



4 February 2013

Ms Robyn Porter  
Secretary  
The Association of Professional Engineers, Scientists & Managers, Australia  
GPO Box 1272  
MELBOURNE VIC 3001

Dear Ms Porter

**Re: Lodgement of Financial Accounts and Statements – The Association of Professional Engineers, Scientists & Managers, Australia – for year ending 30 June 2012 (FR2012/439)**

I refer to the above financial statements and accounts lodged with Fair Work Australia (now known as the Fair Work Commission - 'the Commission') on 14 December 2012. A corrected Secretary's Certificate was lodged today, 4 February 2013.

I have examined the report closely as well as previous reports and correspondence from the Commission. I have identified the following matters of detail which should be kept in mind when preparing and lodging future reports, to more correctly reflect the *Fair Work (Registered Organisations) Act 2009* ('the RO Act').

**Lodgment timeframe s268**

Section 268 requires reports to be ordinarily lodged within 14 days of the meeting held in accordance with section 266. The meeting was held on 27 October 2012 but the report was not received by the Commission until 14 December 2012. I note the original covering letter was dated 12 November 2012 which was just after the default 14 day period prescribed, but there is no record that lodgment actually occurred on or around that date. The report was lodged before the expiry of the ordinary timeframe contemplated by the RO Act which would have occurred on 15 January 2013, and the RO Act provides for the General Manager to allow longer periods, but unless extensions of time are applied for and granted as appropriate, reporting units should strictly comply with the particular timeframes set out in the RO Act.

**Operating Report disclosures regulation 159(b)**

Regulation 159(b) requires the operating report to disclose the number of employees as measured on a full-time equivalent basis where the number includes both full-time and part-time employees. To avoid doubt that the reporting unit has turned its mind to this requirement, the number of employees should be expressed as a full-time equivalent.

**Meaning of 'Results of principal activities'**

Sub-section 254 (2)(a) requires an operating report to include, in its review of the reporting unit's principal activities, the results of those activities. The operating report lodged has described the principal activities under the heading "Principal activities" as "providing industrial services to members" and has described, under the heading "Review of Operations", results in terms of changes in incomes and expenditures.

The Commission's advice is that the results of the principal activities are more correctly to be understood as results which may be said to follow directly from those activities, rather than financial results derived from the financial activities and transactions comprehensively described in the financial statements themselves.

The extent of detail that describing results in the sense intended by subsection 254(2)(a) might include is not prescribed. It would be sufficient to include a brief mention/description of non-financial results the organization considers relevant and appropriate in the context of an operating report.

The documents have been filed. There is no further action required in respect of this return. If you wish to discuss any aspect of the financial reporting requirements, please do not hesitate to contact me on (02) [REDACTED].

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Senior Adviser, Regulatory Compliance Branch

cc. Mr Evan Romer, Chief Finance Officer

4 February 2013

Ms M. Williams  
Organisations & Research  
Fair work Australia  
GPO Box 1994  
Melbourne Vic 3001

Dear Ms Williams,

**Re: Association Professional Engineer, Scientists & Managers Australia, Australia Branch  
for year ended 30 June 2012 – FR2011/2761**

I refer to your letter dated 13<sup>th</sup> January 2012 and advise the following;

I, Robyn Porter being the secretary of the Association of Professional Engineers, Scientists & Managers Australia (APESMA) certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 3 October 2012; and
- that the full report was presented to a general meeting of members of the reporting unit on 22 October 2012; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

If you have any queries or wish to discuss further, please do not hesitate to contact our Chief Finance Officer, Evan Romer on 03-9695-8859.

Yours sincerely



Robyn Porter  
Secretary  
APESMA

12<sup>th</sup> November 2012



The Association of Professional  
Engineers, Scientists &  
Managers, Australia  
GPO Box 1272

Ms M. Williams  
Organisations & Research  
Fair work Australia  
GPO Box 1994  
Melbourne Vic 3001

Melbourne, Vic 3001  
Phone: (03) 9695 8800  
Facsimile: (03) 9695 8802  
163 Eastern Road  
South Melbourne 3205  
info@apesma.asn.au  
<http://www.apesma.asn.au>



Dear Ms Williams,

**Re: Association Professional Engineer, Scientists & Managers Australia, Australia for year ended 30 June 2012**

Please find attached a copy of the audited financial accounts ended 30 June 2012 and note the following;

I, Robyn Porter being the secretary of the Association of Professional Engineers, Scientists & Managers Australia (APESMA) certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 1st October 2012; and
- that the full report was presented to a general meeting of members of the reporting unit on 27 October 2012; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

If you have any queries or wish to discuss further, please do not hesitate to contact our Chief Finance Officer, Evan Romer on 03-9695-8859.

