

91st Annual Report

For the Year Ended 30th June 2017

ROYAL VICTORIAN AERO CLUB



Est. 1914





ROYAL VICTORIAN AERO CLUB

VISION

By drawing on the diverse talents of our members and staff, our proud heritage and history, Royal Vic. will:

- Create and foster a friendly environment in pleasant surroundings which members and their families and friends can enjoy, and where they can associate with others in an atmosphere of common aviation interests.
- Provide best value flying for members in safe and attractive aircraft, and encourage a broad range of flying and social activities associated with aviation.
- Operate the business units of the Club in a consistently profitable manner to become preferred choices for their respective customers, and earn reputations for value and quality.

And thereby encourage growth in the number of younger members to achieve recognition in both the aviation and broad general community as the leading aviation club in Victoria.

Membership as at 30 June 2017

	As at 30/6/2017	As at 30/06/2016
Flying	184	186
Honorary Life	16	17
Life	17	17
Observer	101	110
Provisional Flying	47	55
Country	5	8
Junior	20	17
Honorary	16	16
Total	406	426

List of Honorary Life and Life Members as at 30 June 2017

Honorary Life Members	Life Members
Geoffrey Colquhoun	Ken Boardman
Stephanie Day	Robert Bright
Heinz Dehn	Paul Canavan
Dick Gower	Bruce Caporn
Kerin Greenwood	Michael Coad
Bob Hayter	Peter Drew
Rex Hobson	John Ebsworthy
Stephen Hulley	Hamish Foster
Ralph Keystone	Lloyd Harrington
John Martin	Michael Kay
Charles Morrison	John Loftus
Laurie Mottin	Bill Mazzeo
Allan Pullen	John McKenna
Bruce Reynolds	Michael Murphy
Stuart Rushton	David Rubenstein
John Smith	Newton Sanbrook
	Paul Winberg

The 91st Annual General Meeting

is to be held in the Clubrooms on
Wednesday 25th October 2017.

Registered Office and Principal Place of
Business: First Avenue, Moorabbin Airport,
Mentone, Victoria, 3194

Royal Victorian Aero Club

ACN 004 128 232 ABN 38 177 495 544



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President's Report

Once again it is my pleasure on behalf of the Directors to present the annual report on the activities of the Club for the financial year ending 30/06/2017.



The year just ended was a particularly frustrating year due to a number of bureaucratic hurdles that impacted on our business. As many of you would be aware the Federal Government cracked down hard on educational providers, especially VET providers, and RVAC was one such provider.

All VET providers were required to re-apply for their approval and funding levels were frozen at prior year levels. This placed huge restrictions on our operations, especially seeing that we had just had approval to commence a course which provided training from ab initio right through to CPL.

I can now report that thanks to an enormous effort by Jeannine Kittle, who is our student coordinator, and Doug Berge, the director responsible for VET student loans and RTO training, that RVAC is now the only flight training organisation in Victoria approved as a VET Student Loan Provider in its own right.

Since the end of the financial year it has been decided to dispose of two aircraft, namely the Alpha 160 (VH-VCF) and the Partenavia P68C (VH-ILM). Both these aircraft are now no longer profitable to operate due to both high maintenance costs and low utilization. It is intended to purchase two Sling Two aircraft, which will supplement

our training fleet of Cessna 152s and provide a lower cost option for our private pilot members. These aircraft are expected to be on our line by the New Year and should be available for hire at around \$180.00 per hour. They will have the latest Garmin G3 display and Garmin G5 A/H. An auto pilot will also be installed making it a useful touring aircraft.

We are also replacing some of our A/Hs and DGs with G5 instruments starting with Piper Warrior VH-ITK. This will remove the need for a vacuum pump with its associated unserviceabilities.

Courses on the Sling aircraft and Garmin G5 will be arranged so that members can familiarise themselves with the changed technology.

It is really important for our Club to get back into a surplus situation again as financial performance is crucial to our ongoing approval as an RTO and VET student loan provider. I can assure members that a huge amount of effort is going on behind the scenes to achieve that turn around and as soon as a breakthrough is made it will be advised to members.

The Club will be unable to continue to provide member benefits as we do now unless we get an increase in the bread and butter business of Quality Flight Training.



RVAC Millennial Falcons take Flight



In line with our strategy to increase our flying activity directors Mike Murphy and Christian Murphy have worked continually to increase our position in the electronic media and their efforts in upgrading and improving our image in that area are now showing some satisfying results.

