Australian Government
Registered Organisations Commission

16 December 2021

Mr Russell Rolls
National Secretary-Treasurer
Australian Industry Group

By e-mail: Compliance@aigroup.com.au

Dear Mr Rolls

Australian Industry Group
Financial Report for the year ended 30 June 2021 - FR2021/194

I acknowledge receipt of the financial report for the year ended 30 June 2021 for the Australian Industry Group (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 9 December 2021.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2022 may be subject to an advanced compliance review.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

REGISTERED ORGANISATIONS COMMISSION

In the matter of:
The Australian Industry Group
and
Fair Work (Registered Organisations) Act 2009

Designated Officer's Certificate
For the financial year ended 30 June 2021
Section 268

I, RUSSELL ROLLS, National Secretary-Treasurer of The Australian Industry Group (the Organisation) certify in accordance with section 268 of the *Fair Work (Registered Organisations) Act* 2009 (the Act):

(1) that the document lodged herewith is a copy of the full financial report of the Organisation comprising the auditor's report, the general-purpose financial report to which the auditor's report relates and the operating report in relation to the financial year ending 30 June 2021; and

(2) that the full financial report was provided to Members of the Organisation on 16 November 2021; and

(3) that the full financial report was presented to the Annual General Meeting of Members of the Organisation (as the sole reporting unit) on 8 December 2021 in accordance with section 266 of the Act.

.... 8 December 2021
Russell Rolls
National Secretary-Treasurer

Lodged by: The Australian Industry Group
51 Walker Street
North Sydney NSW 2060

Reference: Hayley Dobroszczyk
Compliance Manager
compliance@aigroup.com.au
0407 115 034

The Australian Industry Group

Annual report
for the year ended 30 June 2021

The Australian Industry Group
Annual report - 30 June 2021

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of The Australian Industry Group and its subsidiaries. The consolidated entity is also referred to as Ai Group in these financial statements. A list of the major subsidiaries is included in note 28. The financial statements are presented in the Australian currency.

The Australian Industry Group is an organisation registered under the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia. Its registered office and principal place of business is:

51 Walker Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the operating report on page 1 and 4, which is not part of these financial statements.

A report required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* is on page 58, which is not part of these financial statements.

The financial statements were authorised for issue by the committee of management on 7 September 2021. The committee of management has the power to amend and reissue the financial statements.

The Committee of Management (National Executive) present their Operating Report on The Australian Industry Group for the year ended 30 June 2021 (the reporting period).

Committee of Management

On 31 December 2018, the members of the Committee of Management for the ensuing 2 years were re-elected as follows, and, subject to resignation or retirement, are entitled to remain as Officers on the Committee of Management until 31 December 2020. On 17 June 2020, a Special General Meeting of Members altered the Rules of the Organisation to extend the current term of office to 31 December 2021. The alteration was certified by the Fair Work Commission 29 July 2020.

Chris Jenkins (National President)
John Dixon (Deputy National President)
Russell Rolls (National Secretary-Treasurer)
Anthony Kittel (National Vice President SA)
Ken Bridges (National Vice President QLD)
Ashley Mason (National Vice President NSW)
Jeff Connolly (National Vice President VIC)

Remuneration report

During the financial year, Mr. John Dixon, a member of the Committee of Management received relevant remuneration from the trustee of a superannuation entity relating to his appointment as an Ai Group employer nominated director of that entity. Other than the above, no other member of the Committee of Management of the reporting unit received directly or indirectly, any payment or any benefit in relation to their duties performed as an Officer of Ai Group.

Principal activities

In 2018, the Committee of Management commenced a review of what the future structure of the entire organisation needed to be to ensure that the Ai Group Organisation as a whole could continue to be the vanguard of the representation of members interests of its Members, and to advance the Ai Group Organisation's educational and training purposes. With advice from expert external advisors, and extensive research and reviews into like and competitive organisations, in February 2019 the Committee of Management unanimously resolved to move to a new structure which allowed continued representation of Members via continuing operations as a Fair Work Registered Organisation while positioning the entire Ai Group Organisation for growth and expanded business opportunities through newly incorporated legal structures.

The Constitution of the new operating entity Ai Group Limited (a Not-for-profit company limited by guarantee) has similar restrictions on retention and distribution of assets to Members as The Australian Industry Group, and all existing members of The Australian Industry Group became members of Ai Group Limited.

Commencing 1 January 2021, in order to leverage and deliver further opportunities, the business operations and selected assets of The Australian Industry Group have been transferred (donated) to Ai Group Limited, and its various subsidiaries.

During the period from 1 July 2020 to 31 December 2020, the principal activities of the reporting unit as a registered employer organisation consisted of:

(a) representing membership in manufacturing, construction, engineering, automotive, telecommunications, IT, transport, labour hire and other industries;

(b) providing assistance, advice and information to its membership in the areas of workplace relations and human resource management; OHS and workers' compensation management; innovation, policy and development networks; international trade development and promotion; and business regulation; and

(c) conducting comprehensive training workshops, seminars and related programs.

Principal activities (continued)

During the period from 1 January 2021 to 30 June 2021, the principal continuing activities of the reporting unit as a registered employer organisation consisted of:

(a) representing its membership in manufacturing, construction, engineering, automotive, telecommunications, IT, transport, labour hire and other industries;

(b) providing assistance, advice and information to its membership in the areas of workplace relations and regulation; and

(c) receiving policy, administrative and financial services from the new entity Ai Group Limited for a fee according to service level agreement.

Review of principal activities

Throughout the financial year the Organisation continued to represent its members and industries interests in respect to workplace relations and other matters. This included representational activities to Government and Opposition parties on key policy issues affecting our membership, regulatory submissions and appearances before the Fair Work Commission, and involvement in numerous industry or regulatory inquiries. The Australian Industry Group continued to deliver quality workplace relations and other services to its membership with strategic new services being developed to meet their needs.

For the period 1 July 2020 to 31 December 2020, the Organisation also provided representational activities to Government and Opposition parties on key policy issues affecting our membership, and involvement in numerous industry or regulatory inquiries.

The Organisation remains an effective and financially strong representative body for industry.

Other than the disclosures above there have been no significant changes to the principal activities of the Organisation in the financial year ended 30 June 2021, and, other than transitioning workplace relations consulting services to the new organisation entities, no further changes are anticipated for 2022.

Results of operations

The Australian Industry Group and its subsidiaries reported a consolidated profit from ordinary activities amounting to $370,405 (2020 loss: $443,901) for the year ending 30 June 2021.

Total income of $44,057,354 (2020: $69,267,765) was less than the previous year by $25,210,411 (36.4%).

Total expenditure of $43,776,761 (2020: $69,666,966) was less than the previous year by $25,890,205 (59.1%).

Significant changes in the state of affairs

In early 2020 there was an outbreak of Coronavirus Disease 2019 ("COVID-19" or "the coronavirus") which has continued throughout 2021. There have been unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain the coronavirus which have had a significant impact on the economy. Management continues to consider the potential implications of coronavirus, which includes provision of advice to many members with regard to their staff health and operational concerns, through on-line engagement and transitioning to on-line events.

The impact of the coronavirus on the consolidated entity has been increased activity and engagement with members seeking current information regarding the various rules imposed and implications for their businesses. Initial impact has resulted in increased consulting activity as members seek advice regarding their workforce. However, there are areas of the consolidated entity's businesses that are negatively impacted by governments' responses to the coronavirus.

As it did in the prior year, the consolidated entity is monitoring the ongoing effects of the coronavirus and the measures taken to control it and will continue to evaluate its impact on the financial position and operating results of the consolidated entity.

Significant changes in the state of affairs (continued)

There is no indication of increased risk to the consolidated entity's ability to continue as a going concern. However, the coronavirus is unprecedented and as such the consolidated entity will pay close attention to the development of the situation and continue to assess the impact on its operations.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the consolidated entity has continued its business operations. The situation is unprecedented, and management continues to consider the potential implications of COVID-19. However, as at the date these financial statements were authorised, the consolidated entity was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19 and there is no indication of increased risk to the consolidated entity's ability to continue as a going concern.

Given the coronavirus is unprecedented and as such, the consolidated entity will pay close attention to the development of the situation and continue to assess the impact on its operations.

Besides the comments made previously in this report regarding the restructure of the operations of the overall organisation, and the impact of the ongoing coronavirus, there have been no other significant changes in the state of affairs of the consolidated entity during the year.

Event since the end of the financial year

Workplace relations services are transitioning to the new entity structure during 2022. The transition will be actioned over several months as existing consulting matters are finalised in the consolidated entity.

At a Special General Meeting of Members of The Australian Industry Group on 28 June 2021, Members unanimously approved the transfer of shares held in Ai Group North Sydney Development Pty Ltd (trustee for the North Sydney Property Unit Trust) and unit held in the North Sydney Property Unit Trust to Ai Group Limited.

Subsequent to that meeting, specialist advice was received indicating a more favorable outcome may be achieved if an alternate transfer process was implemented. This would result in the North Sydney Property Unit Trust remaining a subsidiary of The Australian Industry Group until such time the sale of the property assets held by the Trust were finalised, with transfer of surplus funds to be made to Ai Group Limited as and when realised.

The Australian Industry Group considers the alternate asset transfer process to be in the best interest of the Organisation’s Members, and approval from Members of The Australian Industry Group to ratify the change, will be sought.

During July 2021 a sale and profit share agreement was executed with a major property developer in relation to Ai Group’s property holdings in North Sydney. The agreement is subject to the achievement of key milestones. A $8.4m deposit was paid to Ai Group on contract execution. The deposit is refundable in the event certain milestones are not achieved. Upon receipt, the $8.4m was used to pay down external debt.

Except as noted above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The officers expect that the consolidated entity will continue to carry out its principal continuing activities as detailed above.

Number of Recorded Members

The number of persons recorded in the Membership Register of the Organisation as at 30 June 2021 for the purposes of section 254(2)(f) of the Act was 3,203 (2020: 3,195).

Number of Employees

The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2021 was 66 (2020: 198).

Rights of Members to resign

In accordance with section 174 of the Act, a Member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary-Treasurer of any Branch of the Organisation to which such Member belongs.

Details of Trustee of Superannuation Entities

On 26 September 2019, Mr. John Dixon, an Officer of the Organisation, was appointed as a director of a company that is a trustee of a superannuation entity as a representative of the Organisation.

