



29 April 2014

Mr Simon Lutton
General Manager
Australian Federation of Air Pilots
industrial@afap.org.au

Dear Mr Lutton,

**Australian Federation of Air Pilots
Financial Report for the year ended 30 June 2013 - [FR2013/229]**

I acknowledge receipt of the financial report of the Australian Federation of Air Pilots. The documents were lodged with the Fair Work Commission on 23 December 2013.

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

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

Please note that the financial report for the year ending 30 June 2014 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Notes to the financial statements

Application of Tier 1 reporting requirements

Paragraph 8 of the Reporting Guidelines states *'it is a requirement that all reporting units apply the Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards'*. In the future please ensure that the reporting unit adheres to paragraph 8 of the Reporting Guidelines.

If you have any queries regarding this letter, please contact me on (03) 8661 7026 or via email at sarah.wilkin@fwc.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sarah Wilkin', written in a cursive style.

Sarah Wilkin
Regulatory Compliance Branch

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



**MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION**

President:
Bryan Murray

Executive Director:
Simon Lutton

23 December 2013

General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Via email: orgs@fwc.gov.au

Dear General Manager,

Re: Financial Statements – Australian Federation of Air Pilots

As required under section 268 of the *Fair Work (Registered Organisations) Act 2009*, please find enclosed the Federation's Financial Statements and Auditor's Report for the financial year ending 30 June 2013, together with a certificate signed by AFAP President, Captain Bryan Murray.

If you have any questions, please contact me at this office on 03 9928 5737.

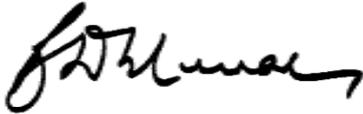
Yours sincerely,



Joanne Janes
Senior Industrial Officer

**CERTIFICATION PURSUANT TO SECTION 268 OF THE FAIR WORK
(REGISTERED ORGANISATIONS) ACT 2009**

I, Bryan Murray, President of the Australian Federation of Air Pilots hereby certify that the attached documents are full copies of the Auditor's report, accounts and statements for the Financial Year 2012/13 provided to the membership by publication on the Federation's website on 25 September 2013 and presented to the Committee of Management on 10 December 2013 in accordance with the *Fair Work (Registered Organisations) Act 2009*.



.....
Captain Bryan Murray

23 December 2013

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

AUSTRALIAN FEDERATION OF AIR PILOTS

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This financial report covers the Australian Federation of Air Pilots as an individual entity. The financial report is presented in the Australian currency.

The Australian Federation of Air Pilots is a registered body under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia. The objectives of the Federation include the protection and furthering of the interests of Air Pilots and to safeguard and improve the interests and rights of the members of the Federation.

The principal place of business is:

Australian Federation of Air Pilots
Level 4
132 -136 Albert Road
SOUTH MELBOURNE VIC 3205

The financial report was authorised for issue by the committee of management on the 5th day of September 2013.

OPERATING REPORT

Your Committee of Management present its report on the Australian Federation of Air Pilots (The Federation) for the financial year ended 30 June 2013.

Members of executive

The names of the Committee of Management in office at any time during the financial year are:

B Murray - President

B Bollen - Vice President Membership

L Pole - Vice President Administration and Finance

P Gardiner - Technical Director

G Brown - Trustee

S Edwards – Trustee

J Absolon - Trustee

Significant changes in financial affairs

No significant changes in the state of affairs of The Federation occurred during the financial year.

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

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

A review of the operations of The Federation indicate that it continued to engage in its principal activity of representing commercial pilots in industrial, technical and operational matters. In pursuing these activities The Federation has sought to protect and enhance the profession of air pilots through representation of individuals in grievances and disputes and by representing pilot groups in collective bargaining. In pursuing such, The Federation has initiated and activated legal and industrial action when appropriate. In enhancing the professional aspects of air pilotage, representations have been made to regulatory bodies, government inquiries and international forums when so required.

