



27 November 2023

Russell Rolls
National Secretary/Treasurer
The Australian Industry Group
Sent via email: council@aigroup.com.au
CC: david.kennett@pwc.com

Dear Russell Rolls

**The Australian Industry Group
Financial Report for the year ended 30 June 2023 – (FR2023/146)**

I acknowledge receipt of the financial report for the year ended 30 June 2023 for the Australian Industry Group. The documents were lodged with the Fair Work Commission (the Commission) on 22 November 2023.

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 sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 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 2024 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report:

You must rotate your registered auditor

Correspondence was provided to the reporting unit on 22 June 2023, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that David Kennett was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that David Kennett is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via [this link](#).

Reporting Requirements

The Commission's website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements.

The Commission recommends that reporting units use these model financial statements to assist in complying with the RO Act, the section 253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries, please contact me on (03) 8650 0182 or by email at mihiri.jayawardane@fwc.gov.au.

Yours sincerely



Mihiri Jayawardane
Fair Work Commission

**GENERAL MANAGER
FAIR WORK 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 2023
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 2023; and
- (2) that the full financial report was provided to Members of the Organisation on 26 October 2023; 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 20 November 2023 in accordance with section 266 of the Act.



..... 20 November 2023
Russell Rolls
National Secretary-Treasurer

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

Reference: Hayley Dobroszczyk
Financial Controller
compliance@aigroup.com.au
0407 115 034

The Australian Industry Group

**Annual report
for the year ended 30 June 2023**

The Australian Industry Group

Annual report - 30 June 2023

Contents

	Page
Operating report	1
Financial report	
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statements of changes in members' funds	6
Statements of cash flows	8
Notes to the consolidated financial statements	9
Committee of management's statement	33
Officer declaration statement	34
Independent auditor's report to the members	36
Report Required Under Subsection 255(2A)	39

The financial statements are the consolidated financial statements of The Australian Industry Group (the Reporting Unit) and its controlled entities (together the Consolidated Entity). A list of the major subsidiaries is included in note 18.

The financial statements are presented in Australian dollars which is The Australian Industry Group's functional and presentation currency.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest dollar unless otherwise stated.

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 pages 1 - 3, which is not part of the financial statements.

A report required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* is on page 39, which is not part of the financial statements.

The financial statements were authorised for issue by the committee of management on 6 September 2023. 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 2023 (the reporting period).

Committee of Management

On 1 January 2022, the following members of the Committee of Management were elected for the ensuing 3 years, and, subject to resignation or retirement, are entitled to remain as Officers on the Committee of Management until 31 December 2024.

Chris Jenkins (National President)
John Dixon (Deputy National President)
Russell Rolls (National Secretary-Treasurer)
Peter Harvey (National Officer)
Mark Nykiel (National Officer)
Stephen Pollard (National Officer)
Michael Slobe (National Officer) (resigned 31 October 2022)

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

During the year ended 30 June 2023, 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 Ai Group Limited for a fee according to its 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.

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

There have been no significant changes to the principal activities of the Organisation in the financial year ended 30 June 2023, and no further changes are anticipated for 2024.

Results of operations

The Australian Industry Group and its subsidiaries reported a consolidated profit from ordinary activities amounted to \$26,748 (2022: \$15,050) for the year ending 30 June 2023. The profit related to continuing operations amounted to \$24,645 (2022: \$9,484). The profit related to discontinued operations amounts to \$2,103 (2022: \$5,566).

Significant changes in the state of affairs

Contracts have been entered into for the future sale and development of Ai Group's North Sydney Development Pty Ltd's property holdings in North Sydney. The sale and development of the property holdings is subject to the achievement of various conditions precedent. A total deposit of \$20.9 million has been paid by the prospective purchaser. 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

No matter or circumstance has arisen since 30 June 2023 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 2023 for the purposes of section 254(2)(f) of the Act was 3,087 (2022: 3,215).

