



PART 5: FINANCIAL STATEMENTS

This part of the report provides the entirety of CASA's financial statements, audit opinion and explanatory notes for 2017–18. The Australian National Audit Office has performed an independent audit of, and expressed an unqualified opinion on, the financial statements.

In this part:

- » Independent auditor's report **130**
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INDEPENDENT AUDITOR'S REPORT

To the Minister for Infrastructure and Transport

Opinion

In my opinion, the financial statements of the Civil Aviation Safety Authority for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Civil Aviation Safety Authority as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Civil Aviation Safety Authority, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Chair of the Board, Chief Executive Officer and Director of Aviation Safety and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Civil Aviation Safety Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Civil Aviation Safety Authority the Chair of the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chair of the Board is also responsible for such internal control as the Chair of the Board determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair of the Board is responsible for assessing the Civil Aviation Safety Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair of the Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office 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 the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rahul Tejani
Acting Executive Director
Delegate of the Auditor-General
Canberra

24 August 2018

**STATEMENT BY THE CHAIR OF THE BOARD, CHIEF EXECUTIVE OFFICER AND
DIRECTOR OF AVIATION SAFETY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Civil Aviation Safety Authority 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.



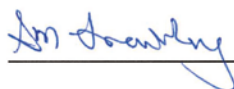
Anthony Mathews
Chair of the Board

24 August 2018



Shane Carmody
*Chief Executive Officer and
Director of Aviation Safety*

24 August 2018



Simon Frawley
Chief Financial Officer

24 August 2018

CIVIL AVIATION SAFETY AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	2018 Original Budget \$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	1.1A	121,333	112,698	122,344
Suppliers	1.1B	47,040	48,848	48,901
Depreciation and amortisation	2.2A	11,421	11,812	12,252
Finance costs		7	11	-
Write-down and impairment of assets	2.2A	35	75	-
Losses from asset sales		24	5	-
TOTAL EXPENSES		179,860	173,449	183,497
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Fees	1.2A	13,866	13,993	16,500
Interest	1.2B	1,747	1,635	1,600
Other revenue	1.2C	818	1,049	1,000
Total own-source revenue		16,431	16,677	19,100
Gains				
Other gains		509	102	-
Total gains		509	102	-
TOTAL OWN-SOURCE INCOME		16,940	16,779	19,100
NET COST OF SERVICES		(162,920)	(156,670)	(164,397)
Revenue from government	1.3A	41,535	42,212	41,313
Aviation fuel excise	1.3A	121,895	121,355	123,100
SURPLUS ON CONTINUING OPERATIONS		510	6,897	16
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Asset revaluation increment / (decrement)		(562)	301	-
TOTAL OTHER COMPREHENSIVE INCOME		(562)	301	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(52)	7,198	16

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at note 7

Other gains consists of the reversal of make-good provisions and lease incentives for lease agreements that expired during the year
Original budget figures are those published in CASA's 2017-18 Portfolio Budget Statements

CIVIL AVIATION SAFETY AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	2018 Original Budget \$'000
ASSETS				
Financial assets				
Cash, cash equivalents and investments	2.1A,B	69,185	69,335	66,479
Trade and other receivables	2.1C	1,045	1,425	1,106
Accrued revenue	2.1D	2,629	2,154	1,884
Total financial assets		72,859	72,914	69,469
Non-financial assets				
Property, plant and equipment	2.2A	15,387	16,458	14,984
Intangibles	2.2A	16,589	19,871	22,188
Prepayments	2.2B	2,967	2,519	1,809
Total non-financial assets		34,943	38,848	38,981
TOTAL ASSETS		107,802	111,762	108,450
LIABILITIES				
Payables				
Suppliers	2.3A	3,257	6,870	3,814
Other payables	2.3B	6,668	8,629	11,796
Total payables		9,925	15,499	15,610
Provisions				
Employee provisions	2.4A	30,338	28,384	29,442
Other provisions	2.4B	1,076	1,364	1,569
Total provisions		31,414	29,748	31,011
TOTAL LIABILITIES		41,339	45,247	46,621
NET ASSETS		66,463	66,515	61,829
EQUITY				
Contributed equity		3,295	3,295	3,295
Asset revaluation surplus		8,532	9,094	8,793
Retained surplus		54,636	54,126	49,741
TOTAL EQUITY		66,463	66,515	61,829

