# Australian Licenced Aircraft Engineers Association

**ABN 84 234 747 620**

Financial Statements

For the year ended 31 December 2019

Higgins Tonna & CO
Public Accountants
240 NUWARRA ROAD
MOOREBANK 2170

Phone: 02 97312414

# Report Required under Subsection 255 (2A)

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

## 2019 Expenditure required under s.255 (2A) RO Act

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 31st December 2019.

Descriptive form

| Account | 2019 | 2018 |
|---|---|---|
| **1. Categories of expenditure** | | |
| Advertising | 0 | 0 |
| Donations to political parties | 0 | 0 |
| Legal | 387,735 | 336,864 |
| Operating Costs | 756,387 | 766,962 |
| Remuneration and other employment-related costs and expenses - employees | 1,171,125 | 1,150,628 |
| **Total Categories of expenditure** | **2,315,247** | **2,254,454** |

Steve Purvinas

........................................................

Stephen Purvinas
Federal Secretary

Dated May 28, 2020

Your Committee of management submit the financial report of The Australian Licenced Aircraft Engineers Association (hereinafter referred to as 'ALAEA') for the financial year ended 31 December 2019.

Committee Members:

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

<table>
<tr>
<td>
Current committee members<br>
Appointed from 1 July 2002 (continuing)<br><br>
• Stephen Purvinas (Federal Secretary)<br><br>
Appointed from 1 July 2004 (continuing)<br><br>
• Michael Weitenberg (Senior Vice President)<br><br>
Appointed from 1 July 2006 (continuing)<br><br>
• Mark Gant (Trustee)<br>
• Stephen Re (Trustee)<br><br>
Appointed from 5 September 2007 to 22 July 2019<br><br>
• John Alldis (passed away)<br><br>
Appointed from 24 June 2009 (continuing)<br><br>
• Bradley Cox<br><br>
Appointed from 3 April 2013 (continuing)<br><br>
• Mathew Rea<br><br>
Appointed from 1 July 2014 (continuing)<br><br>
• Wayne Derndorfer<br>
• Luke Murray (Assistant Federal Secretary)<br>
• Robert Toovey<br>
• Simon Locke to 21st April 2019 (resigned)<br>
• Peter Gill (Vice President)
</td>
<td>
Current committee members<br>
Appointed from 11 March 2017 (continuing)<br><br>
• Christian Tamblyn<br><br>
Appointed from 12 August 2017 (continuing)<br><br>
• Brett McClenahan<br>
• Mike Davies<br><br>
Appointed from 1 July 2018 (continuing)<br><br>
• Rodney Wyse (Federal President)<br>
• Christopher Burleigh<br>
• Craig Hyde<br><br>
Appointed 27th September 2019 (continuing)<br><br>
• Brian Taber
</td>
</tr>
</table>

**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 air travel industry and our suppliers. ALAEA sees its position as being the peak body to advise government and assist in advising on the effective regulation of the air travel industry in respect of maintenance and safety issues which are paramount not only to those who use the air travel but to those who may be impacted by that air travel — notably the wider Australian community. There have been no significant changes in the nature of these activities.

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

- provided welfare and support facilities and other services including information on technical developments in the aircraft industry, journals and employment related information to members of ALAEA.
- provided legal representation for workplace related matters and negotiating Enterprise Agreements (EA's) as well as contract assessments and advice on behalf of members of ALAEA
- promoted and enforced high standards in aircraft maintenance.
- provided a means of liaison between the Australian Government, the Civil Aviation Safety Authority, National Training Authorities and Licenced Aircraft Maintenance 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 3,022 members of ALAEA. This number consisted of 600 members that have chosen not to resign from the Association but have taken associate status, meaning they pay no dues and have relinquished voting rights but are entitled to ongoing representation and association benefits if required.

**Number of Employees**

At balance date there were 8 equivalent full-time employees (2018:10).

**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 ALAEA 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 or on behalf of the Association that his resignation has been accepted.

# Operating Statement

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

**Contingencies and Commitments**

There are no contingencies or commitments other than stated at Notes 19 & 21.

**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)**

Mark Gant (May 28, 2020 13:12 GMT+10)

..............................................................

Dated May 28, 2020

**Stephen Re (Trustee)**

..............................................................

Dated May 28, 2020

# Committee of Management Statement

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

On 27 /5/ 2020 Australian Licenced Aircraft Engineers Association ("ALAEA") ] passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2019:

The Committee of Management declares 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 flows 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; and

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 including the rules of a branch concerned; and

   ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

   iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

   v) where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and

   vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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: Steve Purvinas
Steve Purvinas (May 28, 2020 09:40 GMT+10)

Dated: 28 May 2020

# Statement of Comprehensive Income

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| | Account | Notes | 2019 | 2018 |
|---|---|---|---|---|
| **Income** | | | | |
| | **Revenue** | | | |
| | Membership Subscriptions | 3 | 1,982,604 | 1,950,233 |
| | Capitation fees & other revenue from another reporting unit** | | 0 | 0 |
| | Investment Income | 3 | 73,722 | 79,819 |
| | Rental Revenue | 3 | 40,371 | 0 |
| | Other Revenue | 3 | 60,000 | 250,000 |
| | Grants and/or donations** | | 0 | 0 |
| | Revenue from recovery of wages activity** | | 0 | 0 |
| | Levies** | | 0 | 0 |
| | **Total Revenue** | | **2,156,697** | **2,280,052** |
| **Total Income** | | | **2,156,697** | **2,280,052** |
| | **Total Income** | | **2,156,697** | **2,280,052** |
| **Expenses** | | | | |
| | Employee benefits expenses | 4 | 1,171,125 | 1,150,628 |
| | Capitation fees & other expense to another reporting unit** | | 0 | 0 |
| | Affiliation fees | 6 | 56,566 | 48,048 |
| | Administration expenses | 7 | 135,055 | 157,303 |
| | Depreciation and amortisation | 5 | 25,441 | 24,863 |
| | Industrial and management expenses | 8 | 884,059 | 845,362 |
| | Audit Fees | 9 | 13,000 | 13,000 |
| | Grants and donations | 10 | 30,000 | 15,250 |
| **Total Expenses** | | | **2,315,247** | **2,254,454** |
| | **Surplus (deficit) for the year** | | **(158,550)** | **25,598** |
| | **Other comprehensive income** | | | |
| | Items that will not be subsequently reclassified to profit or loss | | | |
| | Gain/(loss) on revaluation of land & buildings | | 0 | 0 |
| | **Total comprehensive income for the year** | | **(158,550)** | **25,598** |