A strategy to encourage mature age trainees and therefore members is underway with the Millennial Falcons program. Its first event has been held and further events are planned during the coming year. It specifically targets people who always wanted to learn to fly but were unable to start due to family and financial commitments in their younger years.

During the year the Board appointed Chris Pegg as a second secretary of the Club to expedite a structured change over from Rex Hobson, who has resigned from that position as from the date of the Annual General Meeting in October. Chris has considerable experience in corporate and financial governance.

Long serving former President, Treasurer and more recently Secretary and Honorary Life member Rex Hobson OAM joined the Club in 1978 and has played an important

part in the Club since then. I am sure that all members will join with the Board in offering our sincere thanks for Rex's huge contribution to The Royal Victorian Aero Club over many many years. I am also sure that Rex will continue to monitor the Club's activities and I expect him to have a few questions at future AGM's.

Finally I should like to thank all of my fellow Directors and the Club's staff for their hard work through the last year. We all look forward to an improved financial future in 2017/2018.



Stuart Rushton

President

RVAC Theory Instructor Debbie Fanning with students



RVAC Able Day in the Sky 2016



Treasurer's Report

As always, in presenting this report, I take the opportunity to thank Mr Rex Hobson and the Accountant, Ms Lisa Brydson, for their ongoing support.



Operations

This year I report a loss of \$129,954 (2016: \$161,051 loss). There are no profits on disposal of aircraft nor abnormal events affecting this year's result. Depreciation & Amortisation totalled \$256,870.

The Club experienced a 3.8% increase in flying hours to 6,735 (including on-line & cross-hire aircraft and the simulators). Simulator hours were up 7.4%, Club aircraft hours were up 9.6% and online aircraft hours down 51.6%. Instructor hours increased by 7.3% to 4,952 (2016: 4,617). During the financial year six students completed the AVI50510 / AVI50516 Diploma of Aviation (Instructor Rating) course and ten students completed the AVI50415 / AVI50416 Diploma of Aviation Instrument Rating) course (3 Advanced and 7 Intermediate). In addition, 14 students obtained their RPL, ten students obtained their PPL and nine students obtained their CPL, with one of those doing so under the AVI40108 Cert IV in Aviation / AVI50215 Diploma of Aviation (CPL) course. Two students completed Multi-Engine Command Instrument Rating without Government assistance.

The average price of AvGas was steady at \$1.55 / litre (2016: \$1.55) varying by 22.1% during the financial year but never exceeding the budgeted price.

As stated in previous reports, the Club's profitability is highly correlated to the flying hours. Once the high fixed costs of the operation are covered, additional hours are very profitable. Moorabbin Flight Operations incurred a loss of \$37,480 (2016: \$38,552 loss). VET FEE-HELP income rose to \$221,862 (2016: \$171,234).

The Hangar's financial performance is tied to flying hours as well because it becomes more active as 100-hourly services become more frequent. The Hangar (aka "Aircraft Maintenance") reported a profit of \$1,034 (2016: \$33,605 loss) with chargeable hours steady at 4,634 and non-chargeable hours down 7.3%.

Member Services is the cost centre containing member subscriptions, interest and non-operational and indirect revenue and costs. The department reported a loss of \$98,947 (2016: \$96,262 loss). The Club's interest income was \$29,112 (2016: \$32,120). Amortisation of Clubrooms is lower at \$20,150 (2016: \$29,115), along with Depreciation at \$15,406 (2016: \$16,325). The net outgoings for the Dawn Patrol were lower at \$2,538 (2016: \$5,137) because of the effort put into the 75th anniversary of the Battle of Britain in 2016. Member numbers declined to 406 (2016: 426), however flying members were steady at 184 (2016: 186), provisional flying members dropped from 55 to 47,





and observer members dropped from 110 to 101, causing a net 5.3% drop in membership subscriptions to \$38,816 (2016: \$40,967).

Operations in the Clubhouse, comprising income from the caterer less costs, incurred a profit of \$5,439 (2016: \$452 loss). This was especially pleasing after several years of losses in this department and I am saddened to see that the caterers, the Uccello brothers Mark & Darren, sold their business but welcome the new caterer, Basant.

Asset & Cash Position

The cash reserves of the Club decreased by \$114,336 (7.5%) to \$1,417,107.

During the year the Club made asset purchases costing \$56,543 and experienced an operating cash deficit of \$57,793 (2016: \$359,214 surplus).

The larger asset purchases comprised:

- SIDS program for Cessna 152 VH-VCY: \$15,815
- Radio upgrade for Cessna 172 VH-RLG: \$20,791
- Pitot static test box: \$3,000
- New web site: \$13,735

Other balance sheet items are consistent with prior years and the scope of operations.