Union details

The number of equivalent full time employees at 30 June 2013 was 10 (2012: 12)

The number of members at 30 June 2013 was 3,659 (2012: 3,221).

Right of members to resign

Rule 2.7 sets out the terms under which a member of the Federation may resign. Any member may resign from membership by written notice addressed to and delivered to the Vice President (Administration and Finance). The notice of resignation takes effect:

(i) where the member ceases to be eligible to become a member of the Federation: (i) on the day on which the notice is received by the Federation, or (ii) on the day specified in the notice, whichever is later.

(ii) in any case, (i) at the end of 2 weeks after the notice is received by the Federation, or (ii) on the day specified in the notice, whichever is later.

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

OPERATING REPORT (Continued)

Directorships of Superannuation Fund

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

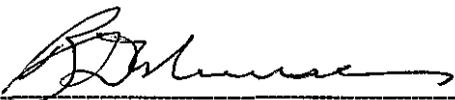
Officer/ Employee	Position	Trustee Company	Name of Superfund	Other
L Cox	Director	AvSuper Pty Ltd	Av Superannuation Trust	Position held as nominee of the ACTU

Directorships of company or a member of a board

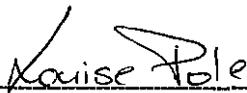
Officer/ Employee	Position	Company Name	Principal activities	Other
G Brown	Director	Albair Nominees Pty Ltd	Nominee, holding land and buildings of the Federation	Position held as member and nominee of the executive.

Apart from the above, to the best of our knowledge and belief, no officer or employee of the Federation is director of companies or member of a board.

Signed in accordance with a resolution of the Committee of Management:



B Murray - President



L Pole - Vice President Administration and Finance

Dated this *6th* day of *September* 2013

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from continuing operations	4	3,122,413	2,529,984
Expenses			
Administration		(187,801)	(148,192)
Audit fee	6	(21,250)	(21,050)
Bank charges and interest		(16,789)	(23,067)
Communication		(38,566)	(42,172)
Depreciation and amortisation	7	(39,116)	(41,464)
History of the Federation		(340)	(340)
Capitation and affiliation fees	8	(33,028)	(29,524)
Industrial		(213,589)	(169,189)
Legal costs	9	(67,071)	(22,355)
Loss on disposal of fixed assets		-	(43,247)
Meeting and conferences	10	(138,585)	(95,981)
Occupancy		(206,329)	(39,751)
Publications, advertising and marketing		(52,733)	(45,734)
Employee expenses	11	(1,367,434)	(1,360,433)
Technical		(4,719)	(28,192)
Welfare, grant and donation expenses	12	(55,869)	(51,702)
		<u>(2,443,219)</u>	<u>(2,162,393)</u>
Surplus for the year		<u>679,194</u>	<u>367,591</u>
Surplus attributable to the members	22	679,194	367,591
Other comprehensive income /(expense)			
Changes in fair value of available for sale assets	21	6,445	(12,709)
Total comprehensive income for the year attributable to the members		<u><u>685,693</u></u>	<u><u>354,882</u></u>

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
BALANCE SHEET
As at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	4,257,705	3,587,197
Trade and other receivables	14	<u>122,396</u>	<u>185,644</u>
Total current assets		<u>4,380,101</u>	<u>3,772,841</u>
Non-current assets			
Available for sale financial assets	15	159,753	153,308
Property, plant and equipment	16	259,671	262,107
Intangible assets	17	<u>879</u>	<u>1,300</u>
Total non-current assets		<u>420,303</u>	<u>416,715</u>
Total assets		<u>4,800,404</u>	<u>4,189,556</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	244,655	213,853
Provisions	19	292,248	510,370
Other	20	<u>683,592</u>	<u>577,431</u>
Total current liabilities		<u>1,220,495</u>	<u>1,301,654</u>
Non-current liabilities			
Provisions	19	<u>31,618</u>	<u>25,250</u>
Total current liabilities		<u>31,618</u>	<u>25,250</u>
Total liabilities		<u>1,252,113</u>	<u>1,326,904</u>
Net assets		<u>3,548,291</u>	<u>2,862,652</u>
EQUITY			
Reserves	21	18,570	12,125
Accumulated surplus	22	<u>3,529,721</u>	<u>2,850,527</u>
Total equity		<u>3,548,291</u>	<u>2,862,652</u>