The above notes should be read in conjunction with the notes

# Statement of Financial Position

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| | Account | Notes | 31 Dec 2019 | 31 Dec 2018 |
|---|---|---|---|---|
| **Assets** | | | | |
| | **Current Assets** | | | |
| | Cash and cash equivalents | 12 | 2,298,462 | 3,852,148 |
| | Trade and other receivables | 13 | 13,979 | 0 |
| | Other current assets | 14 | 54,473 | 37,681 |
| | **Total Current Assets** | | **2,366,914** | **3,889,829** |
| | **Non-Current Assets** | | | |
| | Property, Plant & Equipment | 15 | 252,542 | 231,700 |
| | Investment Property | 16 | 1,310,937 | 0 |
| | Intangible assets | 17 | 24,700 | 24,700 |
| | **Total Non-Current Assets** | | **1,588,179** | **256,400** |
| **Total Assets** | | | **3,955,093** | **4,146,229** |
| **Liabilities** | | | | |
| | **Current Liabilities** | | | |
| | Trade Payables | 18 (a) | 134,256 | 102,665 |
| | Other payables | 18 (b) | 148,130 | 164,100 |
| | Provisions | 19 | 164,394 | 212,601 |
| | **Total Current Liabilities** | | **446,780** | **479,366** |
| **Total Liabilities** | | | **446,780** | **479,366** |
| | **Net Assets** | | **3,508,313** | **3,666,863** |
| **Equity** | | | | |
| | General Fund | | 3,508,313 | 3,666,863 |
| **Total Equity** | | | **3,508,313** | **3,666,863** |



The above notes should be read in conjunction with the notes

# Statement of Changes in Equity

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| Account | Retained Earnings | Total |
|---|---|---|
| **Balance at 1 January 2018** | | |
| Opening Balance Equity | 3,641,265 | 3,641,265 |
| Surplus / (deficit) | 25,598 | 25,598 |
| Total other comprehensive income for the year | 0 | 0 |
| **Balance at 31 December 2018** | | |
| Opening Balance Equity | 3,666,863 | 3,666,863 |
| Surplus / (deficit) | (158,550) | (158,550) |
| **Balance at 31 December 2019** | **3,508,313** | **3,508,313** |



The above notes should be read in conjunction with the notes

# Statement of Cash Flows

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| | Account | Notes | 2019 | 2018 |
|---|---|---|---|---|
| **Cash Flows** | | | | |
| | **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| | Receipts from customers (incl. Members) | | 2,162,455 | 2,153,295 |
| | Interest received | | 70,948 | 74,545 |
| | Rental Receipts | | 48,908 | 0 |
| | Other | | 60,000 | 250,000 |
| | Payments to suppliers and employees | | (2,538,777) | (2,403,781) |
| | **Net cash provided by (used in) Operating Activities** | | **(196,466)** | **74,059** |
| | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | Payments for Property, Plant and Equipment | | (1,357,220) | (57,170) |
| | Proceeds from sales or Property, Plant and Equipment | | 0 | 1,947 |
| | **Net cash provided by (used in) investing activities** | | **(1,357,220)** | **(55,223)** |
| | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| | **Net cash provided by (used in) financing activities** | | **0** | **0** |
| **Net Increase/(decrease) in cash held** | | | **(1,553,686)** | **18,836** |
| | Cash and cash equivalents at 1 January 2019 | | 3,852,148 | 3,833,312 |
| **Cash and cash equivalents at 31 December 2019** | | | **2,298,462** | **3,852,148** |



The above notes should be read in conjunction with the notes

# Index to the notes of the financial statements

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

## 1. Summary 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. The financial statements are presented in Australian dollars.

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) New and amended Accounting Policies Adopted by the Association

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

**The accounting policies adopted are consistent with those of previous financial years except for the following standards and amendments, which have been adopted for the first time this financial year:**

***AASB 15 Revenue from Contracts with Customers and related amending Standards***

ALAEA has adopted AASB 15 on the required effective date of 1 January 2019.

This Standard replaced the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the revenue model in AASB 15 applies 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.

## 1. Summary of Significant Accounting Policies (continued)

### (a) New and amended Accounting Policies Adopted by the Association (continued)

***AASB 15 Revenue from Contracts with Customers and related amending Standards (continued)***

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.

The business activities of ALAEA include services to and on behalf of its membership in the provision of welfare and support; information on technical developments in the aircraft industry; journals and employment related information; legal representation and negotiation for workplace related matters; and liaison with the Civil Aviation Safety Authority.

Revenue from members' subscriptions and joining fees entitles the member to these services 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.
ALAEA recognises revenue on satisfaction of a performance obligation by transferring a good or service to a customer. The amount of revenue recognised represents the consideration to which the association expects to be entitled.

ALAEA has applied AASB 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in AASB 15:C5(a), and (b), or for modified contracts in AASB 15:C5(c) but using the expedient in AASB 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2019.

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. ALAEA has not adopted the terminology used in AASB 15 to describe such balances.

ALAEA's accounting policies for its revenue streams are disclosed in detail in Note 1. The application of AASB 15 has not had a material impact on the financial position and/or financial performance of ALAEA. There have been no adjustments required in the financial statements affected by the application of AASB 15 as illustrated below.

***AASB 15 Revenue from Contracts with Customers and related amending Standards (continued)***

Impact on assets, Liabilities and equity as at 31 December 2018

| | As previously reported | AASB 15 adjustments | As restated |
|---|---|---|---|
| | $ | $ | $ |
| Accounts receivable and other debtors | - | - | - |
| Right to returned goods asset | - | - | - |
| Deferred income (current) | 72,563 | - | 72,563 |
| Total effect on net assets | - | - | - |
| Retained earnings | - | - | - |
| Total effect on equity | - | - | - |

## 1. Summary of Significant Accounting Policies (continued)

### (a) New and amended Accounting Policies Adopted by the Association (continued)

***AASB 1058 Income of Not-for-Profit Entities***

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to the private sector and NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in *AASB 1004 Contributions*.

For NFP entities, both AASB 1058 and 15 commenced from financial year beginning 1 January 2019.
ALAEA has adopted AASB 1058 on the required effective date of 1 January 2019.

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

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 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 the income in accordance with *AASB 1004: Contributions.*

This standard applies when an 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 recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. *AASB 116 Property, Plant and Equipment*).

***AASB 1058 Income of Not-for-Profit Entities (continued)***

ALAEA does not engage volunteer services, therefore based on ALAEA's assessment, AASB 1058 has not had an impact on the transactions and balances recognised in the financial statements when first adopted for the current year ending 31 December 2019.