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at note 7

The original budget balances have been adjusted so as to be consistent with the financial statement classifications

Original budget figures are those published in CASA's 2017-18 Portfolio Budget Statements

CIVIL AVIATION SAFETY AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

	Retained earnings		Asset revaluation surplus		Contributed equity / capital		Total equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	54,126	47,229	9,094	8,793	3,295	3,295	66,515	59,317
Comprehensive income								
Other comprehensive income	-	-	(562)	301	-	-	(562)	301
Surplus for the period	510	6,897	-	-	-	-	510	6,897
Total comprehensive income	510	6,897	(562)	301	-	-	(52)	7,198
Closing balance as at 30 June 2018	54,636	54,126	8,532	9,094	3,295	3,295	66,463	66,515
Original budget	49,741		8,793		3,295		61,829	

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at note 7

Original budget figures are those published in CASA's 2017-18 Portfolio Budget Statements

CIVIL AVIATION SAFETY AUTHORITY

CASH FLOW STATEMENT

For the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	2018 Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Receipts from government		41,535	42,350	41,313
Aviation fuel excise		121,513	120,994	123,084
Sale of goods and rendering of services		15,123	14,298	16,500
Interest		1,626	1,608	1,600
Net GST received		5,059	4,879	1,253
Total cash received		184,856	184,129	183,750
Cash used				
Employees		(119,438)	(118,089)	(122,793)
Suppliers		(57,667)	(53,067)	(48,895)
Returns to government		-	(458)	-
Total cash used		(177,105)	(171,614)	(171,688)
Net cash from operating activities	6	7,751	12,515	12,062
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of property, plant and equipment		2	1	-
Total cash received		2	1	-
Cash used				
Purchase of property, plant and equipment and intangibles		(7,903)	(6,889)	(11,414)
Total cash used		(7,903)	(6,889)	(11,414)
Net cash used by investing activities		(7,901)	(6,888)	(11,414)
Net increase / (decrease) in cash held		(150)	5,627	648
Cash and cash equivalents at the beginning of the reporting period		69,335	63,708	65,831
Cash and cash equivalents at the end of the reporting period		69,185	69,335	66,479

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at note 7

Original budget figures are those published in CASA's 2017-18 Portfolio Budget Statements

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

Overview

- Note 1:** Financial performance
- Note 2:** Financial position
- Note 3:** People and relationships
- Note 4:** Managing uncertainties
- Note 5:** Regulatory charging summary
- Note 6:** Cash flow reconciliation
- Note 7:** Departmental major budget variances for 2018

Overview

Objective of the Civil Aviation Safety Authority (CASA)

The Civil Aviation Safety Authority (CASA) is an Australian government controlled, not-for-profit entity. The objective of CASA is to establish a regulatory framework for maintaining, enhancing and promoting the safety of civil aviation, with particular emphasis on preventing aviation accidents and incidents.

CASA is structured to meet a sole outcome, 'Maximise aviation safety through a regulatory regime, detailed technical material on safety standards, comprehensive aviation industry oversight, risk analysis, industry consultation, education and training'.

The continued existence of CASA, in its present form and with its present programs, is dependent on government policy and on continuing appropriations by Parliament for CASA's administration and programs.

Basis of preparation of the financial statements

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements.

The financial statements have been prepared in accordance with:

- » Financial Reporting Rule 2015 (FRR) for reporting periods ending on or after 1 July 2017; and
- » Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements have been presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

New accounting standards

All new/revised/amended standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, CASA has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- » the value of the long service leave component of the leave provision is an estimate based on expert actuarial assumptions on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates (ten year government bond rate).

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Taxation

CASA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST, except:

- » where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- » for receivables and payables.

Insurance

CASA has insured for risks through the Australian Government's insurable risk managed fund, called 'Comcover'. Workers' compensation is insured through Comcare.

