,900)	(679,012)
Audit fees	3(f)	(13,000)	(13,000)
Grants and donations	3(g)	(19,712)	(27,381)
Other expenses from ordinary activities	3(h)	-	-
Profit/(loss) before income tax expense		25,598	50,986
Income tax expense	1(i)	-	-
Profit/(Loss) for the year		25,598	50,986
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss when specific conditions are met:			
Gain on revaluation of land & buildings		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**25,598**	**50,986**

The accompanying notes form part of these financial statements.

THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION
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STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	4	3,852,148	3,833,312
Trade and other receivables	5	-	119
Other current assets	6	37,681	56,144
Total current assets		3,889,829	3,889,575
Non-current assets			
Property, plant and equipment	7	231,700	201,340
Intangible asset	10	24,700	24,700
Total non-current assets		256,400	226,040
Total assets		4,146,229	4,115,615
Current liabilities			
Trade payables	8a	102,665	99,358
Other payables	8b	164,100	150,193
Provisions	9	212,601	204,193
Total current liabilities		479,366	453,744
Non-Current liabilities			
Provisions	9	-	20,606
Total current liabilities		-	20,606
Total liabilities		479,366	474,350
Net Assets		**3,666,863**	**3,641,265**
Equity			
General Fund		3,666,863	3,641,265
Total equity		**3,666,863**	**3,641,265**

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 2018

	Retained Earnings $	Total $
Balance at 1 January 2017	3,590,279	3,590,279
Profit attributable to the entity	50,986	50,986
Total other comprehensive income for the year	-	-
Balance at 31 December 2017	**3,641,265**	**3,641,265**
Profit /(Loss) attributable to the entity	25,598	25,598
Total other comprehensive income/(loss) for the year	-	-
Balance at 31 December 2018	**3,666,863**	**3,666,863**

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 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. Members)		2,153,295	2,192,207
Payments to suppliers and employees		(2,403,781)	(2,186,476)
Other		250,000	-
Interest received		74,545	129,427
Net cash provided by (used in) operating activities	11	74,059	135,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(57,170)	(40,555)
Proceeds from sale of plant and equipment		1,947	1,364
Net cash provided by (used in) investing activities		(55,223)	(39,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		-	-
Net increase/(decrease) in cash held		18,836	95,967
Cash and cash equivalents at 1 January 2018		3,833,312	3,737,345
Cash and cash equivalents at 31 December 2018	4	**3,852,148**	**3,833,312**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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.

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 2018

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.
ALAEA does not believe that it is necessary to revalue land and buildings at this time.

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% - 33.3%	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.

1. Statement of significant accounting policies (continued)

(c) Financial Instruments

Initial Recognition & Measurement

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 (except for trade receivables) are initially measured at fair value plus transaction 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.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liability is subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- it is part of a portfolio where there is an actual pattern of short-term profit taking; or
- it is a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

1. Statement of significant accounting policies (continued)

(c) Financial Instruments (continued)

A financial liability cannot be reclassified. A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

Fair value through profit or loss

By default, all other financial assets that do not meet the conditions of amortised cost and fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates a financial instrument as measured at fair value through profit and loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the entity was documented appropriately, so as the performance of the financial liability that was part of an entity's financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

1. Statement of significant accounting policies (continued)

(c) Financial Instruments (continued)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

1. Statement of significant accounting policies (continued)

(c) Financial Instruments (continued)

Impairment (continued)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:
- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach
Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:
- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Purchased or originated credit-impaired approach
For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

Evidence of credit impairment includes:
- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to borrower's financial difficulty, that the lender would not otherwise consider;
- where it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

1. Statement of significant accounting policies (continued)

(c) Financial Instruments (continued)

Impairment (continued)

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial asset that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(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.

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 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 re-measurements 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(c) and (d) for further discussion on the determination of impairment losses.

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

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
ALAEA acquired certain education manuals in prior years. The expected useful life of these manuals are 20-30 years. ALAEA has determined that due to this indefinite useful life that these assets will be carried at cost less accumulated impairment costs.

(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.
Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Statement of significant accounting policies (continued)

(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.

(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 of another reporting unit to continue on a going concern basis.

ALAEA has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

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

1. Statement of significant accounting policies (continued)

(q) New and Amended Accounting Policies Adopted by the Association
Initial application of AASB 9: Financial Instruments

The association has adopted AASB 9: Financial Instruments with a date of initial application of 1 January 2018. As a result the association has changed its financial instruments accounting policies as detailed in the significant accounting policies note 1(c).