## 1. Summary of Significant Accounting Policies (continued)

### (a) New and amended Accounting Policies Adopted by the Association (continued)

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

AASB 16 is to improve reporting financial leverage and capital employed by bringing all lease assets and liabilities onto the balance sheet. A lease is defined in AASB 16 as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

In the current year, ALAEA has applied AASB 16 effective for annual periods that begin on or after 1 January 2019.

This Standard replaces *AASB 117 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.

AASB 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note (t). The impact of the adoption of AASB 16 on ALAEA's financial statements is described below.

The date of the initial application of AASB 16 for ALAEA is 1 January 2019.
ALAEA has applied AASB 16 using the full retrospective approach, with restatement of the comparative information.

*(a) Impact of the new definition of a lease*
ALAEA has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 17 and AASB 4 will continue to be applied to those contracts entered or modified before 1 January 2019.
The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 17 and AASB 4.

ALAEA applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of AASB 16, ALAEA has carried out an assessment.

The assessment has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for ALAEA.

## 1. Summary of Significant Accounting Policies (continued)

### (a) New and amended Accounting Policies Adopted by the Association (continued)

***AASB 16 Leases (Continued)***

*(b) Impact on Lessee Accounting*
*(i) Former operating leases*

AASB 16 changes how the Association accounts for leases previously classified as operating leases under AASB 17, which were off balance sheet.
Applying AASB 16, for all leases (except as noted below), the Association:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.
Under AASB 16, right-of-use assets are tested for impairment in accordance with *AASB 36. Impairment of assets for short-term leases* (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), ALAEA has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

*(ii) Former finance leases*
The main differences between AASB 16 and AASB 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that ALAEA recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 17. This change did not have a material effect on ALAEA's financial statements.

*(c) Impact on Lessor Accounting*
AASB 16 does not change substantially how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.
Under AASB 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 17).
As a lessor of a rental property for the first time in the current year, being an operating lease, ALAEA reporting remains ostensibly the same as under the previous AASB 117. There is no adjustment required to the financial statements due to the application of AASB 16 for the current and prior year.
The application of AASB 16 has an impact on the statement of cash flows.

Under AASB 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by AASB 7; and

**1. Summary of Significant Accounting Policies (continued)**

**(a) New and amended Accounting Policies Adopted by the Association (continued)**

***AASB 16 Leases (Continued)***

- Cash payments for the principal portion for a lease liability, as part of financing activities.
  Under AASB 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

As a lessor of a rental property for the first time in the current year, being an operating lease, the adoption of AASB 16 did not have an impact on ALAEA's net cash flows.

***AASB 2017-6 Amendments to Australian Accounting Standards- Prepayment Features with Negative Compensation***.
The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of ALAEA.

***AASB 2018-2 Amendments to Australian Accounting Standards- Plan Amendment, Curtailment or Settlement.***
This amendment has no impact on the financial statements of ALAEA.

***AASB 2018-4 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not -for- Profit Sector Licensors***
ALAEA is not a licensor within the meaning of this amendment therefore these amendments have no impact on the financial statements of ALAEA.

***AASB 2017-7 Amendments to Australian Accounting Standards- Prepayment Features with Negative Compensation.***
Since ALAEA does not have any interests in any associates or joint ventures these amendments have no impact on the financial statements.

***AASB 2018-1 Amendments to Australian Accounting Standards- Annual Improvements 2015-2017 Cycle.***
**These improvements include:**
. *AASB 11 Joint Arrangements*
. *AASB 123 Borrowing Costs*

These amendments are currently not applicable to ALAEA.

***AASB 2017-1 Amendments to Australian Accounting Standards- Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments***
These amendments clarify certain requirements in:
. *AASB 12 Disclosure of Interests in Other Entities*
- clarification of scope
. *AASB 128 Investments in Associates and Joint Ventures*
- measuring an associate or joint venture at fair value
. *AASB 140 Investment Property*
- (change in use) 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.

The adoption of these amendments did not have an impact on ALAEA.

**1. Summary of Significant Accounting Policies (continued)**

**(a) New and amended Accounting Policies Adopted by the Association (continued)**

***AASB Interpretation 22 Foreign Currency Transactions and Advance Considerations***

This amendment clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

The adoption of this amendment did not have an impact on ALAEA

**(b) New Accounting Standards for Application in Future Periods**

**Future Australian Accounting Standards Requirements**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by ALAEA for the annual reporting period ended 31 December 2019. 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 2018-7 Amendments to Australian Accounting Standards- Definition of Material***

These amendments address concerns in *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and consequential amendments to other Australian Accounting Standards (AAS) which:

i. use a consistent definition of materiality throughout AAS and the Conceptual Framework for Financial Reporting;
ii. clarify when information is material; and
iii. incorporate some of the guidance in AASB 101 about immaterial information. Effective date: 1 January 2020.

    The amendments clarify:

    - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and states that an entity assesses materiality in the context of the financial statements as a whole, and
    - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments clarify the definition of material and make AASBs more consistent but are not expected to have a significant impact on the preparation of financial statements. They should be applied for annual periods beginning on or after 1 January 2020, with earlier application permitted.

**(c) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

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.

1. **Summary of Significant Accounting Policies (continued)**

**(c) Revenue and Other Income (continued)**

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

As ALAEA does not engage volunteers there are no services donated by volunteers which require inclusion in the financial statements

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

**(d) Property, Plant and Equipment**

**Property**

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

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

**Plant and Equipment**

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

The carrying amount of plant and equipment is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a valuation 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(f) and 1(g) 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 |

**1. Summary of Significant Accounting Policies (continued)**

**(d) Property, Plant and Equipment (continued)**

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 derecognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(e) Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). ALAEA has applied the cost model. Investment properties are measured initially at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on the derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period in which the property is derecognised.

**(f) 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.

**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;

### 1. Summary of Significant Accounting Policies (continued)

#### (f) Financial Instruments (continued)

- 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 fife 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.

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 principal 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 principal 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.

## 1. Summary of Significant Accounting Policies (continued)

### (f) Financial Instruments (continued)

**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 with the documented risk management or investment strategy and information about the entity was documented appropriately, so that the performance of the financial liability that was part of an entity's financial liabilities of 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.

**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 (i.e. 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 (i.e. no practical ability to make a unilateral decision to sell the asset to a third party).

**1. Summary of Significant Accounting Policies (continued)**

**(f) Financial Instruments (continued)**

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 (e.g. 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.

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.).

