

Australian Parachute Federation Limited

ABN 75 061 266 510

Financial Statements

For the Year Ended 31 December 2020

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Directors' Report

31 December 2020

The board of directors present their financial report on Australian Parachute Federation Limited (APF) for the financial year ended 31 December 2020.

Board of Directors

The names of each person who held a position on the Board of Directors during the year ended 31 December 2020 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	24-Feb-20	
Simon C COLMER		24-Aug-20
Mark W GAZLEY		
Vivian C MERZ		
Ashley SAUNDERS		18-Feb-20
Yosef STEIN		
John SWANLAND	29-Sep-20	
Mark E SZULMAYER		16-Mar-20
Anna C E VAN DER VLUGT		

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 31/12/2020 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	6	6
Trevor M COLLINS	6	6
Heath T Baird	5	4
Simon C COLMER	4	4
Mark W GAZLEY	6	6
Vivian C MERZ	6	5
Ashley SAUNDERS	0	0
Yosef STEIN	6	5
John SWANLAND	1	1
Mark E SZULMAYER	1	0
Anna C E VAN DER VLUGT	6	5

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 LPUs 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; Member of 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 and an active skydiver of over 43 years. He was the Chief Instructor of Darwin Parachute Club NT for more than 20 years and is an Honorary Life Member of the Club. He is Public Officer of the Darwin Parachute Club and Top End Aerial Sports Association and Area Safety Officer NT 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. Trevor is a Director of two other skydiving related companies and a Life Member of the APF.

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 his position through to 2018. He has held a number of voluntary administrative positions in the industry, including Treasurer VPC (now VTPC) in the 1990s and President and Treasurer Commando Skydivers in the 2000s. He is a retired 33-year member of CPA Australia and retired 27-year member of FINSIA.
 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 record since the 81way in October 1999, and competed at State, National and International levels.
 Andrew is a Director of two other Skydiving related companies, Awards 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.

Simon Colmer (resigned 24/04/2020)

Qualifications
 Special Responsibilities
 Experience

Bach Applied Science (software engineering)
 Member of Information & Communications Technology Committee (Resigned 31/01/2020)
 Simon joined the Board of Directors and the ICT Committee in December 2018.
 Simon began skydiving in February 2013, completing more than 1900 jumps, 50-hours in vertical wind tunnel and competing in Canopy Piloting since 2017, being awarded Intermediate Overall Silver in 2018.
 Taking on duties as a Freefly coach in 2015, he has been active in Victoria and around Australia.
 In his professional life, Simon has 13 years of experience in business consulting and project delivery, and now operates as a Solution Architect specialising in Cloud and Big Data.

Mark Gazley

Experience

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 14 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 4 years, Mark has gained international commercial experience in south east 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
 Member of Risk & Audit Committee
 Vivian took up skydiving in 2014 and has since completed over 600 jumps, has competed in various competitions in Europe and Australia, and holds multiple Australian sequential bigway records.
 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.

Ashley Saunders (resigned 18/02/2020)

Experience

Ashley joined the Board of Directors in 2018 and has been Chair of the West Australian Parachute Council since 2017.
 He began competitive skydiving in 2003 and has represented Australia at the 2014, 2016 and 2018 World Championships in Freefly.
 Ashley was an accredited instructor with ratings in tandem, AFF, Freefly and FS. He has a strong passion for developing the sport of skydiving in WA, both generally and through skill development with novice skydivers.
 Professionally, Ashley works as a process technician in the resources industry.

Yosef Stein

Qualifications
Special Responsibilities
Experience

Certificate IV Training and Assessment
Member of Remuneration Committee
Yosef joined the APF in 1997 becoming a board member in 2019. With more than 13,000 skydives, he holds all available instructor ratings 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 four 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)
Member of Governance Committee (Appointed 24/11/2020)
John has served five terms as Chair of the Victorian Tasmanian Parachute Council and has had the position of Treasurer of the Victorian Tasmanian Parachute Council 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.

Mark Szulmayer (resigned 16/03/2020)

Qualifications
Experience

Bach Applied Sciences – Maths; Civil Engineering Certificate
Mark was elected to the Board in 2010, having held the role of NSW state coach for over 10 years. He is now a State Council Chair for NSW and has been skydiving for 29 years. As an active competitive jumper for more than 20 years, Mark has represented Australia in the 8-way division. He holds position as the alternate delegate to the International Parachute Commission (ISC) and has been chair of the Formation Skydiving committee within the ISC since 2016.

In his professional life, Mark was an IT consultant for over 30 years. Mark is a Director of two other Skydiving related companies and a Life Member of the APF.

Anna Van Der Vlugt

Qualifications
Special Responsibilities
Experience

Bach Business – Accounting & Finance, Bach Social Work
Member of Remuneration Committee
Anna joined the Board in 2018 by election of NQPC members and is also the NQPC treasurer.

Beginning skydiving in 2007, Anna bought herself the APF course as a graduation present for completing studies in social work and business. She has been working full time in the sport since 2015, currently 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.