Events after the reporting period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of CASA.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 1: Financial performance

	2018 \$'000	2017 \$'000
Note 1.1: Expenses		
Note 1.1A: Employee benefits		
Wages and salaries	92,459	86,196
Superannuation:		
Defined contribution plans	10,143	8,755
Defined benefit plans	6,952	5,930
Leave and other entitlements	9,738	10,226
Separation and redundancies	1,019	443
Other employee benefits	1,022	1,148
Total employee benefits	121,333	112,698

Accounting policy

Superannuation

The Public Sector Superannuation Accumulation Plan (PSSap) is the CASA nominated employee default fund for persons employed under the *Civil Aviation Act 1988*. Some CASA staff remain eligible to be members of closed Commonwealth defined benefits schemes. The schemes are the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the AvSuper defined benefits scheme.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. AvSuper provides for both defined benefits and defined contributions.

The liability for the CSS, PSS and AvSuper defined benefits portion is recognised in the financial statements of the Australian Government and are settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

CASA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. CASA accounts for the contributions as if they were contributions to defined contribution plans.

Leave and other entitlements

Accounting policies for leave and other entitlements is contained at Note 2.4 - Provisions.

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 1.1B: Suppliers		
Goods and services		
Consultancies and service contracts	9,933	11,333
Information technology and telephone charges	7,937	7,632
Insurance	801	1,328
Media, publications and subscriptions	875	624
Office supplies, photocopying and printing	579	690
Postage, freight and storage	452	509
Property operating costs	1,615	1,501
Recruitment	273	371
Travel and transport	8,818	8,726
Training costs	3,641	3,074
Other goods and services	1,916	2,318
Total goods and services	36,840	38,106
Other suppliers		
Operating lease rentals	9,799	9,601
Workers compensation expenses	401	1,141
Total other suppliers	10,200	10,742
Total Suppliers	47,040	48,848

Accounting policy

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Some expenses have been reclassified, including comparatives, to more accurately reflect the categories listed.

Leasing commitments

CASA, in its capacity as lessee, has leasing agreements for accommodation and motor vehicles. No contingent rent is payable, the agreements are effectively non-cancellable and some have options for extension but no options for purchase.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	9,451	9,715
Between 1 to 5 years	23,377	29,222
More than 5 years	1,973	651
Total operating lease commitments	34,801	39,588

Amounts for leasing commitments are GST inclusive.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	2018 \$'000	2017 \$'000
Note 1.2: Own-source income		
Own-source revenue		
Note 1.2A: Fees		
<i>Civil Aviation (Fees) Regulations Act 1995</i>	13,866	13,993
Total fees	13,866	13,993
Note 1.2B: Interest		
Cash at bank and deposits at call	129	185
Held to maturity investments - term deposits	1,618	1,450
Total interest	1,747	1,635
Note 1.2C: Other revenue		
Sales of forms and documents	185	232
Administrative fines	108	127
Property rent	7	8
Resources received free of charge	-	77
Other sundry revenue	518	605
Total other revenue	818	1,049

Items in 'Other sundry revenue' include travel reimbursements, remuneration of property services and minor revenue from conference fees and courses held by CASA.

Accounting policy

Revenue from the sale of goods and rendering of services

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- CASA retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to CASA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date.

The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to CASA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Resources received free of charge

Resources received free of charge are recorded as either revenue or gains depending on their nature.

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

	2018	2017
	\$'000	\$'000

Note 1.3: Revenue from government

Note 1.3A: Revenue from government

Department of Infrastructure, Regional Development and Cities:

PGPA Act body payment item	41,313	41,892
Indonesia Transport Safety Assistance Package	222	320
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988</i>	<u>121,895</u>	<u>121,355</u>
Total revenue from government	<u>163,430</u>	<u>163,567</u>

Accounting policy

Revenue from government

Funding received or receivable from the Department of Infrastructure, Regional Development and Cities, including aviation fuel excise, (appropriated to the Department of Infrastructure, Regional Development and Cities as a PGPA Act body payment item for payment to CASA) is recognised as revenue from government unless the funding is in the nature of an equity injection or a loan.

Indonesia Transport Safety Assistance Package is funded by the Australian Government to assist Indonesia to regulate and promote transport safety in accordance with applicable international standards and contemporary safety management practices.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 2: Financial position

	2018 \$'000	2017 \$'000
Note 2.1: Financial assets		
Note 2.1A: Cash and cash equivalents		
Cash at bank and deposits at call	4,185	6,335
Total cash and cash equivalents	4,185	6,335
Note 2.1B: Investments held to maturity		
Held to maturity investments	65,000	63,000
Total held to maturity investments	65,000	63,000
Total cash and investments	69,185	69,335

Accounting policy

Cash

Cash is recognised at nominal amounts. Cash and cash equivalents includes cash at bank and at-demand bank deposits. Temporary surplus funds, mainly from draw downs of appropriation and weekly aviation fuel excise claims, are placed on deposit at call with CASA's banker. Interest is earned on the daily balance at the prevailing rate for money on call and is paid at the beginning of the following month.