## 1. Summary of Significant Accounting Policies (continued)

### (f) Financial Instruments (continued)

*Purchased or originated credit-impaired approach*
For a financial asset that is considered to be credit impaired (not on acquisition or origination), 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 (e.g. 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.

*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 assets that are unrecognised (e.g. 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.

**1. Summary of Significant Accounting Policies (continued)**

## (g) 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.

## (h) Employee Benefits

### Short-term employee benefits

Provision is made for ALAEA's obligation for short-term employee benefits. Short-term employee benefits are benefits (as defined in *AASB 119 Employee 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.

## (i) 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.

**1. Summary of Significant Accounting Policies (continued)**

**(j) 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 Notes (f) and (g) for further discussion on the determination of impairment losses.

**(k) 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.

**(l) 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).

**(m) 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 useful life these assets will be carried at cost less accumulated impairment costs.

**(n) 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.

**(o) 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.

## 1. Summary of Significant Accounting Policies (continued)

### (p) Comparative Figures

Where required by Accounting Standards or the reporting-requirements of the *Fair Work (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.

### (q) 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.

### (r) Critical accounting estimates and judgements

The Committee evaluates estimates and judgements 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* 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(h). The amount of these provisions would change should any of these factors change in the next 12 months.

## 1. Summary of Significant Accounting Policies (continued)

### (s) 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. (Refer to note 2 for subsequent events)

### (t) Leases- the Association as a Lessor

ALAEA enters into lease agreements as a lessor with respect to its investment property acquired during the year. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the association is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. ALAEA is not an intermediate lessor.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the association's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the association's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the association applies AASB 15 to allocate the consideration under the contract to each component.

### (u) 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 maybe 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

## 1. Summary of Significant Accounting Policies (continued)

### (u) Fair Value of Assets and Liabilities (continued)

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.

### (v) 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 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 (**).

## 2. Events After the Reporting Period

The circumstances of the COVID-19 outbreak have arisen since the end of the financial year and have affected the operations of ALAEA, the results of those operations, or the state of affairs of ALAEA in future financial years.

The financial reporting effects of the COVID-19 outbreak are considered by ALAEA to be non-adjusting events because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date. These included the various actions taken by federal and state governments in response to the COVID-19 outbreak. The estimated positive financial effects of these measures include Government grants & subsidies receivable such as the Cash Flow Boosts ($100,000), and payroll tax waivers ($6,000).

The impact on ALAEA's income in the following year is estimated by management to be a reduction in revenue of $2500 per month minimum in membership fee relief. The commercial investment property has become vacant and it is unknown when a tenant will be found. The previous lease payments were $7200 per month. including outgoings. With the travel bans in place these revenue reductions are mostly offset by a reduction in travel expenditure by industrial officers and the Federal Secretary of an estimated $9000 per month.

Given the uncertainty of the duration of the pandemic and the future economic outlook beyond the best estimates of management, further future estimates of its financial effects cannot be made.

With the exception of the above, legal expenses to be incurred as shown in Note 19 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, there has not arisen in the interval between the end of the financial year and the date of the report any other 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.

ALAEA has significant cash reserves, real estate and no borrowings. With the expected receipt of the Government economic stimulus packages, and management's plans to mitigate the current conditions management considers that ALAEA has the ability to continue as a going concern and therefore the going concern assumption is still appropriate as a basis for the preparation of the company's financial statement

## 3. Revenue

| | 2019 | 2018 |
|---|---|---|
| **Membership Subscriptions**** | | |
| - Generally applied | 1,962,847 | 1,930,771 |
| - Welfare Fund applied | 19,757 | 19,462 |
| **Total Membership Subscriptions** | **1,982,604** | **1,950,233** |
| Interest earned (from cash on deposit) | 73,722 | 79,819 |
| Other | 60,000 | 250,000 |
| **Rental Revenue** | | |
| Rent Received | 44,462 | 0 |
| Rental Expenses | (4,091) | 0 |
| **Net Rental Revenue** | **40,371** | **0** |
| **Total Revenue** | **2,156,697** | **2,280,052** |

## 4. Employee benefits expense

| | 2019 | 2018 |
|---|---|---|
| **Employee expenses**** | | |
| **Employee expenses Officeholders**** | | |
| Wages and salaries | 356,060 | 391,539 |
| Superannuation | 38,081 | 46,311 |
| Leave and other entitlements | (3,959) | 7,766 |
| Other employee expenses | 0 | 0 |
| **Total Employee expenses Officeholders**** | **390,182** | **445,616** |
| **Employees other than Officeholders** | | |
| Wages and Salaries | 731,118 | 639,204 |
| Superannuation | 77,334 | 63,149 |
| Leave and other entitlements | (49,218) | (18,408) |
| Separation and redundancies | 0 | 0 |
| Other employee expenses | 0 | 0 |
| **Total Employees other than Officeholders** | **759,234** | **683,945** |
| **Total Employee expenses**** | **1,149,415** | **1,129,561** |
| **Other employee costs** | | |
| Payroll Tax | 20,921 | 20,590 |
| Staff training | 789 | 477 |
| **Total Other employee costs** | **21,710** | **21,067** |
| **Total Employee benefits expense** | **1,171,125** | **1,150,628** |

## 5. Depreciation

| | 2019 | 2018 |
|---|---|---|
| Land and Buildings | 4,165 | 2,510 |
| Office equipment | 19,545 | 20,622 |
| Motor vehicles | 1,731 | 1,731 |
| **Total Depreciation** | **25,441** | **24,863** |

## 6. Affiliation fees

| | 2019 | 2018 |
|---|---|---|
| ACTU | 18,464 | 18,854 |
| Unions NSW | 4,949 | 5,728 |
| Union Shopper | 6,772 | 0 |
| Victoria Trades Hall Council | 4,735 | 4,691 |
| Aircraft Engineers International | 9,026 | 8,938 |
| International Transport Workers Federation | 9,498 | 8,902 |
| Global Cabin Air Quality Executive | 2,532 | 0 |
| International Federation of Airworthiness | 590 | 935 |
| **Total Affiliation fees** | **56,566** | **48,048** |

## 7. Administration

| | 2019 | 2018 |
|---|---|---|
| Total paid to employers for payroll deductions of membership subscriptions** | 0 | 0 |
| Compulsory levies*** | 0 | 0 |
| Property Expenses | 43,689 | 38,819 |
| Seminars | 3,132 | 12,084 |
| Postage, printing and stationery | 13,007 | 12,749 |
| Information communications technology | 40,750 | 58,011 |
| Finance cost - bank fees & merchant charges | 18,058 | 20,657 |
| Industrial library | 16,419 | 14,983 |
| **Total Administration** | **135,055** | **157,303** |