Yours sincerely

A handwritten signature in cursive script that reads 'R Porter'.

Robyn Porter  
Secretary  
APESMA

**THE ASSOCIATION OF PROFESSIONAL  
ENGINEERS, SCIENTISTS &  
MANAGERS, AUSTRALIA**

**FINANCIAL STATEMENTS AND REPORTS  
FOR THE YEAR ENDED 30 JUNE 2012**

## **Operating Report**

The National Board presents the report of the Group (APESMA Group) consisting of the Association of Professional Engineers, Scientists & Managers, Australia and the entities it controlled at the end or during the year ended 30 June 2012.

### **PRINCIPAL ACTIVITY**

The principal activity during the financial year was to provide industrial services and advance the employment, social and economic interests of members. There has been no significant change in the nature of these activities during the year.

### **RESULTS OF OPERATION**

The Group result for the year was a profit after providing for income tax of \$520,682 (2011: Profit of \$1,469,833).

### **REVIEW OF OPERATION**

#### **Group**

For the 2012 year, the Group continued to provide individual services, and to advance employment, social and economic interests of members. Overall, the Group's revenue decreased by \$1.144million, whilst expenditure was reduced by \$0.186 million. The Group has net assets of \$11,835 million, primarily land, plant and cash reserves. An overview of each operation is set out below.

#### **Chief Entity**

The group financial performance during the year which again encompassed member and industrial services was underpinned by an increase in revenue of \$0.20 million from \$12.216 million to \$12.418 million. Total subscription revenues increased from \$9.962million to \$10.447 million this year. Overall expenditure has increased by \$0.126 million during the year, which includes the additional Doubtful Debts provision related to controlled entities of \$0.613 million. A business subsidy of \$0.175 million was paid to Chifley Business School Pty Ltd during the year.

#### **Education**

Chifley Business School Pty Ltd is currently operating as a subsidiary company of Education & Training For Professionals Pty Ltd with an independent Board of Directors. The company reported a loss of \$0.174 million (2011: profit of \$0.390 million). Total income fell by \$1.285 million from \$6.249 million to \$4.964 million, whilst total expenditure was reduced this year by \$0.720 million. A business subsidy of \$0.175 million was received from the Chief Entity during the year.

#### **Career Development**

ETM Placements ceased operations effective 31 August 2010 and at 30 June 2011 the ETM net equity was transferred to the ultimate parent entity APESMA (Chief Entity) with a transfer of net equity of (\$1.076 million).

#### **Member Advantage**

Member Advantage generated a net profit of \$0.012 million. Total revenues increased by \$0.029 million whilst expenditure increased by \$0.091 million.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group during the year. Subsequent to the end of the financial year the Chief Entity and a subsidiary entered into a share sale agreement and subsequent Deed of Variation whereby all issued shares in Chifley Business School Pty Ltd were sold with a completion date of 1 October 2012. The sale price of \$3.072 million is payable by two instalments \$1.872 million by completion date, and \$1.2 million no later than 30 September 2014. The purchaser has provided a Promissory Note to the parent entity (APESMA) and granted a first ranking charge over the property of Chifley Business School Pty Ltd to secure the payment of the second instalment.

**Operating Report (Cont'd)**

**RIGHTS OF MEMBERS TO RESIGN**

Members have the right to resign from the Association by forwarding a written statement addressed and delivered to the person designated in the rules of the organisation or a branch of the organisation. Rule 9 in the Association's Rules provides details of the right of members to resign.

**NATIONAL BOARD MEMBER'S PROFILES**

As at the date of this report, the members of the National Board were as follows:-

Name	Position	Period
Dario Tomat	National President	Resigned 4 May 2012.
Bill Jackson	National President	Appointed 4 May 2012.
Robyn Porter	National Secretary	2011/12
Karina Bader	National Treasurer	2011/12
Andreas Marquardt	Senior Vice President	Resigned 4 May 2012.
Chris Greenway	Senior Vice President	Resigned 4 May 2012.
Andrew Russack	Senior Vice President	2011/12
Maria Fuchs	Senior Vice President	Appointed 4 May 2012.
Paul Keech	Senior Vice President	Appointed 4 May 2012.
Zaneta Mascarenhas	Senior Vice President	Appointed 4 May 2012.

**NUMBER OF MEMBERS**

As at 30 June 2012 the number of members is 21,768 (2011: 21,216).