Number of Employees

The number of persons who were direct employees in the parent entity (equivalent full time employee basis) as at 30 June 2023 was nil (2022: nil). Provision of services to the Ai Group are also provided by the Ai Group Limited Group through service agreements.

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.

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.

A handwritten signature in grey ink, appearing to read "Russell Rolls".

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
6 September 2023

The Australian Industry Group
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Notes	Consolidated entity		Parent entity	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenue from continuing operations	3	227,231	120,838	241,712	120,838
Other expenses		(15,743)	(2,600)	(15,382)	(2,600)
Service charges		(186,843)	(108,754)	(186,843)	(108,754)
		(202,586)	(111,354)	(202,225)	(111,354)
Profit from continuing operations		24,645	9,484	39,487	9,484
Profit/(loss) from discontinued operations	9(a)	2,103	5,566	(1,070,877)	(1,369,492)
Distribution of surplus from Ai Group Legal Unit Trust - discontinued		-	-	54,695	-
Distribution of surplus from North Sydney Property Unit Trust - discontinued		-	-	1,003,443	169,087
Distribution of surplus from AiGTS - discontinued		-	-	-	1,205,971
Profit for the year		26,748	15,050	26,748	15,050
Total comprehensive income for the year		26,748	15,050	26,748	15,050
Profit is attributable to:					
Members of The Australian Industry Group		26,748	15,050	26,748	15,050
Total comprehensive income for the year is attributable to:					
Members of The Australian Industry Group		26,748	15,050	26,748	15,050

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

The Australian Industry Group
Statement of financial position
As at 30 June 2023

Notes	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
ASSETS				
Current assets				
	6	2,947,461	486,238	1,562,023
Cash and cash equivalents				
Trade and other receivables	7	268,817	5,051,135	155,391
Inventories	8	53,094,769	2,012,190	2,012,190
Prepayments		40,844	-	12,826
Loans to related parties	13(e)	-	48,993,035	52,708,195
Assets classified as held for sale	9	19,266,990	-	-
Total current assets		79,030,278	56,542,598	56,450,625
Non-current assets				
Other financial assets	10	6	28	28
Other non-current assets		23,760	-	23,760
Total non-current assets		6	28	23,788
Total assets		79,030,284	56,542,626	56,474,413
LIABILITIES				
Current liabilities				
Trade and other payables	11	15,957,132	5,732,833	5,691,368
Borrowings	12	8,902,469	-	-
Total current liabilities		28,220,490	5,732,833	5,691,368
Non-current liabilities				
Total non-current liabilities		-	-	-
Total liabilities		28,220,490	5,732,833	5,691,368
Net assets		50,809,794	50,809,793	50,783,045
MEMBERS' FUNDS				
Asset revaluation reserve		12,633,178	-	-
Retained earnings		38,176,616	50,809,793	50,783,045
Total members' funds		50,809,794	50,809,793	50,783,045

The above statement of financial position should be read in conjunction with the accompanying notes.

**The Australian Industry Group
Statements of changes in members' funds
For the year ended 30 June 2023**

Consolidated entity	Asset revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2021	12,633,178	38,134,818	50,767,996
Profit for the year	-	15,050	15,050
Total comprehensive income for the year	-	15,050	15,050
Balance at 30 June 2022	12,633,178	38,149,868	50,783,046
Balance at 1 July 2022	12,633,178	38,149,868	50,783,046
Profit for the year	-	26,748	26,748
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	26,748	26,748
Balance at 30 June 2023	12,633,178	38,176,616	50,809,794

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

The Australian Industry Group
Statements of changes in members' funds
For the year ended 30 June 2023
(continued)

Parent entity	Asset revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2021	-	50,767,995	50,767,995
Profit for the year	-	15,050	15,050
Total comprehensive income for the year	-	15,050	15,050
Balance at 30 June 2022	-	50,783,045	50,783,045
Restated balance at 1 July 2022	-	50,783,045	50,783,045
Profit for the year	-	26,748	26,748
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	26,748	26,748
Balance at 30 June 2023	-	50,809,793	50,809,793