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior period. Below in this note are the adjustments made to the affected financial statement line items.

Disclosure: Initial application of AASB 9
There were no financial assets/liabilities which the association had previously designated as at fair value through profit or loss under *AASB 139: Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9.

There were no financial assets/liabilities which the association has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

In applying AASB 9 and the related consequential amendments to other AASBs new requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 January 2018. The association has applied AASB 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the association's business model and the cash flow characteristics of the financial assets, as follows:

(a) debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
(b) debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
(c) all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned above, the association may make irrevocable election at initial recognition of a financial asset as follows:

(a) the association may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
(b) amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Statement of significant accounting policies (continued)

(q) New and Amended Accounting Policies Adopted by the Association (continued)
Disclosure: Initial application of AASB 9 (continued)

The directors of the association determined the existing financial assets as at 1 January 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

This Note contains a table that shows the effect of classification of the financial assets upon initial application.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the association to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses are used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

There were no trade receivables at year end to which to apply impairment.

Classification and measurement of financial liabilities

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the association's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Statement of significant accounting policies (continued)

(q) New and Amended Accounting Policies Adopted by the Association (continued)
Classification and measurement of financial liabilities

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018.

Financial assets	**Financial instrument category**		**Carrying amount**		
Current and non-current	**AASB 139 original**	**AASB 9 new**	**AASB 139 original $**	**AASB 9 recognition of additional loss allowance $**	**AASB 9 new $**
Accounts receivable and other debtors	Loans and receivables (amortised cost)	Financial assets at amortised cost	-	-	-
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	3,852,148	-	3,852,148
Financial liabilities					
Current and non-current					
Trade payables and other payables	Amortised cost	Financial liabilities at amortised cost	266,765	-	266,765

There is no additional loss allowance resulting in AASB 9 initial application is due to the change in measurement category of each financial asset.

No impact on the financial asset's carrying amounts on initial application has occurred.

The amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss have not been reclassified.

There were no financial assets or financial liabilities which the association has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

There have been no AASB 9 adjustments made to statement of financial position in the current or comparative year.

There have been no AASB 9 adjustments made to statement of profit or loss and other comprehensive income in the current or comparative year.

1. Statement of significant accounting policies (continued)

(r) 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 2018. 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 15 *Revenue from Contracts with Customers (effective for periods commencing 1 January 2019)*

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 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Statement of significant accounting policies (continued)

(r) New Accounting Standards for Application in Future Periods

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

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.

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.

1. Statement of significant accounting policies (continued)

(r) New Accounting Standards for Application in Future Periods

AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 (for not-for-profit profit entities)

This Standard amends the mandatory effective date (application date) of AASB 15: Revenue from Contracts with Customers for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from 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:
- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either restate the contracts that existed in each prior period presented 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Statement of significant accounting policies (continued)

(r) 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.

1. Statement of significant accounting policies (continued)

(s) 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.

(t) 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 (**).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

	2018 $	2017 $
2. Revenue		
Membership subscriptions **		
- Generally applied	1,930,771	1,972,579
- Welfare Fund applied	19,462	19,881
	1,950,233	1,992,460
Interest earned (from cash on deposit)	79,819	87,060
Other	250,000	-
Net gains from sale of assets	-	1,364
Capitation fees and other revenue from another reporting unit:		
- Capitation fees **	-	-
- Revenue from other reporting units **	-	-
Levies **	-	-
Recovery of wages activity **	-	-
Grants **	-	-
Donations **	-	-
Total revenue	2,280,052	2,080,884

3. (a) Employee benefits expense

	2018 $	2017 $
Employee expenses **		
Officeholders:**		
Wages and salaries	391,539	397,638
Superannuation	46,311	44,627
Leave and other entitlements	7,766	5,573
Separation and redundancies	-	-
Other employee expenses	-	-
	445,616	447,838
Employees other than Officeholders:**		
Wages and salaries	639,204	553,175
Superannuation	63,149	57,524
Leave and other entitlements	(18,408)	7,534
Separation and redundancies	-	-
Other employee expenses	-	-
	683,945	618,233
Total employee expenses**	1,129,561	1,066,071
Other employment costs:		
Payroll tax	20,590	18,267
Staff training	477	2,632
Temporary staffing and placements	-	-
	21,067	20,899
Total Employment costs	1,150,628	1,086,970