Our funds are currently on deposit with the Commonwealth Bank.

The balance sheet carrying value of our 15 aircraft & 2

simulators currently in service is \$571,505 compared to a replacement insurance value of \$1,568,000. For the fifth year in a row, the Club has experienced a year without a claim, for which QBE granted to the Club an \$8,353 profit commission.

Future Outlook

The Australian dollar has weakened slightly over the past year, from USD 0.74 to USD 0.73, which maintains the financial attraction for foreign students to learn to fly in this country again. Those countries are looking to Australia for flight training due to our having less military-controlled airspace, less pollution and more people with the right qualifications, as well as generally benign weather.

The flying school's RTO status and accreditation to offer VET student loans for aviation diplomas continues to underpin the Club's plans for growth.

The Board is continuing its strategic plan to drive growth in membership and flying hours and explore new markets to train Chinese students.

Michael Ralph

Honorary Treasurer

Report of the Board

This report provides information as required by the Corporations Act 2001.

Operating Results

For the financial year ended 30th June 2017 the Club recorded a loss of \$129,954. (2016 loss \$161,051) No provision for income tax is required, as the income of the Club is assessed by the Board as being exempt from income tax in accordance with Section 50-40 of the Income Tax Act and other associated regulatory requirements.

Objectives

It is the short and long term objective of the directors to ensure the Club remains favourably positioned to pursue its Vision. The strategy to achieve these objectives is to ensure the continued financial viability of the Club and maintain close control of all financial matters in a timely manner.

Principal Activities

The principal activities of the Club during the financial year were to operate a training school for persons interested in flying and aeronautics; an organisation for the maintenance and repair of light aircraft, a promoter of the development of aviation and a sport and social association of persons interested in aeronautics.

These activities provide the necessary cash flow to enable the objectives described above to be achieved.

Performance is measured by the financial results and member feedback.

Other than any matters included in the President and Treasurer reports there were no significant changes in affairs during the financial year, nor was there any matter or circumstance that has arisen since the end of the half-year that would adversely affect the Club's operations, financial results or state of affairs.

Directors

The names of the directors in office at any time during or since the end of the financial year and the period for which each person was a member as at 30/6/2017 are:

John Stuart Rushton <i>President</i>	12 months
Paul Bernard Canavan <i>Vice President</i>	12 months
Michael Joseph Murphy <i>Vice President</i>	12 months
Michael John Ralph <i>Honorary Treasurer</i>	12 months
Glenn Alford	12 months
Gregory Noel Snell	12 months
Douglas Berge	12 months
James Kenneth Ritchie	12 months
Christian Michael Murphy	12 months



Directors' & Secretary's Qualifications & Experience

Name & Qualifications	Experience	Age (Yrs)	Pilot (Yrs)	Club Member (Yrs)
Directors				
J. S. Rushton President	Company Director	69	27	22
P. B. Canavan MICM CCE Vice Pres.	Company Director	62	42	42
M. J. Murphy Vice President	Company Director	64	26	27
G. Alford	Company Director	60	13	13
M. J. Ralph B. Com. CPA	Company Director	53	22	13
G. N. Snell	Company Director	64	40	12
D. Berge BSc (Hons), ANZIIF Fellow, Dip Fin Serv.	Company Director	57	6	6
J. K. Ritchie	Company Director	53	6	6
C. M. Murphy	Company Director	27	6	6
Secretaries				
P. R. Hobson OAM CPA				
C. J. Pegg BCom(Hons) CPA CIA				

Directors' responsibilities are listed on the inside of the back cover.



Steve Antunovic and Michael Murphy with a North American AT-28D Trojan

Board Meetings held during the year ended 30/6/2017 and attendance at those meetings

NAME	BOARD MEETINGS	
	Number eligible to attend	Number Attended
J. S. Rushton	12	11
P. B. Canavan	12	10
G. Alford	12	9
M. J. Ralph	12	10
M. J. Murphy	12	12
G. N. Snell	12	9
D. Berge	12	10
J. K. Ritchie	12	8
C. M. Murphy	12	12

Report of the Board (continued)



Members' Guarantee

The Constitution of the Club (CI 109) states that by becoming a member of the Club, each member guarantees that (a) if the person is a member at the time of winding up; or (b) if the person has been a member at any time during the previous year; that person will pay the sum of Two Dollars towards the debts and winding up costs of the Club. This applies to all classes of membership. The total membership is shown elsewhere in this report.

