

# Australian Parachute Federation Limited

ABN 75 061 266 510

## Financial Statements

For the Year Ended 31 December 2021

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# Directors' Report

## 31 December 2021

The board of directors present their financial report on Australian Parachute Federation Limited (APF) for the financial year ended 31 December 2021.

### Board of Directors

The names of each person who held a position on the Board of Directors during the year ended 31 December 2021 or at the date of this statement are as follows:

	<u>Appointed</u>	<u>Resigned</u>
David R SMITH		
Trevor M COLLINS		
Heath T BAIRD		
Mark W GAZLEY		
Vivian C MERZ		
Zaire PIEPER	11-May-21	
Yosef STEIN		
John SWANLAND		
Anna C E VAN DER VLUGT		11-May-21

### Company Secretary

Andrew Mulholland has held the role of Company Secretary since July 2015.

### Corporate Objectives

- (a) To promote and foster parachuting and provide for its regulation and administration
- (b) Represent the interests of its members and of parachuting generally
- (c) Promote the safety of members
- (d) Seek and obtain improved facilities for the enjoyment of parachuting
- (e) Be the only administration organisation for recreational parachuting recognised by the Civil Aviation Safety Authority (CASA)
- (f) Be the only parachuting organisation in Australia recognised by the Fédération Aéronautique Internationale, the International Skydiving Commission (ISC), the Air Sport Australia Confederation and the Australian Sports Commission and to be recognised as the authority on parachuting
- (g) Act as final arbiter on all matters pertaining to the conduct of parachuting activities in Australia, including disciplinary matters
- (h) Pursue such commercial arrangements as are appropriate to further the objects
- (i) Use and protect the intellectual property
- (j) Have regard to the public interest in its operations
- (k) Undertake and or do all such things or activities which are necessary, incidental or conducive to the advancement of these objects.

### Strategies for Achieving Corporate Objectives

- Provide a framework to service, regulate, manage and oversee parachuting activities in Australia
- Control aviation activities in Australian skies associated with parachuting aircraft as authorised by CASA to self-regulate
- Ongoing education and risk management to ensure members activities are conducted under the highest levels of safety
- Developing an inclusive culture and community that respects the varied individuals who participate in the sport of parachuting
- Promoting skydiving through competition involvement at all levels

### Principal Activities

The principal activities of the Company during the financial year were:

To promote and foster parachuting in Australia and to protect the right and opportunity to parachute in Australia in the event it is ever threatened or adversely affected.

### Significant Changes

No significant change in the nature of these activities occurred during the financial year.

### Events Subsequent to Balance Date

No adjusting or non-adjusting events have occurred between the 31/12/2021 and the date of resolution passed by the directors.

### Performance Measurement

The key performance indicators used to measure performance are:

- Number of sporting licenced members
- Number of new student members
- Number of instructors
- Number of skydiving clubs
- Number and type of incidents and injuries

### Meetings of Directors

The number of Directors' meetings held and attended by each of the Directors during the financial year are:

Name	Number Eligible to Attend	Number Attended
David R SMITH	4	4
Trevor M COLLINS	4	4
Heath T Baird	4	4
Mark W GAZLEY	4	4
Vivian C MERZ	4	3
Zaire PIEPER	2	2
Yosef STEIN	4	4
John SWANLAND	4	4
Anna C E VAN DER VLUGT	2	2

### Information on Directors and Responsible Parties

#### David Smith

Special Responsibilities  
Experience

Chair; Governance Committee; Remuneration Committee

David was appointed Board Director in 2015 after the APF moved to become a company limited by guarantee and the APF President position was abolished. He then went on to be appointed Chairman in December 2018. David has over 50 years in skydiving having joined the APF in 1968 and was a CI of Wilton Parachute Centre for five years and part-owner of Parachutes Australia for 20 years. More recently, David became part-owner of Air Safety Solutions which manufactures LPU's and SPRs.

David is an expert in parachute certification, manufacture and maintenance and held the position of Director of Rigging for 17 years.

David is a pilot, Director of two other skydiving related companies and a Life Member of the APF.