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

	Accumulated surplus \$	Reserves \$	Total \$
Balance at 1 July 2011	2,482,936	24,834	2,507,770
Surplus for the year	367,591	-	367,591
Available for sale financial assets	-	(12,709)	(12,709)
Balance at 30 June 2012	<u>2,850,527</u>	<u>12,125</u>	<u>2,862,652</u>
Balance at 1 July 2012	2,850,527	12,125	2,862,652
Surplus for the year	679,194	-	679,194
Available for sale financial assets	-	6,445	6,445
Balance at 30 June 2013	<u>3,529,721</u>	<u>18,570</u>	<u>3,548,291</u>

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

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036
STATEMENT OF CASH FLOWS
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from operations (inclusive of GST)		3,271,253	2,698,892
Receipts from other reporting entities(inclusive of GST)		-	-
Receipts from controlled entities(inclusive of GST)		-	-
Interest received		262,609	121,963
Cash used			
Payments to suppliers and employees (inclusive of GST)		(2,867,048)	(2,270,698)
Payments to other reporting entities(inclusive of GST)		-	-
Payments to controlled entities(inclusive of GST)		-	-
Net cash inflow from operating activities	26	<u>666,814</u>	<u>550,157</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from redemption of investments		-	75,000
Rental income (inclusive of GST)		37,499	3,799
Receipt on sale for property, plant and equipment and software		7,274	-
Cash used			
Payment for property, plant and equipment and software		(41,079)	(39,657)
Net cash inflow from investing activities		<u>3,694</u>	<u>39,142</u>
Net increase in cash and cash equivalents		670,508	589,299
Cash and cash equivalents at beginning of financial year		<u>3,587,197</u>	2,997,898
Cash and cash equivalents at end of financial year	13(a)	<u>4,257,705</u>	<u>3,587,197</u>

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

1: Summary of significant accounting policies

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

The financial report includes the separate financial statements for the Australian Federation of Air Pilots (The Federation).

(a) Basis of preparation

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

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

New and amended standards adopted by the Federation

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective 1 July 2012* now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

Early adoption of standards

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

Statement of compliance

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

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

1: Summary of significant accounting policies (Continued)

(b) Revenue recognition

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

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

Revenue is recognised for the major operating activities as follows:

Subscriptions

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, The Federation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

(c) Taxation

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

(d) Cash and cash equivalents

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

1: Summary of significant accounting policies (continued)

(e) Investment in other financial assets

Classification

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

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

(i) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Loans and receivables

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

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which The Federation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The Federation has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), The Federation establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

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

1: Summary of significant accounting policies (continued)

(f) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by The Federation is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to The Federation for similar financial instruments.

(g) Property, plant and equipment

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

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to The Federation commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Buildings & Fit out	2.5%	Straight Line
Motor vehicles	7.5 - 15%	Straight Line
Office equipment	7.5-15%	Straight Line
Furniture and Fittings	7.5%	Straight Line
Computer equipment	33%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(h) Trade and other payables

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

1: Summary of significant accounting policies (continued)

(i) Welfare payments

In accordance with a Convention Resolution, ex gratia payments may be made to dependents of members at the discretion of the trustees. These payments are expensed as incurred.

(j) Goods and Service Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

Commitments and contingencies are disclosed inclusive of GST.

(k) Employee benefits

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

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

(ii) *Long service leave*

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

(l) Functional and presentation currency

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

(m) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. The re-classification of expenses has resulted in a restatement of the amounts in various expenses in the statement of comprehensive income. There is no net effect on the total expenses.