**NUMBER OF EMPLOYEES**

As at 30 June 2012 the number of employees is 126 (2011: 123).

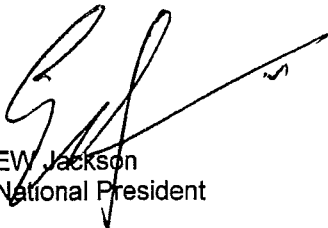
**NO MEMBERS OR OFFICERS ARE TRUSTEES OF A SUPERANNUATION ENTITY OR AN EXEMPT PUBLIC SECTOR SUPERANNUATION SCHEME**


There are no members or officers of the organisation who are:-

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of superannuation entity or an exempt public sector superannuation scheme; and

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.

This report is made in accordance with a resolution of the National Board.

  
EW Jackson  
National President

  
K Bader  
National Treasurer

Dated 3<sup>rd</sup> October 2012, South Melbourne, Victoria

**Auditor's Independence Declaration**

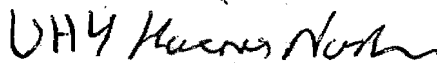
**To the Members of the Association of Professional Engineers, Scientists and Managers, Australia:**

As engagement partner for the audit of the Association of Professional Engineers, Scientists and Managers, Australia for the year ended 30 June 2012 I declare that, to the best of my knowledge and belief, there have been:

- i. No contraventions of the independence requirements of Australian professional ethical pronouncements in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



**R. H. Hutton**  
Partner



**UHY Haines Norton**  
Chartered Accountants

Melbourne

Dated this 3rd day of October 2012



**Statement of Comprehensive Income  
for the Year Ended 30 June 2012**

	Note	Group		Chief Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Subscription Income	2	10,446,785	9,962,414	10,446,785	9,962,414
Other Income from Ordinary Activities	2	8,073,995	9,702,005	1,972,107	2,253,367
	2	18,520,780	19,664,419	12,418,892	12,215,781
Employment Costs		(10,576,577)	(9,317,995)	(7,635,883)	(6,743,243)
Borrowing Costs		(409,538)	(386,027)	(379,872)	(366,234)
Professional Network Costs		(231,425)	(249,809)	(231,425)	(249,809)
Other Expenses		(6,777,868)	(8,227,310)	(4,097,237)	(4,858,683)
Profit before Income Tax		525,372	1,483,278	74,475	(2,188)
Income Tax Expense	1(l),3	(4,690)	(13,445)	-	-
<b>Profit after Income Tax</b>		<b>520,682</b>	<b>1,469,833</b>	<b>74,475</b>	<b>(2,188)</b>
<b>Other comprehensive income/(expenses)</b>		-	-	-	-
Gain on revaluation of land and buildings		-	1,152,398	-	1,152,398
<b>Total Comprehensive income/(loss) attributable to members of the entity</b>		<b>520,682</b>	<b>2,622,231</b>	<b>74,475</b>	<b>1,150,210</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes on pages 9 to 29.

**Statement of Financial Position  
as at 30 June 2012**

	Note	Group		Chief Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
<b>Current Assets</b>					
Cash and Cash Equivalents	4	2,852,256	2,336,418	1,588,687	1,906,838
Trade and Other Receivables	5	1,642,776	1,784,044	193,914	143,667
Other Assets	6	115,189	132,776	103,164	131,722
Financial Assets	7	5,581,181	5,349,479	5,581,181	5,349,479
<b>Total Current Assets</b>		<b>10,191,402</b>	<b>9,602,717</b>	<b>7,466,946</b>	<b>7,531,706</b>
<b>Non Current Assets</b>					
Trade and Other Receivables	5	-	-	578,901	529,676
Financial Assets	7	-	-	675,033	675,033
Property, Equipment & Vehicles	8	12,080,873	12,444,575	12,054,001	12,409,307
Intangibles	9	-	-	-	-
<b>Total Non Current Assets</b>		<b>12,080,873</b>	<b>12,444,575</b>	<b>13,307,935</b>	<b>13,614,016</b>
<b>Total Assets</b>		<b>22,272,275</b>	<b>22,047,292</b>	<b>20,774,881</b>	<b>21,145,722</b>
<b>Current Liabilities</b>					
Trade and Other Payables	10	5,213,757	5,258,524	3,809,501	4,017,292
Borrowings	11	3,247,132	3,631,685	3,247,094	3,631,685
Provisions	12	1,847,488	1,596,454	1,847,488	1,596,454
Current Tax Liabilities		-	13,445	-	-
<b>Total Current Liabilities</b>		<b>10,308,377</b>	<b>10,500,108</b>	<b>8,904,083</b>	<b>9,245,431</b>
<b>Non Current Liabilities</b>					
Provisions	12	119,760	145,152	119,760	145,152
Borrowings	11	8,873	87,449	8,873	87,449
<b>Total Non Current Liabilities</b>		<b>128,633</b>	<b>232,601</b>	<b>128,633</b>	<b>232,601</b>
<b>Total Liabilities</b>		<b>10,437,010</b>	<b>10,732,709</b>	<b>9,032,716</b>	<b>9,478,032</b>
<b>Net Assets</b>		<b>11,835,265</b>	<b>11,314,583</b>	<b>11,742,165</b>	<b>11,667,690</b>
<b>Funds &amp; Reserves</b>					
Organisation Funds		(4,157,949)	(4,150,936)	(4,251,049)	(3,797,829)
Reserves	13	15,993,214	15,465,519	15,993,214	15,465,519
<b>Total Funds &amp; Reserves</b>		<b>11,835,265</b>	<b>11,314,583</b>	<b>11,742,165</b>	<b>11,667,690</b>
<b>Commitments</b>	14				
<b>Contingent Assets &amp; Liabilities</b>	21				