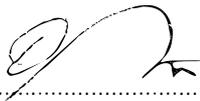
Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 5 of the financial report.

Operating Result

The deficit for the year amounted to \$615,411 (2019: \$28,724 surplus).

Signed in accordance with a resolution of the directors:

David Smith – Chair.....

Dated this 4TH day of MAY 2021

Auditor's Independence Declaration

As auditor of Australian Parachute Federation Limited for the year ended 31 December 2020, 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

Brisbane
4 May 2021

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The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries. Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue		2,664,972	4,871,677
Other income	4	1,264,384	540,564
Employee benefits expense		(1,015,847)	(1,242,687)
Depreciation and amortisation expense		(174,099)	(74,653)
Other expenses	5	(3,350,070)	(4,070,928)
Surplus/(Deficit) for the year		(610,660)	23,973
Other comprehensive income, net of income tax		(4,751)	4,751
Total comprehensive income attributable to members		(615,411)	28,724

Statement of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	630,738	894,165
Trade and other receivables	7	260,578	87,142
Prepayments	8	867,886	942,174
Financial assets	9	171,525	209,269
TOTAL CURRENT ASSETS		1,930,727	2,132,750
NON-CURRENT ASSETS			
Trade and other receivables		23,250	46,250
Property, Plant and equipment	10	1,059,464	165,638
Financial assets	9	1	80,923
TOTAL NON-CURRENT ASSETS		1,082,715	292,811
TOTAL ASSETS		3,013,442	2,425,561
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	439,097	371,494
Lease Liabilities		106,775	-
Borrowings		1,113	14,556
Provisions	12	126,314	117,201
Income in advance	13	472,153	420,024
TOTAL CURRENT LIABILITIES		1,145,452	923,275
NON-CURRENT LIABILITIES			
Lease Liabilities		750,127	-
Borrowings		250,000	-
Provisions	12	19,803	19,695
Income in advance	13	112,647	131,767
TOTAL NON-CURRENT LIABILITIES		1,132,577	151,462
TOTAL LIABILITIES		2,278,029	1,074,737
NET ASSETS		735,413	1,350,824
EQUITY			
Retained earnings		735,413	1,346,073
Reserves		-	4,751
TOTAL EQUITY		735,413	1,350,824

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2020

2020

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

2019

	Reserves \$	Retained Earnings \$	Total \$
Balance at 1 January 2019 (reported)	-	1,439,361	1,439,361
Effect of AASB 15 & AASB 1058	-	(117,261)	(117,261)
Balance at 1 January 2019 (restated)	-	1,322,100	1,322,100
Surplus/(Deficit) for the year	-	23,973	23,973
Other Comprehensive Income	4,751	-	4,751
Balance at 31 December 2019	4,751	1,346,073	1,350,824

Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from operations	3,810,022	5,428,064
Payments to suppliers and employees	(4,181,712)	(5,200,689)
Interest received	1,907	4,625
Interest paid on Lease Liabilities	(33,093)	-
Net cash provided by/(used in) operating activities	16 (402,876)	232,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(137,523)	(28,379)
Proceeds/(Purchase) of HTM Investments	37,744	(209,269)
Proceeds/(Purchase) of FVTOCI Investments	76,171	(76,171)
Net cash provided by/(used in) investing activities	(23,608)	(313,819)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contribution from councils	-	119,586
Proceeds (Repayments) of borrowings	236,557	-
Proceeds (Repayments) leasing liabilities	(73,500)	-
Net cash provided by/(used in) financing activities	163,057	119,586
Net increase/(decrease) in cash and cash equivalents held	(263,427)	37,767
Cash and cash equivalents at beginning of year	894,165	856,398
Cash and cash equivalents at end of financial year	6 630,738	894,165

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 2020

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 2020

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% and 33.33%
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 currently holds 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 2020

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 bought into 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 amount paid which relates to the period after the reporting period is included in the statement of financial position as prepayments or 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. Reserves

Other components of equity include:

- reserves – which comprises unrealised gains and losses relating to FVTOCI (see Note 2.10)

Retained earnings include all current and prior period retained profits.

2.16. 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 2020 reporting period a portion of funds previously gifted to the Company by former state-based associations totalling \$346,432 was distributed to APTAC. Distributions to APTAC Trust are charged to comprehensive income in the period in which they are incurred.