Restriction on Use of Club Assets

The Constitution of the Club (CI 4) requires that the income and property of the Club must only be used in promoting its purposes. No portion of its income or property may be distributed directly or indirectly among its members.

The Club is prohibited from paying fees to its directors. Additionally, Clause 110 of the Constitution provides that if the Club is wound up, its remaining assets must not be distributed to its members. Any assets remaining on winding up must be given to an entity or entities which (a) have similar objects to those of the Club; and (b) which also prohibit distribution of profit, income or assets to their members. The entity or entities must be determined (a) by the members in general meeting; or, if that is not done, (b) by a judge of the Supreme Court of Victoria.

Exemption from Liability and Indemnity

Clauses 5 and 6 of the Club's Constitution provide (a) an exemption of the Club, its employees, agents and members from liability for any loss to a member, (b) an indemnity from each member and (c) an appointment of the Club as each member's agent to secure and give effect to the various provisions.

Full details are contained in the Constitution, but in brief it is a condition of all classes of membership that the Club, its employees and agents and all members are not responsible for and shall be exempt from all civil liability whatsoever for any loss to a member whatever the cause.

It is a condition of membership that each Member indemnifies the Club, its servants and agents, and other members from and against all legal proceedings and other claims and any costs, demands or damages brought

made or incurred against the Club, or any other person indemnified in respect of the death, injury, loss or damage sustained by the member.

Directors' Benefits

In accordance with the Constitution and the Corporations Act the Board must approve all other payments the Company makes to both its directors and organisations in which the directors have a material personal interest. During the year and since the end of the financial year Mr P. B. Canavan and Mr C. M. Murphy have received flight discounts for volunteer work in flight operations. This benefit is available to all members. Other than that, no Board member has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Club with a Board member, a firm of which a Board member is a member or an entity in which a Board member has a material personal interest.

Auditor's Independence Declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out in the Auditor's Report.

Signed at Moorabbin Airport this 30th day of August 2017 in accordance with a resolution of the Board.

J. S. Rushton
(President)
Director

P. B. Canavan
(Vice President)
Director

Statement of Financial Position as at 30 June 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash Assets	4	1,417,107	1,531,443
Receivables	5	89,159	80,533
Inventories	6	157,016	141,626
Other Current Assets	7	110,450	106,343
Total Current Assets		1,773,732	1,859,945
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	855,346	1,048,165
Intangible Assets	9	65,696	73,204
Total Non-Current Assets		921,042	1,121,369
TOTAL ASSETS		2,694,774	2,981,314
CURRENT LIABILITIES			
Payables	10	295,491	519,507
Provisions	11	279,839	266,908
Other Current Liabilities	12	15,163	12,999
Total Current Liabilities		590,493	799,414
NON-CURRENT LIABILITIES			
Provisions	11	492,225	439,890
Total Non-Current Liabilities		492,225	439,890
TOTAL LIABILITIES		1,082,718	1,239,304
NET ASSETS		1,612,056	1,742,010
EQUITY			
Members' Funds (Retained Earnings)		1,612,056	1,742,010
TOTAL EQUITY		1,612,056	1,742,010

Statement of Changes in Equity for the Year Ended 30 June 2017

Balance at Start of Year	1,742,010	1,903,061
Surplus (Deficit) attributable to Members	-129,954	-161,051
Balance at End of Year	1,612,056	1,742,010

Statement of Comprehensive Income for the Year Ended 30 June 2017

REVENUE	Note	2017 \$	2016 \$
Revenue from Operating Activities		2,774,184	2,653,575
Revenue from non-Operating Activities		0	2,500
Members' Subscriptions		38,816	40,967
Interest Received		29,112	32,120
Gross Revenue		2,842,112	2,729,162

EXPENSES

Flying Operations Expenses		2,101,808	2,002,389
Aircraft Maintenance Expenses		622,553	626,036
Clubhouse/Bar Expenses		61,274	69,180
Member Services Expenses		186,431	192,608
Gross Expenditure		2,972,066	2,890,213

PROFIT

Profit/(Loss) before Income Tax Expense	3	-129,954	-161,051
Income Tax Expense	2 (f)	Nil	Nil
Profit (Loss) for the Year		-129,954	-161,051
Other Comprehensive Income		Nil	Nil
Total Comprehensive income (loss) for the year		-129,954	-161,051
Total Comprehensive income (loss) attributable to members		-129,954	-161,051
Trading Profit (Loss) after excluding non-operating income/(loss) shown above.		-129,954	-163,551