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

The Australian Industry Group
Statements of cash flows
For the year ended 30 June 2023

Notes	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers (inclusive GST)	6,240,639	12,035,621	809,826	5,513,484
Payments to suppliers and employees (inclusive of GST)	(1,805,254)	(10,860,968)	(479,354)	(5,882,467)
Donations paid	(1,300,000)	(2,300,000)	(1,300,000)	(2,300,000)
	3,135,385	(1,125,347)	(969,528)	(2,668,983)
Interest income	11	26,396	11	3,970
Net cash inflow (outflow) from operating activities	3,135,396	(1,098,951)	(969,517)	(2,665,013)
	20			
Cash flows from investing activities				
Deposits received	12,500,000	8,400,000	-	-
Other dividends and distributions received	-	-	1,058,138	1,375,058
Net cash inflow from investing activities	12,500,000	8,400,000	1,058,138	1,375,058
Cash flows from financing activities				
Loans from related parties	-	-	2,295,594	-
Loans to related parties	(8,563,081)	-	(3,460,000)	-
Repayment of borrowings	(9,382,979)	(8,001,601)	-	-
Net cash inflow (outflow) from financing activities	(17,946,060)	(8,001,601)	(1,164,406)	-
Net decrease in cash and cash equivalents	(2,310,664)	(700,552)	(1,075,785)	(1,289,955)
Cash and cash equivalents at the beginning of the financial year	2,947,461	3,648,013	1,562,023	2,851,978
Cash and cash equivalents at end of year	636,797	2,947,461	486,238	1,562,023
	6			
Cash flows of discontinued operation				
	9			

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

Contents of the notes to the consolidated financial statements

	Page
1 Summary of significant accounting policies	10
2 Financial risk management	17
3 Revenue	20
4 Discontinued other income	20
5 Discontinued expenses	21
6 Cash and cash equivalents	22
7 Current assets - Trade and other receivables	22
8 Current assets - Inventories	23
9 Current assets - Assets classified as held for sale and discontinued operations	23
10 Non-current assets - Other financial assets	24
11 Current liabilities - Trade and other payables	25
12 Current liabilities - Borrowings	26
13 Related party transactions	26
14 Administration of financial affairs by a third party	29
15 Contingent liabilities and contingent assets	29
16 Commitments	30
17 Remuneration of auditors	30
18 Subsidiaries	31
19 Events occurring after the reporting period	31
20 Cash flow information	31
21 Section 272 Fair Work (Registered Organisations) Act 2009	32
22 Reporting Guidelines under the RO Act (RGs)	32

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 2023 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 by the General Manager of the Fair Work Commission or its delegate. The financial solvency of Australian Industry Group Training Services Trust (which is a related party under the common control of the members) 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 General Manager of the Fair Work 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 2023 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", the "Ai Group" or the "reporting unit". 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) 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 based on the agreed rate, which is transferred monthly upon receipt of funds from the members.

(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 statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Contracts and related costs are accounted for in the statement of profit or loss and other comprehensive income at the respective gross amounts.

(vii) 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.

(d) 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.

1 Summary of significant accounting policies (continued)

(e) 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).

(f) Contract assets

A contract asset is the right to receive consideration in exchange for services rendered to the customer. Contract assets are recognised to the extent that services have been rendered but not yet invoiced and at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for the services rendered. Contract assets are subject to impairment assessment.

(g) 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.

(h) 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 statement of profit or loss and other comprehensive income and deferred income as applicable. Refer also to note 1(m)(iv) for further details of the expected credit loss element of the impairment assessment.

(i) 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.

(j) 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.

1 Summary of significant accounting policies (continued)

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

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 statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

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 statement of profit or loss and other comprehensive income.

(k) 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 25 - 50 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 3 - 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.

1 Summary of significant accounting policies (continued)

(l) Intangible assets

IT development and software

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

IT development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the consolidated entity are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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 3-5 years

Costs incurred in configuring and customising cloud-based software

Costs incurred in configuring or customising cloud software and Software as a Service (SaaS) arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the consolidated entity, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

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

(m) 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.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

(i) Classification (continued)

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 consolidated entity'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 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(n) 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.