Other than the above, no Officer or Member of the Organisation was:

(a) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

(b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme

where a criterion for the Officer or Member being a trustee or director is that the Officer or Member is an officer or member of a registered organisation under the Act.

Other relevant Information of the reporting unit

There is no other information which the committee of management of the reporting unit considers relevant under section 254 of the Act.

This statement is signed by the National Secretary-Treasurer being the authorised Designated Officer under the Rules within the meaning of section 243 of the Act; and is dated the date on which the Designated Officer signs this statement.

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
7 September 2021

The Australian Industry Group
Statements of comprehensive income
For the year ended 30 June 2021

	Notes	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Revenue from continuing operations	4	**44,057,354**	69,267,765	**26,033,752**	42,190,838
Other income	5	**26,993**	50,864	**26,993**	50,864
Employee benefits expense	6	**(32,873,353)**	(54,303,520)	**(20,641,437)**	(31,733,368)
Depreciation and amortisation expense	6	**(1,742,865)**	(2,799,428)	**(1,695,753)**	(2,675,356)
Communication expenses	6	**(2,196,307)**	(5,075,213)	**(1,401,338)**	(4,667,826)
Consultancy fees		**(789,242)**	(3,041,384)	**(389,735)**	(2,159,661)
Occupancy expenses		**(4,903,183)**	(2,155,751)	**(4,620,435)**	(1,458,386)
Other expenses	6	**(1,271,811)**	(2,291,670)	**(856,881)**	(1,511,896)
		(43,776,761)	(69,666,966)	**(29,605,579)**	(44,206,493)
Finance costs	14	**(199,956)**	(340,867)	**(199,956)**	(340,867)
Other gain/(losses)					
Gain on financial assets at fair value through profit or loss		**262,775**	245,303	**262,775**	245,303
Profit/(loss) from continuing operations		**370,405**	(443,901)	**(3,482,015)**	(2,060,355)
Distribution of surplus from Ai Group Legal Unit Trust		**-**	-	**2,028,060**	1,380,871
Distribution of surplus from North Sydney Property Unit Trust		**-**	-	**1,327,984**	91,223
Distribution of surplus from AiGTS		**-**	-	**417,603**	-
Profit/(loss) for the year		**370,405**	(443,901)	**291,632**	(588,261)
Other comprehensive loss					
Revaluation of land and buildings	22(a)	**300,000**	(58,440)	**300,000**	(58,440)
Total comprehensive income/(loss) for the year		**670,405**	(502,341)	**591,632**	(646,701)
Profit/(loss) is attributable to:					
Members of The Australian Industry Group		**370,405**	(443,901)	**291,632**	(588,261)
Total comprehensive income/(loss) for the year is attributable to:					
Members of The Australian Industry Group		**670,405**	(502,341)	**591,632**	(646,701)

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

The Australian Industry Group
Balance sheets
As at 30 June 2021

	Notes	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
ASSETS					
Current assets					
Cash and cash equivalents	7	**2,885,632**	18,508,662	**2,089,597**	13,235,874
Trade and other receivables	8	**2,638,626**	11,001,299	**52,052,366**	60,113,177
Inventories	9	**52,590,701**	33,832,264	**2,012,190**	2,012,190
Financial assets at fair value through profit or loss	10	**-**	2,686,967	**-**	2,686,967
Assets classified as held for sale	11	**19,266,990**	19,259,490	**-**	-
Total current assets		**77,381,949**	85,288,682	**56,154,153**	78,048,208
Non-current assets					
Cash and cash equivalents	7	**762,381**	762,381	**762,381**	762,381
Other financial assets	12	**6**	6	**28**	140
Property, plant and equipment	13	**-**	11,722,936	**-**	11,430,216
Right-of-use assets	14	**-**	6,715,480	**-**	6,715,480
Intangible assets	15	**-**	4,127,780	**-**	4,127,780
Total non-current assets		**762,387**	23,328,583	**762,409**	23,035,997
Total assets		**78,144,336**	108,617,265	**56,916,562**	101,084,205
LIABILITIES					
Current liabilities					
Trade and other payables	16	**8,194,260**	11,089,458	**3,870,557**	9,191,881
Borrowings	17	**16,904,070**	5,000,000	**-**	-
Lease liabilities	14	**-**	1,432,625	**-**	1,432,625
Deferred revenue	18	**-**	11,222,821	**-**	11,222,821
Provisions	19	**2,218,760**	5,337,749	**2,218,760**	4,063,538
Total current liabilities		**27,317,090**	34,082,653	**6,089,317**	25,910,865
Non-current liabilities					
Trade and other payables	20	**-**	26,324	**-**	26,324
Lease liabilities	14	**-**	6,250,461	**-**	6,250,461
Provisions	21	**59,250**	508,321	**59,250**	481,803
Total non-current liabilities		**59,250**	6,785,106	**59,250**	6,758,588
Total liabilities		**27,376,340**	40,867,759	**6,148,567**	32,669,453
Net assets		**50,767,996**	67,749,506	**50,767,995**	68,414,752
MEMBERS' FUNDS					
Reserves	22(a)	**12,633,178**	14,192,196	**-**	14,192,196
Retained earnings	22(c)	**38,134,818**	53,557,310	**50,767,995**	54,222,556
Total members' funds		**50,767,996**	67,749,506	**50,767,995**	68,414,752

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

Consolidated entity	**Reserves $**	**Retained earnings $**	**Total $**
Balance at 1 July 2019	14,250,636	54,607,669	68,858,305
Change in accounting policy - adoption of new lease accounting standard	-	(606,458)	(606,458)
Restated total equity at 1 July 2019	**14,250,636**	**54,001,211**	**68,251,847**
Loss for the year	-	(443,901)	(443,901)
Other comprehensive loss	(58,440)	-	(58,440)
Total comprehensive loss for the year	**(58,440)**	**(443,901)**	**(502,341)**
Balance at 30 June 2020	**14,192,196**	**53,557,310**	**67,749,506**
Balance at 1 July 2020	14,192,196	53,557,310	67,749,506
Profit for the year	-	370,405	370,405
Business restructure with commonly controlled entities	(1,859,018)	(15,792,897)	(17,651,915)
Other comprehensive income	300,000	-	300,000
Total comprehensive loss for the year	**(1,559,018)**	**(15,422,492)**	**(16,981,510)**
Balance at 30 June 2021	**12,633,178**	**38,134,818**	**50,767,996**

The above statements of changes in members' funds should be read in conjunction with the accompanying notes.

Parent entity	**Reserves** $	**Retained earnings** $	**Total** $
Balance at 1 July 2019	14,250,636	55,417,275	69,667,911
Change in accounting policy - adoption of new lease accounting standard	-	(606,458)	(606,458)
Restated total equity at 1 July 2019	**14,250,636**	**54,810,817**	**69,061,453**
Loss for the year	-	(588,261)	(588,261)
Other comprehensive loss	(58,440)	-	(58,440)
Total comprehensive loss for the year	**(58,440)**	**(588,261)**	**(646,701)**
Balance at 30 June 2020	**14,192,196**	**54,222,556**	**68,414,752**
Balance at 1 July 2020	14,192,196	54,222,556	68,414,752
Profit for the year	-	291,632	291,632
Business restructure with commonly controlled entities	(1,859,018)	(16,379,371)	(18,238,389)
Transfer of asset revaluation reserve to retained earnings	(12,633,178)	12,633,178	-
Other comprehensive income	300,000	-	300,000
Total comprehensive loss for the year	**(14,192,196)**	**(3,454,561)**	**(17,646,757)**
Balance at 30 June 2021	**-**	**50,767,995**	**50,767,995**

The above statements of changes in members' funds should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**49,863,523**	79,526,049	**32,355,525**	50,127,230
Payments to suppliers and employees (inclusive of GST)		**(43,101,002)**	(72,945,489)	**(28,992,288)**	(43,371,364)
		6,762,521	6,580,560	**3,363,237**	6,755,866
Receipts from investment income		**26,396**	16,131	**26,396**	15,958
Interest paid		**(199,956)**	(340,867)	**(199,956)**	(340,867)
Net cash inflow from operating activities	31	**6,588,961**	6,255,824	**3,189,677**	6,430,957
Cash flows from investing activities					
Payments for plant and equipment		**(562,090)**	(954,168)	**(562,089)**	(565,049)
Payments for intangibles		**(282,220)**	(1,217,145)	**(282,220)**	(1,217,145)
Payments for assets held-for-sale		**(7,500)**	(234,392)	**-**	(237,509)
Purchase of land and buildings held as inventory		**(18,758,437)**	(5,668,201)	**-**	(5,585,252)
Payments for investments		**(175,577)**	(2,166,412)	**(175,577)**	(2,166,412)
Proceeds from sale of investments		**471,995**	9,385,388	**471,995**	9,385,388
Proceeds from sale of property, plant and equipment and intangibles		**59,609**	144,002	**59,609**	55,568
Other dividends		**16,257**	193,553	**16,257**	193,553
Net cash outflow from investing activities		**(19,237,963)**	(517,375)	**(472,025)**	(136,858)
Cash flows from financing activities					
Proceeds from borrowings		**11,904,070**	5,000,000	**-**	-
Repayments of lease liabilities		**(685,688)**	(1,092,822)	**(685,688)**	(1,092,822)
Net cash inflow (outflow) from financing activities		**11,218,382**	3,907,178	**(685,688)**	(1,092,822)
Net (decrease) increase in cash and cash equivalents		**(1,430,620)**	9,645,627	**2,031,964**	5,201,277
Cash and cash equivalents at the beginning of the financial year		**19,271,043**	9,625,416	**13,998,255**	8,796,978
Cash transferred to commonly controlled entities as part of business restructure		**(14,192,410)**	-	**(13,178,241)**	-
Cash and cash equivalents at end of year	7	**3,648,013**	19,271,043	**2,851,978**	13,998,255

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

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

The Australian Industry Group is a Tier 1 reporting entity and not for profit organisation incorporated and governed by the *Fair Work (Registered Organisations) Act 2009*. Rule 48 of the Rules of The Australian Industry Group (the reporting unit) provides that the funds of The Australian Industry Group and its income and property shall be under the control of the National Executive as the reporting unit's committee of management. The assets, liabilities and reserves included in these financial statements as at 30 June 2021 are reported in accordance with the Rules and the reporting unit's governing legislation - the *Fair Work (Registered Organisations) Act 2009* (the Act).