## 8. Industrial and management expenses

| | 2019 | 2018 |
|---|---|---|
| **Legal costs** ** | | |
| Litigation | 381,422 | 335,339 |
| Other legal matters | 6,313 | 1,525 |
| **Total Legal costs** | **387,735** | **336,864** |
| | | |
| **Other costs** | | |
| Conference and meeting expenses** | 236,624 | 227,584 |
| Fees/allowances - meeting and conferences** | 13,170 | 20,070 |
| Other Industrial & management expenses | 246,530 | 260,844 |
| **Total Other costs** | **496,324** | **508,498** |
| **Total Industrial and management expenses** | **884,059** | **845,362** |

## 9. Audit fees

| | 2019 | 2018 |
|---|---|---|
| **Remuneration of auditor for:** | | |
| - auditing or review of financial report | 13,000 | 13,000 |
| **Total Remuneration of auditor for:** | **13,000** | **13,000** |
| **Total audit fees - No other services were provided by the auditors of the financial statements** | | |

## 10. Grants and donations

| | 2019 | 2018 |
|---|---|---|
| **Grants**** | | |
| Total paid that were $1,000 or less | 0 | 0 |
| Total paid that exceeded $1,000 | 0 | 0 |
| **Donations - paid generally**** | | |
| Total paid that were $1,000 or less | 0 | 250 |
| Total paid that exceeded $1,000 | 0 | 0 |
| **Total Donations - paid generally** | **0** | **250** |
| **Donations - paid from Welfare Fund**** | | |
| Total paid that were $1,000 or less | 0 | 0 |
| Total that exceeded $1000 | 30,000 | 15,000 |
| **Total paid from Welfare Fund** | **30,000** | **15,000** |

## 11. Penalties

| | 2019 | 2018 |
|---|---|---|
| Penalties - via RO Act or the Fair Work Act 2009** | 0 | 0 |
| Other fines or Penalties** | 0 | 0 |

## 12. Cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| Short Term Deposits | 1,875,413 | 3,642,061 |
| Cash at bank | 423,049 | 210,087 |
| **Total Cash and cash equivalents** | **2,298,462** | **3,852,148** |

## 13. Trade and Other Receivables

| | 2019 | 2018 |
|---|---|---|
| Receivables from other reporting entities** | 0 | 0 |
| Less provision for doubtful debts** | 0 | 0 |
| Subscriptions Receivable | 8,079 | 0 |
| Other Receivables | 5,900 | 0 |
| **Total Trade and Other Receivables** | **13,979** | **0** |

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

## 14. Other current assets

| | 2019 | 2018 |
|---|---|---|
| Accrued interest | 14,072 | 16,740 |
| Prepayments | 40,401 | 20,941 |
| **Total Other current assets** | **54,473** | **37,681** |

## 15. Property, Plant & Equipment

| | 2019 | 2018 |
|---|---|---|
| **Land and buildings** | | |
| Land at Cost | 110,000 | 110,000 |
| **Buildings** | | |
| Buildings at Cost | 480,466 | 460,933 |
| Accumulated Depreciation of Buildings | (405,864) | (401,699) |
| **Total Buildings** | **74,602** | **59,234** |
| **Total Land and buildings** | **184,602** | **169,234** |
| **Plant and Equipment** | | |
| Plant & Equipment at cost | 98,654 | 173,338 |
| Accumulated Amortisation of Leasehold Improvements | (40,110) | (121,999) |
| **Total Plant and Equipment** | **58,544** | **51,339** |
| **Motor Vehicles** | | |
| Motor vehicles (at cost) | 13,844 | 13,844 |
| Accumulated depreciation of Motor Vehicles | (4,448) | (2,717) |
| **Total Motor Vehicles** | **9,396** | **11,127** |
| **Total Property, Plant & Equipment** | **252,542** | **231,700** |

## 15. Property Plant & 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 2018 | 110,000 | 33,416 | 45066 | 12858 | 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 as at 31 December 2018 | 110,000 | 59,234 | 51,339 | 11,127 | 231,700 |
| Additions by purchase | - | 19,534 | 26,732 | - | 46,266 |
| Disposals | - | - | - | - | - |
| * From disposal of entities (including restructuring) | - | - | - | - | - |
| * Other | - | - | - | - | - |
| Depreciation expense | - | (4,165) | (19,527) | (1,731) | (25,423) |
| Balance as at 31 December 2019 | 110,000 | 74,603 | 58,544 | 9,396 | 252,543 |

## 16. Investment Property

| | 2019 | 2018 |
|---|---|---|
| 22 Kyabra Street, Newstead QLD – at Cost | 1,308,965 | 0 |
| **Fixtures & Fittings** | | |
| Fixtures and Fittings Kyabra | 1,990 | 0 |
| Less accum dep'n - Kyabra | (18) | 0 |
| **Total Fixtures & Fittings** | **1,972** | **0** |
| **Total Investment Property** | **1,310,937** | **0** |

Rental income earned and received form the investment property during the year was $44,462 (2018:Nil).

Direct expenses incurred in relation to the investment property that generate rental income during the year was $4,091 (2018:Nil).

## 17. Intangibles

| | 2019 | 2018 |
|---|---|---|
| Copywrite editions | 24,700 | 24,700 |
| **Total Intangibles** | **24,700** | **24,700** |

### 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 2020 year. ALAEA believes that there has been no impairment to this asset.

## 18. Trade and Other Payables

| | 2019 | 2018 |
|---|---|---|
| **(a) Trade Payables** | | |
| Trade Payables | 96,534 | 102,665 |
| Payables to other reporting units** | 0 | 0 |
| Legal fees payable- litigation** | 0 | 0 |
| Legal fees payable-other** | 37,722 | 0 |
| **Total Trade Payables** | **134,256** | **102,665** |
| Settlement is usually made within 60 days. | | |
| **(b) Other Payables** | | |
| Employee benefits payable – non office holders | 29,031 | 26,544 |
| Employee benefits payable - office holders | 37,954 | 37,206 |
| Payable to employers for making payroll deductions of memberships** | 0 | 0 |
| Membership fees received in advance | 63,033 | 72,563 |
| GST payable | 16,533 | 22,344 |
| Welfare Fund contributions payable | 0 | 4,343 |
| Fighting Fund contributions payable | 1,579 | 1,100 |
| **Total Other Payables** | **148,130** | **164,100** |
| **Other Payables are expected to be settled in no more than 12 months** | **282,386** | **266,765** |