Statement of Cash Flows for the Year Ended 30 June 2017

CASH FLOW FROM OPERATING ACTIVITIES

<i>Cash Receipts</i>	Note	2017 \$	2016 \$
Customer Service Charges		2,778,357	2,721,667
Members' Subscriptions		38,816	40,967
Interest Received		29,112	32,120
Total Cash Received		2,846,285	2,794,754
<i>Deduct Cash Paid</i>			
Wages and Salaries		1,013,460	889,667
Supplier Payments		1,890,618	1,545,873
Total Cash Paid Out		2,904,078	2,435,540
NET CASH GENERATED (SPENT) IN OPERATING ACTIVITIES		-57,793	359,214

ADD CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from sale of Aircraft, Property, Plant and Equipment	8	0	2,500
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LESS CASH PAID FOR ASSETS

Payment for purchase of Fixed and Intangible Assets	8 & 9	-56,543	-326,171
NET CASH RECEIVED (SPENT) IN YEAR		-114,336	35,543

MOVEMENT IN CASH BALANCE

Cash held at start of year		1,531,443	1,495,900
Add Net Cash Received (Spent) in year		-114,336	35,543
CASH HELD AT END OF YEAR	4	1,417,107	1,531,443



Reconciliation of Cash Flow from Operations with Operating Result for Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Operating Result for Year		-129,954	-161,051
Proceeds of Sale of Property, Plant and Equipment		0	-2,500

Changes in Assets and Liabilities

Change in Inventories Balances	Decrease (Increase)	6	-15,390	8,309
Change in Payables Balances	(Decrease) Increase	10	-224,016	157,362
Change in Receivables Balances	Decrease (Increase)	5	1,374	68,093
Change in Other Current Assets Balance	Decrease (Increase)	7	-4,107	10,982
Change in Advance Subscriptions Balance	(Decrease) Increase	12	2,164	619

Non Cash Flows in Result for Year

Accumulated Depreciation	Increase (Decrease)	8	256,870	226,641
Asset Write Offs			0	27,936
Provision for Doubtful Debts	Increase (Decrease)	5	-10,000	0
Provision for Future Maintenance	Increase (Decrease)	11	30,116	-7,192
Provision for Holiday Pay	Increase (Decrease)	11	12,931	15,657
Provision for Long Service Leave	Increase (Decrease)	11	22,219	14,358
CASH FLOW FROM OPERATIONS	Increase (Decrease)		-57,793	359,214



Notes to the Financial Statements for the Year Ended 30 June 2017

NOTE 1: Description of Parties

The Club is a company, limited by guarantee, and registered under the Corporations Act. It is incorporated and domiciled in Australia. Its ACN is 004 128 232 and its ABN is 38 177 495 544. It is governed by an elected Board of nine Directors, all of whom must be voting members of the Club.

NOTE 2: Statement of Accounting Policies

This financial report is a special purpose financial report prepared in accordance with the Corporations Act 2001 and to meet the needs of members. The Board has determined that the Club is not a reporting entity.

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards.

- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1031 Materiality
- AASB 1048 Implication and Application of Standards
- AASB 1053 Applications of Tiers of Accounting Standards

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on an accrual basis and are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(a) Revenue

Revenue from the sale of goods and services is recognised upon delivery of the goods or services to customers.

Subscriptions by members are recognised in the year to which they are related, future year subscriptions being carried forward. Interest revenue is recognised as received. All revenue is stated net of the amount of goods and services tax (GST).

(b) Inventories

Inventories are measured at the lower of cost and current replacement cost.

(c) Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or fair values, less, where applicable, accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of each asset.

Leasehold improvements are amortised over the shorter of either the unexpired portion of the lease (or expected renewal term) or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in the operating profit in the year of disposal.

(d) Employee Entitlements

Provision is made for the Club's liability for employee entitlements arising from accrued annual leave and long service leave at balance date. Long service leave is accrued in respect of all employees with more than five years' service.

Contributions are made by the Club to employee superannuation funds in respect of all employees and are charged as expenses when incurred. The Club has no obligation to provide superannuation benefits to employees on retirement.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as net operating cash flows.

(f) Tax Status

No provision for income tax is required, as the income of the Club is assessed by the Board as being exempt from income tax in accordance with Section 50-40 of the Income Tax Act and other associated regulatory requirements.

(g) Inter Departmental Transactions

All inter departmental transactions have been eliminated.