The reporting unit is the sole reporting unit for the purposes of the Act. However, these financial statements and the accounting policies applied in their preparation are governed by the Australian Accounting Standards (Tier 1 reporting entities) and Reporting Guidelines issued by the Registered Organisation Commission or its delegate. The financial solvency of Australian Industry Group Training Services Trust has been assured by the National Executive which confirms that the Organisation has guaranteed the trustees and the trust against any shortfall in the assets of the trust.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for The Australian Industry Group as the parent entity and sole reporting unit and the consolidated entity consisting of The Australian Industry Group and its subsidiaries ("the consolidated entity").

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisations) Act 2009*, including the Reporting Guidelines issued by the Commissioner of Registered Organisations Commission under the Act (the Guidelines). For the purpose of preparing the general purpose financial statements, The Australian Industry Group is a not-for-profit entity.

Under the Act, The Australian Industry Group is referred to as the "reporting unit". Under the Standards, the reporting unit is called the "reporting entity". The terms are interchangeable in these notes.

(i) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(ii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(iii) Reclassification

Where relevant, comparative figures have been reclassified to conform with changes in presentation in the current year to enhance comparability.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Australian Industry Group ("parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. The Australian Industry Group and its subsidiaries together are referred to in this financial report as the consolidated entity and Ai Group. The terms are interchangeable in these notes.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries (continued)

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(c) Business combinations under common control

Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the consolidated entity obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate parent entity. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity in the 'business combinations under common control' reserve.

The transferor entity in the common control transaction accounts for the transfer of assets, liabilities and subsidiaries as a distribution to the transferee entity for $nil consideration, transacted directly through the relevant equity account (retained earnings or the relevant reserve).

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the accounting period in which services are rendered. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Membership subscription income

Membership subscription income is brought to account on a pro-rata basis over the period to which it relates and as service to members is provided throughout the period.

(ii) Consulting and management services

Consulting and management services is brought to account when the service is provided.

(iii) Interest income

Interest income is recognised on a time proportionate basis using the effective interest method, see note 1(l).

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(v) Rent income

Rent income from operating leases is recognised in income on a straight-line basis over the lease term.

(vi) Government contracts

Contracts from government are recognised at their fair value where there is a reasonable assurance that the contract revenue will be received and the consolidated entity will comply with all attached conditions.

Government contracts relating to costs are deferred and recognised in the statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate as disclosed in note 16 and note 18. Contracts and related costs are accounted for in the statements of comprehensive income at the respective gross amounts.

1 Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(vii) Training and other chargeable services

Revenue from rendering services is recognised in the accounting period in which services are rendered. Prices are agreed with customers in the contracts and revenue is recognised based on the actual service provided. This is based on actual labour hours spent as the customer simultaneously receives and consumes the benefit provided.

(e) Income tax

No provision for income tax is made as the parent entity, being an organisation of employers registered under the Act, is exempt from income tax under Section 50-15 of the *Income Tax Assessment Act*. All trusts in the Ai Group distribute their profits to the parent entity and the other entities in the group do not trade.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the parent entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on acquisition date. On an acquisition-by- acquisition basis, the parent entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the parent entity's share of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

If it is determined that the combination results in mutual benefit to both the members of the acquirer and the acquiree, the surplus of the fair value of the net identifiable assets acquired over the consideration paid will be recognised in members' funds as a business combination reserve to be recognised in retained earnings.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Impairment of assets

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

1 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

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

(i) Trade receivables

All trade debtors are recognised at the amounts receivable, as they are generally due for settlement no more than 60 days from the date of invoice. Collectability of trade receivables is reviewed on an ongoing basis. Non-recoverable subscriptions are written off against Members' Subscriptions income account. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statements of comprehensive income and deferred income as applicable. Refer also to note 1(n)(iv) for further details of the expected credit loss element of the impairment assessment.

(j) Inventories

Property held for resale

Property held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Inventory is related to property purchased with the intent to sell.

(k) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheets. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheets.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statements of comprehensive income.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. To the extent any revaluation increases the value of the building, accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in members' funds. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on the following assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

• Buildings	33 - 42 years
• Computer hardware	3 - 5 years
• Leasehold improvements	5 - 10 years
• Motor vehicles	4 years
• Furniture, fittings and equipment	2 - 10 years

Depreciation on the following assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

• Property equipment	4 - 20 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is consolidated entity policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(m) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service and employee costs. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

1 Summary of significant accounting policies (continued)

(m) Intangible assets (continued)

IT development and software (continued)

At each reporting date the group reviews the carrying value of its intangible assets to determine whether there is any indication that those assets have been impaired.

Amortisation methods and useful lives

The consolidated entity amortises intangible assets with a limited useful life using the straight-line method over the following periods:

IT development and software 3-10 years

(n) Investments and other financial assets

(i) Classification

The consolidated entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income “OCI” or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the consolidated entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The consolidated entity subsequently measures all equity investments at fair value. Where the group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment

For trade receivables, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1 Summary of significant accounting policies (continued)

(o) Leases

The consolidated entity leases various offices and equipment. Rental contracts are typically made for fixed periods of 24 months to 7 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The consolidated entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the consolidated entity is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the consolidated entity under residual value guarantees,
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the consolidated entity:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by The Australian Industry Group, which does not have recent third party financing.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1 Summary of significant accounting policies (continued)

(o) Leases (continued)

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the consolidated entity. These are used to maximise operational flexibility in terms of managing the assets used in the consolidated entity's operations. The majority of extension and termination options held are exercisable only by the consolidated entity and not by the respective lessor.

Residual value guarantees

To optimise lease costs during the contract period, the consolidated entity sometimes provides residual value guarantees in relation to equipment leases.

(p) Trade and other payables

These amounts represent financial liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the consolidated entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the consolidated entity transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the consolidated entity performs under the contract.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the year of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

1 Summary of significant accounting policies (continued)

(t) Provisions

Provisions for lease make good obligations are recognised when the consolidated entity had entered into a lease agreement specifying the requirement for the tenant to make good the premises on vacating that premises.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of each reporting period are recognised in other payables in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of national government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheets if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

All employees of the consolidated entity are entitled to benefits from the consolidated entity's superannuation plan on retirement, disability or death or can direct the consolidated entity to make contributions to a defined contribution plan of their choice. The consolidated entity's legal or constructive obligation is limited to these contributions.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(w) New accounting standards

The consolidated entity has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material [AASB 101 and AASB 108]*

1 Summary of significant accounting policies (continued)

(w) New accounting standards (continued)

- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business [AASB 3]*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]*
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework.*

The consolidated entity also elected to adopt the following amendments early:

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141].*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Business Restructure with Commonly Controlled Entities

As a result of the Organisation's review to consider the optimal legal and governance structure which would best support members interests, secure the tax-exempt status of the whole organisation across its various activities, and position the organisation for future business opportunities and growth, the Organisation has implemented an organisational and corporate restructure. Under this restructure, Ai Group Limited has been established as the principal operating entity, allowing the Organisation to focus on its objects and purposes as a registered employer organisation.

Ai Group is a not-for profit company limited by guarantee with similar and complementary objects and purposes to the Organisation. The Organisation is the sole constitutional member of Ai Group. All existing members of the Organisation were provided membership (at no additional cost) of Ai Group Limited.

The National Executive of the Organisation approved the transfer of business departments, including employment of staff by the new entity and subsidiaries, and the transfer of various assets and liabilities were transferred to the new entity and subsidiaries effective from 1 January 2021. The transfer of assets, liabilities and subsidiaries to Ai Group Limited group was accounted for as a distribution, transacted directly through the relevant equity account (retained earnings or the relevant reserve).

The following table provides a description of the relevant assets and liabilities that were transferred from the consolidated entity.

	Consolidated entity 2021 $
Cash and cash equivalents	**14,192,410**
Trade and other receivables	**5,831,698**
Financial assets at fair value through profit or loss	**2,653,324**
Property, plant and equipment	**11,987,432**
Right-of-use assets	**6,142,966**
Intangible assets	**3,924,872**
Total assets	**44,732,702**
Trade and other payables	**(5,462,307)**
Lease liabilities	**(7,140,091)**
Deferred revenue	**(9,980,627)**
Provisions	**(4,497,762)**
Total liabilities	**(27,080,787)**
Net assets	**17,651,915**

3 Financial risk management

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

In the prior year and up to the date of transfer of the investments to the new entity as per note 2, financial risk management for the consolidated entity's investments is carried out by the National Executive. The National Executive identified, evaluated and hedged financial risks in close co-operation with the consolidated entity's external portfolio manager. It agreed on strategic asset allocations with that external portfolio manager to maximise returns but minimise financial risk. The National Executive provided written principles for overall risk management, which were applied in consultation with the consolidated entity's investment consultant, J B Were.

	Consolidated entity		**Parent entity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**3,648,013**	19,271,043	**2,851,978**	13,998,255
Trade and other receivables	**2,638,626**	10,065,825	**52,052,366**	59,287,979
Financial assets at fair value through profit or loss	**-**	2,686,967	**-**	2,686,967
	6,286,639	32,023,835	**54,904,344**	75,973,201

	Consolidated entity		**Parent entity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Financial liabilities				
Trade and other payables	**8,194,260**	7,982,819	**3,870,557**	6,085,638
Borrowings	**16,904,070**	5,000,000	**-**	-
Lease liabilities	**-**	7,683,086	**-**	7,683,086
	25,098,330	20,665,905	**3,870,557**	13,768,724

3 Financial risk management (continued)

(a) Market risk

(i) Price risk

The consolidated entity is exposed to equity securities' price risk. This arises from investments held by the consolidated entity and classified on the balance sheets as fair value through profit or loss. The consolidated entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the consolidated entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee.

The majority of the consolidated entities equity investments are publicly traded and are included in the MSCI World ex Australia Index, Bloomberg AusBond Composite 0+Y TR AUD Index, ASX 200 TR AUD Index and RBA Bank Accepted Bills 90 Days Index. The table below summarises the impact of the increase/decrease of this index on the consolidated entity's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% and 10% respectively (2020 :10% to 10%) with all other variables held constant and all the consolidated entity equity instruments moved according to the historical correlation with the index.

	Impact on surplus		**Impact on equity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
MSCI World ex Australia Index	**-**	96,600	**-**	96,600
ASX 200 TR AUD	**-**	32,600	**-**	32,600
ASX Small OrdinariesTR AUD	**-**	4,653	**-**	4,653
Bloomberg Barclays Global Aggregate ex Treasury	**-**	19,850	**-**	19,850
Bloomberg AusBond Composite 0+Y TR AUD	**-**	74,007	**-**	74,007
RBA Bank Accepted Bills 90 Days	**-**	34,008	**-**	34,008

The consolidated entity has no significant concentration of foreign currency risk.