1: Summary of significant accounting policies (continued)

(n) Impairment of assets

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

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009- 11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015) and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures*.

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Federation's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. This change will not impact the Federation as current accounting for gains and losses on available-for-sale financial assets is consistent with proposed changes.

There will be no impact on the Federation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Federation does not have any such liabilities. The derecognition rules have been transferred from AASB139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Federation has not yet decided when to adopt AASB 9.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2012-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

In August 2012, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

Proposed changes will not have any impact on the Federation as the Federation does not have a material interest in other entities and is not a part of any joint arrangements.

1: Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (Continued)

(iii) *AASB 13 Fair Value Measurement and AASB 2012-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2012. It explains how to measure fair value and aims to enhance fair value disclosures. The Federation has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Federation does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) *Revised AASB 119 Employee Benefits, AASB 2012-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2012) and AASB 2012-11 Amendments to AASB 119 (September 2012) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2012, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. This standard is not expected to impact the Federation.

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

2: Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

The Federation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service

3: Information to be provided to members or general manager

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

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

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

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

4: Revenue

	2013 \$	2012 \$
From continuing operations		
<i>Membership subscriptions</i>	2,729,704	2,311,513
<i>Capitation fees</i>	-	-
<i>Levies</i>	-	-
<i>Other revenue</i>		
- interest	147,954	189,357
- rent	34,090	3,454
- grants and donations	-	-
- financial support from another reporting unit	-	-
- distributions	2,314	2,197
- dividends	3,170	4,116
- MBF	180,261	-
- other revenue	22,466	13,497
- gain on disposal of financial assets	2,454	5,850
	<u>3,122,413</u>	<u>2,529,984</u>

5: Expenses

	2013 \$	2012 \$
The surplus for the year includes the following specific expenses:		
<i>Loss on disposal of fixed assets</i>	-	43,247
<i>Compulsory levies</i>	-	-
<i>Consideration to employers for payroll deductions</i>	-	-
<i>Penalties - via RO Act or RO Regulations</i>	-	-

6: Auditors remuneration

	2013 \$	2012 \$
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	21,250	21,050
Other services	-	-
	<u>21,250</u>	<u>21,050</u>

7: Depreciation and amortisation

	2013 \$	2012 \$
<i>Depreciation of non-current assets</i>		
- Buildings	5,250	5,250
- Fit out	2,705	1,132
- Motor vehicles	18,096	20,047
- Office equipment and furniture	5,081	5,314
	7,563	
- Computer equipment		7,899
	<u>38,695</u>	<u>39,642</u>
<i>Amortisation of non-current assets</i>		
- Software	421	1,822
	<u>421</u>	<u>1,822</u>
	<u>39,116</u>	<u>41,464</u>

8: Capitation and affiliation fees

	2013 \$	2012 \$
<i>Capitation fees</i>		
IFALPA	33,028	29,524
<i>Affiliation fees</i>		
	-	-
	<u>33,028</u>	<u>29,524</u>

9: Legal costs

	2013 \$	2012 \$
Litigation	67,071	22,355
Other legal matters	-	-
	<u>67,071</u>	<u>22,355</u>

10: Meeting and conferences

	2013 \$	2012 \$
Fees and allowances	-	-
Other expenses	<u>138,585</u>	<u>95,981</u>
	<u>138,585</u>	<u>95,981</u>

11: Employee expenses

	2013 \$	2012 \$
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

In terms of the rules of the Federation all holders of officer serve in an honorary capacity

Employees other than holders of office:

Wages and salaries	995,215	984,343
Superannuation	126,270	160,895
Leave and other entitlements	107,902	132,669
Separation and redundancies	56,630	-
Other employee expenses	<u>81,417</u>	<u>82,526</u>
	<u>1,367,434</u>	<u>1,360,433</u>
Total employee expenses	<u>1,367,434</u>	<u>1,360,433</u>

(a) Other expenses primarily comprise payroll tax, fringe benefits tax and workcover