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

	2017 $	2016 $
3. (b) Depreciation:		
Depreciation		
- land and buildings	2,510	3,071
- office equipment	20,622	18,961
- motor vehicle	1,731	986
Total Depreciation	24,863	23,018
(c) Affiliation fees: **		
ACTU	18,854	17,498
Unions NSW	5,728	4,445
Union Shopper	-	3,350
Victorian Trades Hall Council	4,691	4,593
Aircraft Engineers International	8,938	-
International Transport Workers Federation	8,902	8,103
Global Cabin Air Quality Executive	-	1,597
International Federation of Airworthiness	935	1,274
	48,048	40,860
(d) Administration expenses:		
Total paid to employers for payroll deductions of membership subscriptions **	-	-
Compulsory levies **	-	-
Capitation fees and other expense to another reporting unit:		
- Capitation fees **	-	-
- Amounts paid to other reporting units **	-	-
Property expenses	38,819	41,164
Advertising **	-	-
Seminars	12,084	13,774
Postage, printing and stationery	12,749	20,160
Information communications technology	58,011	48,250
Finance cost – bank fees & merchant charges	20,657	22,832
Industrial library	14,983	13,477
Amounts (including donations) paid to political parties **	-	-
Total administration expenses	157,303	159,657

	2018 $	2017 $
(e) Industrial and management expenses:		
Legal costs **		
Litigation	335,339	340,865
Other legal matters	1,525	1,279
	336,864	342,144
Other costs		
Consultants and contractors	-	400
Conferences and meeting expenses **	227,584	202,595
Fees/allowances – meetings and conferences **	20,070	18,498
Other Industrial & management expenses	256,382	115,375
Total Industrial and management expenses	840,900	679,012

3. **(f) Audit fees:**

	2018 $	2017 $
Remuneration of auditor for:		
- auditing or review of financial report	13,000	13,000
- other services	-	-
	13,000	13,000

No other services were provided by the auditors of the financial statements.

	2018 $	2017 $
(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	250	-
Total paid that exceeded $1,000		
- External donations	-	7,500
- Contributions to Welfare Fund (see Note 2 & 18)	19,462	19,881
	19,712	27,381
Donations – paid from Welfare Fund**		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	15,000	20,000
	15,000	20,000
(h) Penalties:		
Penalties – via RO Act or the Fair Work Act 2009 **	-	-
Other fines or penalties**	-	-
	-	-

4. **Cash and cash equivalents**

	2018 $	2017 $
Cash at bank and on hand	210,087	295,583
Short term bank deposits	3,642,061	3,537,729
	3,852,148	3,833,312

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

	2018 $	2017 $
5. Trade and other receivables		
Receivables from other reporting entities **	-	-
Less provision for doubtful debts **	-	-
Receivables from other reporting entities (net)	-	-
Other receivables:		
Subscriptions receivable	-	-
Other debtors	-	119
Total other receivables	-	119
Total trade and other receivables (net)	-	119

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

	2018 $	2017 $
6. Other current assets		
Prepayments	20,941	44,678
Accrued interest	16,740	11,466
	37,681	56,144

	2018 $	2017 $
7. Property, plant and equipment		
Land and buildings		
Freehold land (at cost)	110,000	110,000
Building:		
At cost	460,933	432,605
Less accumulated depreciation	(401,699)	(399,189)
Total buildings	59,234	33,416
Total land and buildings	169,234	143,416
Plant and equipment		
Plant & equipment:		
At cost	187,182	174,368
Less accumulated depreciation	(124,716)	(116,444)
Less accumulated impairment losses	-	-
Total plant and equipment	62,466	57,924
Total property, plant and equipment	231,700	201,340

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 2017	110,000	36,487	37,316	-	183,803
Additions by purchase	-	-	26,711	13,844	40,555
Disposals:					
- From disposal of entities (including restructuring)	-	-	-	-	-
- Other	-	-	-	-	-
Depreciation expense	-	(3,071)	(18,961)	(986)	(23,018)
Balance at 31 December 2017	110,000	33,416	45,066	12,858	201,340
Additions by purchase	-	28,328	28,842	-	57,170
Disposals					
- From disposal of entities (including restructuring)					
- Other	-	-	(1,947)	-	(1,947)
Depreciation expense	-	(2,510)	(20,622)	(1,731)	(24,863)
Balance at 31 December 2018	110,000	59,234	51,339	11,127	231,700