## 19. Provisions

| | 2019 | 2018 |
|---|---|---|
| **Employee benefits - non office holders**** | | |
| Long Service Leave | 40,847 | 74,428 |
| Annual Leave | 44,348 | 53,483 |
| Separations & redundancies | 0 | 0 |
| Other | 0 | 0 |
| **Total Employee benefits - non office holders** | **85,195** | **127,911** |
| **Employee benefits - office holders**** | | |
| Long Service Leave | 38,847 | 40,833 |
| Annual Leave | 40,352 | 43,857 |
| Separations and redundancies | 0 | 0 |
| Other | 0 | 0 |
| **Total Employee benefits - office holders** | **79,199** | **84,690** |
| **Total Employee benefits** | **164,394** | **212,601** |
| **Analysis of total provisions** | | |
| Current | 164,394 | 212,601 |
| Non-Current | 0 | 0 |
| **Total Analysis of total provisions** | **164,394** | **212,601** |

## 19. Provisions (continued)

**Analysis of provisions**

| **Annual Leave** | | |
|---|---|---|
| Opening balance at beginning of year | 97,340 | 91,278 |
| Additional provisions raised during year | 53,325 | 89,402 |
| Amounts used | (65,965) | (83,340) |
| Adjustment | 0 | 0 |
| **Total Annual Leave** | **84,700** | **97,340** |

| **Long Service Leave** | | |
|---|---|---|
| Opening balance at beginning of year | 115,261 | 133,521 |
| Additional provisions raised during year | 8,897 | (5,962) |
| Amounts used | (44,464) | (12,298) |
| Adjustments | 0 | 0 |
| **Total Long Service Leave** | **79,694** | **115,261** |
| **Total Analysis of provisions** | **164,394** | **212,601** |
| Number of employees at year end | | |
| - No office holders | 8 | 10 |
| - Office holders | 17 | 20 |

### 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(h).

### 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.

## 20. Cash Flow

### (a) Cash Flows Reconciliation

**Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:**

| Cash and cash equivalents as per: | 2019 | 2018 |
|---|---|---|
| Balance Sheet | 2,298,462 | 3,852,148 |
| Cash flow statement | 2,298,462 | 3,852,148 |
| Difference | 0 | 0 |
| **Reconciliation of profit/(deficit) to net cash from operating activities** | | |
| Profit/(deficit) for the year | (158,550) | 25,598 |
| **Adjustments for non-cash items** | | |
| Depreciation | 25,441 | 24,863 |
| **Total Adjustments for non-cash items** | **25,441** | **24,863** |
| **Changes in assets/liabilities** | | |
| (Increase)/decrease in net receivables | (11,311) | (5,155) |
| (Increase)/decrease in prepayments | (19,460) | 23,737 |
| Increase/(decrease) in supplier payments | 31,591 | 1,259 |
| Increase/(decrease) in other payables | (15,970) | 15,955 |
| Increase/(decrease) in employee provisions | (48,207) | (12,198) |
| **Total Changes in assets/liabilities** | **(63,357)** | **23,598** |
| **Total Reconciliation of profit/(deficit) to net cash from operating activities** | **(196,466)** | **74,059** |
| **(b) Cash flow information** | | |
| Cash inflows - ALAEA | 2,342,311 | 2,479,787 |
| Cash outflows - ALAEA | (3,895,997) | (2,460,951) |
| **Total Cash flow information** | **(1,553,686)** | **18,836** |

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

## 21. Contingent Liabilities, Assets & Commitments

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

### (a) 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 2020.

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

**(b) Operating lease arrangements**

**ALAEA as lessor.**

**Disclosure required by AASB16.**

Operating leases, in which ALAEA is the lessor, relate to a commercial investment property owned by ALAEA with lease terms of between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.
The lease values relate to the period from purchase in June 2019 to April 2020 when the property was vacated. At the date of the report the property remains untenanted. Under the prevailing economic conditions due to the effects of COVID-19 it is not possible at this time to ascertain when the property may be leased, or the amount of any future lease values.

Maturity analysis of operating lease payments:

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Year 1 | 44,462 | - |
| Year 2 | 21,660 | - |
| Year 3 | - | - |
| Year 4 | - | - |
| Year 5 | - | - |
| Total | 66,122 | - |

The following table present the amounts reported in profit and loss:

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Lease income on operating leases | 44,462 | - |

## 22. Related Party Disclosures

| | 2019 | 2018 |
|---|---|---|
| **(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 | 16,831 | 16,541 |
| **Total Revenue received from Officeholders includes:** | **16,831** | **16,541** |
| **Expenses paid to Officeholders includes:** | | |
| Committee and other meeting attendance fees paid to officeholders in compensation of daily pay not received from employers | 72,283 | 117,968 |
| **Total Expenses paid to Officeholders includes:** | **72,283** | **117,968** |
| **Amounts owed by Officeholders includes:** | | |
| Funds advanced against un-vouched expenses | 0 | 0 |
| Membership subscriptions due at year end | 0 | 0 |

## 22. Related Party Disclosures (continued)

| Amounts owed to Officeholders includes: | 2019 | 2018 |
|---|---|---|
| Expense re-imbursements payable | 0 | 0 |
| Loans from/to Officeholders | 0 | 0 |
| **Expenses paid to ACTU:** | | |
| Affiliation fees paid to the ACTU which amount is included in the determination of operating profit before income tax | 18,464 | 18,854 |

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 reimbursement claim. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, ALAEA has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: $ 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 | 2019 | 2018 |
|---|---|---|
| **Short-term employee benefits** | | |
| Salary (including annual leave & RDO taken) | 331,015 | 325,952 |
| Annual leave & RDO accrued | 3,846 | 826 |
| Performance bonus | 0 | 0 |
| **Total Short-term employee benefits** | **334,861** | **326,778** |
| Post-employment benefits | 0 | 0 |
| **Other long-term benefits** | | |
| Long service leave | 4,025 | 6,940 |
| **Total Other long-term benefits** | **4,025** | **6,940** |
| Termination benefits | 0 | 0 |
| **Total benefits** | **338,886** | **333,718** |

| (iii) Transactions with key management personnel and their close family members | 2019 | 2018 |
|---|---|---|
| Loan to/from management personnel | 0 | 0 |
| **Other transactions with key management personnel** | | |
| Membership subscription fees paid by Officeholders | 16,831 | 16,541 |
| **Total Other transactions with key management personnel** | **16,831** | **16,541** |

| (iv) Transactions with former related parties | 2019 | 2018 |
|---|---|---|
| (iv) Transaction with former related parties | 0 | 0 |
| **Total (iv) Transactions with former related parties** | **0** | **0** |

## 23. 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 9: Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:-

| Financial Instruments | 2019 | 2018 |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | 2,298,462 | 3,852,148 |
| Loans and receivables | 13,979 | (4,343) |
| **Total Financial Assets** | **2,312,441** | **3,847,805** |
| **Financial liabilities at amortised cost** | | |
| Trade and other payables | 282,386 | 266,765 |
| **Total Financial liabilities at amortised cost** | **282,386** | **266,765** |

### Financial Risk Management Policies

The Delegated Officers and Employees of the Committee of Management ("DOECOM") are 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.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties 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 counter parties) ensuring, to the extent possible, that members and counter parties 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.