Investments

Investments are recognised at nominal amounts. Investments include deposits with original maturity of 6 months or more. Interest is credited to revenue as it accrues. Interest is earned on the daily balance at the prevailing rate for investments and is paid at maturity.

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 2.1C: Trade and other receivables		
Goods and services receivables:		
Goods and services receivables	341	840
Total goods and services receivables	341	840
Other receivables:		
Net GST receivable	704	585
Total other receivables	704	585
Total trade and other receivables	1,045	1,425

All receivables are expected to be recovered in no more than 12 months

Accounting policy

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is continually reviewed. Allowances are made when collectability of the debt is no longer probable.

Trade receivables and other receivables are recorded at face value less any impairment.

Trade receivables are recognised where CASA becomes party to a contract and has a legal right to receive cash. Loans and receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

The fair values of CASA's financial assets and liabilities approximate their carrying amounts.

CASA has policies and procedures that guide employees' debt recovery. CASA does not require collateral in respect of trade and other receivables. No impairment has been recognised (2017: nil).

CASA has sufficient available financial assets to meet all financial liabilities at 30 June 2018.

Note 2.1D: Accrued revenue

Accrued aviation fuel excise revenue	1,992	1,610
Accrued interest	486	366
Other income	151	178
Total accrued revenue	2,629	2,154

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 2.2: Non-financial assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Property, plant and equipment	
	In use \$'000	Work in progress \$'000
As at 1 July 2017		
Gross book value	13,768	3,290
Accumulated depreciation/amortisation	(600)	-
Accumulated impairment	-	-
Total as at 1 July 2017	13,168	3,290
Total of class including work in progress as at 1 July 2017	16,458	
Additions:		
By purchase	107	-
Internally developed	-	4,412
Reclassification	-	396
Transfers	7,021	(7,021)
Revaluations and impairments recognised in other comprehensive income:		
Gross value	(3,897)	-
Accumulated depreciation	3,340	-
Impairments recognised in net cost of services:		
Impairment losses	-	-
Disposals:		
Gross value of disposals	(357)	-
Accumulated depreciation on disposals	256	-
Other movements:		
Gross Value	-	(175)
Depreciation expense	(5,153)	-
Total as at 30 June 2018	14,485	902
Total as at 30 June 2018 represented by:		
Gross book value	16,642	902
Accumulated impairment	-	-
Accumulated depreciation/amortisation	(2,157)	-
Total as at 30 June 2018	14,485	902
Total of class including work in progress as at 30 June 2018	15,387	

No indicators of impairment were found for property, plant and equipment, or for intangibles.
No intangibles are expected to be sold or disposed of within the next 12 months.

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

Computer software					
Internally developed in use \$'000	Purchased in use \$'000	Internally developed work in progress \$'000	Purchased work in progress \$'000	Total \$'000	
30,969	12,528	2,332	114	63,001	
(15,594)	(10,478)	-	-	(26,672)	
-	-	-	-	-	
15,375	2,050	2,332	114	36,329	
19,871				36,329	
-	10	-	418	535	
-	-	3,004	-	7,416	
-	-	(581)	185	-	
1,803	197	(1,803)	(197)	-	
-	-	-	-	(3,897)	
-	-	-	-	3,340	
-	(20)	(15)	-	(35)	
(1,775)	(543)	-	-	(2,675)	
1,760	543	-	-	2,559	
-	-	-	-	(175)	
(5,377)	(891)	-	-	(11,421)	
11,786	1,346	2,937	520	31,976	
30,997	12,192	2,937	520	64,190	
-	(20)	-	-	(20)	
(19,211)	(10,826)	-	-	(32,194)	
11,786	1,346	2,937	520	31,976	
16,589				31,976	

Revaluations of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated later in this note and were conducted by independent valuers as at 30 June 2018.