2.17. 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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)

4 Other Income

	2020	2019
	\$	\$
2018 World Parachuting Championships	-	4,067
Trust Distributions	580,028	416,911
Trust Distributions – COVID-19 Support	270,000	-
Government COVID-19 Grant Income	409,450	-
Other Income	4,906	119,586
	<u>1,264,384</u>	<u>540,564</u>

5 Other Expenses

Insurances	(1,283,954)	(1,795,335)
2018 World Parachuting Championships	(135,236)	(156,662)
COVID-19 Club Support	(269,684)	-
Competition and Team Expenses	(308,886)	(325,136)
Sport Development	(99,800)	(218,876)
Area Sub-Committee Expenses	(270,156)	(309,994)
Finance Costs	(33,093)	-
Conferences & Meetings	(39,849)	(223,494)
Distribution to APTAC Trust	(346,432)	(4,500)
Other Expenses	(562,980)	(1,036,931)
	<u>(3,350,070)</u>	<u>(4,070,928)</u>

6 Cash and Cash Equivalents

Cash at bank and in hand	381,752	473,419
Undeposited cheques	-	60
Sub-Committee cash at bank	248,986	420,686
	<u>630,738</u>	<u>894,165</u>

Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Trade and Other Receivables

	2020	2019
	\$	\$
Trade receivables	697	62,421
Provision for Impairment	-	(55,000)
Other receivables	58,550	23,000
Amounts Receivable from Related Entities		
Intercompany Loans	201,331	56,721
	260,578	87,142

8 Prepayments

CURRENT		
Prepaid Aggregate Deductible	444,635	444,635
Prepaid Insurances	343,219	339,377
Contracts paid in advance	-	64,851
Other Prepayments	47,199	54,792
Deposits	32,833	38,519
	867,886	942,174

9 Financial Assets

CURRENT		
HTM INVESTMENTS		
Term Deposits	171,525	209,269
	171,525	209,269
NON-CURRENT		
FVTOCI INVESTMENTS		
Managed Funds – at cost	-	76,171
Shares – at cost	1	1
Market Value Adjustment	-	4,751
	1	80,923

Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Property, Plant and Equipment

	Furniture & Fixtures	IT Systems	Right of Use Assets	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance 1 January 2020	145,902	256,070	-	401,972
Additions	5,742	130,545	931,817	1,068,104
Disposals	(14,529)	(11,000)	-	(25,529)
Balance at 31 December 2020	137,115	375,615	931,817	1,444,547
Depreciation and impairment				
Balance 1 January 2020	(77,992)	(158,342)	-	(236,334)
Disposals	14,529	11,000	-	25,529
Depreciation	(27,063)	(59,293)	(87,922)	(174,278)
Balance at 31 December 2020	(90,526)	(206,635)	(87,922)	(385,083)
Carrying amount at 31 December 2020	46,589	168,980	843,895	1,059,464

11 Trade and other payables

	2020	2019
	\$	\$
Trade payables	412,387	328,101
GST payable	12,324	26,585
Withholding taxes payable	14,386	16,808
	439,097	371,494

12 Provisions

CURRENT		
Provision for Annual Leave	91,807	85,442
Provision for Long Service Leave	34,507	31,759
	126,314	117,201
NON-CURRENT		
Provision for Long Service Leave	19,803	19,695
	19,803	19,695

13 Income in advance

CURRENT		
Membership Fees received in advance	205,295	280,919
Club Deposits	194,185	104,320
Other Income in advance	72,673	34,785
	472,153	420,024
NON-CURRENT		
Membership Fees received in advance	82,647	81,767
Other Income in advance	30,000	50,000
	112,647	131,767

Notes to the Financial Statements

For the Year Ended 31 December 2020

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	4 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.

15 Capital Commitments

15.1. Expense commitments

	2020	2019
	\$	\$
Production of magazine:		
- not later than one year	70,000	48,558
- between one year and five years	35,000	-
	105,000	48,558

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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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:

	2020	2019
	\$	\$
Surplus/(Deficit) for the year	(610,660)	23,973
- Less: Contribution from Councils	-	(119,586)
Non-cash flows in profit:		
- depreciation	174,099	74,653
- impairment losses	-	25,250
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(150,436)	237,417
- (increase)/decrease in prepayments	74,288	59,972
- increase/(decrease) in trade and other payables	67,603	116,060
- increase/(decrease) in income in advance	33,009	19,878
- effect of AASB 15 & AASB 1058	-	(117,261)
- increase/(decrease) in provisions	9,221	(88,356)
Cashflows from operations	<u>(402,876)</u>	<u>232,000</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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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

	2020 \$	2019 \$
Audit of Financial Statements	11,331	11,296
Other Services	6,116	7,929
	<hr/> 17,447	<hr/> 19,225

Other services include Fringe Benefits Tax preparation and lodgement, ASIC Lodgements and Investment Management Fees.

22 Events after the reporting period

No adjusting events have occurred between the 31/12/2020 and the date of resolution passed by the directors.

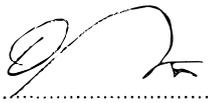
Australian Parachute Federation Limited

Directors' Declaration

In the opinion of the Directors the financial report as set out on pages 6 to 19:

- Presents a true and fair view of the financial position of Australian Parachute Federation Limited as at 31 December 2020 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 on behalf of the Directors by:

David Smith – Chair.....

Dated this 4TH day of MAY 2021

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 2020, 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 2020 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 and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

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 2020 but does not include the financial report and our auditor's report thereon.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

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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 Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and has 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

A handwritten signature in black ink, appearing to read "John Zabala".

John Zabala FCA
Partner

Brisbane
5 May 2021