The above Statement of Financial Position should be read in conjunction with the accompanying notes on pages 9 to 29.

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS AUSTRALIA**

**Statement of Changes in Equity  
for the Year Ended 30 June 2012**

	Note	Organisation Funds \$	Reserves \$	Total \$
<b>Balance – 30 June 2010</b>		<b>(4,633,402)</b>	<b>13,325,754</b>	<b>8,692,352</b>
Profit for year		1,469,833	-	1,469,833
		<b>(3,163,569)</b>	<b>13,325,754</b>	<b>10,162,185</b>
Other Comprehensive Income for the year	13	-	1,152,398	1,152,398
		<b>(3,163,569)</b>	<b>14,478,152</b>	<b>11,314,583</b>
Transfer to Legal Defence Fund (CSD)	13	(605,367)	605,367	-
Transfer to Building Repair Reserve	13	(100,000)	100,000	-
Transfer to Amalgamation Reserve	13	(150,000)	150,000	-
Transfer to Licence Fee Reserve	13	(132,000)	132,000	-
		<b>(987,367)</b>	<b>987,367</b>	<b>-</b>
<b>Closing Funds at 30 June 2011</b>		<b>(4,150,936)</b>	<b>15,465,519</b>	<b>11,314,583</b>
Profit/(Loss) for year		520,682	-	520,682
		<b>(3,630,254)</b>	<b>15,465,519</b>	<b>11,835,265</b>
Other Comprehensive Income for the year		-	-	-
Transfer of Legal Defence Fund (CSD)	13	(527,695)	527,695	-
<b>Closing Funds at 30 June 2012</b>		<b>(4,157,949)</b>	<b>15,993,214</b>	<b>11,835,265</b>
<b>Chief Entity</b>				
<b>Balance – 30 June 2010</b>		<b>(2,808,274)</b>	<b>13,325,754</b>	<b>10,517,480</b>
Loss for year		(2,188)	-	(2,188)
		<b>(2,810,462)</b>	<b>13,325,754</b>	<b>10,515,292</b>
Other Comprehensive Income for the year	13	-	1,152,398	1,152,398
		<b>(2,810,462)</b>	<b>14,478,152</b>	<b>11,667,690</b>
Transfer of Legal Defence Fund (CSD)	13	(605,367)	605,367	-
Transfer to Building Repair Reserve	13	(100,000)	100,000	-
Transfer to Amalgamation Reserve	13	(150,000)	150,000	-
Transfer to Licence Fee Reserve	13	(132,000)	132,000	-
		<b>(987,367)</b>	<b>987,367</b>	<b>-</b>
<b>Balance – 30 June 2011</b>		<b>(3,797,829)</b>	<b>15,465,519</b>	<b>11,667,690</b>
Profit for year		74,475	-	74,475
		<b>(3,723,354)</b>	<b>15,465,519</b>	<b>11,742,165</b>
Other Comprehensive Income for the year		-	-	-
Transfer of Legal Defence Fund (CSD)	13	(527,695)	527,695	-
<b>Closing funds at 30 June 2012</b>		<b>(4,251,049)</b>	<b>15,993,214</b>	<b>11,742,165</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 9 to 29.