(o) 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.

1 Summary of significant accounting policies (continued)

(p) 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 statement of financial position 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.

(q) 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.

(r) 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 statement of financial position.

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.

(s) 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 2022:

- *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 Financial risk management

The consolidated entity's activities expose it to a variety of financial risks; market 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 ageing analysis for credit risk.

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	636,797	2,947,461	486,238	1,562,023
Trade receivables	5,245,383	268,817	5,051,135	155,391
Loans to related parties	-	-	48,993,035	52,708,195
Other financial assets	6	6	28	28
	5,882,186	3,216,284	54,530,436	54,425,637

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial liabilities				
Trade payables	92,627	229,253	69,343	151,376
Payables to related parties	7,171,002	7,255,087	5,606,629	5,467,200
Borrowings	-	8,902,469	-	-
	7,263,629	16,386,809	5,675,972	5,618,576

(a) Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from its borrowings with variable rates which expose it to cash flow interest rate risk. The consolidated entity does not actively hedge that risk, noting that the borrowings are not expected to be outstanding for the medium to long term. At year end, all outstanding borrowings had been repaid.

(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.

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.

2 Financial risk management (continued)

(b) Credit risk (continued)

The impact of expected credit losses to previous period was immaterial based on the assessment over a period of 36 months before 1 July 2022 and the corresponding historical credit losses experienced within this period were not significant. Management's assessment of the credit loss provision includes consideration of forward looking macroeconomic factors.

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 2023 are follows:

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade and other receivables				
Not impaired (aged < 90 days)	5,242,633	101,025	5,048,385	39,368
Credit impaired (aged > 90 days)	4,750	282,754	4,750	158,050
Less credit loss allowances	(2,000)	(114,962)	(2,000)	(42,027)
	5,245,383	268,817	5,051,135	155,391

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash 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.

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
	\$	\$	\$	\$
Consolidated entity - at 30 June 2023				
Non-derivatives				
Trade payables - Non-interest bearing	92,627	-	92,627	92,627
Payables to related parties	7,171,002	-	7,171,002	7,171,002
Total non-derivatives	7,263,629	-	7,263,629	7,263,629
Consolidated entity - at 30 June 2022				
Non-derivatives				
Trade payables - Non-interest bearing	229,253	-	229,253	229,253
Payables to related parties	7,255,087	-	7,255,087	7,255,087
Borrowings	-	8,902,469	8,902,469	8,902,469
Total non-derivatives	7,484,340	8,902,469	16,386,809	16,386,809

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Contractual maturities of financial liabilities	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$
Parent entity - at 30 June 2023				
Non-derivatives				
Trade payables - Non-interest bearing	69,343	-	69,343	69,343
Payables to related parties	5,606,629	-	5,606,629	5,606,629
Total non-derivatives	5,675,972	-	5,675,972	5,675,972
Parent entity - at 30 June 2022				
Non-derivatives				
Trade payables - Non-interest bearing	151,376	-	151,376	151,376
Payables to related parties	5,467,200	-	5,467,200	5,467,200
Total non-derivatives	5,618,576	-	5,618,576	5,618,576

(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 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.

3 Revenue

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue from continuing operations				
Members' subscriptions - over time	137,860	120,838	137,860	120,838
Other - point in time	89,360	-	103,841	-
Interest income	11	-	11	-
Revenue from continuing operations	227,231	120,838	241,712	120,838
Revenue from discontinued operations				
Members subscriptions - over time	-	124,440	-	124,440
Consulting and management services - over time	-	4,570,276	-	3,232,884
Government contracts - over time	358,427	1,606,860	358,427	1,781,945
Other - point in time	-	423,992	-	423,992
Interest income	-	3,971	-	3,970
Rents - over time	1,565,230	1,817,278	-	63,337
Revenue from discontinued operations	1,923,657	8,546,817	358,427	5,630,568

There were no revenues during the reporting period in relation to capitation fees (except 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.