Surplus for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(ii) Cash flow and fair value interest rate risk

The consolidated entity transferred its investment portfolio to Ai Group Limited as part of the organisational restructure and so it did not have any exposure to price risk at balance date (or beyond).

The consolidated entity's interest rate risk arises mainly from its cash enhanced portfolio, which is managed by the consolidated entity's external portfolio manager, under the guidelines set out by the Investment Committee.

(b) Credit risk

The consolidated entity has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to the sales of services to members and customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The consolidated entity has procedures in place to ensure that sales of services are made to members and customers with an appropriate credit history. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets in this note.

3 Financial risk management (continued)

(b) Credit risk (continued)

Cash and cash equivalent and credit exposures to the sales of services to members and customers, including outstanding receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The impact of expected credit losses to previous period was immaterial based on the assessment over a period of 36 months before 1 July 2020 and the corresponding historical credit losses experienced within this period were immaterial. Management's assessment of the credit loss provision includes consideration of forward looking macroeconomic factors, including the impacts of COVID-19.

To measure the expected credit losses, trade and other receivables have been grouped based on the days past due. Trade receivables are generally due for settlement within 60 days and the receivables aged more than 90 days are determined to be credit impaired assets. Loss allowance of the credit impaired assets are individually assessed by the management at the end of each reporting period.

Credit quality of trade and other receivables based on expected credit loss or to historical information about counterparty default rates at 30 June 2021 are follows:

	Consolidated entity 2021 $	Parent entity 2021 $
Trade and other receivables		
Not impaired (aged < 90 days)	**2,010,787**	**51,717,508**
Credit impaired (aged > 90 days)	**929,714**	**612,918**
Less credit loss allowances	**(301,875)**	**(278,060)**
	2,638,626	**52,052,366**

The consolidated entity is also exposed to credit risk in relation to investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments $nil (2020: $2,686,967).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities available for use. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 6 months**	**Greater than 6 months**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
Consolidated entity - at 30 June 2021	**$**	**$**	**$**	**$**
Non-derivatives				
Trade payables - Non-interest bearing	**8,194,260**	**-**	**8,194,260**	**2,186,967**
Contingent consideration	**-**	**-**	**-**	**-**
Borrowings	**16,984,364**	**-**	**16,984,364**	**16,904,070**
Lease liabilities	**-**	**-**	**-**	**-**
Total non-derivatives	**25,178,624**	**-**	**25,178,624**	**19,091,037**
Consolidated entity - at 30 June 2020				
Non-derivatives				
Trade payables - Non-interest bearing	7,956,497	26,322	7,982,819	7,982,819
Borrowings	-	5,027,708	5,027,708	5,000,000
Lease liabilities	676,239	8,559,767	9,236,006	7,683,086
Total non-derivatives	8,632,736	13,613,797	22,246,533	20,665,905

Contractual maturities of financial liabilities	**Less than 6 months**	**Greater than 6 months**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
Parent entity - at 30 June 2021	**$**	**$**	**$**	**$**
Non-derivatives				
Trade payables - Non-interest bearing	**3,870,557**	**-**	**3,870,557**	**1,863,151**
Contingent consideration	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**
Lease liabilities	**-**	**-**	**-**	**-**
Total non-derivatives	**3,870,557**	**-**	**3,870,557**	**1,863,151**
Parent entity - at 30 June 2020				
Non-derivatives				
Trade payables - Non-interest bearing	-	26,322	26,322	26,322
Lease liabilities	676,239	8,559,767	9,236,006	7,683,086
Total non-derivatives	676,239	8,586,089	9,262,328	7,709,408

3 Financial risk management (continued)

(d) Fair value estimation

Summarised sensitivity analysis

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

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

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

The following tables present the consolidated and the parent entity's assets and liabilities measured and recognised at fair value at 30 June 2021 and 30 June 2020.

Consolidated entity and parent entity - at 30 June 2021	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at fair value through profit or loss				
Trading securities - equity	-	-	-	-
Managed Funds - equity	-	-	-	-
Bonds and managed fund - fixed income	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Consolidated entity and parent entity - 30 June 2020				
Financial assets at fair value through profit or loss				
Trading securities - equity	-	-	-	-
Managed Funds - equity	-	1,737,487	-	1,737,487
Bonds and managed fund - fixed income	949,480	-	-	949,480
Total assets	**949,480**	**1,737,487**	**-**	**2,686,967**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and the fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

There were no level 3 financial instruments for the year ended 30 June 2021 and 30 June 2020.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

4 Revenue

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Members' subscriptions - over time	**9,552,309**	15,614,252	**9,552,309**	15,614,252
Entrance fees - point in time	**11,477**	20,050	**11,477**	20,050
Consulting and management services - over time	**12,100,414**	14,582,565	**6,973,766**	9,675,163
Government contracts - over time	**6,930,577**	11,559,244	**8,024,447**	11,559,244
Training and other chargeable services - over time	**10,456,501**	21,747,051	**206,887**	-
Publications - over time and point in time	**254,648**	431,333	**254,648**	431,333
Other - point in time	**2,725,471**	3,461,965	**719,343**	3,387,252
Interest earned on cash and cash equivalents - AASB 9 - amortised cost	**26,396**	16,131	**26,349**	15,958
Distributions and dividends - AASB 9 - FVTPL	**16,257**	193,553	**16,257**	193,553
Rents - over time	**1,983,304**	1,641,621	**248,269**	1,294,033
Total revenue from continuing operations	**44,057,354**	69,267,765	**26,033,752**	42,190,838

Publications revenues were based on sales of publications, with revenue recognised at a point in time, plus publication updating subscription service for which the revenue is recognised over time.

There were no revenues during the reporting period in relation to capitation fees (save for membership subscriptions as noted), compulsory fees, donations or grants to The Australian Industry Group and it was also not in receipt of any other financial support from another reporting unit under the Act. Similarly, The Australian Industry Group did not provide any financial support to any other reporting unit under the Act.

During the year, the government provided a wage support subsidy to employers of $1,500 per fortnight per employee. The Australian Industry Group was eligible for this subsidy and received $1,969,965 (2020: $1,950,658). The subsidy is included in "Other".

5 Other income

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
General operations account				
Government contracts	**26,993**	50,864	**26,993**	50,864

Government contracts

Export market development contract of $26,993 (2020: $50,864) was recognised as consulting and management services income by the consolidated entity during the financial year. There are no unfulfilled conditions or other contingencies attaching to this contract.

6 Expenses

	Consolidated entity		Parent entity	
Profit/(loss) from continuing operations includes the following specific expenses:	**2021 $**	2020 $	**2021 $**	2020 $
Salaries	**28,109,618**	46,821,616	**16,641,502**	26,191,145
Superannuation	**2,531,408**	4,221,636	**1,828,982**	2,715,288
Long service leave	**513,750**	(29,046)	**-**	-
Annual leave	**(19,832)**	178,828	**(17,185)**	88,493
Redundancies	**-**	645,793	**-**	645,793
Other payroll related costs	**1,738,409**	2,464,693	**2,188,138**	2,092,649
Total employee benefit expenses	**32,873,353**	54,303,520	**20,641,437**	31,733,368

As stated in note 23, no officers of the consolidated entity were paid for the services they provided.

Depreciation				
Buildings	**87,708**	137,343	**87,708**	137,343
Plant and equipment	**370,605**	681,209	**323,493**	557,137
Leasehold improvements	**84,217**	102,365	**84,217**	102,365
Right-of-use assets	**715,207**	1,222,661	**715,207**	1,222,661
Total depreciation	**1,257,737**	2,143,578	**1,210,625**	2,019,506
Amortisation				
Computer software	**485,128**	655,850	**485,128**	655,850
Total Depreciation, Amortisation and Impairment	**1,742,865**	2,799,428	**1,695,753**	2,675,356

6 Expenses (continued)

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Advertising	**26,023**	16,376	**25,723**	16,376
Affiliation fees	**58,275**	116,164	**37,674**	76,657
Net bad and doubtful debts	**(170,878)**	80,284	**(166,891)**	124,914
Communications	**2,170,285**	5,207,199	**1,375,615**	4,651,450
Legal expenses - litigation	**-**	30,488	**-**	25,488
Legal expenses - Other legal matters	**169,633**	389,656	**137,560**	218,318
Meeting expenses	**33,754**	421,941	**25,744**	408,556
Net (gain)/loss on disposal of property, plant & equipment	**(4,545)**	26,018	**(4,545)**	113,028
Other professional services	**789,242**	3,041,384	**389,735**	2,159,661
Grants:				
Total paid that were $1,000 or less	**-**	-	**-**	-
Total paid that exceeded $1,000	**-**	-	**-**	-
Donations:				
Total paid that were $1,000 or less	**-**	-	**-**	-
Total paid that exceeded $1,000	**-**	4,000	**-**	4,000
Total grants or donations	**-**	4,000	**-**	4,000
Penalties - via RO Act or the Fair Work Act 2009	**-**	-	**-**	-
Short term, low value and variable lease payments	**223,797**	-	**223,797**	-
Other operating expenses	**5,614,264**	3,378,870	**4,476,908**	1,999,321
Gain on financial assets at fair value through profit or loss	**(262,775)**	(245,303)	**(262,775)**	(245,303)

There were no expenses during the reporting period in relation to consideration for employers making payroll deductions of membership subscriptions, for capitation fees or for compulsory levies. During the reporting period, there were no penalties imposed on The Australian Industry Group under the Act with respect to the conduct of The Australian Industry Group.

6 Expenses (continued)

There were also no fees or periodic subscriptions paid to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters, except for those declared as affiliation fees which are listed below.