	Note	2018	2017
		$	$
8. Trade Payables and Other Payables			
Current			
(a) Trade payables:			
Trade creditors and accruals		102,665	99,358
Payables to other reporting units **		-	-
Total Trade Payables		102,665	99,358
Settlement is usually made within 60 days.			
(b) Other Payables:			
Employee benefits payable – non- officeholders		26,544	31,342
Employee benefits payable – officeholders		37,206	39,500
Payable to employers for making payroll deductions of membership subscriptions**		-	-
Legal fees payable – litigation **		-	-
Legal fees payable – other **		-	-
Membership fees received in advance		72,563	66,359
GST payable		22,344	12,413
Welfare Fund contributions payable		4,343	-
Fighting Fund Contributions payable		1,100	579
		164,100	150,193
Other payables are expected to be settled in:			
- No more than 12 months	15	266,765	249,551

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

	2018 $	2017 $
9. Provisions		
Employee Benefits		
Employee benefits – non office holders **		
Annual leave	53,483	49,390
Long service leave	74,428	97,859
Separations and redundancies	-	-
Other	-	-
Total – non office holders	127,911	147,249
Employee benefits – office holders **		
Annual leave	43,857	41,888
Long service leave	40,833	35,662
Separations and redundancies	-	-
Other	-	-
Total – office holders	84,690	77,550
Total Employee Benefits	212,601	224,799
Analysis of total provisions		
Current	212,601	204,193
Non-current	-	20,606
Total employee provisions	212,601	224,799
Analysis of provisions		
Annual Leave		
Opening balance at beginning of year	91,278	88,973
Additional provisions raised during year	89,402	65,079
Amounts used	(83,340)	(62,774)
Adjustments	-	-
Balance at end of the year	97,340	91,278
Long Service Leave		
Opening balance at beginning of year	133,521	124,613
Additional provisions raised during year	(5,962)	17,981
Amounts used	(12,298)	(9,073)
Adjustments	-	-
Balance at end of the year	115,261	133,521
Total balance at end of the year	212,601	224,799
Number of employees at year end		
- Non Officeholders	10	8
- Officeholders	20	19

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 2022 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 2019 year. ALAEA believes that there has been no impairment to this asset.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

11. Cash Flow

(a) Cash Flows Reconciliation

	Note	2018 $	2017 $
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:			
Cash and cash equivalents as per:			
Cash flows statement		3,852,148	3,833,312
Balance sheet		3,852,148	3,833,312
Difference		-	-
Reconciliation of profit/(deficit) to net cash from operating activities:			
Profit/(deficit) for the year		25,598	50,986
Adjustments for non-cash items			
Depreciation/amortisation		24,863	23,018
Loss/(Gain) on disposal of assets		-	(1,364)
Changes in assets/liabilities			
(Increase)/decrease in net receivables		(5,155)	42,248
(Increase)/decrease in prepayments		23,737	30,201
Increase/(decrease) in supplier payables		1,259	(21,144)
Increase/(decrease) in other payables		15,955	-
Increase/(decrease) in employee provisions		(12,198)	11,213
Net cash from/(used in) operating activities		74,059	135,158

11. (b) Cash Flow Information **

	2018	2017
Cash inflows		
ALAEA	2,479,787	2,321,636
Total cash inflows	2,479,787	2,321,636
Cash outflows		
ALAEA	2,460,951	2,225,667
Total cash outflows	2,460,951	2,225,667

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 2019.

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.

	2018	2017
	$	$
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	16,541	16,888
Expenses paid to Officeholders includes:		
Committee and other meeting attendance fees paid to officeholders in compensation of daily pay not received from employers.	117,967	102,275
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	18,854	17,498

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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-imbursement claim. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 December 2018, the ALAEA has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: $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

	2018	2017
	$	$
Short-term employee benefits		
Salary (including annual leave & RDO taken)	325,952	320,296
Annual leave & RDO accrued	826	779
Performance bonus	-	-
Total short-term employee benefits	326,778	321,075
Post-employment benefits	-	-
Other long-term benefits		
Long service leave	6,940	4,795
Termination benefits	-	-
Total benefits	333,718	325,870

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

	2018	2017
Loans to/from key management personnel	-	-
Other transactions with key management personnel		
Membership subscription fees paid by Officeholders	16,541	16,888

	2018	2017
(iv) Transactions with former related parties	-	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	4	3,852,148	3,833,312
Loans and receivables	5	-	119
		3,852,148	3,833,431
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	8	266,765	249,551
		266,765	249,551

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 2018

(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 is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

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.