**Statement of Cash Flows  
for the Year Ended 30 June 2012**

	Note	Group		Chief Entity	
		2012	2011	2012	2011
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Cash receipts from customers		19,514,299	21,146,206	12,786,038	13,357,753
Cash payments to suppliers and employees		(18,516,500)	(20,078,938)	(12,643,890)	(12,391,389)
Interest and Bank Charges		(379,872)	(386,027)	(379,872)	(366,234)
Interest Income		202,021	112,117	202,021	112,117
Income Tax paid		(18,135)	-	-	-
Net Cash Provided by Operating Activities	18(ii)	801,813	793,358	(35,703)	712,247
<b>Cash Flows from Investing Activities</b>					
Rental Income		599,742	524,071	599,742	524,071
Purchase of Fixed Assets		(190,886)	(157,526)	(187,321)	(154,838)
Proceeds from Sale of Assets		-	-	-	-
Purchase of Investments		(231,702)	(1,244,412)	(231,702)	(1,244,412)
Net Cash used in Investing Activities		177,154	(877,867)	180,719	(875,179)
<b>Cash Flows from Financing Activities</b>					
Lease Payments		(163,167)	(62,802)	(163,167)	(62,802)
Proceeds from Borrowings		-	1,000,000	-	1,000,000
Repayment of Borrowings		(299,962)	-	(300,000)	-
Loan Repayments Controlled Entities		-	-	-	(1,386,147)
Net Cash Provided by Financing Activities		(463,129)	937,198	(463,167)	(448,949)
Net Increase/(Decrease) in Cash and Cash Equivalents at the Beginning of the Year		515,838	832,368	(318,151)	(611,882)
Cash and Cash Equivalents at the End of the Year	18(i)	2,336,418	1,504,050	1,906,838	2,518,720
Cash and Cash Equivalents at the End of the Year		2,852,256	2,336,418	1,588,687	1,906,838

The above Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 9 to 29.

**Statement of Receipts and Payments  
for Recovery of Wages Activity – Cash Basis  
for the Year Ended 30 June 2012**

	2012 \$	2011 \$
<b>Cash Assets in respect of recovered money at beginning of the year</b>	-	-
<b>Receipts</b>		
Membership Subscriptions	-	-
Interest Received	-	-
<b>Total Receipts</b>	<u>-</u>	<u>-</u>
<b>Payments</b>		
Deductions of amounts due in respect of membership	-	-
Deductions of donations or other contributions to accounts or funds	-	-
Deductions of fees or reimbursements of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total Payments</b>	<u>-</u>	<u>-</u>
<b>Cash assets in respect of recovered money at the end of the year</b>	<u>-</u>	<u>-</u>

The above Statement should be read in conjunction with the accompanying notes on pages 9 to 29.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**1. ACCOUNTING METHODS & POLICIES**

**Basis of Preparation**

The accounts which are a general purpose financial report have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Reporting Guidelines of the General Manager of Fair Work Australia and any other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. The accounts have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non current assets. Compliance with Australian Accounting Standards means that the Financial Statements and notes also comply with International Financial Reporting Standards. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted in the preparation of the accounts.

**a) Accrual Accounting**

The accounts have been prepared under the accrual basis of accounting which means that revenues and expenses are recognised as they are respectively earned and incurred (and not as money is received or paid) and are brought to account in the financial period to which they relate.

**b) Principles of Consolidation**

The Group's accounts comprise the accounts of the Association of Professional Engineers, Scientists and Managers, Australia (Federal Organisation and Branches) henceforth known as the chief entity (APESMA) and all of its controlled entities. A controlled entity is defined as an entity controlled by APESMA. Control exists where APESMA has the capacity to control decision-making in relation to the financial and operating policies of another entity so that the other entity operates with APESMA to achieve the objectives of APESMA.

All inter-entity balances and transactions between entities in the Group have been eliminated on consolidation.

**c) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining their recoverable amounts.

**Depreciation**

The depreciable amounts of all fixed assets including buildings, are depreciated over their estimated economic lives on a straight line method commencing from the time the assets are ready for use. Rates of depreciation vary from 2.5% per annum for buildings to 33.3% for computer equipment.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**1. ACCOUNTING METHODS & POLICIES CONT'D**

**d) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations, exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and Receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Held to maturity Investments**

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held to maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

**Available for sale financial assets**

Available for sale financial assets include any financial asset not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities**

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**1. ACCOUNTING METHODS & POLICIES CONT'D**

**e) Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

**f) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**g) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

Revenue from the rendering of a service or delivery of goods is recognised upon the delivery of the service or goods to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**h) Goods and Services Tax (GST)**

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

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

**i) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**j) Other Financial Assets**

In the separate financial statements of the chief entity, investments in controlled entities that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost, as are other unlisted shares.