Revaluation increment of \$118,930 for office fitout (2017: increment of \$157,433), a revaluation increment of \$16,257 for office furniture and equipment (2017: increment of \$155,445), and a revaluation decrement of \$691,593 for technical equipment (2017: decrement of \$11,949) were credited to the asset revaluation reserve by asset class. These movements in reserves were also included in the equity section of the statement of financial position.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Accounting policy

Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to makegood provisions in property leases taken up by CASA where there exists an obligation to restore the property to its original condition. These costs are included in the value of CASA's leasehold improvements with a corresponding provision for the makegood recognised.

Revaluations

Fair values for each class of asset of the property, plant and equipment category are determined as shown below:

Asset Class	Fair value measured at:
Office fitout	Depreciated replacement cost
Technical equipment	Market selling price or depreciated replacement cost
Office furniture and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment loss. The fair value of property, plant and equipment is reviewed annually and external valuations performed with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to CASA, using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset of the property, plant and equipment category are based on the following useful lives:

Asset class	2018	2017
Office fitout	Lower of lease term or useful life up to 16 years	Lower of lease term or useful life up to 16 years
Technical equipment	1 to 10 years	1 to 10 years
Office furniture and equipment	1 to 16 years	1 to 16 years

Impairment

All assets were assessed for impairment as at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if CASA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

CASA's intangibles comprise internally developed software and externally acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of CASA's software are 3 to 10 years (2016-17: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	2018 \$'000	2017 \$'000
Contractual commitments for the acquisition of plant, equipment and intangible assets		
Commitments are payable as follows:		
Within 1 year	272	342
Total contractual commitments for the acquisition of plant, equipment and intangible assets	272	342

The nature of capital commitments is primarily for the acquisition of intangible assets
Amounts for capital commitments are GST inclusive

Note 2.2B: Prepayments

Prepayments	2,967	2,519
Total other non-financial assets	2,967	2,519

Note 2.3: Liabilities

Note 2.3A: Suppliers

Trade creditors and accruals	3,257	6,870
Total suppliers	3,257	6,870

Accounting policy

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised on payment. Supplier payables are settled within 30 days.

Note 2.3B: Other payables

Wages and salaries	710	777
Superannuation	129	122
Prepayments received / unearned income	1,010	1,098
Lease incentives	4,808	6,556
Other payables	11	76
Total other payables	6,668	8,629

Accounting policy

Lease incentives

CASA has received lease incentives in the forms of rent-free periods and up-front cash payments. The minimum lease payments are calculated including the lease incentives and allocated over the entire lease term using a straight-line method. The difference between minimum lease payments and actual cash payments are recognised as lease incentive liabilities.

Superannuation

The liability for superannuation recognised as at 30 June 2018 represents outstanding contributions for the final pay days remaining in 2017-18.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 2.4: Provisions		
Note 2.4A: Employee provisions		
Separations and redundancies	366	158
Leave	26,400	24,855
Ancillary costs on leave provisions	3,572	3,371
Total employee provisions	30,338	28,384
Note 2.4B: Other provisions		
Provision for makegood	1,076	1,363
Other	-	1
Total other provisions	1,076	1,364

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	Provision for makegood \$'000	Other \$'000	Total \$'000
As at 1 July 2017	1,363	1	1,364
Additional provisions made	47	-	47
Amounts used	(18)	(1)	(19)
Amounts reversed	(329)	-	(329)
Revaluations	6	-	6
Unwinding of discounted amount	7	-	7
Total as at 30 June 2018	1,076	-	1,076

CASA currently has five (2017: seven) agreements for the leasing of premises which have provisions requiring CASA to restore the premises to their original condition at the conclusion of the lease. CASA has made a provision to reflect the present value of these obligations.

Accounting policy

Other provisions

CASA recognises a provision where there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of CASA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including CASA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. An ancillary on-cost liability, based on actuarial assessment, has been recognised in the statement of financial position for employer superannuation contributions payable on accrued annual leave and long service leave as at the end of the financial year.