Notes to the Financial Statements
for the Year Ended 30 June 2017 (continued)

NOTE 3: Profit from Ordinary Activities	2017 \$	2016 \$
Depreciation and Amortisation of Assets	256,870	254,579
Bad Debt Expense	4,493	0
Amount Charged to replenish Provision for Future Maintenance - see Note 11.	47,364	108,118
Audit Fees	9,000	8,600
Legal Fees	27,993	2,000

NOTE 4: Cash Assets

Bank Account and Cash on Hand	5,628	50,057
Term Deposits - CBA - under 12 months	1,153,630	1,125,392
Cash Management Account - CBA	246,550	297,921
Bank Account - Deposits received from Students	11,299	58,073
	1,417,107	1,531,443

NOTE 5: Receivables

Trade Debtors	99,159	65,177
Provision for Doubtful Debts - See also Note 10.	-10,000	-20,000
Amounts Receivable under Government Contracts	0	35,356
	89,159	80,533

NOTE 6: Inventories

Aircraft Maintenance Parts - Inc. Spare Engines	149,594	135,156
Other Stock	7,422	6,470
	157,016	141,626

NOTE 7: Other Current Assets

Prepayments	110,450	106,343
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Notes to the Financial Statements
for the Year Ended 30 June 2017 (continued)

NOTE 8: Property, Plant and Equipment	2017 \$	2016 \$
Aircraft - At Cost	1,991,193	1,954,587
Less Accumulated Depreciation	-1,419,688	-1,253,059
	571,505	701,528
Plant and Equipment - at Cost	476,950	457,013
Less Accumulated Depreciation	-352,943	-292,336
	124,007	164,677
Buildings on Leasehold Land - at Cost	377,900	377,900
Less Accumulated Depreciation	-218,066	-195,940
	159,834	181,960
Total Property, Plant and Equipment - at Cost.	2,846,043	2,789,500
Less Accumulated Depreciation	-1,990,697	-1,741,335
	855,346	1,048,165

Movements in Carrying Amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of each financial period.

		Aircraft \$	Plant and Equipment \$	Buildings on Leasehold Land \$	Total \$
2017	Carrying Amount at Start of Period	701,528	164,677	181,960	1,048,165
	Additions at Cost	36,607	19,936	0	56,543
	Disposals at cost	0	0	0	0
	Depreciation Expense	-166,630	-60,606	-22,126	-249,362
	Depreciation write back on Disposals	0	0	0	0
	Carrying Amount at End of Period	571,505	124,007	159,834	855,346
2016	Carrying Amount at Start of Year	\$710,838	\$128,360	\$210,579	1,049,777
	Additions at Cost	\$151,819	\$91,807	\$7,464	251,090
	Disposals at cost	\$0	-27,938	\$0	-27,938
	Depreciation Expense	-\$161,129	-\$55,490	-\$36,083	-252,702
	Depreciation write back on Disposals	\$0	-27,938	\$0	27,938
	Carrying Amount at end of year	\$701,528	\$164,677	\$181,960	1,048,165

Notes to the Financial Statements
for the Year Ended 30 June 2017 (continued)

Note 9: Intangible Asset	2017 \$	2016 \$
Training Compliance Development - at Cost	75,081	75,081
Less Accumulated Amortisation	-9,385	-1,877
	65,696	73,204

The intangible asset is the cost incurred during the 2016 year to prepare the administrative and organisational framework, and the submission, to the Civil Aviation Safety Authority for approval to conduct flight training operations under the provisions of Part 142 of the Civil Aviation Safety Regulations. This expense, which is being amortised over ten years, has benefits for future years. It permits the Club to conduct integrated flight training for private and commercial pilot licences and other licences, and ratings required for multi-crew flight operations in addition to contracted recurrent training and checking.

Movements in Carrying Amount

Movement in carrying amounts for intangibles between the beginning and end of the financial year.

Carrying Amount at Start of Period	73,204	75,081
Additions at Cost	0	0
Disposals at cost	0	0
Amortisation Expense	-7,508	-1,877
Amortisation write back on Disposals	0	0
Carrying Amount at End of Period	65,696	73,204



Notes to the Financial Statements
for the Year Ended 30 June 2017 (continued)

Note 10: Payables	2017 \$	2016 \$
Trade Creditors	173,846	205,857
Advance Payments by Customers	40,896	115,361
Gift Vouchers Outstanding	8,940	3,454
Young Eagles Fund	10,206	10,430
Accrued Expenses and Sundry Items	61,603	184,405
	295,491	519,507