4 Discontinued other income

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
General operations account				
Government contracts	-	30,000	-	30,000

Government contracts

Export market development contract of \$nil (2022: \$30,000) was recognised as other income by the consolidated entity during the financial year. There are no unfulfilled conditions or other contingencies attached to this contract.

5 Discontinued expenses

The amounts in this note represent the expenses for the discontinued operations of Ai Group. They should be read in conjunction with the information presented in Note 9 in relation to the discontinued operation.

Profit/(loss) from discontinuing operations includes the following specific expenses:	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries	-	3,550,427	-	2,658,016
Superannuation	-	119,967	-	119,967
Other payroll related costs	-	134,550	-	134,550
Total employee benefit expenses	-	3,804,944	-	2,912,533

As stated in note 13, no officers of the consolidated entity were paid for the services they provided.

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Advertising	-	12,234	-	12,234
Affiliation fees	-	-	-	-
Net bad and doubtful debts	(112,962)	(186,913)	(40,027)	(236,033)
Communications	13,676	58,109	13,031	58,109
Legal expenses - litigation	-	-	-	-
Legal expenses - Other legal matters	-	4,167	-	4,167
Meeting expenses	575	143,153	575	143,153
Net (gain)/loss on disposal of property, plant & equipment	(604)	-	-	-
Consultancy fees	33,320	378,238	32,320	319,368
Professional services	2,055	(18,333)	-	(18,333)
Insurances	968	54,616	968	(11,491)
Occupancy costs	581,290	641,451	19,200	143,334
Service charges	103,236	1,279,555	103,236	1,394,841
Other expenses	-	100,030	-	8,178
	621,554	2,466,307	129,303	1,817,527

	2023	2022	2023	2022
	\$	\$	\$	\$
Grants:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-

	2023	2022	2023	2022
	\$	\$	\$	\$
Donations:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	1,300,000	2,300,000	1,300,000	2,300,000
Total grants or donations	1,300,000	2,300,000	1,300,000	2,300,000

5 Discontinued expenses (continued)

Pursuant to a resolution passed by members at a Special General Meeting on 8 December 2021, surplus funds in excess of operational requirements may be paid to Ai Group Limited. On 31 May 2023, the Committee of Management resolved to transfer the above funds \$1,300,000 (2022: \$2,300,000) to Ai Group Limited.

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.

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.

There were no affiliation fees paid to another entity during the year (2022: \$nil) by The Australian Industry Group.

6 Cash and cash equivalents

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current assets				
Cash at bank and in hand	636,797	2,947,461	486,238	1,562,023

(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 2.

(c) Cash at bank and on hand

Contract funds unexpended at year end amounting to \$56,861 (2022: \$72,792) which are included in the balances above (refer to notes 11), can only be used for the purposes of the contract.

(d) Recovery of wages

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

7 Current assets - Trade and other receivables

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade receivables	228,388	362,201	34,140	175,840
Provision for impairment (see note 2(b))	(2,000)	(93,384)	(2,000)	(20,449)
	226,388	268,817	32,140	155,391
Members' subscriptions outstanding	-	21,578	-	21,578
Provision for impairment	-	(21,578)	-	(21,578)
Related party receivable	5,018,995	-	5,018,995	-
	5,245,383	268,817	5,051,135	155,391

8 Current assets - Inventories

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Properties held for development and resale	53,860,871	53,094,769	2,012,190	2,012,190

The Pacific Highway and 53 Walker Street properties are classified as inventory as the organisation purchased them with the intention to sell or develop and sell them.

9 Current assets - Assets classified as held for sale and discontinued operations

(a) Discontinued operations

(i) Description

As a result of The Australian Industry Group'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 Australian Industry Group implemented an organisational and corporate restructure. Under this restructure, Ai Group Limited was established as the principal operating entity, allowing The Australian Industry Group to focus on its objects and purposes as a registered employer organisation.