12: Welfare payments, grant and donations

	2013 \$	2012 \$
Grants		
Student awards	5,000	4,000
Donations		
Donations less than \$ 1,000 each	91	955
Welfare payments	50,788	46,747
	<u>55,869</u>	<u>51,702</u>

13: Current assets – Cash and cash equivalents

	2013	2012
	\$	\$
Cash on hand	42	532
Cash at bank	1,222,663	1,051,665
Deposits at call	3,035,000	2,535,000
	<u>4,257,705</u>	<u>3,587,197</u>

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

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

Balances as above	<u>4,257,705</u>	<u>3,587,197</u>
Balances per cash flow statement	<u>4,257,705</u>	<u>3,587,197</u>

14: Current assets – Trade and other receivables

	2013	2012
	\$	\$
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Net receivables from other reporting units	<u>-</u>	<u>-</u>
Prepayments	37,558	56,361
Other receivables	84,838	129,283
	<u>122,396</u>	<u>185,644</u>

15: Non- Current assets – Available for sale financial assets

	2013	2012
	\$	\$
Listed investments	<u>159,753</u>	153,308
	<u>159,753</u>	<u>153,308</u>

These financial assets are carried at fair value.

These investments include the following surplus/(deficit) transferred to equity at reporting date:

Opening balance	153,308	235,167
Disposals	-	(75,000)
Impairment charge	-	(6,859)
Increase in investment revaluation reserve	6,445	-
Closing balance	<u>159,753</u>	<u>153,308</u>

16: Non- Current assets – Property, plant and equipment

	2013 \$	2012 \$
Buildings		
At cost	210,000	210,000
Less accumulated depreciation	<u>(68,250)</u>	<u>(63,000)</u>
	<u>141,750</u>	<u>147,000</u>
Fit out		
At cost	27,037	27,037
Less accumulated depreciation	<u>(2,789)</u>	<u>(84)</u>
	<u>24,248</u>	<u>26,953</u>
Motor vehicles		
At cost	115,685	133,630
Less accumulated depreciation	<u>(59,472)</u>	<u>(82,482)</u>
	<u>56,213</u>	<u>51,148</u>
Computer equipment		
At cost	22,605	17,501
Less accumulated depreciation	<u>(9,147)</u>	<u>(2,149)</u>
	<u>13,458</u>	<u>15,352</u>
Furniture and equipment		
At cost	52,582	45,153
Less accumulated depreciation	<u>(28,580)</u>	<u>(23,499)</u>
	<u>24,002</u>	<u>21,654</u>
Total property, plant and equipment	<u>259,671</u>	<u>262,107</u>

(a) Buildings

All buildings are held in the name of the nominee company, Albair Nominees Pty Ltd (The Company). The trustees consider that the Federation has beneficial ownership of the assets and liabilities of the company as The Company's sole purpose is to act as nominee, holding land and buildings of the Federation.

The market value of the building is estimated by management to be \$ 415,000 as at 30 June 2013.

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

(b) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

2013	Buildings	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$		\$	\$	\$	\$
Opening net book amount	147,000	26,953	51,148	15,352	21,654	262,107
Additions	-	-	27,273	6,377	7,429	41,079
Disposals	-	-	(4,112)	(708)	-	(4,820)
Depreciation	(5,250)	(2,705)	(18,096)	(7,563)	(5,081)	(38,695)
Closing net book amount	<u>141,750</u>	<u>24,248</u>	<u>56,213</u>	<u>13,458</u>	<u>24,002</u>	<u>259,671</u>

2012	Buildings	Fit out	Motor vehicles	Computer equipment	Furniture and equipment	Total
	\$		\$	\$	\$	\$
Opening net book amount	152,250	41,060	71,195	13,169	27,662	305,336
Additions	-	27,037	-	12,620	-	39,657
Disposals	-	(40,012)	-	(2,538)	(694)	(43,244)
Depreciation	(5,250)	(1,132)	(20,047)	(7,899)	(5,314)	(39,642)
Closing net book amount	<u>147,000</u>	<u>26,953</u>	<u>51,148</u>	<u>15,352</u>	<u>21,654</u>	<u>262,107</u>