#### Trevor Collins

Special Responsibilities  
Experience

Deputy Chair; Information & Communications Technology Committee

Trevor was appointed Board Director more than 35 years ago and held the position of Chairman of the Board from 2001 to 2008. He is currently Deputy Chairman of the Board, a member of the Performance Based Funding committee and an active skydiver of over 43 years. He is the current Chief Instructor for Darwin Parachute Club NT (DPC), having previously held the position for more than 20 years and is an Honorary Life Member of the Club. He is Public Officer of the DPC and Top End Aerial Sports Association and was the NT Area Safety Officer for more than 30 years.

In his professional life, Trevor held many project management and program director roles over the years in the NT Government. He was a Director and Owners Representative for seven years in New Future Alliance for the construction and renovation of housing in remote areas of the NT, with an annual turnover of up to \$80m. He is now retired.

Trevor is a Director of two other skydiving related companies and an APF Life Member.

#### Andrew Mulholland

Qualifications  
Special Responsibilities  
Experience

Bach of Economics; Bach of Arts; Fellow FINSIA (ret), Associate CPA Australia (ret)

Company Secretary; Public Officer; Chair of Risk & Audit Committee

Andrew joined the APF Board as Director in 2015 and held the position through to 2018. He has held several voluntary administrative positions in the industry, including Treasurer VPC (now VTTC) in the 1990s and President and Treasurer Commando Skydivers in the 2000s.

Andrew began skydiving in 1976 and has been a recreational skydiver for over 40 years, with 10 years in both instructing and flag and demonstration jumps.

He has been on each Australian largest freefall formation records since the 81 way in October 1999, and competed at State, National and International levels.

Andrew is a Director of two other Skydiving related companies, is on the Awards and Validation Committee member and a Life Member of the APF.

**Heath Baird**

Qualifications  
Experience

Associated Diploma and Certificate IV – Computer Systems Engineering

Heath was elected to the Board in February 2020 and has 20 years' experience in skydiving. He first received an instructor rating in 2009 and holds a current Instructor rating with endorsements in AFF & Tandem and as a Course Trainer and DZSO. Heath has worked at several drop zones across Australia and is currently employed as the operations manager and DZSO at an active full training club having previously held the same position at another club.

**Mark Gazley**

Special Responsibilities  
Experience

Remuneration Committee (appointed 07/09/2021)

Mark was appointed to the APF Board of Directors in April 2019. Prior to working in the skydiving industry, Mark worked in retail management and workplace training for Myer Grace Brothers. In 1999, Mark commenced work in the tandem skydiving industry before starting his own operation in 2006. Mark has held the role of Managing Director for Coastal Skydive Australia Pty Ltd for the past 15 years and is responsible for financial management, business processes, human resource management, safety and marketing, and has been the chief instructor for over 10 years. Over the past 5 years, Mark has gained international commercial experience in southeast Asia dealing with corporations and local authorities enabling him to open Malaysia's first commercial skydiving centre. Mark also has strong experience in competitions and has represented Australia at two World Championships.

**Vivian Merz**

Qualifications  
Special Responsibilities  
Experience

Master of Mathematics; Diploma of Paramedicine

Risk & Audit Committee

Vivian took up skydiving in 2014 and has since completed over 800 jumps, has competed in various competitions in Europe and Australia, and holds multiple Australian sequential bigway records. Vivian was appointed Chair of the Funding Committee in 2021. Professionally, Vivian was a credit risk manager for a large global investment bank and is now a Paramedic.

Prior to the appointment onto the Board, Vivian held the NSW State Coach role for 18 months and has been actively engaged in coaching and helping develop the sport at a local level.

**Zaire Pieper**

Experience

Zaire has worked in the skydiving industry since 2018 holding instructor and DZSO roles. Zaire was elected to the Board in May 2021 and is a member of the Funding and Rigging Committees. Zaire also holds the position of Treasurer of the North Queensland Parachute Council and Far North Freefall club. Zaire also owns and is director of a skydiving related company.

**Yosef Stein**

Qualifications  
Special Responsibilities  
Experience

Certificate IV Training and Assessment

Remuneration Committee

Yosef joined the APF in 1997 becoming a board member in 2019. With more than 13,000 skydives, he holds a senior instructor rating and competed in two World Championships during his five years in competitive skydiving.

Professionally, Yosef was a member of the Israeli Army in combat military intelligence for 4 years, going on to work in TV production for 10 years. He is currently CI and Operations Manager of Skydive Byron Bay.