The National Executive of The Australian Industry Group 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).

Also, contracts have been entered into for the future sale and development of Ai Group's North Sydney Development Pty Ltd's property holdings in North Sydney. The sale and development of the property holdings is subject to the achievement of various conditions precedent.

The results in relation to the parts of the The Australian Industry Group transferred to Ai Group Limited in the restructure and those related to the North Sydney property assets held for sale are reported in the current and prior period as discontinued operations. Financial information relating to the discontinued operations is set out below.

(ii) Financial performance and cash flow information

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue (refer to note 3)	1,923,657	8,546,817	358,427	5,630,568
Other income (refer to note 4)	-	30,000	-	30,000
Expenses (refer to note 5)	(621,554)	(6,271,251)	(129,304)	(4,730,060)
Donation (refer to note 5)	(1,300,000)	(2,300,000)	(1,300,000)	(2,300,000)
Profit/(loss) from discontinued operations	2,103	5,566	(1,070,877)	(1,369,492)
Other comprehensive income from discontinued operations	-	-	-	-
Net cash (outflow)/inflow from operating activities	2,924,813	(1,108,435)	(1,260,922)	(2,674,497)
Net cash (outflow)/inflow from investing activities	-	-	-	-
Net cash (outflow)/inflow from financing activities	-	-	-	-

9 Current assets - Assets classified as held for sale and discontinued operations (continued)

(a) Discontinued operations (continued)

(ii) *Financial performance and cash flow information (continued)*

Other than the above, all other cash flows presented in the statements of cash flows related to discontinued operations.

(b) Assets classified as held for sale

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

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
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	2,354,842	2,355,447	-	-
Total assets of disposal group held for sale	19,266,385	19,266,990	-	-

10 Non-current assets - Other financial assets

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Shares in wholly owned subsidiaries	-	-	11	11
Shares in other corporations	6	6	6	6
Units in unit trust subsidiaries	-	-	11	11
	6	6	28	28

(a) Shares in wholly owned subsidiaries

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Ai Group Legal Pty Ltd	-	-	10	10
Ai Group North Sydney Property Development Pty Ltd	-	-	1	1
	-	-	11	11

(b) Shares in other corporations

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australian Super Pty Ltd	6	6	6	6

10 Non-current assets - Other financial assets (continued)

(c) Units in unit trust subsidiaries

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Ai Group Legal Unit Trust	-	-	10	10
North Sydney Property Unit Trust	-	-	1	1
	-	-	11	11

The investment in the shares of Australian Super Pty Ltd represents 50% of its issued capital. Ai Group does not have beneficial ownership in this entity, neither through dividend entitlements or proceeds upon its wind up, under the strict terms of its constitution, and as such it is carried at its original cost. The cost amount is also deemed to be its fair value.

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

11 Current liabilities - Trade and other payables

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables (a)	92,627	229,253	69,343	151,376
Payables to related parties	7,171,002	7,255,087	5,606,629	5,467,200
Unexpended government contracts (b)	56,861	72,792	56,861	72,792
Refundable deposit payable (c)	20,900,000	8,400,000	-	-
	28,220,490	15,957,132	5,732,833	5,691,368

(a) Legal Liability

Included in trade payables is an amount for legal case liabilities of \$nil (2022: \$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. 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.

(i) Significant changes in contract assets and liabilities

There were no significant changes in contract assets and contract liabilities noted during the year.

11 Current liabilities - Trade and other payables (continued)

(b) Unexpended government contracts (continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year</i>				
Government contracts	65,173	175,949	65,173	175,949

(c) Refundable deposit payable

Contractual arrangements were entered into to enable the sale and subsequent redevelopment of properties owned by Ai Group's North Sydney Development Pty Ltd (controlled entity). A total deposit of \$20.9m has been paid by the counterparty. The proceeds were used to repay the outstanding bank loans (refer note 12 below), with the balance invested by a related party under its managed investment fund. The deposit amount is refundable, subject to the completion of a transaction for the properties and, as such, it has been retained as a liability and not recognised as revenue.