17: Non- Current assets – Intangible assets

	2013	2012
	\$	\$
Software		
At cost	2,100	2,100
Less accumulated amortisation	(1,221)	(800)
	<u>879</u>	<u>1,300</u>
Total intangibles	<u>879</u>	<u>1,300</u>

17: Non- Current assets – Intangible assets (continued)

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of intangibles between the beginning and the end of the year:

	Software	Total
	\$	\$
2013		
Opening net book amount	1,300	1,300
Additions	-	-
Disposals	-	-
Impairment charge	-	-
Amortisation charge	(421)	(421)
Closing net book amount	<u>879</u>	<u>879</u>

	Software	Total
	\$	\$
2012		
Opening net book amount	3,123	3,123
Additions	-	-
Disposals	(1)	(1)
Impairment charge	-	-
Amortisation charge	(1,822)	(1,822)
Closing net book amount	<u>1,300</u>	<u>1,300</u>

18: Current liabilities – Trade and other payables

	2013	2012
	\$	\$
<i>Unsecured</i>		
Payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Legal costs	-	25,079
Other trade creditors and accruals	<u>244,655</u>	<u>188,774</u>
	<u>244,655</u>	<u>213,853</u>

19: Current liabilities – Provisions

	2013 \$	2012 \$
Employee provisions:		
<i>Office holders:</i>		
Annual leave		
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
	<u>-</u>	<u>-</u>
<i>Employees other than office holders:</i>		
Annual leave	130,785	213,865
Long service leave	193,081	296,505
Separations and redundancies	-	-
Other	-	-
	<u>323,866</u>	<u>535,620</u>
Total employee provisions	<u>323,866</u>	<u>535,620</u>
Current	292,248	510,370
Non current	31,618	25,250
	<u>323,866</u>	<u>535,620</u>

(a) Employee benefits - long service leave

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

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Federation does not have an unconditional right to defer settlement.

20: Current liabilities – Other liabilities

	2013 \$	2012 \$
Subscriptions received in advance	<u>683,592</u>	<u>577,431</u>
	<u>683,592</u>	<u>577,431</u>

21: Reserves

		2013 \$	2012 \$
Available for sale investments revaluation reserve	(a)	<u>18,570</u>	<u>12,125</u>
		<u>18,570</u>	<u>12,125</u>
(a) Movements in reserve			
<i>Movements during the financial year:</i>			
Opening balance		12,125	24,821
Transfer to income statement on disposal		6,445	(5,737)
Revaluation for year		-	(6,859)
Closing balance		<u>18,570</u>	<u>12,125</u>

(b) Nature and purpose of reserve

Changes in fair value arising on translation of investments such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1. Amounts are recognised in the income statement when the associated assets are disposed of or impaired.

22: Accumulated surplus

		2013 \$	2012 \$
Balance 1 July		2,850,527	2,482,936
Net surplus for the year		679,194	367,591
Balance 30 June		<u>3,529,721</u>	<u>2,850,527</u>

No specific funds or accounts have been operated in respect of compulsory levies or voluntary contributions.

23: Related party disclosures

(a) The members of the executive committee during the financial year were:

Name	Position
B Murray	President
B Bollen	Vice President Membership
L Pole	Vice President Administration and Finance
P Gardiner	Technical Director
G Brown	Trustee
S Edwards	Trustee
J Absolon	Trustee

In terms of the rules of the Federation the Federal Officers are the people filling the positions listed above.

(b) In terms of the rules of the Federation all officers serve in an honorary capacity. No remuneration was paid to members of the committee of management during the year for the administration of the Federation.