Affiliation Fees paid during the period are as follows:

	Consolidated entity		**Parent entity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Council of European Employers of Metal, Engineering & Technology	**27,534**	54,770	**27,534**	54,770
Apprentice Employment Network Victoria (formerly Group Training Association of Victoria)	**-**	10,182	**-**	-
Apprentice Employment Network Queensland and NT (formerly Group Training Association-Queensland & NT)	**6,000**	-	**-**	-
Apprentice Employment Network SA (formerly Group Training Australia SA)	**-**	4,832	**-**	-
Apprentice Employment Network WA	**458**	-	**-**	-
National Apprentice Employment Network	**(417)**	13,788	**-**	-
Recruitment Association Fee	**-**	1,166	**-**	-
iAuditor Safety Subscription	**912**	-	**-**	-
Illion Tenderlink	**1,647**	-	**-**	-
Industry Capability Network	**-**	891	**-**	-
Green Cap AGL Annual Fee	**-**	570	**-**	-
Trophy Sponsorship	**-**	195	**-**	-
Australian Skills Quality Agency	**-**	7,883	**-**	-
Global Business Coalition	**-**	13,637	**-**	13,637
Supply Nation	**10,000**	8,000	**10,000**	8,000
Be.Bendigo Membership	**250**	250	**250**	250
	46,384	116,164	**37,784**	76,657

Provision is made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, and a reliable estimate of the amount payable can be determined. For 2021, $nil (2020: $645,793) was either paid and included in salaries or provided for redundancy payments in the statements of comprehensive income.

7 Cash and cash equivalents

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current assets				
Cash at bank and in hand	**2,885,632**	16,283,727	**2,089,597**	11,010,939
Deposits at call	**-**	2,224,935	**-**	2,224,935
	2,885,632	18,508,662	**2,089,597**	13,235,874

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Non-current assets				
Cash not available for use (note d)	**762,381**	762,381	**762,381**	762,381

(a) Reconciliation to statements of cash flows

The above figures reconcile to the amount of cash shown in the statements of cash flows at the end of the financial year as shown in the statements of cash flows.

(b) Interest rate risk exposure

The consolidated entity's exposure to interest rate risk is discussed in note 3.

(c) Cash at bank and on hand

Contract funds unexpended at year end amounting to $415,702 (2020: $3,474,480) which are included in the balances above (refer to notes 16 & 18), can only be used for the purposes of the contract.

(d) Cash not available for use

The above figures represent a security deposit relating to three lease agreements. This balance is restricted for use until expiration of the leases.

(e) Deposits at call

The deposits are bearing fixed interest rates between 0.15% p.a. and 0.35% p.a. (2020: 0.15% p.a. and 0.20% p.a.). Included in this balance is $nil (2020: $949,480) that will be utilised for future purchases of growth portfolio and liquidity requirements. They were transferred to Ai Group Limited as part of the organisational restructure.

(f) Recovery of wages

No recovery of wages activities has occurred in the reporting period.

8 Current assets - Trade and other receivables

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Trade receivables (a)	**2,581,984**	9,322,717	**1,191,379**	5,524,268
Provision for impairment (see note 3(b))	**(81,200)**	(246,759)	**(57,385)**	(162,602)
	2,500,784	9,075,958	**1,133,994**	5,361,666
Members' subscriptions outstanding	**220,675**	1,272,534	**220,675**	1,272,534
Provision for impairment	**(220,675)**	(282,667)	**(220,675)**	(282,667)
	-	989,867	**-**	989,867
Loans to related parties (b)	**-**	-	**50,941,764**	52,936,446
Prepayments	**137,842**	935,474	**(23,392)**	825,198
Interest accrued	**-**	-	**-**	-
	2,638,626	11,001,299	**52,052,366**	60,113,177

(a) Contract assets

Contract assets from government contracts of $1,485 (2020: $2,963,599) is included in trade receivables.

(b) Loans to related parties

These amounts arise from transactions between the parent entity and its subsidiaries which are eliminated on consolidation.

9 Current assets - Inventories

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Properties held for development and resale	**52,590,701**	33,832,264	**2,012,190**	2,012,190

The Pacific Highway and 53 Walker Street properties have been classified as inventory as the organisation intends to develop and sell.

10 Current assets - Financial assets at fair value through profit or loss

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Managed funds - equity	**-**	1,737,487	**-**	1,737,487
Bonds and managed funds - fixed income	**-**	949,480	**-**	949,480
	-	2,686,967	**-**	2,686,967

(a) Managed funds - equity

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Managed fund investments were revalued to market value at 30 June 2021:				
Market value 1 July	**1,737,487**	6,212,944	**1,737,487**	6,212,944
Purchases at cost	**-**	490	**-**	490
Proceeds on redemption	**-**	(4,692,868)	**-**	(4,692,868)
Net surplus on redemption	**251,365**	275,077	**251,365**	275,077
Revaluation	**(69,969)**	(58,156)	**(69,969)**	(58,156)
Business restructure to commonly controlled entities	**(1,918,883)**	-	**(1,918,883)**	-
Market value at 30 June 2021	**-**	1,737,487	**-**	1,737,487

(b) Trading securities - equity

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
A gain was made when all shares were valued at market value at 30 June 2021:				
Market value 1 July	**-**	2,417,726	**-**	2,417,726
Purchases at cost	**-**	15,000	**-**	15,000
Proceeds on redemption	**-**	(2,495,056)	**-**	(2,495,056)
Net surplus on redemption	**-**	61,657	**-**	61,657
Revaluation	**-**	673	**-**	673
Market value at 30 June 2021	**-**	-	**-**	-

(c) Bonds and managed funds - fixed income

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Market value 1 July	**949,480**	1,029,970	**949,480**	1,029,970
Purchases at cost	**-**	2,150,854	**-**	2,150,854
Proceeds of sale (net surplus on redemption)	**(209,935)**	(2,222,415)	**(209,935)**	(2,222,415)
Net surplus on redemption	**10,659**	-	**10,659**	-
Revaluation	**(15,763)**	(8,929)	**(15,995)**	(8,929)
Business restructure to commonly controlled entities	**(734,441)**	-	**(734,441)**	-
Market value at 30 June 2021	**-**	949,480	**(232)**	949,480

Changes in fair values of financial assets at fair value through profit or loss are recorded in gains/(losses) in the statements of comprehensive income.

(d) Risk exposure

Information about the consolidated entity's exposure to price risk is provided in note 3(a)(i).

11 Assets and liabilities classified as held for sale

The following assets and liabilities were reclassified as held for sale:

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Assets classified as held for sale				
Property, plant and equipment - Freehold land	**12,250,000**	12,250,000	**-**	-
Property, plant and equipment - Building	**4,661,543**	4,661,543	**-**	-
Property, plant and equipment - Plant & equipment	**2,355,447**	2,347,947	**-**	-
Total assets of disposal group held for sale	**19,266,990**	19,259,490	**-**	-

The North Sydney property has been classified as held for resale as the Ai Group intends to realise its maximum value when combined with adjacent properties purchased over the last few years.

12 Non-current assets - Other financial assets

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Shares in wholly owned subsidiaries	**-**	-	**11**	23
Shares in other corporations	**6**	6	**6**	6
Units in unit trust	**-**	-	**11**	111
	6	6	**28**	140

(a) Shares in wholly owned subsidiaries

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Australian Industry Group Training Services Pty Ltd	**-**	-	**-**	10
Ai Group Legal Pty Ltd	**-**	-	**10**	10
Confectionery BTW Pty Ltd	**-**	-	**-**	1
Ai Group Project Services Pty Ltd (formerly Australian Industry Group Graduate Employment Pty Ltd)	**-**	-	**-**	1
Ai Group North Sydney Property Development Pty Ltd	**-**	-	**1**	1
	-	-	**11**	23

(b) Shares in other corporations

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Australian Super Pty Ltd	**6**	6	**6**	6

(c) Units in unit trust

	Consolidated entity 2021 $	Consolidated entity 2020 $	Parent entity 2021 $	Parent entity 2020 $
Ai Group Legal Unit Trust	**-**	-	**10**	10
Ai Group Project Services Unit Trust (formerly Australian Industry Group Graduate Employment Unit Trust)	**-**	-	**-**	100
North Sydney Property Unit Trust	**-**	-	**1**	1
	-	-	**11**	111

These financial assets are carried at cost.

Investment in the shares of Australian Super Pty Ltd represents 50% of its issued capital. Ai Group does not have a controlling interest in this entity and as such it is not consolidated into the Ai Group accounts.

Australian Super Pty Ltd is the Trustee of Superannuation Trust of Australia.

13 Non-current assets - Property, plant and equipment

Consolidated entity Non-current	Freehold land $	Buildings $	Plant and equipment $	Leasehold improvements $	Assets under construction $	Total $
At 1 July 2019						
Cost or Fair value	4,970,000	3,617,074	6,605,140	980,759	16,562	16,189,535
Accumulated depreciation	-	-	(3,996,631)	(300,778)	-	(4,297,409)
Net book amount	4,970,000	3,617,074	2,608,509	679,981	16,562	11,892,126
Year ended 30 June 2020						
Opening net book amount	4,970,000	3,617,074	2,608,509	679,981	16,562	11,892,126
Revaluation surplus/(deficit)	-	(58,440)	-	-	-	(58,440)
Additions	-	-	689,589	264,580	-	954,169
Assets classified as held for sale and other disposals	-	-	(144,002)	-	-	(144,002)
Transfers in/(out)	-	-	-	16,562	(16,562)	-
Depreciation charge	-	(137,343)	(681,209)	(102,365)	-	(920,917)
Closing net book amount	4,970,000	3,421,291	2,472,887	858,758	-	11,722,936
At 30 June 2020						
Cost or Fair value	4,970,000	3,421,291	6,754,468	1,261,901	-	16,407,660
Accumulated depreciation	-	-	(4,281,581)	(403,143)	-	(4,684,724)
Net book amount	4,970,000	3,421,291	2,472,887	858,758	-	11,722,936

13 Non-current assets - Property, plant and equipment (continued)

Consolidated entity	Freehold land $	Buildings $	Plant and equipment $	Leasehold improvements $	Assets under construction $	Total $
Year ended 30 June 2021						
Opening net book amount	4,970,000	3,421,291	2,472,887	858,758	-	11,722,936
Revaluation surplus/(deficit)	172,500	127,500	-	-	-	300,000
Additions	-	183,536	322,227	56,327	-	562,090
Business restructure with commonly controlled entities	(5,142,500)	(3,644,619)	(2,369,445)	(830,868)	-	(11,987,432)
Disposals	-	-	(55,064)	-	-	(55,064)
Depreciation charge	-	(87,708)	(370,605)	(84,217)	-	(542,530)
Closing net book amount	-	-	-	-	-	-
At 30 June 2021						
Cost or Fair value	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-