**Notes to the Consolidated Annual Accounts  
For the Year Ended 30 June 2012**

**1. ACCOUNTING METHODS & POLICIES (CONT'D)**

**k) Employee Benefits**

The provision for employee benefits in the form of wages, salaries and annual leave represents the amounts the Group has a present obligation to pay resulting from employees' services to balance date. This provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

The provision for long service leave represents the present value of estimated future cash outflows (including related on-costs) to be made by the Group in respect of employees' services to balance date. Where such payments will not be settled in the next twelve months, they have been discounted using relevant national government security rates.

Entitlements of employees of the Group are the legal responsibility of the Chief Entity, APESMA.

**l) Income Tax**

No provision for income tax has been raised as the chief entity being a trade union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. There was no impact from this change on the profit after income tax.

The charge for current income tax expense for controlled entities is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, when there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

**m) Subscription Income**

Prepaid subscription income represents subscriptions received in advance from "full account paying" members. Subscriptions in arrears represent expected receipts from "full account paying" members, not received at balance date.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**1. ACCOUNTING METHODS & POLICIES (CONT'D)**

**n) Information to be Provided to Members or Registrar**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 which reads as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

**o) Adoption of New and Revised Accounting Standards**

During the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to the operations which become mandatory.

The impact of these Accounting Standards are assessed as having no material impact on the financial reports.

**p) New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt.

The expected impact of these Accounting Standards issued but not yet operative at 30 June 2012 are assessed as having no material impact on this financial report.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:-</b>				
<b>a) Crediting as Revenue</b>				
Subscriptions	10,446,785	9,962,414	10,446,785	9,962,414
Education (Chifley Business School Pty Ltd)	4,789,137	6,248,972	-	-
Employment (ETM Placements Pty Ltd)	-	93,850	-	-
Member Services (Member Advantage Pty Ltd)	1,877,527	1,908,773	-	-
Licence Fees	-	-	625,000	748,957
Rental Income	545,220	524,071	545,220	524,071
Interest	202,021	112,117	202,021	112,117
Other Income	660,090	814,222	599,866	868,222
	<b>18,520,780</b>	<b>19,664,419</b>	<b>12,418,892</b>	<b>12,215,781</b>
<b>b) Charging as Expenses</b>				
<b>Employment Costs</b>				
Salaries & Allowances – Officers	-	-	-	-
Salaries & Allowances – Other	8,791,617	8,071,463	6,250,961	5,854,438
Annual Leave	66,760	(63,804)	87,539	(54,050)
Long Service Leave	201,405	(64,656)	202,078	(55,325)
Superannuation	802,749	751,312	589,791	552,246
Other Employment Costs	714,046	623,680	505,514	445,934
	<b>10,576,577</b>	<b>9,317,995</b>	<b>7,635,883</b>	<b>6,743,243</b>
<b>Borrowing Costs</b>	<b>409,538</b>	<b>386,027</b>	<b>379,872</b>	<b>366,234</b>
<b>Professional Network Costs</b>	<b>231,425</b>	<b>249,809</b>	<b>231,425</b>	<b>249,809</b>
<b>Other Expenses</b>				
Affiliation Fees	166,947	180,513	166,947	178,063
Meeting Expenses	172,042	190,043	172,042	189,704
Audit & Accounting Fees	49,632	111,700	26,360	106,655
Legal Fees	64,587	178,990	64,587	164,500
Members' Services & Support	5,733,140	7,029,334	2,360,437	2,632,167
Depreciation	496,515	542,924	484,547	518,434
Other Industrial Expenses	9,630	27,272	9,630	27,271
Industrial Library	24,522	15,535	24,522	15,535
Provision for Doubtful Debts – Controlled entities	-	-	613,165	(23,186)
Bad & Doubtful Debts	76,588	-	-	-
Provision for Doubtful Debts - Other	(15,735)	(49,001)	-	(49,001)
Controlled entities loans forgiven	-	-	-	1,098,541
Business Subsidy – Chifley Business School Pty Ltd	-	-	175,000	-
	<b>6,777,868</b>	<b>8,227,310</b>	<b>4,097,237</b>	<b>4,858,683</b>