12 Current liabilities - Borrowings

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Secured				
Bank loans	-	8,902,469	-	-
Total secured current borrowings	-	8,902,469	-	-

The bank loans were paid down to zero using the proceeds of the deposit received in relation to the North Sydney property assets (refer note 11).

13 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 13(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.

13 Related party transactions (continued)

(a) Officers of Ai Group

The Officers of Ai Group (refer to page 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).

(b) Executive Management

The executive managers (or key management personnel) of Ai Group 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.

All executive managers of Ai Group are employed by Ai Group Limited. The key management personnel compensation amounts below therefore represent amounts paid to Ai Group Limited in relation to services performed by the executive managers for and on behalf of Ai Group.

None of the executive managers entered into any other related party transactions during the reporting period requiring disclosure under AASB 124.

Key management personnel compensation

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Total key management personnel compensation	114,807	279,787	114,807	279,787

Refer to Note (c) below for service charges which include key management personnel costs.

(c) Transactions with other related parties

The following transactions occurred with other related parties:

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Sales/(purchases) of goods and services to/(from) other related parties</i>				
Member fee	156,163	120,837	156,163	120,837
Policy development and delivery funding	-	151,648	-	151,648
Rental revenue	555,750	569,250	-	-
Rent expense	(19,200)	(51,750)	(19,200)	(76,500)
Service charge	(143,509)	(1,025,949)	(143,509)	(1,025,949)
Staff recharges	(103,236)	(2,293,726)	(103,236)	(2,293,726)
	445,968	(2,529,690)	(109,782)	(3,123,690)

13 Related party transactions (continued)

(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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Payables to other related parties	7,171,002	7,255,087	5,606,629	5,467,200
Receivables from other related parties	5,018,995	-	5,018,995	-

(e) Loans to/from related parties

	Consolidated entity		Parent entity	
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Loans to subsidiaries</i>				
Beginning of the year	-	-	52,708,195	50,941,764
Loans advanced	-	-	2,010,740	6,704,618
Loan repayments received	-	-	(5,725,900)	(4,938,187)
End of year	-	-	48,993,035	52,708,195

(f) Terms and conditions

All outstanding balances and loans to/from related parties are non-interest bearing and are repayable on demand.

(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 2022-23.

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

- a related body corporate (2023: Ai Group Legal Pty Ltd and Ai Group North Sydney Development Pty Ltd; 2022: Ai Group Legal 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 is required to disclose any payments made in the 2022-23 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.

13 Related party transactions (continued)

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*.

Ai Group's wholly owned subsidiary entity Ai Group North Sydney Development Pty Ltd (trustee for the North Sydney Property Unit Trust) has 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 30 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	\$52,330

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.

For the purposes of the Act, it is also noted Ai Group abolished its branches on 8 June 2021. Accordingly, there are no disclosures of any payments made by any of the branches for the financial year 2022-23 to any related parties or declared persons of those branches.

14 Administration of financial affairs by a third party

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 percentage basis across the Ai Group organisation in accordance with a service agreement, and agreed proportional rental based on employees.

15 Contingent liabilities and contingent assets

Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2023 in respect of:

(i) Claims and other legal matters

The consolidated entity had no contingent liabilities in respect of claims at 30 June 2023 (2022: \$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 2023 was \$5,613,407 (2022: \$5,285,220).

(iii) Bank guarantees

The consolidated entity has a bank guarantee of \$nil (2022: \$23,760).

(iv) Bank security

The consolidated entity has a bank loan of \$nil (2022: \$8,902,469).