**John Swanland**

Qualifications  
Special Responsibilities  
Experience

Dip Computer Education (Melb); M Ed (Melb)

Governance Committee

John has served five terms as Chair of the Victorian Tasmanian Parachute Council (VTPC) and has had the position of Treasurer of the VTPC twice. John has also served multiple terms as Chair of the Area Board of Review and is currently an appointed APF National Review Officer and Appeals Officer.

In his professional life, John had a long career in education where he was promoted several times to positions including Head of Faculty, Head of Department and Head of School.

After retiring at the end of 2007 John now spends much of his time in volunteer and charity work.

**Anna Van Der Vlugt (resigned 11/05/2021)**

Qualifications           Bach Business – Accounting & Finance, Bach Social Work  
Special Responsibilities   Remuneration Committee (resigned 11/05/2021)  
Experience                Anna joined the Board in 2018 by election of NQPC members and held the North Queensland Parachute Council treasurer role.  
Beginning skydiving in 2007, Anna bought herself the APF course as a graduation present for completing studies in social work and business. She worked full time in the sport since 2015, working as a Tandem Master in North Queensland.

**Member's Guarantee**

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1.00 towards meeting any outstanding obligations of the company.

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on page 5 of the financial report.

**Operating Result**

The deficit for the year amounted to \$460,499 (2020: \$615,411 deficit).

**Signed in accordance with a resolution of the directors:**

David Smith – Chair.....

Dated this 13<sup>TH</sup> day of APRIL 2022



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## Auditor's Independence Declaration

As auditor of Australian Parachute Federation Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*Crowe Audit Australia*

**Crowe Audit Australia**

**John Zabala** FCA  
Partner

13 April 2022  
Brisbane

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## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

		2021	2020
	Note	\$	\$
Revenue		2,638,719	2,664,972
Other income	4	594,161	1,264,384
Employee benefits expense		(980,827)	(1,015,847)
Depreciation and amortisation expense		(189,017)	(174,099)
Other expenses	5	(2,523,535)	(3,350,070)
<b>Surplus/(Deficit) for the year</b>		<b>(460,499)</b>	<b>(610,660)</b>
<b>Other comprehensive income, net of income tax</b>		<b>-</b>	<b>(4,751)</b>
<b>Total comprehensive income attributable to members</b>		<b>(460,499)</b>	<b>(615,411)</b>

# Statement of Financial Position

As at 31 December 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	656,682	630,738
Trade and other receivables	7	191,478	260,578
Prepayments	8	862,882	867,886
Financial assets	9	-	171,525
<b>TOTAL CURRENT ASSETS</b>		<b>1,711,042</b>	<b>1,930,727</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		8,000	23,250
Property, Plant and equipment	10	948,478	1,059,464
Financial assets	9	1	1
<b>TOTAL NON-CURRENT ASSETS</b>		<b>956,479</b>	<b>1,082,715</b>
<b>TOTAL ASSETS</b>		<b>2,667,521</b>	<b>3,013,442</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	813,494	439,097
Lease Liabilities		102,520	106,775
Borrowings		2,618	1,113
Provisions	12	168,044	126,314
Income in advance	13	526,399	472,153
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,613,075</b>	<b>1,145,452</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities		674,521	750,127
Borrowings		-	250,000
Provisions	12	10,972	19,803
Income in advance	13	94,039	112,647
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>779,532</b>	<b>1,132,577</b>
<b>TOTAL LIABILITIES</b>		<b>2,392,607</b>	<b>2,278,029</b>
<b>NET ASSETS</b>		<b>274,914</b>	<b>735,413</b>
<b>EQUITY</b>			
Retained earnings		274,914	735,413
Reserves		-	-
<b>TOTAL EQUITY</b>		<b>274,914</b>	<b>735,413</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

### For the Year Ended 31 December 2021

2021

	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 January 2021</b>	-	735,413	735,413
Surplus/(Deficit) for the year	-	(460,499)	(460,499)
Other Comprehensive Income	-	-	-
<b>Balance at 31 December 2021</b>	-	274,914	274,914

2020

	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 1 January 2020</b>	4,751	1,346,073	1,350,824
Surplus/(Deficit) for the year	-	(610,660)	(610,660)
Other Comprehensive Income	(4,751)	-	(4,751)
<b>Balance at 31 December 2020</b>	-	735,413	735,413