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;
- proactively monitoring the recovery of unpaid subscriptions;
- 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 2018

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Financial liabilities due for payment:								
Accounts payable and other payables (excluding estimated annual leave and deferred income)	266,765	249,551	-	-	-	-	266,765	249,551
Total expected outflows	266,765	249,551	-	-	-	-	266,765	249,551
Financial Assets - cash flows realisable:								
Cash on hand	3,852,148	3,833,312	-	-	-	-	3,852,148	3,833,312
Accounts receivable and other debtors	-	119	-	-	-	-	-	119
Other financial assets	-	-	-	-	-	-	-	-
Total anticipated inflows	3,852,148	3,833,431	-	-	-	-	3,852,148	3,833,431
Net (outflow) / inflow on financial instruments	3,585,383	3,583,880	-	-	-	-	3,585,383	3,583,880

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

(c) Market risk

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 2018

(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 2018	Profit $	Equity $
+/- 0.5% in interest rates	+/- 17,564	+/- 17,564

Year ended 31 December 2017	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.

		2018		2017	
	Footnote	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	(i)	3,852,148	3,852,148	3,833,312	3,833,312
Accounts receivable and other debtors	(i)	-	-	119	119
Total financial assets		3,852,148	3,852,148	3,833,431	3,833,431
Financial liabilities					
Accounts payable and other payables	(i)	266,765	266,765	249,551	249,551
Total financial liabilities		266,765	266,765	249,551	249,551

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 amount is equivalent to fair value.

(ii) Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 2018, 2017 and 2016.

A summary of the Fighting Fund position follows:

Income & Expenditure Statement
for the year ended 31 December 2018

	2018 $	2017 $
Income		
Contributions from Members	-	-
Interest income	521	579
Total income	521	579
Expenses		
Bank Fees	23	20
	23	20
Surplus/(deficit) for the year	498	559
Accumulated funds at beginning of year	19,915	19,356
Accumulated Funds at end of year	**20,413**	**19,915**

Balance Sheet
for the year ended 31 December 2018

	2018	2017
Current Assets		
Cash & Cash Equivalents:		
Cash at Bank	24	47
Term Deposit	19,289	19,289
Receivables – ALAEA	1,100	579
Net Assets	20,413	19,915
Accumulated Funds	**20,413**	**19,915**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 $19,462 into the Welfare Fund during the year (2017: $19,881). A summary of the Welfare Fund position follows:

Income & Expenditure Statement
for the year ended 31 December 2018

	2018 $	2017 $
Income		
Contributions from General Fund	19,462	19,881
Interest income	5,111	4,874
Total income	24,573	24,755
Expenses		
Welfare donations to members	15,000	20,000
	15,000	20,000
Surplus for the year	9,573	4,755
Accumulated funds at beginning of year	212,909	208,154
Accumulated Funds at end of year	**222,482**	**212,909**

Balance Sheet
for the year ended 31 December 2018

	2018	2017
Current Assets		
Investments:		
Term deposit	218,139	213,028
Receivables – ALAEA	4,343	-
Total Assets	222,482	213,028
Current Liabilities		
Other payables:		
Payables – ALAEA	-	119
Total Liabilities	-	119
Net Assets	222,482	212,909
Accumulated Funds	**222,482**	**212,909**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

19. Events subsequent to Reporting Date

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.

20. Recovery of wages activity **

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2018.

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 2018.

Officer Name	Relevant Remuneration	Relevant non-cash benefits
Stephen Purvinas	$184,929	None
Stephen Re	$141,023	None
Wayne Derndorfer	$18,034	None
Rodney Wyse	$14,202	None
Simon Locke	$13,013	None

25. Association details

The principal place of business and registered office of ALAEA is:
25 Stoney Creek Rd
Bexley, NSW 2207

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

26. Information to be provided to members or commissioner and Registered Organisations Commission

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 Commissioner :

(1) A member of a reporting unit, or the Commissioner, 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 2018 (including comparatives) were approved by the Committee on 15 May 2019.

Mark Gant
Trustee

Stephen Re
Trustee

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

J.W. KELLERT & CO.