13 Non-current assets - Property, plant and equipment (continued)

Parent entity **Non-current**	**Freehold land** **$**	**Buildings** **$**	**Plant and equipment** **$**	**Leasehold improvements** **$**	**Assets under construction** **$**	**Total** **$**
At 1 July 2019						
Cost or Fair value	4,970,000	3,617,074	6,127,520	980,759	16,562	15,711,915
Accumulated depreciation	-	-	(3,635,117)	(300,778)	-	(3,935,895)
Net book amount	4,970,000	3,617,074	2,492,403	679,981	16,562	11,776,020
Year ended 30 June 2020						
Opening net book amount	4,970,000	3,617,074	2,492,403	679,981	16,562	11,776,020
Revaluation surplus/(deficit)	-	(58,440)	-	-	-	(58,440)
Additions	-	-	381,285	264,580	-	645,865
Disposals	-	-	(136,384)	-	-	(136,384)
Transfers in/(out)	-	-	-	16,562	(16,562)	-
Depreciation charge	-	(137,343)	(557,137)	(102,365)	-	(796,845)
Closing net book amount	4,970,000	3,421,291	2,180,167	858,758	-	11,430,216
At 30 June 2020						
Cost or Fair value	4,970,000	3,421,291	5,968,544	1,261,901	-	15,621,736
Accumulated depreciation	-	-	(3,788,377)	(403,143)	-	(4,191,520)
Net book amount	4,970,000	3,421,291	2,180,167	858,758	-	11,430,216

13 Non-current assets - Property, plant and equipment (continued)

Parent entity	Freehold land $	Buildings $	Plant and equipment $	Leasehold improvements $	Assets under construction $	Total $
Year ended 30 June 2021						
Opening net book amount	4,970,000	3,421,291	2,180,167	858,758	-	11,430,216
Revaluation surplus/(deficit)	172,500	127,500	-	-	-	300,000
Additions	-	183,536	22,872	55,681	-	262,089
Business restructure with commonly controlled entities	(5,142,500)	(3,644,619)	(1,824,482)	(830,222)	-	(11,441,823)
Disposals	-	-	(55,064)	-	-	(55,064)
Depreciation charge	-	(87,708)	(323,493)	(84,217)	-	(495,418)
Closing net book amount	-	-	-	-	-	-
At 30 June 2021						
Cost or Fair value	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-

14 Leases

This note provides information for leases where the consolidated entity is a lessee.

(a) Amounts recognised in the balance sheets

The balance sheets show the following amounts relating to leases:

	Consolidated entity		**Parent entity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Right-of-use assets				
Buildings	**-**	6,715,480	**-**	6,715,480
	-	6,715,480	**-**	6,715,480
Lease liabilities				
Current	**-**	1,432,625	**-**	1,432,625
Non-current	**-**	6,250,461	**-**	6,250,461
	-	7,683,086	**-**	7,683,086

Additions to the right-of-use assets during the 2021 financial year were $nil (2020: $nil). Lease contracts were transferred to the Ai Group Limited group as part of the organisational restructure executed during the year. An amount is charged to the consolidated entity, via the service fee from Ai Group Limited, for the consolidated entity's continued use of the leased properties and assets.

(b) Amounts recognised in the statements of comprehensive income

The statements of comprehensive income show the following amounts relating to leases:

	Consolidated entity		**Parent entity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Depreciation charge of right-of-use assets				
Buildings	**715,207**	1,222,661	**715,207**	1,222,661
	715,207	1,222,661	**715,207**	1,222,661
Interest expense (included in finance cost)	**199,956**	340,867	**199,956**	340,867

The total cash outflow for leases in 2021 was $882,540 (2020: $1,433,689).

The leases have been transferred to to the Ai Group Limited group and the incremental borrowing rate was a yr 1 assumption - no significant new leases in the first half of FY21 to consider.

15 Non-current assets - Intangible assets

Consolidated entity	Computer software $	Capital works in progress $	Total $
At 1 July 2019			
Cost	4,260,233	2,281,863	6,542,096
Accumulated amortisation and impairment	(2,975,611)	-	(2,975,611)
Net book amount	1,284,622	2,281,863	3,566,485
Year ended 30 June 2020			
Opening net book amount	1,284,622	2,281,863	3,566,485
Additions	-	1,217,145	1,217,145
Transfer in/(out)	3,421,079	(3,421,079)	-
Amortisation charge	(655,850)	-	(655,850)
Closing net book amount	4,049,851	77,929	4,127,780
At 30 June 2020			
Cost	7,681,314	77,929	7,759,243
Accumulated amortisation and impairment	(3,631,463)	-	(3,631,463)
Net book amount	4,049,851	77,929	4,127,780

Consolidated entity	Computer software $	Capital works in progress $	Total $
Year ended 30 June 2021			
Opening net book amount	4,049,851	77,929	4,127,780
Additions	-	282,220	282,220
Business restructure with commonly controlled entities	(3,564,723)	(360,149)	(3,924,872)
Amortisation charge	(485,128)	-	(485,128)
Closing net book amount	-	-	-
At 30 June 2021			
Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
Net book amount	-	-	-

15 Non-current assets - Intangible assets (continued)

Parent entity	**Computer software $**	**Capital works in progress $**	**Total $**
At 1 July 2019			
Cost	4,260,233	2,281,863	6,542,096
Accumulated amortisation and impairment	(2,975,611)	-	(2,975,611)
Net book amount	1,284,622	2,281,863	3,566,485
Year ended 30 June 2020			
Opening net book amount	1,284,622	2,281,863	3,566,485
Additions	-	1,217,145	1,217,145
Transfer in/(out)	3,421,079	(3,421,079)	-
Amortisation charge	(655,850)	-	(655,850)
Closing net book amount	4,049,851	77,929	4,127,780
At 30 June 2020			
Cost	7,681,314	77,929	7,759,243
Accumulated amortisation and impairment	(3,631,463)	-	(3,631,463)
Net book amount	4,049,851	77,929	4,127,780

Parent entity			
Year ended 30 June 2021			
Opening net book amount	4,049,851	77,929	4,127,780
Additions	-	282,220	282,220
Business restructure with commonly controlled entities	(3,564,723)	(360,149)	(3,924,872)
Amortisation charge	(485,128)	-	(485,128)
Closing net book amount	-	-	-
At 30 June 2021			
Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
Net book amount	-	-	-

16 Current liabilities - Trade and other payables

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Trade payables (a)	**5,672,167**	7,956,497	**1,348,464**	6,059,316
Payables to related parties	**2,106,391**	-	**2,106,391**	-
Unexpended government contracts (b)	**415,702**	3,132,961	**415,702**	3,132,565
	8,194,260	11,089,458	**3,870,557**	9,191,881

(a) Legal Liability

Included in trade payables is an amount for legal case liabilities of $nil (2020: $nil). There are no litigation case liabilities.

(b) Unexpended government contracts

Under arrangements with the Commonwealth and various State Governments the consolidated entity was either given, or acted as custodian of, various contracts earmarked for specific purposes in the Manufacturing, Engineering, Construction, Information Technology and Telecommunications industries. Total government contracts received during the year amounts to $5,260,380 (2020: $10,961,628) for the consolidated entity. Contract funds not expended at the completion of the contract for the purposes of the contract are managed in accordance with the individual contract requirements.

(c) Special contribution for defence of members' interest

Since 1995/96, special contributions of $nil have been collected from members on several occasions to defend members' interests in relation to major union claims and campaigns. There were no further contributions, but expenses of $nil were incurred during the year (2020: $8,728).

17 Current liabilities - Borrowings

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Secured				
Bank loans	**16,904,070**	5,000,000	**-**	-
Total secured current borrowings	**16,904,070**	5,000,000	**-**	-

The bank loan becomes due and payable on 22 December 2021 and has been classified as a current liability.

18 Current liabilities - Deferred revenue

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Other deferred income	**-**	11,222,821	**-**	11,222,821

(a) Deferred income

Membership subscription income is brought to account on a pro-rata basis over the period to which it relates. The other deferred income account relates to the amounts received or are due to be received. The balance was transferred to Ai Group Limited as part of the organisational restructure.

19 Current liabilities – Provisions

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Employee benefits	**2,218,760**	5,337,749	**2,218,760**	4,063,538

There are no employee benefit provisions in respect of officeholders of the reporting unit. There was a provision of $nil (2020: $85,160) for annual leave in relation to separation and redundancy and other employee provisions at the end of the reporting period.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current leave obligations expected to be settled after 12 months	**-**	2,319,070	**-**	2,133,722

20 Non-current liabilities - Trade and other payables

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Lease related payables	**-**	26,324	**-**	26,324

21 Non-current liabilities - Provisions

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Employee benefits - long service leave	**59,250**	371,095	**59,250**	344,577
Make good provision	**-**	137,226	**-**	137,226
	59,250	508,321	**59,250**	481,803

There are no employee benefit provisions in respect of officeholders of the reporting unit. There was a provision of $nil (2020: $65,557) for long service leave in relation to separation and redundancy and other employee provisions at the end of the reporting period.

21 Non-current liabilities - Provisions (continued)

(a) Lease make good provision

The consolidated entity is required to restore the leased premises of its offices to their original condition at the end of the respective lease terms. A provision was recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs were capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets. The lease contracts and the related make good obligation was transferred to Ai Group Limited as part of the organisational restructure.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated and parent entity 2021	**Make good provision $**	**Total $**
Carrying amount at start of year	137,226	137,226
Business restructure with commonly controlled entities	(140,330)	(140,330)
Charged to profit or loss		
- additional provisions recognised	3,104	3,104
Carrying amount at end of year	-	-

22 Reserves and retained earnings

(a) Reserves

	Consolidated entity		**Parent entity**	
	2021 $	2020 $	**2021 $**	2020 $
Asset revaluation reserve	**12,633,178**	14,192,196	**-**	14,192,196

	Consolidated entity		**Parent entity**	
	2021 $	2020 $	**2021 $**	2020 $
Movements:				
Asset revaluation reserve				
Opening balance	**14,192,196**	14,250,636	**14,192,196**	14,250,636
Increment on revaluation of freehold land	**300,000**	-	**300,000**	-
Decrement on revaluation of buildings	**-**	(58,440)	**-**	(58,440)
Business restructure with commonly controlled entities	**(1,859,018)**	-	**(1,859,018)**	-
Transfer of asset revaluation reserve to retained earnings	**-**	-	**(12,633,178)**	-
Closing balance	**12,633,178**	14,192,196	**-**	14,192,196

22 Reserves and retained earnings (continued)

(b) Nature and purpose of reserves

Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(l).