# Statement of Cash Flows

## For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from operations	3,351,944	3,810,022
Payments to suppliers and employees	(3,059,014)	(4,181,712)
Interest received	924	1,907
Interest paid on Lease Liabilities	(33,048)	(33,093)
Net cash provided by/(used in) operating activities	16 <u>260,806</u>	<u>(402,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(78,031)	(137,523)
Proceeds/(Purchase) of HTM Investments	171,525	37,744
Proceeds/(Purchase) of FVTOCI Investments	-	76,171
Net cash provided by/(used in) investing activities	<u>93,494</u>	<u>(23,608)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds (Repayments) of borrowings	(248,495)	236,557
Proceeds (Repayments) leasing liabilities	(79,861)	(73,500)
Net cash provided by/(used in) financing activities	<u>(328,356)</u>	<u>163,057</u>
Net increase/(decrease) in cash and cash equivalents held	25,944	(263,427)
Cash and cash equivalents at beginning of year	<u>630,738</u>	<u>894,165</u>
Cash and cash equivalents at end of financial year	6 <u>656,682</u>	<u>630,738</u>

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

The financial statements cover Australian Parachute Federation Limited as an individual entity, incorporated and domiciled in Australia. Australian Parachute Federation Limited is a not-for-profit Company limited by Guarantee, incorporated under the *Corporations Act 2001*. The financial statements were authorised for issue as of the date shown on signing of the Director's Report.

The functional and presentation currency of Australian Parachute Federation Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

### 1 Basis of Preparation

The Directors have prepared the financial statements on the basis that the Company is not a reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements and have been prepared to meet the reporting requirements of the *Corporations Act 2001*. The company is a not-for-profit entity for the financial reporting purpose under the Australian Accounting Standards.

The financial statements do not consolidate the Company's subsidiaries as, in the opinion of the Directors, there would be a significant cost to do so which outweighs any benefit, given it is unlikely there are users of the financial statements who are not in a position to require the preparation of reports for their needs.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards (except for the requirements set out in AASB 10 *Consolidated Financial Statements*) and Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest whole dollar.

### 2 Summary of Significant Accounting Policies

#### 2.1. Income Tax

The Company is exempt from income tax under Division 50-1 of the *Income Tax Assessment Act 1997* (ITAA 1997) as a company established for the encouragement of a game or sport.

#### 2.2. Goods and Services tax (GST)

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

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

#### 2.3. Sub-Committees

The Company has delegated some non-regulatory sport parachuting activities at a local level to seven regional councils. These Councils operate as 'Sub-Committees' of the Company.

#### 2.4. Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however, where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Revenue from memberships subscriptions and qualifications are brought to account in the year to which they relate. That proportion of monies received which relates to the period after the end of the reporting period is brought to account in the statement of financial position as income in advance.

Revenue from life memberships of the Company are earned over a 20-year period. The effect of discounting on these revenues is considered immaterial and has been omitted.

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 2 Summary of Significant Accounting Policies (cont.)

#### 2.5. Revenue and other income

##### Government Stimulus

The arrangement with Government does not contain sufficiently specific performance obligations, as the continued employment of staff is an internal activity and does not represent the transfer of goods or services to a customer. Government stimulus income is recognised as revenue at the time salaries are paid to employees.

##### Government Grants

Government grants received without “sufficiently specific” promises to be delivered are recognised as revenue when the Company obtains control over the grant which is usually upon receipt of funds.

Government grants received with specific obligations are recognised as revenue when obligations are met. That proportion of monies received which relates to outstanding obligations at the end of the reporting period is brought to account in the statement of financial position as income in advance.

##### Other Income

Interest received is recognised using the effective interest method.

Trust distributions are recognised when the right to receive them has been established.

Other income is recognised when the related goods or services have been provided and the income has been earned.

#### 2.6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits and short-term highly liquid investments with original maturities of three months or less.

#### 2.7. Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Most sales are made on the basis of normal credit terms and do not bear interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to present value where material. Discounting is omitted where the effect of discounting is immaterial.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### 2.8. Leased Assets

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The asset is measured at cost, and consists of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates the asset on a straight-line basis from lease commencement date to the earlier of the end of useful life of the asset or the end of the lease term. The Company also assesses the asset for impairment when such indicators exist.

At commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or market rates available at commencement for a loan commensurate with the liability.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the associated asset, or profit and loss if the asset is already zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 2 Summary of Significant Accounting Policies (cont.)

#### 2.9. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at its cost less any accumulated depreciation and any impairment losses. 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 relate to revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

##### Depreciation

The depreciable amount of plant and equipment is depreciated on a straight-line basis. Depreciation commences from the time the asset is available for its intended use.

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

Class of Fixed Asset:	Depreciation Rate
Office furniture and equipment	10%,20% and 33.33%
Membership System	20%
Right-Of-Use Assets	10%

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

#### 2.10. Financial Instruments

##### Initial Recognition and measurement

Financial instruments are initially measured at cost, including transactions costs, on the date contracted. Subsequent to initial recognition these instruments are measured as set out below.

##### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Held-To-Maturity (HTM) investments

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

##### Financial assets at fair value through Other Comprehensive Income (FVTOCI)

Financial assets at FVTOCI include equity instruments that are not held for trading and are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

##### HTM Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company held term deposits designated into this category.

HTM investments are measured subsequently at amortised cost using the effective interest method unless the variance is considered immaterial in which case it is omitted. If there is objective evidence that the investment is impaired the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 2 Summary of Significant Accounting Policies (cont.)

#### 2.11. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### 2.12. Provisions

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cashflows are discounted using market yields on the national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions to all superannuation plans for the benefit of employees of the Company are charged to profit and loss during the financial period in which they are incurred. Amounts due at the end of the reporting period but not yet paid are included with employee benefits in the statement of financial position under the trade and other payables.

#### 2.13. Public liability insurance

The annual premium is expensed in the year to which it relates. That portion of the expense which relates to the period after the reporting date is brought to account in the statement of financial position as prepayments.

#### 2.14. Aggregate deductible

As part of arrangements with its insurers the Company is required to set aside each year an amount referred to as the "aggregate deductible" to cover claims and legal fees for the year. The Parachuting Protection Trust (of which Parachuting Protection Company is the trustee) holds the accumulated unspent balance of these monies and has agreed to indemnify the Company for any claims and legal fees deemed payable from those funds.

The aggregate deductible is expensed proportionately over the year to which it relates. That proportion of the expense which relates to the period after the reporting period is included in the statement of financial position as prepayments and the proportion of the expense unpaid at the end of the reporting period is included in the statement of the financial position payables.

#### 2.15. Distribution to Australian Parachute Team Advancement Company (APTAC) Trust

During each reporting period the Company considers whether to make a distribution to APTAC Trust to enable APTAC Trust to fund its activities. In the 2021 reporting period a portion of funds previously gifted to the Company by former state-based associations totalling \$154,822 was distributed to APTAC. Distributions to APTAC Trust are charged to comprehensive income in the period in which they are incurred.

#### 2.16. Distribution from APTAC Trust

Distributions from APTAC Trust are made to the Company for the purpose of funding Australian teams attending World Parachuting Championships and for projects to assist the sport of parachuting in Australia.

### 3 Critical Accounting Estimates and Judgments

Those charged with governance evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### Extension options for leases

When the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including past practice and costs that will be incurred to change the asset if an option is not taken, to help determine the lease term. \$509,324 of potential lease payments have been included in lease liabilities for assets where it is reasonably certain the extension option will be exercised.

Other key estimates and underlying assumptions are:

- Useful life of assets (see note 2.9); and
- Provision for employee entitlements (see note 2.12)

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 4 Other Income

	2021	2020
	\$	\$
Trust Distributions	531,570	580,028
Trust Distributions – COVID-19 Support	-	270,000
Government COVID-19 Grant Income	59,700	409,450
Other Income	2,891	4,906
	<u>594,161</u>	<u>1,264,384</u>

### 5 Other Expenses

Insurances	(1,340,044)	(1,283,954)
2018 World Parachuting Championships	(60,923)	(135,236)
COVID-19 Club Support	-	(269,684)
Competition and Team Expenses	(44,132)	(308,886)
Sport Development	(92,976)	(99,800)
Area Sub-Committee Expenses	(300,243)	(270,156)
Finance Costs	(33,048)	(33,093)
Conferences & Meetings	(28,422)	(39,849)
Distribution to APTAC Trust	(154,822)	(346,432)
Other Expenses	(468,925)	(562,980)
	<u>(2,523,535)</u>	<u>(3,350,070)</u>