23: Related party disclosures (Continued)

	2013	2012
	\$	\$
(c) Key management personnel remuneration		
<i>Short-term employee benefits</i>		
Salary (including annual leave taken)	217,816	472,716
Annual leave accrued	<u>25,394</u>	<u>53,683</u>
Total short-term employee benefits	<u>243,210</u>	<u>526,399</u>
Post-employment benefits:		
Superannuation	<u>32,940</u>	<u>103,714</u>
Total post-employment benefits	<u>32,940</u>	<u>103,714</u>
Other long-term benefits:		
Long-service leave	<u>4,196</u>	<u>11,175</u>
Total other long-term benefits	<u>4,196</u>	<u>11,175</u>
Termination benefits	<u>56,636</u>	-
	<u>56,636</u>	-
Total	<u>336,982</u>	<u>641,288</u>

(d) There were no loans between the key management personnel or the committee of management and the Federation.

(e) There were no transactions between key management personnel or the committee of management and the Federation other than those relating to their membership of the Federation and reimbursement by the Federation in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

(f) Transactions with related parties	2013	2012
	\$	\$

The Federation receives income from the Australian Air Pilots Mutual Benefit Fund (MBF) for the marketing and promotional services

Income received for year	180,261	-
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The Federation leases premises from the Australian Air Pilots Mutual Benefit Fund (MBF) on normal commercial terms and conditions.

Lease expense for year	(168,263)	-
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24: Contingencies

There are no known contingent assets or liabilities at 30 June 2013.

25: Commitments

Non-cancellable operating leases

The Federation leases various offices under non-cancellable operating leases expiring within one to years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiatable.

	2013	2012
	\$	\$
Lease commitments		
Later than one year but less than five years	182,489	177,174
Later than five years	<u>163,471</u>	<u>345,960</u>
	<u>345,960</u>	<u>523,134</u>

26: Cash flow information

	2013	2012
	\$	\$
Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	679,194	367,591
<i>Investing cash flows included in surplus</i>		
Rental Income	(37,499)	(3,799)
<i>Non-cash flows in surplus</i>		
Depreciation and amortisation	39,116	41,464
Net (gain)/ loss on disposal of property, plant and equipment and software	(2,454)	37,395
<i>Changes in assets and liabilities</i>		
Decrease/ (Increase) in receivables	63,248	(100,673)
Increase in payables	30,802	38,277
Increase in subscriptions in advance	106,161	122,215
(Decrease)/Increase in provisions	<u>(211,754)</u>	<u>47,687</u>
Cash flows from operations	<u>666,814</u>	<u>550,157</u>

27: Events subsequent to reporting date

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

28: Other information

(i) Going Concern

The Federation's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

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

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

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

(iv) Acquisition of assets and liability as part of a business combination:

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

29: Wage recovery activities

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

30: Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

The entity is exposed to equity securities price. This arises from investments held by the entity and classified in the balance sheet either as available-for-sale or at fair value through profit or loss. The entity is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the entity only maintains a small portfolio.

30: Financial risk management (Continued)

The Federation's equity investments are publicly traded and are listed on the ASX.

The table below summarises the impact of increases/decreases of the indexes on the Federation's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/(decreased) by 10% (2012 - 10%) with all other variables held constant and all the Federation's equity instruments moved according to the historical correlation with the index.

	2013	2012
<i>Effect on equity:</i>	\$	\$
Increase of equity index by 10%	15,975	15,330
Decrease of equity index by 10%	(15,975)	(15,330)

Equity would further increase/decrease as a result of gains/ (losses) on equity securities classified as available-for-sale.

(iii) Cash flow and fair value interest rate risk

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

(b) Credit risk

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

The Federation has no significant concentrations of credit risk.