(c) Retained earnings

	Consolidated entity		Parent entity	
Movements	**2021 $**	2020 $	**2021 $**	2020 $
Retained earnings at the beginning of the financial year	**53,557,310**	54,607,669	**54,222,556**	55,417,275
Net profit/(loss) attributable to members of The Australian Industry Group	**370,405**	(443,901)	**291,632**	(588,261)
Transfer of asset revaluation reserve to retained earnings	**-**	-	**12,633,178**	-
Business restructure of commonly controlled entities	**(15,792,897)**	-	**(16,379,371)**	-
Change in accounting policy	**-**	(606,458)	**-**	(606,458)
Retained earnings at the end of the financial year	**38,134,818**	53,557,310	**50,767,995**	54,222,556

Net surplus/(loss) attributable to members includes the net surplus of $78,773 (2020: surplus of $144,361) from Ai Group Project Services Unit Trust (formerly Australian Industry Group Graduate Employment Unit Trust).

23 Related party transactions

In the audit of these financial statements, The Australian Industry Group must comply with

- the Australian Accounting Standards (AASB), and
- the Reporting Guidelines issued under the *Fair Work (Registered Organisations) Act 2009* (the Act), and
- the Act and its regulations.

(i) Related Party Transactions Under the Standard

AASB 124 (the Standard) requires disclosure of related party transactions and for the purposes of this note 23(i), the definition of related party in AASB 124 has been adopted. Key Management Personnel in the Standard includes the Officers (non-executive appointees) of Ai Group and senior executive management (employees) of Ai Group.

(a) Officers of Ai Group

The Officers of Ai Group (refer to note 1 in the Operating Report) together control the entity, and have the responsibility for the management of the affairs of the entity, determination of the policy of the entity and to make, rescind, alter and enforce the rules of the entity. Other than a payment regarding property consulting services performed by Alford Capital, none of the Officers entered into any related party transactions as required to be disclosed under AASB 124 for the reporting period. Nor, during the financial year, did any of those Officers receive any payment or benefit in relation to their duties performed as Officers to Ai Group. No payments were made to a former related party of The Australian Industry Group (the reporting unit).

23 Related party transactions (continued)

(b) Executive Management

The executive managers of Ai Group during the reporting period were the following persons:

Rebecca Andrews, Peter Burn, Mark Goodsell, Megan Lilly, Kate Louis, Michael McConnell, Michael Mead, Anthony Melville, Stephen Myatt, Tim Piper, Shane Rodgers, Stephen Smith, Helen Waldron and Innes Willox.

(These persons are not Officers under the Act as their participation in the management of Ai Group is only in accordance with the directions given to them by the Committee of Management of Ai Group or by an Officer for the purpose of implementing the policy of the entity or a decision concerning the entity.)

Aside from their compensation as employees of Ai Group (noted below), none of the abovementioned persons entered into any related party transactions as required to be disclosed under AASB 124 for the reporting period.

Key management personnel compensation

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Short-term employee benefits	**4,136,622**	5,139,631	**4,136,622**	4,098,281
Total key management personnel compensation	**4,136,622**	5,139,631	**4,136,622**	4,098,281

(c) Transactions with other related parties

The following transactions occurred with other related parties (the subsidiaries of the reporting entity):

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Sales and (purchases) of goods and services				
Member fee	**116,087**	-	**116,087**	-
Policy development and delivery funding	**1,713,904**	-	**1,713,904**	-
Rental revenue paid to The Australian Industry Group	**-**	-	**254,250**	441,000
Rent expense paid by the Australian Industry Group	**-**	-	**(148,500)**	-
Administrative fees charged by related parties	**(747,070)**	-	**(747,070)**	-
Service charge	**(2,674,621)**	-	**(2,674,621)**	-

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Payables to related parties	**2,106,392**	-	**2,106,392**	-

23 Related party transactions (continued)

(e) Loans to/from related parties

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Loans to other related parties				
Beginning of the year	**-**	-	**52,936,446**	1,747,751
Loans advanced	**-**	-	**10,404,007**	64,278,027
Loan repayments received	**-**	-	**(12,398,689)**	(13,089,332)
End of year	**-**	-	**50,941,764**	52,936,446

(ii) Related Party Payments under the Act and the Reporting Guidelines

Under the Act Ai Group (the reporting unit under the Act) is required to disclose to its members all payments made by it to its related parties during the financial year 2020-21.

A related party to Ai Group under the Act includes the following:

• a related body corporate (Australian Industry Group Training Services Pty Ltd; Ai Group Legal Pty Ltd; Confectionery BTW Pty Ltd, Ai Group Project Services Pty Ltd, Ai Group North Sydney Development Pty Ltd and other controlled entities;
• Officers of Ai Group;
• Relatives of Officers;
• Persons or entities in which an Officer has disclosed a material personal interest ("declared persons").

Ai Group and its branches are required to disclose any payments made in the 2020-21 financial year to related parties and declared persons and bodies in excess of $5,000 (cumulative).

A related party is any of the following:

a. an entity controlled by the Ai Group or a branch of the Ai Group;
b. the Ai Group's national and branch officers and their spouses;
c. relatives of the Ai Group's national and branch officers and their spouses (meaning a parent, step-parent, child, step-child, grandparent, grandchild, brother or sister);
d. an entity controlled by a related party referred to in paragraphs (a), (b) or (c) above.

Note: an entity is a related party:

i. at a particular time if it was a related party of a kind referred to in paragraphs (a), (b), (c) or (d) at any time within the previous 6 months;
ii. if the entity believes or has reasonable grounds to believe, that it is likely to become a related party of a kind referred to in paragraphs (a), (b), (c) or (d) at any time in the future;
iii. if the entity acts in concert with a related party on the understanding that the related party will receive a financial benefit if the Ai Group or a branch of the Ai Group gives that entity a financial benefit.

A declared person or body is defined in section 293G(6) of the *Fair Work (Registered Organisations) Act 2009*.

23 Related party transactions (continued)

The Ai Group and its branches have made the following payments (which cumulate to $5,000 or more) to persons, bodies or entities in paragraphs (a), (b), (c) or (d) (having also regard to the further information set out in points (i), (ii) and (iii) above) as required to be disclosed under section 293J of the *Fair Work (Registered Organisations) Act 2009* and Rule 28 of the Rules of the Ai Group for the reporting period:

Name	Nature of relationship	Purpose of payment	Amount (GST Inclusive)
Alford Capital Pty Ltd	National Officer is a Shareholder, Director and Secretary of the Entity	Property Consulting Services	$99,000

Ai Group has made payments on behalf of the related entities in paragraph (d) on an interest free basis, repayable by the entities at the cost incurred by Ai Group from external providers. Ai Group has received funds at various times throughout the year from the related entities in paragraph (d) in repayment of costs incurred and in reduction of trust distributions received by Ai Group.

Ai Group, together with Australian Industry Group Training Services Trust, provided continued financial support to Ai Group Project Services Unit Trust for 6 months during 2020 while it established a business presence. This support consists of payment of operational costs and is treated as an interest free intercompany account for future repayment.

For the purposes of the Act, it is also noted that none of the branches of Ai Group has any power or authority to make payments and none maintains any bank accounts for this purpose. Accordingly, there are no disclosures of any payments made by any of the New South Wales Branch, Victorian Branch, Queensland Branch or South Australian Branch for the financial year 2020-21 to any related parties or declared persons of those branches.

24 Administration of financial affairs by a third party

As disclosed in note 2, from 1 January 2021 operations of The Australian Industry Group not relating to the Fair Work Commission transferred to Ai Group Limited. Ai Group Limited provided administrative, operational and financial services to The Australian Industry Group, including collection of membership fees.

Membership fees at the agreed rate are transferred monthly upon receipt of funds from the members.

Administrative, operational and financial services are charged on a proportional staffing basis across the Ai Group organisation in accordance with a service agreement, and agreed proportional rental based on employees.

Policy development funds are provided to The Australian Industry Group on a proportional staffing basis for work provided for and on behalf of members by staff throughout the Ai Group organisation involved in the provision of those services.

25 Contingent liabilities and contingent assets

Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2021 in respect of:

(i) Claims and other legal matters

The consolidated entity had no contingent liabilities in respect of claims at 30 June 2021 (2020: $nil).

(ii) Guarantees

The Australian Industry Group has guaranteed payment of the debts of Australian Industry Group Training Services Pty Ltd (and Australian Industry Group Training Services Trust). Total liabilities at the end of 30 June 2021 was $3,430,108 (2020: $3,666,977).

(iii) Bank guarantees

The consolidated entity has a bank guarantee of $635,245 (2020: $762,380) relating to three (2020: five) lease agreements. These are related to lease agreements which were assigned to Ai Group Limited during the year and to be released to Ai Group when the term deposit matures.

26 Commitments

Capital commitments

Capital expenditure and operational commitments contracted for at the end of each reporting period but not recognised as liabilities is as follows:

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Property, plant and equipment:				
Within one year	**8,000**	1,055,000	**-**	1,055,000
Later than one year but not later than five years	**32,000**	-	**-**	-
	40,000	1,055,000	**-**	1,055,000

27 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

PwC Australia

Assurance services

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
Audit services	**$**	$	**$**	$
Audit services	**115,200**	156,901	**132,000**	156,901
Grant and outgoing audits	**-**	31,597	**-**	31,597
Total remuneration for audit and other assurance services	**115,200**	188,498	**132,000**	188,498

Other services

Tax - compliance and consulting services	**70,680**	107,386	**60,100**	107,386
Other services	**7,500**	7,500	**7,500**	7,500
Total remuneration for other services	**78,180**	114,886	**67,600**	114,886
Total remuneration of PwC Australia	**193,380**	303,384	**199,600**	303,384

28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b) and reflect the changes in organisation restructure as disclosed in note 2:

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding 2021 %**	**2020 %**
Australian Industry Group Training Services Pty Ltd (i)	Australia	Ordinary shares	**-**	100
Ai Group Legal Pty Ltd (ii)	Australia	Ordinary shares	**100**	100
Confectionery BTW Pty Ltd (iii)	Australia	Ordinary shares	**-**	100
Ai Group Project Services Pty Ltd (iv)	Australia	Ordinary shares	**-**	100
Ai Group North Sydney Development Pty Ltd (v)	Australia	Ordinary shares	**100**	100
Ai Group Limited (vi)	Australia	Limited by guarantee	**-**	-
Ai Group Centre for Education and Training Limited (vii)	Australia	Limited by guarantee	**-**	-