CHARTERED ACCOUNTANT

ABN 12 230 175 046

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8 Shenstone Road, Riverwood NSW 2210
Email: mail@kellertco.com.au

COMPILATION REPORT ON ADDITIONAL INFORMATION

TO THE MEMBERS OF THE AUSTRALIAN LICENCED AIRCRAFT ENGINEERS' ASSOCIATION

ABN 84 234 747 620

We have compiled the accompanying:

1. general purpose Financial Statements for the year ended 30 June 2018 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 Emloyees 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
15 May, 2019

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

Income & Expenditure Statement
for the year ended 31 December 2018

	Note	2018	2017
		$	$
Income			
Members' subscriptions		1,950,233	1,992,460
Interest received		79,819	87,060
Other		250,000	-
Profit on disposal of asset		-	1,364
Total income		2,280,052	2,080,884
<u>Expenses</u>			
Employment Costs			
Employees:			
Salaries & annual leave		1038,361	955,012
Redundancy payment		-	-
Long service leave provision		(18,260)	8,908
Superannuation		109,460	102,151
		1,129,561	1,066,071
Other:			
Payroll tax		20,590	18,267
Staff training		477	2,632
Temporary staffing & placements		-	-
		1,150,628	1,086,970
Industrial			
Industrial & travel expenses		255,763	163,396
Professional services		388,273	386,179
Telephone		38,096	34,714
		682,132	584,289
Management			
Affiliation fees		49,151	40,860
Federal executive expenses		53,973	69,339
Executive and Representative training & conferences		95,033	15,174
		198,157	125,373

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 2018

	Note	2018	2017
		$	$
Overhead Expenses			
Bank charges & merchant charges		20,658	22,832
Commissions on employer payroll deductions		-	-
Computer expenses		58,011	48,250
Depreciation – building		2,510	3,071
Depreciation – equipment		20,622	18,961
Depreciation – motor vehicle		1,731	986
Donations		250	7,500
Electricity		9,012	9,571
Fringe benefits tax		5,981	4,226
Insurance		13,573	13,813
Library		14,982	13,477
Membership recruitment costs		8,550	12,078
Motor vehicle expenses		2,041	4,226
Postage & delivery		6,319	8,715
Printing & stationery		6,430	11,446
Rates & property expenses		25,636	28,682
Repairs & maintenance		4,172	2,911
Staff amenities		3,597	2,640
Welfare Fund contribution		19,462	19,881
		223,537	233,266
Total Expenditure		2,254,454	2,029,898
Operating Surplus/(Loss) for the year		**25,598**	**50,986**
Accumulated funds at beginning of year		3,641,265	3,590,279
Accumulated Funds at end of year		**3,666,863**	**3,641,265**

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.

MAZARS

Independent Audit Report to the members of the Australian Licenced Aircraft Engineers Association

Opinion

We have audited the accompanying financial report of the Australian Licenced Aircraft Engineers Association (the Entity), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Committee of Management.

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Australian Licenced Aircraft Engineers Association, as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with:

(a) Australian Accounting Standards.

(b) the requirements of the Reporting Guidelines and Chapter 8, Part 3, of the *Fair Work (Registered Organisations) Act 2009.*

In accordance with the *Fair Work (Registered Organisations) Act 2009,* we report as follows:

(a) The Branch has kept satisfactory accounting records for the financial year including records of:

- (i) the sources and nature of the Union's income, including membership subscriptions and other income from members; and
- (ii) the nature of and reasons for the Union's expenditure.

(b) All the information and explanations that officers or employees of the Branch were required to provide have been provided.

(c) There was no deficiency, failure or shortcoming in any matters referred to.

(d) No recovery of wages activity occurred during the reporting period.

Basis for Opinion

We conducted our 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 Entity in accordance with the auditor independence and 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.

Other Information

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MAZARS AUDIT (QLD) PTY LIMITED
(FORMERLY HANRICK CURRAN AUDIT)
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MAZARS

Independent Audit Report to the members of The Australian Licenced Aircraft Engineers Association (continued)

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009*, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 this financial report.

As part of an audit in accordance with 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Entity's internal control.

- Conclude on the appropriateness of management'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We are independent of the Entity in accordance with the auditor independence requirements of 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.

MAZARS

Independent Audit Report to the members of The Australian Licenced Aircraft Engineers Association (continued)

Declarations

I declare that I am an approved auditor as registered by the RO Commissioner (Reg. No. AA2017/147) as defined in the *Fair Work (Registered Organisations) Act 2009.*

MAZARS AUDIT (QLD)

Mazars Audit (QLD) Pty Limited
Authorised Audit Company: 338599

M. J. Green
Director

Brisbane, 17 May 2019

MAZARS

Auditor's Independence Declaration
to the Committee of The Australian Licenced Aircraft Engineers Association

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in APES 110 *Code of Ethics for Professional Accountants* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Mazars Audit (QLD) Pty Limited
Authorised Audit Company: 338599

Matthew Green
Director

Brisbane, 17 April 2019

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