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

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

	2013	2012
	\$	\$
Cash at bank		
<i>AA Rating</i>	1,222,663	1,051,665
Deposits at call		
<i>AA Rating</i>	3,035,000	2,535,000

30: Financial risk management (Continued)

(c) Liquidity risk

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

Maturity profile of financial instruments

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

2013

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash on hand	-	-	-	-	-	-	42	42
Cash at bank	2.00	1,222,663	-	-	-	-	-	1,222,663
Deposits at bank	4.10	-	3,035,000	-	-	-	-	3,035,000
Other receivables Available for sale financial assets	-	-	-	-	-	-	84,838	84,838
	-	-	-	-	-	159,753	-	159,753
		<u>1,222,663</u>	<u>3,035,000</u>	<u>-</u>	<u>-</u>	<u>159,753</u>	<u>84,880</u>	<u>4,502,296</u>
Financial Liabilities								
Other payables	-	-	-	-	-	-	244,655	244,655
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,655</u>	<u>244,655</u>
Net Financial Assets (Liabilities)		<u>1,222,663</u>	<u>3,035,000</u>	<u>-</u>	<u>-</u>	<u>159,753</u>	<u>(159,775)</u>	<u>4,257,641</u>

2012

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash on hand	-	-	-	-	-	-	532	532
Cash at bank	2.00	1,051,665	-	-	-	-	-	1,051,665
Deposits at bank	5.92	-	2,535,000	-	-	-	-	2,535,000
Other receivables Available for sale financial assets	-	-	-	-	-	-	129,283	129,283
	-	-	-	-	-	153,308	-	153,308
		<u>1,051,665</u>	<u>2,535,000</u>	<u>-</u>	<u>-</u>	<u>153,308</u>	<u>129,815</u>	<u>3,869,788</u>
Financial Liabilities								
Other payables	-	-	-	-	-	-	213,853	213,853
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,853</u>	<u>213,853</u>
Net Financial Assets (Liabilities)		<u>1,051,665</u>	<u>2,535,000</u>	<u>-</u>	<u>-</u>	<u>153,308</u>	<u>(84,038)</u>	<u>3,656,467</u>

30: Financial risk management (Continued)

(d) Fair value estimation

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

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

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

The Federation does not have any financial instruments included in level 2 and level 3.

As at 30 June 2013

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
<i>Financial assets available for sale</i>				
Equity securities	159,753	-	-	159,753
Total	<u>159,753</u>	<u>-</u>	<u>-</u>	<u>159,753</u>

As at 30 June 2012

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
<i>Financial assets available for sale</i>				
Equity securities	153,308	-	-	153,308
Total	<u>153,308</u>	<u>-</u>	<u>-</u>	<u>153,308</u>

AUSTRALIAN FEDERATION OF AIR PILOTS
ABN 63 230 452 036

COMMITTEE OF MANAGEMENT STATEMENT

On *6 September 2013* the Committee of Management of the Australian Federation of Air Pilots passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 30 June 2013:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards,
2. the financial statements and notes, comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. 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;
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - b. 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
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. 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 to each of the other reporting units of the organisation ; and
 - e. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - f. Where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act there has been compliance.
6. All wage recovery activity has resulted in payments being made directly to members by employers. The Federation has not derived any revenue in respect of these activities.

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

Designated Officer



B Murray - President

Dated this *6th* day of *September* 2013



Independent auditor's report to the Committee of Management of Australian Federation of Air Pilots

Report on the financial report

We have audited the accompanying financial report of Australian Federation of Air Pilots (the Registered Organisation), which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

Committee of Management's responsibility for the financial report

The Committee of Management of the Registered Organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the Committee of Management of the Registered Organisation determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management of the Registered Organisation, as well as evaluating the overall presentation of the financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion, the financial report of Australian Federation of Air Pilots:

- (a) presents fairly, in all material respects, the Registered Organisation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate; and.
- c) complies with Australian Accounting Standards including the Australian Accounting Interpretations and requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, light blue watermark of the PwC logo.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Andrew Cronin', is written over a faint, light blue watermark of the PwC logo.

Andrew Cronin
Partner
Registered Auditor with ASIC No. 325199
Institute of Chartered Accountants in Australia
Membership number: 45587

Melbourne
20 September 2013