### 6 Cash and Cash Equivalents

Cash at bank and in hand	436,205	381,752
Sub-Committee cash at bank	220,477	248,986
	<u>656,682</u>	<u>630,738</u>

### 7 Trade and Other Receivables

Trade receivables	8,779	697
Other receivables	15,250	58,550
Amounts Receivable from Related Entities		
Intercompany Loans	167,449	201,331
	<u>191,478</u>	<u>260,578</u>

### 8 Prepayments

CURRENT		
Prepaid Aggregate Deductible	446,111	444,635
Prepaid Insurances	347,715	343,219
Other Prepayments	37,056	47,199
Deposits	32,000	32,833
	<u>862,882</u>	<u>867,886</u>

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 9 Financial Assets

	2021	2020
	\$	\$
CURRENT		
HTM INVESTMENTS		
Term Deposits	-	171,525
	-	171,525
NON-CURRENT		
FVTOCI INVESTMENTS		
Shares – at cost	1	1
	1	1

### 10 Property, Plant and Equipment

	Furniture & Fixtures	IT Systems	Right of Use Assets	Total
	\$	\$	\$	\$
<b>Gross carrying amount</b>				
Balance 1 January 2021	137,115	375,615	931,817	1,444,547
Additions	14,338	65,633	-	79,971
Disposals	(9,261)	(31,670)	-	(40,931)
<b>Balance at 31 December 2021</b>	<b>142,192</b>	<b>409,578</b>	<b>931,817</b>	<b>1,483,587</b>
<b>Depreciation and impairment</b>				
Balance 1 January 2021	(90,526)	(206,635)	(87,922)	(385,083)
Disposals	7,321	31,670	-	38,991
Depreciation	(22,340)	(73,496)	(93,181)	(189,017)
<b>Balance at 31 December 2021</b>	<b>(105,545)</b>	<b>(248,461)</b>	<b>(181,103)</b>	<b>(535,109)</b>
<b>Carrying amount at 31 December 2021</b>	<b>36,647</b>	<b>161,117</b>	<b>750,714</b>	<b>948,478</b>

### 11 Trade and other payables

	2021	2020
	\$	\$
Trade payables	294,716	412,387
GST payable	4,595	12,324
Withholding taxes payable	14,183	14,386
Amounts Payable to Related Entities		
Intercompany Loans	500,000	-
	813,494	439,097

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 12 Provisions

	2021	2020
	\$	\$
CURRENT		
Provision for Annual Leave	103,695	91,807
Provision for Long Service Leave	64,349	34,507
	<u>168,044</u>	<u>126,314</u>
NON-CURRENT		
Provision for Long Service Leave	10,972	19,803
	<u>10,972</u>	<u>19,803</u>

### 13 Income in advance

CURRENT		
Membership Fees received in advance	271,859	205,295
Club Deposits	182,277	194,185
Other Income in advance	72,263	72,673
	<u>526,399</u>	<u>472,153</u>
NON-CURRENT		
Membership Fees received in advance	84,039	82,647
Other Income in advance	10,000	30,000
	<u>94,039</u>	<u>112,647</u>

### 14 Leases

The Company has a single lease for an office. On the balance sheet the lease is included in property, plant and equipment as a right of use asset and as a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Notes 2.8 and 2.9).

The lease allows for subletting of part, but not the whole, of the premises with the Lessor's consent. The Company is prohibited from selling or pledging the underlying leased asset as security. The lease requires the Company to keep the property in a good state of repair and redecorate the premises at the end of the lease. The following table describes the nature of the Company's lease:

	Remaining lease term	Extension Option	Option to Purchase	Variable Payments linked to an index	Termination Option
Office Building	3 Years	Yes	No	No	No

Depreciation, additions and the carrying amount of right of use assets are presented in Note 10. Lease Liabilities are disclosed in the Statement of Financial Position and interest paid on lease liabilities is presented in the Statement of Cash Flows.

The lease liabilities are secured by the related underlying assets.

#### Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Variable lease payments related to outgoings and services are not recognised as lease liabilities and are expensed as incurred. Redecoration costs on lease expiry have not been recognised as a liability as they are considered immaterial.