NOTE 11: Provisions		Future Maintenance \$	Holiday Pay \$	Long Service Leave \$	Doubtful Debts \$	Total \$
2017	Balance at Start of Period	579,338	66,908	60,552	20,000	726,798
	Increases	47,364	82,346	22,219	-5,507	146,422
	Utilisations	-17,248	-69,415	0	-4,493	-91,156
	Balance at End of Period	609,454	79,839	82,771	10,000	782,064
	Current	200,000	79,839	NIL	10,000	289,839
	Non Current	409,454	Nil	82,771	Nil	492,225
	Balance at End of Period	609,454	79,839	82,771	10,000	782,064
2016	Balance at Start of Year	586,530	51,251	46,194	20,000	703,975
	Increases	108,118	79,000	59,378	0	246,496
	Utilisations	-115,310	-63,343	-45,020	0	-223,673
	Balance at End of Year	579,338	66,908	60,552	20,000	726,798
	Current	200,000	66,908	NIL	20,000	286,908
	Non Current	379,338	Nil	60,552	Nil	439,890
	Balance at End of Year	579,338	66,908	60,552	20,000	726,798

The purpose of the provision for future maintenance is to provide for the costs (accrued during this and previous years and as a result of past events) of complete engine overhauls, new propellers, major airframe repair and the repainting of each Club owned aircraft. At balance date, the amount held in the account is the accrued provision for these costs, based on hours run or elapsed time (as appropriate), since the previous related work occurred on each aircraft. An amount of \$200,000 is classified as current, being an estimate of the amount that might be spent within twelve months.

In a change in accounting policy, the amount provided for engine overhauls has been reduced to a more realistic figure based on the average of actual costs over the last ten years and current average costs. The effect of this change has been to reduce the amount provided by \$67,306.

The provision for doubtful debts has been reduced from \$20,000 to \$10,000 in line with the current debtor and doubtful debt levels. The former provision of \$20,000 was considered excessive.

Notes to the Financial Statements
for the Year Ended 30 June 2017 (continued)

NOTE 12: Other Current Liabilities	2017 \$	2016 \$
Advance Subscriptions (Members' subscriptions paid in respect of future years)	15,163	12,999

NOTE 13: Capital and Leasing Commitments

Operating Lease Commitments

Payable		
- no longer than one year	120,369	116,299
- longer than one year, but not longer than five years	347,389	420,019
- longer than five years	153,478	201,219
	621,236	737,537

Capital Expenditure Commitments

As at 30 June 2017, the Club had no current capital commitments (2016 - Nil) (See also President's Report)

NOTE 14: Contingent Liabilities

The Club has provided a number of its product and service providers with bank guarantees to facilitate its business dealings. The contingent liability in this regard is \$10,149. (2016 - \$60,149)

A security over a term deposit of \$250,000 has been provided to the Commonwealth Bank for this facility.

NOTE 15: Superannuation Commitments

Amount paid during the year to employee superannuation funds	98,817	88,871
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NOTE 16: Club Aircraft

As at 30 June 2017, the Club owned the following aircraft, all unencumbered.

VH-ILM	Partenavia (P68C)	VH-ITK	Piper Warrior III (PA 28-161)	VH-UMB	Piper Warrior II (PA-28-161) (Under major repair)
VH-NCE	Piper Seminole (PA-44-180)	VH-BZE	Piper Warrior II (PA-28-161)	VH-RLG	Cessna 172N
VH-SGE	Piper Arrow (PA-28R-201)	VH-JIO	Piper Warrior II (PA-28-161)	VH-VCF	Alpha 160A (R2160)
VH-LSP	Cessna 172S	VH-RQM	Piper Warrior II (PA-28-161)	VH-VCI	Cessna 152
VH-MRX	Piper Archer (PA-28-181)	VH-TPW	Piper Warrior II (PA-28-161)	VH-VCY	Cessna 152

The Club also owns, unencumbered, two Category B approved synthetic flight trainers, namely simulators DCX and CR-12.

Board's Declaration

The Board of the Club declares that:

- 1 the financial statements and notes as set out in the preceding pages are in accordance with the Corporations Act 2001, and
 - (a) Comply with the Australian Accounting Standards as described in Note 2 to the financial statements, and
 - (b) Give a true and fair view of the Club's financial position as at 30 June 2017 and of its performance for the year ended on that date.
- 2 in the Board's opinion there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board dated the 30th day of August 2017.