### (a) Credit Risk (continued)

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 counter parties 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.

*Financial liability and financial asset maturity analysis*

| Financial liability and financial asset maturity analysis | | | | | | |
|---|---|---|---|---|---|---|
| | Within 1 Year | | I to 5 years | | Over 5 years | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ | $ | $ |
| Financial liabilities due for payment: | - | - | - | - | - | - |
| Accounts payable and other payables (excluding estimated annual leave and deferred income) | 282,386 | 266,765 | - | - | - | - |
| Total expected outflows | 282,386 | 266,765 | - | - | - | - |
| Financial Assets | - | - | - | - | - | - |
| Cash Flows Realisable | - | - | - | - | - | - |
| Cash on hand | 2,039,385 | 3,545,935 | 259,077 | 306,213 | - | - |
| Accounts receivable and other debtors | 13,979 | - | - | - | - | - |
| Other financial assets | - | - | - | - | - | - |
| Total Anticipated Inflows | 2,053,364 | 3,545,935 | 259,077 | 306,213 | - | - |
| Net/(outflow)/inflow on financial instruments | 1,770,978 | 3,279,170 | 259,077 | 306,213 | - | - |

*Financial assets pledge 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.

*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.

| | Profit | Equity |
|---|---|---|
| Year ended 31 December 2019 | $ | $ |
| +/- 0.5% in interest rates | +/- 2004 | +/- 2004 |
| | Profit | Equity |
| Year ended 31 December 2018 | $ | $ |
| +/- 0.5% in interest rates | +/-17564 | +/-17564 |

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

**24. Fair Value Measurements**

**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.

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

### 24. Fair Values Measurements (continued)

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | $ | $ | $ | $ |
| Financial Assets Cash and cash equivalents | 2,298,462 | 2,298,462 | 3,852,148 | 3,852,148 |
| Accounts receivable and other debtors | 13,979 | 13,979 | - | - |
| Total financial assets | 2,312,441 | 2,312,441 | 3,852,148 | 3,852,148 |
| Financial liabilities Accounts payable and other payables | 282,386 | 282,386 | 266,765 | 266,765 |
| Total financial liabilities | 282,386 | 282,386 | 266,765 | 266,765 |

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.

### 25. 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 2019, 2018, 2017 and 2016.

A summary of the Fighting Fund position follows:

**Income & Expenditure Statement**
**for the year ended 31 December 2019**

| Fighting Fund | 2019 | 2018 |
|---|---|---|
| **Income** | | |
| Contributions from Members | 0 | 0 |
| Interest Received | 480 | 521 |
| **Total Income** | **480** | **521** |
| **Expenses** | | |
| Bank Fees | 24 | 23 |
| **Surplus/(deficit) for the year** | **456** | **498** |
| **Accumulated Funds at beginning of year** | | |
| Accumulated Funds at beginning of year | 20,413 | 19,915 |
| **Accumulated Funds at end of year** | **20,869** | **20,413** |

## 25. Fighting Fund (continued)

**Balance Sheet**
**for the year ended 31 December 2019**

| Current Assets | 2019 | 2018 |
|---|---|---|
| **Cash & Cash Equivalent** | | |
| Cash at Bank | 0 | 24 |
| Term Deposit | 19,289 | 19,289 |
| Receivables - ALAEA | 1,580 | 1,100 |
| **Total Cash & Cash Equivalent** | **20,869** | **20,413** |
| **Net Assets** | **20,869** | **20,413** |
| **Accumulated funds** | **20,869** | **20,413** |

## 26. 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 $19,757 into the Welfare Fund during the year (2018 $19,462).

A summary of the Welfare Fund position follows:

**Income & Expenditure Statement**
**for the year ended 31 December 2019**

| Mortality and other benefits | 2019 | 2018 |
|---|---|---|
| **Income** | | |
| Contributions from General Fund | 19,757 | 19,462 |
| Interest Income | 5,017 | 5,111 |
| **Total Income** | **24,774** | **24,573** |
| **Expenses** | | |
| Welfare donations to members | 30,000 | 15,000 |
| **Total Expenses** | **30,000** | **15,000** |
| **Surplus for the year** | **(5,226)** | **9,573** |
| Accumulated funds at the beginning of the year | 222,482 | 212,909 |
| Accumulated funds at end of year | 217,256 | 222,482 |

### 26. Mortality and other Benefits (continued)

**Balance Sheet**
**for the year ended 31 December 2019**

| Mortality and other benefits | 2019 | 2018 |
|---|---|---|
| **Current Assets** | | |
| **Investments** | | |
| Term deposit | 223,156 | 218,139 |
| Receivables - ALAEA | 0 | 4,343 |
| **Total Investments** | **223,156** | **222,482** |
| **Total Current Assets** | **223,156** | **222,482** |
| **Current Liabilities** | | |
| **Other Payables** | | |
| Payables - ALAEA | 5,900 | 0 |
| **Total Other Payables** | **5,900** | **0** |
| **Total Current Liabilities** | **5,900** | **0** |
| **Net Assets** | **217,256** | **222,482** |
| **Accumulated funds** | **217,256** | **222,482** |

### 27. Recovery of Wages Activity**

ALAEA did not undertake any recovery of wages activities during the year ending 31 December 2019.

### 28. 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) are vocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1),

### 29. Business Combinations **

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

**30. Post Reporting Date Events**

The circumstances of the COVID-19 outbreak have arisen since the end of the financial year and have affected the operations of ALAEA, the results of those operations, or the state of affairs of ALAEA in future financial years.

The financial reporting effects of the COVID-19 outbreak are considered by ALAEA to be non-adjusting events because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date.