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 15 Capital Commitments

#### 15.1. Expense commitments

	2021	2020
	\$	\$
Production of magazine:		
- not later than one year	35,000	70,000
- between one year and five years	-	35,000
	<u>35,000</u>	<u>105,000</u>

The Federation's online magazine is produced under contract covering four issues per annum. In 2020 a new contract was entered into for 2 years, expiring May 2022.

### 16 Cash Flow Information

#### 16.1. Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:		
Surplus/(Deficit) for the year	(460,499)	(610,660)
Non-cash flows in profit:		
- depreciation	189,017	174,099
- impairment losses	-	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	84,350	(150,436)
- (increase)/decrease in prepayments	5,004	74,288
- increase/(decrease) in trade and other payables	374,397	67,603
- increase/(decrease) in income in advance	35,638	33,009
- increase/(decrease) in provisions	32,899	9,221
Cashflows from operations	<u>(260,806)</u>	<u>(402,876)</u>

### 17 Financial Risk Management

#### 17.1. Financial Risk Management Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 2 to the financial statements.

The Company's financial instruments consist of deposits with banks, accounts receivable and payable, loans to and from trusts in which the Company is a beneficiary and leases. The main risks the Company is exposed through its financial instrument are interest rate risk, credit risk and liquidity risk.

#### 17.2. Credit Risk

The Company monitors credit risk by actively assessing the rating quality and liquidity of counter parties. Most of the operating income of the Company is from membership activities for which no credit terms are allowed. Receivables from trusts of which the Company is a beneficiary are payable and have historically been paid on request. Grant funds are receivables under enforceable contracts.

#### 17.3. Liquidity Risk

The Company manages liquidity risk by the regular monitoring of actual operating income and expenses against budgets and ensuring that adequate funds are available to meet financial obligations as they fall due. Trade and other creditors and accruals are expected to be settled on normal commercial terms.

# Notes to the Financial Statements

## For the Year Ended 31 December 2021

### 17 Financial Risk Management

#### 17.4. Interest Rate Risk

Interest rate risk for the financial assets is managed by the Company selecting interest earning investments in financial institutions which are regulated by the Australian Prudential Regulation Authority. Exposure to interest on financial liabilities is limited to credit card facilities (used for purchase of travel and other regular expenses).

There are no unrecognised financial assets or liabilities.

A sensitivity analysis has not been undertaken for the interest rate risk of the Company as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

### 18 Fair value measurement of financial instruments

The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value.

### 19 Contingent Liabilities

#### 19.1. Claims

There are a series of liability claims in process against the Company that fall under the public liability cover. The amount of each claim cannot be reliably estimated but are expected to be within the indemnity provided by the aggregate deductible and public liability cover.

### 20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company.

### 21 Fees paid to auditor

	2021	2020
	\$	\$
Audit of Financial Statements	11,235	11,331
Other Services	1,335	6,116
	<hr/> 12,570	<hr/> 17,447

Other services include Fringe Benefits Tax preparation and lodgement and ASIC Lodgements.

### 22 Events after the reporting period

No adjusting events have occurred between the 31/12/2021 and the date of resolution passed by the directors.

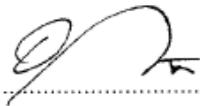
## Australian Parachute Federation Limited

### Directors' Declaration

In the opinion of the Directors the financial report as set out on pages 6 to 18:

- Presents a true and fair view of the financial position of Australian Parachute Federation Limited as at 31 December 2021 and its performance for the year ended on that date in accordance with the Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* (including Australian Accounting Interpretations) of the Australian Accounting Standards Board;
- At the date of this statement there are reasonable grounds to believe that Australian Parachute Federation Limited will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

David Smith – Chair.....

Dated this .....13<sup>TH</sup>..... day of .....APRIL..... 2022

## Independent Auditor's Report

To the Members of Australian Parachute Federation Limited

### Opinion

We have audited the special purpose financial report (the financial report) of Australian Parachute Federation Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended.
- (b) Complying with Australian Accounting Standards to the extent described in Note 1 to the financial report and the *Corporations Regulations 2001*.

### 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards (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.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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## Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Company's Director Report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon.

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.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

*Crowe Audit Australia*

**Crowe Audit Australia**



**John Zabala** FCA

Partner

Brisbane

20 April 2022