J. S. Rushton
(President)
Director



P. B. Canavan
(Vice President)
Director



Stuart Rushton
President



Paul Canavan
Vice President



Michael Murphy
Vice President



Michael Ralph
Treasurer



Rex Hobson
Secretary



Chris Pegg
Secretary



Greg Snell
Director



Glenn Alford
Director



Douglas Berge
Director



James Ritchie
Director



Christian Murphy
Director



Sternberg & Associates Pty Ltd

BUSINESS ADVISERS & AUDITORS

ABN 30 006 957 875

Independent audit report To the members of Royal Victorian Aero Club

Report on the financial report

We have audited the accompanying financial report of the Royal Victorian Aero Club, which comprises the statement of financial position as at 30th June 2017, and the statement of comprehensive income for the year then ended, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

Auditor's responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Royal Victorian Aero Club, would be in the same terms if given to the directors as at the time of this auditor's report.

Electronic publication of the audited financial report

It is our understanding that the Royal Victorian Aero Club intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the Royal Victorian Aero Club website is that of the Committee of Management of the Royal Victorian Aero Club. The security and controls over information on the website should be addressed by the Royal Victorian Aero Club to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report(s) on the Royal Victorian Aero Club's website is beyond the scope of the audit of the financial report.

Opinion

In our opinion, the financial report of the Royal Victorian Aero Club is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 30th June 2017 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Bruno Sternberg CA CPA- Director
Sternberg & Associates Pty Ltd

Auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The Committee of Management,
Royal Automotive Aero Club
First Avenue, Moorabbin Airport
MENTONE VIC 3194

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30th June 2017, there have been:

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

Bruno Sternberg CA CPA RCA No 8693
Sternberg & Associates Pty Ltd
Suite 8, 1st Floor, 86 High Street, BERWICK, VIC 3806

DATED: 13th September 2017



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a scheme approved
under Professional
Standards legislation

Sole Director: Bruno Sternberg CA, CPA

Address: Suite 8 First Floor 86 High St Berwick (P.O Box 187) BERWICK, VIC 3806
Telephone: (03) 9707 3400 • Fax: (03) 9769 8199 • Email: brunosternberg@wcj.com.au

ROYAL VICTORIAN AERO CLUB OFFICIALS - 30 AUGUST 2017

PATRON IN CHIEF

The Honourable Linda Dessau AC,
Governor of Victoria.

PATRONS

Air Vice Marshal M. E. G. (Mel)
Hupfeld AO DSC
P. R. Hobson OAM CPA

PRESIDENT

J. S. Rushton

DIRECTORS

J. S. Rushton (President)
P. B. Canavan (Vice President)
M. J. Murphy (Vice President)
M. J. Ralph (Hon. Treasurer)
G. Alford
G. N. Snell
D. Berge
J. K. Ritchie
C. M. Murphy

SECRETARIES

P. R. Hobson
C. J. Pegg

AUDITOR

B. Sternberg

MANAGEMENT RESPONSIBILITIES

J. S. Rushton (President)
Ex Officio All Areas and CEO

Finance

J. S. Rushton (President)
M. J. Ralph (Hon Treasurer)
P. R. Hobson (Secretary)

Moorabbin Flight Operations

JJ. S. Rushton (President and CEO)
M. J. Murphy (Vice President)
D. Berge (RTO Operations)
A. J. Provan (Chief Pilot)
D. Ierkic (Chief Flying Instructor/
Head of Operations)

Aircraft Maintenance

J. S. Rushton (President)
A. R. Suhr (Chief Engineer)
G. N. Snell

Member Services, Clubrooms & Social

P. B. Canavan (Vice President)
G. Alford

Safety Committee

J. S. Rushton (President)
A. Valcanis (Safety Manager)
A. J. Provan (Chief Pilot)
D. Ierkic (CFI/HOO)
A. R. Suhr (Chief Engineer)
M. B. Di Paola (Safety Officer)

Strategic Planning

D. Berge
P. B. Canavan
M. J. Murphy
J. K. Ritchie

Scholarships & Marketing

G. Alford

Young Eagles Victoria

P. B. Canavan
M. J. Ralph

Internet/Web Site

M. J. Murphy
C. M. Murphy

Plane Talk

C. M. Murphy

Flying Competitions

P. B. Canavan

Dawn Patrol

M. J. Ralph

SENIOR STAFF

Chief Pilot

Tony Provan

CFI/Head of Operations

Davide Ierkic

Chief Engineer

Tony Suhr

Accountant

Lisa Brydson

RTO Administration Manager

Jeannine Kittle

Club Administration Manager

Helen Walker



Est. 1914

Royal Victorian Aero Club

First Avenue, Moorabbin
Airport, Mentone, Victoria,
Australia 3194

Telephone: +61 3 8586 7777

www.rvac.com.au