16 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Property, plant and equipment:</i>				
Within one year	-	8,000	-	-
Later than one year but not later than five years	-	24,000	-	-
	-	32,000	-	-

17 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Audit services				
Audit and review of financial statements	34,450	41,500	34,450	41,500
Other audit services	-	7,300	-	7,300
Total remuneration for audit and other assurance services	34,450	48,800	34,450	48,800

Other services

Tax compliance and other services	12,714	15,914	-	-
Compilation of financial statements	7,975	9,975	7,975	9,975
Total remuneration for other services	20,689	25,889	7,975	9,975

Total remuneration of PwC Australia	55,139	74,689	42,425	58,775
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18 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):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2023 %	2022 %
Ai Group Legal Pty Ltd (i)	Australia	Ordinary shares	100	100
Ai Group North Sydney Development Pty Ltd (ii)	Australia	Ordinary shares	100	100

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) 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. These operations ceased at the end of 30 June 2022.

(ii) 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;

19 Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future years.

20 Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity		Parent entity	
	2023 \$	2022 \$	2023 \$	2022 \$
Profit for the year	26,748	15,050	26,748	15,050
Adjustments for				
Dividend, contributions and distributions as classified in investing cash flows	-	-	(1,058,138)	(1,375,058)
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	3,522,431	2,270,215	136,077	(765,176)
(Decrease)/increase in trade and other payables	(413,783)	(2,364,371)	(74,204)	480,014
Decrease in provisions	-	(1,019,845)	-	(1,019,843)
Net cash inflow/(outflow) from operating activities	3,135,396	(1,098,951)	(969,517)	(2,665,013)

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 13(e).

21 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).

22 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 6 September 2023 (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 2023 (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
6 September 2023

**The Australian Industry Group
Officer declaration statement
30 June 2023**

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 2023.

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 wages and salaries to employees
- Pay superannuation to employees
- Pay leave and other entitlements to employees
- Pay separation and redundancy to employees
- Pay other employee expenses to employees
- 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 receivable with another reporting unit
- Have an annual leave provision in respect of holders of office
- Have a long service leave provision in respect of holders of office
- Have a separation and redundancy provision in respect of holders of office
- Have other employee provisions in respect of holders of office
- Have an annual leave provision in respect of employees
- Have a long service leave provision in respect of employees
- Have a separation and redundancy provision in respect of employees
- Have other employee provisions in respect of employees
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the Organisation
- 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

A handwritten signature in grey ink, appearing to read "Russell Rolls". The signature is fluid and cursive, with the first name "Russell" being more prominent than the last name "Rolls".

Russell Rolls (National Secretary-Treasurer)
Officer

Melbourne
6 September 2023



Independent auditor's report

To the members of The Australian Industry Group

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of The Australian Industry Group (the Reporting Unit) and its controlled entities (together the Consolidated Entity) as at 30 June 2023 and their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards and the Reporting Guidelines of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

What we have audited

The Reporting Unit and the Consolidated Entity financial report comprises:

- the statements of financial position as at 30 June 2023
- the statements of changes in members' funds for the year then ended
- the statements of cash flows for the year then ended
- the statements of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- 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 Reporting Unit and the Consolidated Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 for the purpose of fulfilling the directors' financial reporting responsibilities under the RO Act. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for The Australian Industry Group and its members and should



not be used by parties other than The Australian Industry Group and its members. Our opinion is not modified in respect of this matter.

Other information

The committee 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 2023, but does not include the financial report and our auditor's report thereon.

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

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 the committee 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 committee of 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 are responsible for assessing the ability of the Reporting Unit and the Consolidated Entity 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 Reporting Unit or the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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.



We declare that David Kennett 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.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive style.

David Kennett

A handwritten signature in blue ink that reads 'David Kennett' in a cursive style.

David Kennett
Partner

Melbourne
6 September 2023

Registration number (as registered by the RO Commissioner under the RO Act): AA2019/3

**The Australian Industry Group
Report Required Under Subsection 255(2A)
30 June 2023**

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 2023.

	2023	2022
	\$	\$
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employees	-	3,804,943
Advertising	-	12,234
Operating costs	2,124,141	5,050,606
Donations to political parties	-	-
Legal costs	-	4,167
Total Expenses from continuing operations for the reporting unit	<u>2,124,141</u>	<u>8,871,950</u>

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
6 September 2023