For the whole year, or until transferred to Ai Group Limited as part of the organisational restructure, The Australian Industry Group continued to operate these entities, some of which are corporate trustees:

(i) for the period 1 July 2020 to 31 December 2020, Australian Industry Group Training Services Pty Ltd which acted as trustee for The Australian Industry Group Training Services Trust, a discretionary trust in which Ai Group is a member of the class of beneficiaries, which trust provides registered training organisation (VET accredited training) services and group training services for apprentices and trainees. As previously disclosed, the shares in Australian Industry Group Training Services Pty Ltd transferred from The Australian Industry Group to Ai Group Limited on 1 January 2021;

(ii) for the period 1 July 2020 to 30 June 2021, Ai Group Legal Pty Ltd which acted as trustee for Ai Group Legal Unit Trust (the whole of the issued units in which are held beneficially and legally by Ai Group) which unit trust provides legal services under the various Legal Profession Acts;

(iii) Confectionery BTW Pty Ltd which acted as trustee for The Confectionery Trust, which trust is a unit trust owned by external parties for a special purpose and none of the income or assets of which is held beneficially by or on behalf of Ai Group. As previously disclosed, the shares in Confectionery BTW Pty Ltd transferred from The Australian Industry Group to Ai Group Limited on 1 January 2021;

(iv) for the period 1 July 2020 to 31 December 2020, Ai Group Project Service Pty Ltd acted only as the trustee of the Ai Group Project Services Unit Trust. There are two classes of units - A class held exclusively by Ai Group who controls income and capital distributions and B class units held by Australian Industry Group Training Trust which entitles AiGTS to a discretionary distribution of income. The Trust operates an incidental labour hire business. As previously disclosed, the shares in Ai Group Project Service Pty Ltd and units in Ai Group Project Services Unit Trust transferred from The Australian Industry Group to Ai Group Limited on 1 January 2021;

(v) for the period 1 July 2020 to 30 June 2021, Ai Group North Sydney Development Pty Ltd which acts as trustee for North Sydney Property Unit Trust (the whole of the issued units in which are held beneficially and legally by Ai Group) which unit trust owns property in North Sydney, New South Wales;

(vi) for the period 1 July 2020 to 31 December 2020, Ai Group Limited is a company limited by guarantee. From 1 January 2021, members of The Australian Industry Group became members of Ai Group Limited which operated from that date as an employer membership and consulting organisation. Ai Group Limited was incorporated on 15 April 2019;

28 Subsidiaries (continued)

(continued)

(vii) for the period 1 July 2020 to 31 December 2020, Ai Group Centre for Education and Training Limited, is a company limited by guarantee. The only member of the company is Ai Group Limited as at balance date. Ai Group Centre for Education and Training Limited was registered with ACNC on 9 January 2020. It traded from 1 January 2021.

29 COVID-19 impact

In early 2020 there was an outbreak of Coronavirus Disease 2019 (“COVID-19” or “the coronavirus”) which has continued throughout 2021. There have been unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain the coronavirus which have had a significant impact on the economy. Management continues to consider the potential implications of coronavirus, which includes provision of advice to many members with regard to their staff health and operational concerns, through on-line engagement and transitioning to on-line events.

The impact of the coronavirus on the consolidated entity has been increased activity and engagement with members seeking current information regarding the various rules imposed and implications for their businesses. Initial impact has resulted in increased consulting activity as members seek advice regarding their workforce. However, there are areas of the consolidated entity’s businesses that are negatively impacted by governments’ responses to the coronavirus.

As it did in the prior year, the consolidated entity is monitoring the ongoing effects of the coronavirus and the measures taken to control it and will continue to evaluate its impact on the financial position and operating results of the consolidated entity.

There is no indication of increased risk to the consolidated entity's ability to continue as a going concern. However, the coronavirus is unprecedented and as such the consolidated entity will pay close attention to the development of the situation and continue to assess the impact on its operations.

30 Events occurring after the reporting period

During July 2021 a sale and profit share agreement was executed with a major property developer in relation to Ai Group’s property holdings in North Sydney. The agreement is subject to the achievement of key milestones. A $8.4m deposit was paid to Ai Group on contract execution. The deposit is refundable in the event certain milestones are not achieved. Upon receipt, the $8.4m was used to pay down external debt.

Except as disclosed above and in note 29, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years.

31 Cash flow information

Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated entity		Parent entity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Profit/(loss) for the year	**370,405**	(443,901)	**291,632**	(588,261)
Adjustments for				
Depreciation and amortisation	**1,742,865**	2,799,427	**1,695,753**	2,675,356
Gains on disposals of property, plant and equipment	**(4,545)**	-	**(4,545)**	-
Gains on financial assets at fair value through profit or loss	**(262,775)**	(245,303)	**(262,775)**	(245,303)
Distribution of surplus from AiGTS	**-**	-	**(417,603)**	-
Dividend and contributions as classified in investing cash flows	**(16,257)**	(193,553)	**(16,257)**	(193,553)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	**2,530,975**	(523,117)	**4,677,510**	(172,560)
(Decrease)/increase in deferred income	**(1,242,194)**	3,710,580	**(1,280,772)**	3,710,580
(Decrease)/increase in trade and other payables	**2,540,785**	1,131,642	**(2,320,205)**	1,140,027
Increase in provisions	**929,702**	20,049	**826,939**	104,671
Net cash inflow from operating activities	**6,588,961**	6,255,824	**3,189,677**	6,430,957

No other reporting unit and/or controlled entity of the organisation are the source of a cash inflow or the application of a cash outflow other than those disclosed in note 23(e).

32 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner 24A:

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

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

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

33 Reporting Guidelines under the RO Act (RGs)

For the purposes of the Reporting Guidelines, all activities during the reporting period required to be mentioned in the General Purpose Financial Report (GPFR) are noted on the face of the financial statements or in these notes or in the Officer’s Declaration Statement.

Committee of management's statement

This Statement is made by the Committee of Management of The Australian Industry Group (the National Executive) pursuant to a resolution passed by the National Executive on 7 September 2021 (the date of passage of the resolution) in relation to the matters requiring declaration under the Reporting Guidelines issued in accordance with section 255 of the *Fair Work (Registered Organisations) Act 2009* (the Act) and is signed by the Designated Officer within the meaning of section 243 of the Act and is dated as at the date the Designated Officer signs this Statement:

The National Executive declared on the date of passage of the resolution in relation to the financial and operating reports and other prescribed information of The Australian Industry Group (the reporting unit) for the financial year ending 30 June 2021 (the reporting period) that in the opinion of the committee of management:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the Reporting Guidelines issued pursuant to Part 3 of Chapter 8 of the Act;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

(e) no revenue has been derived from undertaking recovery of wages activity during the reporting period; and

(f) During the financial year to which the General Purpose Financial Report relates and since the end of that year:

- (i) meetings of the National Executive were held in accordance with the Rules of the reporting unit; and
- (ii) the financial affairs of the reporting unit have been managed in accordance with its Rules; and
- (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Act and its related Regulations; and
- (iv) no information from the reporting unit has been requested or sought under or pursuant to section 272 of the Act; and
- (v) no orders for inspection of financial records of the reporting unit have been made by the Fair Work Commission under section 273 of the Act.

This statement is signed by the National Secretary-Treasurer being the authorised Designated Officer under the Rules within the meaning of section 243 of the Act; and is dated the date on which the Designated Officer signs this statement.

For the Committee of Management By its Designated Officer

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
7 September 2021

I, Russell Rolls, being the National Secretary-Treasurer of The Australian Industry Group, declare that the following activities did not occur during the reporting period ending 30 June 2021.

The reporting unit did not -

- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- Agree to receive financial support from another reporting unit to continue as a going concern
- Agree to provide financial support to another reporting unit to ensure they continue to operate as a going concern
- Pay to a person fees or allowances to attend conferences or meeting as a representative of the reporting unit
- Have a payable with another reporting unit
- Have a balance within a general fund
- Provide cashflows to another reporting unit
- Receive cashflows from another reporting unit
- Have a payable with an employer for making payroll deductions for membership subscriptions

For the Committee of Management By its Designated Officer

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
7 September 2021

Independent auditor's report

To the members of Australian Industry Group

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Australian Industry Group (Parent Entity) and its controlled entities (together the Reporting Unit) as at 30 June 2021 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act); and the committee of management's use of the going concern basis of accounting in the preparation of the Reporting Unit's financial statements is appropriate.

What we have audited

The Parent Entity and Group financial report comprises:

- the balance sheets as at 30 June 2021
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the committee of management's statement
- the officer declaration statement
- the report required under subsection 255 (2A).

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Parent Entity and the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent auditor's report (continued)

To the members of Australian Industry Group

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisation) Act 2009, including the Reporting Guidelines issued by the Commissioner of Registered Organisations Commission under the Act (the Guidelines). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Australian Industry Group and its members and should not be used by parties other than Australian Industry Group and its members. Our opinion is not modified in respect of this matter.

Other information

The Commitee of Management are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report or the report required under subsection 255 (2A) and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Commitee of Management for the financial report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the RO Act, and for such internal control as the the Committee Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the ability of the Parent Entity and the Reporting Unit to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Parent Entity or the Reporting Unit or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report (continued)

To the members of Australian Industry Group

Responsibilities of management and the Commitee of Management for the financial report (continued)

The Commitee of Management are responsible for overseeing the Parent Entity and the Reporting Unit's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management'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 Reporting Unit'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 report 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 Reporting Unit to cease to continue as a going concern.

Independent auditor's report (continued)

To the members of Australian Industry Group

Auditor's responsibilities for the audit of the financial report (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We am responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for my audit opinion.

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

We declare that David Kennet is an approved auditor registered under the RO Act, a member of Chartered Accountants Australia and New Zealand, with membership number 257407, and holds a current Public Practice Certificate.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

David Kennett
Partner

Melbourne
7 September 2021

The Committee of Management of The Australian Industry Group (the National Executive) presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2021.

	2021 $	2020 $
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employees	**24,418,583**	32,572,854
Advertising	**26,023**	16,376
Operating costs	**8,815,252**	14,883,937
Donations to political parties	**-**	-
Legal costs	**160,438**	243,806
Total Expenses from continuing operations for the Reporting Unit	**33,420,296**	47,716,973

This statement is signed by the National Secretary-Treasurer being the authorised Designated Officer under the Rules within the meaning of section 243 of the Act; and is dated the date on which the Designated Officer signs this statement.

For the Committee of Management By its Designated Officer

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
7 September 2021