**Notes to the Consolidated Annual Accounts  
of the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>3. INCOME TAX EXPENSE</b>				
Prima facie tax at 30% on Profit/(Loss)	157,612	444,983	22,343	(656)
Tax losses and temporary differences recognised/(recouped not previously recognised)	(135,269)	(430,882)	-	-
Exempt Income	(22,343)	(656)	(22,343)	656
Under provision for income tax in the previous year	4,690	-	-	-
<b>Total Income Tax Expense</b>	<b>4,690</b>	<b>13,445</b>	<b>-</b>	<b>-</b>

The National Board estimates that the potential future income tax benefit of tax losses not brought to account as an asset are;

	978,864	927,052	-	-
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The benefit of the losses will only be attained if:

- (a) future assessable income is derived of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (b) the conditions for deductibility by the law are continued to be complied with;
- (c) no changes in income tax legislation adversely affect realising the benefit from the deduction for the losses;

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>4. CASH AND CASH EQUIVALENTS</b>				
Cash at Bank	2,395,602	2,178,074	1,132,033	1,748,494
Cash on Hand	2,350	2,150	2,350	2,150
Cash on Deposit	-	11,570	-	11,570
Cash Management Account	454,304	144,624	454,304	144,624
	2,852,256	2,336,418	1,588,687	1,906,838

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>5. TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Sundry Debtors	1,642,776	1,784,044	193,914	143,667
Amounts Owed by Controlled Entities	-	-	-	-
	1,642,776	1,784,044	193,914	143,667
<b>Non Current</b>				
Amounts Owed by Controlled Entities	-	-	3,362,411	2,700,021
Less Provision for Doubtful Debts	-	-	(2,783,510)	(2,170,345)
	-	-	578,901	529,676

**Net Fair Values**

The National Board consider that the carrying amount of all receivables approximate their net fair values.

**Significant Terms and Conditions**

Sundry debtors are generally required to be settled within 60 days.

Loans to controlled entities are unsecured and considered recoverable unless a provision has been raised against the amount receivable. They are interest free.

**Credit Risk**

The Group does not have any significant exposure to any individual customer or counterparty. The major concentration of credit risk that arises from the Group's receivables is within the engineering industry in Australia.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>6. OTHER ASSETS</b>				
Prepayments	115,189	132,776	103,164	131,722
<b>7. FINANCIAL ASSETS</b>				
<b>Current</b>				
Commonwealth Bank Term Deposits	2,691,618	2,535,025	2,691,618	2,535,025
Vanguard Index Funds-Unit Trust	246,542	265,242	246,542	265,242
Chifley Financial Services Structured Bond	2,643,021	2,549,212	2,643,021	2,549,212
	<b>5,581,181</b>	<b>5,349,479</b>	<b>5,581,181</b>	<b>5,349,479</b>
<b>Non-Current</b>				
Shares in Controlled Entities	-	-	675,033	675,033
	-	-	675,033	675,033
<b>Net Fair Values</b>				
Shares in entities noted above have an aggregate net fair value approximating their carrying value.				
<b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>				
Land and Buildings at National Board Valuation 2011	11,320,579	11,320,579	11,320,579	11,320,579
Buildings at Cost	-	-	-	-
Accumulated Depreciation	(241,136)	-	(241,136)	-
	11,079,443	11,320,579	11,079,443	11,320,579
Office Equipment at Cost	1,513,111	1,322,225	1,421,163	1,233,847
Accumulated Depreciation	(616,383)	(449,435)	(551,307)	(396,326)
	896,728	872,790	869,856	837,521
Motor Vehicles at Cost	318,653	568,680	318,653	568,681
Accumulated Depreciation	(213,951)	(317,474)	(213,951)	(317,474)
	104,702	251,206	104,702	251,207
<b>Total Property, Plant &amp; Equipment</b>	<b>12,080,873</b>	<b>12,444,575</b>	<b>12,054,001</b>	<b>12,409,307</b>

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**8. PROPERTY, PLANT & EQUIPMENT (CONT'D)**

**Valuation of Land and Buildings**

Land and buildings held by the Group were subject to assessment for fair value by the National Board. The property located at 163-165 Eastern Road South Melbourne Victoria was valued as at 30 June 2011 by Mr. M.D. Jackson, AAPI, Certified Practising Valuer of Charter Keck Cramer. Based on the independent valuation of this property the National Board determined to revalue land and buildings as at 30 June 2011 to fair market value based on existing use.