The liability for long service leave as at 30 June 2018 has been determined by reference to the work of an actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. CASA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

Note 3: People and relationships

Note 3.1: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of CASA, directly or indirectly, including Board Directors. CASA has determined the key management personnel to be the Portfolio Minister, the Board Directors, the Director of Aviation Safety and his/her direct reports. Key management personnel remuneration is reported in the table below:

	2018	2017
	\$'000	\$'000
Short-term employee benefits:		
Salary	2,533	2,520
Allowances	29	46
Total short-term employee benefits	2,562	2,566
Post-employment benefits:		
Superannuation	461	396
Total post-employment benefits	461	396
Other long-term employee benefits:		
Annual leave	168	166
Long-service leave	55	52
Total other long-term employee benefits	223	218
Total key management personnel remuneration	3,246	3,180

The total number of key management personnel that are included in the above table are 15 individuals (2017: 14).

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by CASA.

Note 3.2: Related party disclosures

Related party relationships

CASA is an Australian government controlled entity. Related parties to CASA are Key Management Personnel including the Portfolio Minister, the CASA Board Directors, the Director of Aviation Safety and his/her direct reports, as well as other Australian government entities.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- » CASA transacts with other Australian government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation, insurance premiums, and some services charges. There are no other significant transactions with related parties that require disclosure.
- » CASA makes employer contributions to Australian government superannuation plans and schemes as disclosed in note 1.1A Employee Benefits.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 4: Managing Uncertainties

Note 4.1: Contingent Assets and Liabilities

	Claims for damages or costs	
	2018 \$'000	2017 \$'000
Contingent assets		
Balance from previous period	2,541	1,300
New contingent assets recognised	803	1,241
Total contingent assets	3,344	2,541
Contingent liabilities		
Balance from previous period	2,601	1,418
New contingent liabilities recognised	869	1,325
Liabilities realised	(60)	(94)
Obligations expired	(26)	(48)
Total contingent liabilities	3,384	2,601
Net contingent liabilities	(40)	(60)

Quantifiable contingencies

CASA has four legal claims against it for damages relating to personal injury and destruction of property resulting from accidents involving a helicopter, other aircraft and pilot training costs of \$3,343,953 (2017: \$2,541,000). CASA is defending all four claims, however, if unsuccessful, CASA reasonably expects the full amount would be covered by CASA's insurance provider.

The schedule of contingencies also contains 'other' liabilities of \$39,961 (2017: \$60,491). This amount represents an estimate of CASA's liability in respect of studies assistance.

Unquantifiable and remote contingencies

As at 30 June 2018, CASA had two legal claims against it for damages relating to personal injury resulting from loss of life (2017: 3). It is deemed not possible to estimate the amount of any eventual payment that may be required in relation to these claims. CASA has denied liability and is defending the claims, however, if unsuccessful, CASA reasonably expects the full amount would be covered by CASA's insurance provider.

Accounting policy

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	2018 \$'000	2017 \$'000
Note 4.2: Fair value measurements		
ASSETS		
Assets at fair value		
Non-financial assets		
Property, plant and equipment	15,387	16,458
Total non-financial assets at fair value	15,387	16,458
Total assets at fair value	15,387	16,458
Assets where carrying amount approximates fair value		
Financial assets		
Cash, cash equivalents and investments	69,185	69,335
Trade and other receivables	1,045	1,425
Accrued revenue	2,629	2,154
Total financial assets where carrying value approximates fair value	72,859	72,914
Non-financial assets		
Intangibles	16,589	19,871
Prepayments	2,967	2,519
Total non-financial assets carried at cost	19,556	22,390
Total assets in the statement of financial position	107,802	111,762
LIABILITIES		
Liabilities where carrying value approximates fair value		
Payables		
Suppliers	3,257	6,870
Other payables	6,668	8,629
Total payables	9,925	15,499
Provisions		
Employee provisions	30,338	28,384
Other provisions	1,076	1,364
Total provisions	31,414	29,748
Total liabilities where carrying value approximates fair value	41,339	45,247
Total liabilities in the statement of financial position	41,339	45,247

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

	2018 \$'000	2017 \$'000
Note 4.3: Financial instruments		
Note 4.3A: Categories of financial instruments		
Financial assets		
Loans and receivables		
Cash at bank and deposits at call	4,185	6,335
Trade and other receivables	341	840
Accrued interest	486	366
Total loans and receivables	5,012	7,541
Held to maturity investments		
Held to maturity investments	65,000	63,000
Total held to maturity investments	65,000	63,000
Total financial assets	70,012	70,541
CASA's only financial liabilities are supplier payables.		
Note 4.3B: Net gains or losses on financial assets		
Receivables		
Interest revenue	129	185
	129	185
Investments held-to-maturity		
Interest revenue	1,618	1,450
	1,618	1,450
Net gains on financial assets	1,747	1,635

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Accounting policy

Financial assets

CASA classifies its financial assets into the following categories:

- held-to-maturity investments; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that CASA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Receivables primarily comprise of receivables for goods and services and accrued revenue. Receivables are initially recognised at fair value and are subsequently measured at amortised cost. Receivables are non-interest bearing and their fair values approximate their carrying values.