**31. Administration of Financial Affairs by a Third Party****

ALAEA did not engage a third party to administer its financial Affairs

**32. 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).

**33. Association Details**

The principal place of business and registered office of ALAEA is:

25 Stoney Creek Rd
Bexley, NSW 2207

**34. Authorisation of Financial Statements**

The financial statements for the year ended 31 December 2019 (including comparatives) were approved by the

Committee on / / 2020.

| | |
|---|---|
| Mark Gant | Stephen Re |
| Trustee | Trustee |

# Income and Expenditure Statement

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| | | Account | 2019 | 2018 |
|---|---|---|---|---|
| **Income** | | | | |
| | | Members Contributions | 1,982,604 | 1,950,233 |
| | | Rental Revenue | 40,371 | 0 |
| **Total Income** | | | **2,022,975** | **1,950,233** |
| **Other Income** | | | | |
| | | Other | 60,000 | 250,000 |
| | | Interest Income | 73,722 | 79,819 |
| **Total Other Income** | | | **133,722** | **329,819** |
| **Gross Surplus** | | | **2,156,697** | **2,280,052** |
| **Expenditure** | | | | |
| | **Employment Costs** | | | |
| | | **Employees:** | | |
| | | Salary & annual leave | 1,069,568 | 1,038,362 |
| | | Redundancy payment | 0 | 0 |
| | | Superannuation | 115,416 | 109,460 |
| | | Long service leave provision | (35,567) | (18,260) |
| | | | **1,149,416** | **1,129,561** |
| | **Other:** | | | |
| | | Staff Training | 788 | 477 |
| | | Payroll Tax | 20,921 | 20,590 |
| | | Temporary staffing & placements | 0 | 0 |
| | **Total Other:** | | **21,709** | **21,067** |
| | **Total employment costs** | | **1,171,125** | **1,150,628** |
| | **Industrial** | | | |
| | | Telephone | 33,530 | 38,096 |
| | | Professional services | 452,111 | 388,273 |
| | | Industrial & travel expenses | 264,523 | 255,763 |
| | **Total Industrial** | | **750,164** | **682,132** |
| | **Management** | | | |
| | | Executive and Representative training & conference | 30,229 | 95,033 |
| | | Federal executive expenses | 50,209 | 53,973 |
| | | Affiliation fees | 56,566 | 49,151 |
| | **Total Management** | | **137,003** | **198,157** |
| | **Overhead Expenses** | | | |
| | | Bank Charges | 18,058 | 20,657 |
| | | Computer expenses | 75,287 | 58,011 |
| | | Depreciation - building | 4,165 | 2,510 |
| | | Depreciation - equipment | 19,545 | 20,622 |
| | | Depreciation - motor vehicle | 1,731 | 1,731 |
| | | Donations | 0 | 250 |
| | | Electricity | 8,346 | 9,012 |
| | | Fringe Benefits Tax | 6,268 | 5,981 |
| | | Insurance | 17,568 | 13,573 |
| | | Library | 16,419 | 14,982 |
| | | Membership recruitment costs | 4,305 | 8,550 |

# Income and Expenditure Report

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

| | | | |
|---|---|---|---|
| | Motor Vehicle expenses | 2,169 | 2,041 |
| | Postage & Delivery | 5,534 | 6,319 |
| | Printing & Stationery | 7,473 | 6,430 |
| | Rates & Property expenses | 37,649 | 25,636 |
| | Repairs & Maintenance | 7,787 | 4,172 |
| | Staff Amenities | 4,892 | 3,597 |
| | Welfare Fund Contribution | 19,757 | 19,462 |
| **Total Overhead Expenses** | | **256,954** | **223,536** |
| **Total Expenditure** | | **2,315,247** | **2,254,454** |
| | **Operating Surplus/ (Deficit) for the year** | **(158,550)** | **25,598** |
| | **Accumulated funds at beginning of year** | **3,666,863** | **3,641,265** |
| | **Accumulated funds at end of year** | **3,508,313** | **3,666,863** |



This is part of the additional financial information referred to in the compilation report and does not form part of the audited general purpose statements

# Compilation Report

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

Compilation report to Australian Licenced Aircraft Engineers Association.

We have compiled the accompanying:

1. General purpose Financial Statements for the year ended 30 June 2019 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 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 *APES 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 Members**

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

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

**Our Responsibility**

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

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

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

# Compilation Report

Australian Licenced Aircraft Engineers Association
ABN 84 234 747 620
For the year ended 31 December 2019

**Assurance Disclaimer**

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the committee who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Belinda Tonna

Higgins Tonna & Co

Belinda Tonna

Dated: 27 / 05 / 2020

M 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 2019, 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, 28 May 2020

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 2019, 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 2019, 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

**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, 28 May 2020

**OFFICER AND RELATED PARTY DISCLOSURE STATEMENT in accordance with Section 293J Fair Work (Registered Organisations) Act 2009**

I, Stephen Purvinas, being the Federal Secretary of the Australian Licenced Aircraft Engineers Association, declare the following Officer and Related Party Disclosure Statement.

| | | | |
|---|---|---|---|
| **Organisation Name** | Australian Licensed Aircraft Engineers Association | **Branch Name** | Federal |
| **Financial year start date** | 01 January 2019 | **Financial year end date** | 31 December 2019 |

## Top Five Rankings of Officers – Relevant remuneration and non-cash benefits

When all officers in the Australian Licensed Aircraft Engineers Association are ranked by relevant remuneration for the financial year, the following officers are ranked no lower than fifth:

| Full Name | Office | Actual Amount of Relevant Remuneration | Value of Relevant non-cash benefits | Form of relevant non-cash benefits *(e.g. car)* |
|---|---|---|---|---|
| 1.Stephen Purvinas | Federal Secretary | $ 192393 | NIL | |
| 2.Stephen Re | Trustee | $ 138672 | NIL | |
| 3.Luke Murray | Assistant Federal Secretary | $ 11202 | NIL | |
| 4.Mike Davies | Virgin Councillor | $ 8256 | NIL | |
| 5.Chris Burleigh | Qantas Councillor | $ 8155 | NIL | |

- None of the officers listed above received non-cash benefits from the branch/organisation.

## Payments to related parties and declared persons or bodies

During the financial year, the Australian Licensed Aircraft Engineers Association made the following payments to related parties or declared persons or bodies. The details of these payments are included below. This list does not include payments that have been exempted from disclosure under section 293G.

| Date | Name | Nature of relationship *(e.g company owned by Secretary)* | Purpose of payment *(e.g. catering)* | Amount | Other relevant details |
|---|---|---|---|---|---|
| N/A | NIL | | | $ | |
| | | | | $ | |

The branch/organisation did not make any payments to related parties or declared persons or bodies that are required to be disclosed.

Signed by the officer:

Steve Purvinas

Steve Purvinas (May 13, 2020)

Dated:

May 13, 2020