Impairment of financial assets

Financial assets held at amortised cost are assessed for impairment at each balance date. If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

CASA classifies its financial liabilities as 'other financial liabilities' and does not recognise any financial liabilities at 'fair value through the Statement of Comprehensive Income', that are subsequently measured at fair value.

Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Supplier and other payables represent trade creditors and accruals and are recognised at the amounts at which they expect to be settled. Supplier and other payables are non-interest bearing and their fair values approximate their carrying values.

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 5: Regulatory charging summary

	2018 \$'000	2017 \$'000
Expenses		
Departmental	179,860	173,449
Total expenses	179,860	173,449
Revenue		
Departmental	16,940	16,779
Total revenue	16,940	16,779

Cost recovered activities:

Charging for regulatory services as per the *Civil Aviation (Fees) Regulations Act 1995*.

Cost recovery implementation statement for the above activity is available at
http://www.casa.gov.au/wcmswr/_assets/main/corporat/fees/cris.pdf

CIVIL AVIATION SAFETY AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2018

Note 6: Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per the statement of financial position to the cash flow statement		
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(162,920)	(156,670)
Add: Revenue from government	41,535	42,212
Add: Aviation fuel excise	121,895	121,355
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	11,421	11,812
Non-cash supplier and other expenses	203	(81)
Finance costs	7	-
Net write down of non-financial assets	35	75
(Gains) / losses on disposal of assets	24	5
<i>Changes in assets / liabilities</i>		
(Increase) / Decrease in net receivables	380	(286)
(Increase) / Decrease in accrued revenue	(475)	(384)
(Increase) / Decrease in prepayments	(448)	(420)
Increase / (Decrease) in employee provisions	1,954	(3,442)
Increase / (Decrease) in supplier payables	(3,611)	2,237
Increase / (Decrease) in other provisions	(288)	(105)
Increase / (Decrease) in other payables	(1,961)	(3,793)
Net cash from operating activities	7,751	12,515

CIVIL AVIATION SAFETY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

Note 7: Departmental major budget variances for 2018

Explanations of major variances	Variance to budget (\$'000)	Affected statements and line items
The original budget for aviation fuel excise is generated by forecasts from the Department of Treasury. Actual sales of aviation fuel during the year lead to a lower figure than budgeted	1,205	Statement of comprehensive income: • Aviation fuel excise Statement of cash flow - Operating activities: • Cash received - Aviation fuel excise
Revenue generated from fees was lower due to less than anticipated demand for regulatory services	2,634	Statement of comprehensive income: • Own-source income - Fees Statement of cash flow - Operating activities: • Cash received - Sale of goods and services
Other gains consist of the reversal of makegood provisions and lease incentives for rental agreements that expired during the year, and which were not anticipated as part of the budget process	(509)	Statement of comprehensive income: • Own-source income - Other gains
Lower than anticipated spend against several major projects resulted in reduced capital expenditure for the year	(3,511)	Statement of cash flow - Investing activities: • Cash used - Purchase of property, plant and equipment and intangibles
Lower actual capital expenditure in the current and prior years has led to a lower balance for intangible non-financial assets	5,599	Statement of financial position: • Non-financial assets - Intangibles
Additional ICT support, maintenance and licence costs in 2017-18 resulted in a higher than anticipated prepayments closing balance	(1,158)	Statement of financial position: • Non-financial assets - Prepayments
Other payables are lower due to reducing balances for liabilities associated with lease incentives and lower employee numbers at year end	5,128	Statement of financial position: • Payables - Other payables
Different cash flow methodologies for the treatment of GST (net or gross) between budget and financial statements has resulted in variances against some line items	(3,806)	Cash flow statement: • Cash received - Net GST received Statement of cash flow - Operating activities: • Cash used - Suppliers