**Movements in Carrying Amounts**

Movements in carrying amounts for the asset class of property, plant and equipment between the beginning and the end of the current financial year;

CHIEF ENTITY	Land & Buildings	Office Equipment	Motor Vehicles	Total
Balance 1 July 2010	10,382,652	877,061	422,012	11,681,725
Additions	-	134,001	20,837	154,838
Revaluation	1,152,398	-	-	1,152,398
Disposals/Adjustments	-	(22,095)	(39,125)	(61,220)
Depreciation Expense	(214,471)	(151,446)	(152,517)	(518,434)
Balance 30 June 2011	11,320,579	837,521	251,207	12,409,307
Balance 1 July 2011	11,320,579	837,521	251,207	12,409,307
Additions	-	187,316	-	187,316
Revaluation	-	-	-	-
Disposals/Adjustments	-	-	(58,074)	(58,074)
Depreciation Expense	(241,136)	(154,981)	(88,431)	(484,548)
Balance 30 June 2012	11,079,443	869,856	104,702	12,054,001

GROUP	Land & Buildings	Office Equipment	Motor Vehicles	Total
Balance 1 July 2010	10,382,652	954,453	422,012	11,759,117
Additions	-	136,689	20,837	157,526
Disposals/Additions	-	(42,416)	(39,125)	(81,541)
Revaluation	1,152,398	-	-	1,152,398
Depreciation Expense	(214,471)	(175,936)	(152,517)	(542,924)
Balance 30 June 2011	11,320,579	872,790	251,206	12,444,575
Balance 1 July 2011	11,320,579	872,790	251,206	12,444,575
Additions	-	190,886	-	190,886
Revaluation	-	-	-	-
Disposals/Adjustments	-	-	(58,074)	(58,074)
Depreciation Expense	(241,136)	(166,948)	(88,431)	(496,515)
Balance 30 June 2012	11,079,443	896,728	104,702	12,080,873

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>9. INTANGIBLES</b>				
Goodwill	69,019	69,019	-	-
Accumulated Amortisation/Impairment	(69,019)	(69,019)	-	-
	-	-	-	-

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>10. TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
Trade and Sundry Creditors	2,779,935	2,735,189	725,681	897,716
Prepaid Subscriptions & Fees	2,433,822	2,523,335	2,433,822	2,469,578
Amounts Owed to Controlled Entities	-	-	649,998	649,998
	5,213,757	5,258,524	3,809,501	4,017,292

**Trade and Sundry Creditors and Prepaid Subscriptions & Fees and Amounts owed to Controlled Entities**

Trade and sundry creditors are generally settled within 30 days. The National Board considers the carrying amounts of these items approximate their net fair values. Prepaid subscriptions and fees represent amounts received in respect to the 2012/13 period.



Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>11. BORROWINGS</b>				
<b>Current</b>				
Bank Overdraft	38	-	-	-
Bank Bills	3,200,000	3,500,000	3,200,000	3,500,000
Lease Liabilities	47,094	131,685	47,094	131,685
	3,247,132	3,631,685	3,247,094	3,631,685
<b>Non Current</b>				
Lease Liabilities	8,873	87,449	8,873	87,449
Long Term Loans	-	-	-	-
	8,873	87,449	8,873	87,449

**Bank Bills, Debentures and Lease Liabilities**

The bank bills are secured by first mortgage over the Group's property in Melbourne and Sydney.

The National Board considers that the carrying amounts of bank bills, debentures and lease liabilities approximate their net fair values.

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>12. PROVISIONS</b>				
<b>Current</b>				
Long Service Leave	1,034,650	838,913	1,034,650	838,913
Annual Leave	812,838	757,541	812,838	757,541
	1,847,488	1,596,454	1,847,488	1,596,454
<b>Non Current</b>				
Long Service Leave	119,760	145,152	119,760	145,152
	119,760	145,152	119,760	145,152

**Net Fair Values**

The National Board considers that the carrying amounts of provisions for employee entitlements approximate their net fair values (annual leave) and present value (long service leave). Provisions are payable when leave legally falls due.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>13. RESERVES</b>				
<b>Capital Profits Reserve</b>				
Balance as at start and end of year	775,368	775,368	775,368	775,368
<b>Property Revaluation Reserve</b>				
Balance as at start of year	7,456,760	6,304,362	7,456,760	6,304,362
Revaluation during year	-	1,152,398	-	1,152,398
Balance as at end of year	7,456,760	7,456,760	7,456,760	7,456,760
<b>General Reserve</b>				
Balance as at start and end of year	139,878	139,878	139,878	139,878
<b>Building Repair Reserve</b>				
Balance as at start of year	100,000	-	100,000	-
Transfer to Reserves	-	100,000	-	100,000
Balance as at end of year	100,000	100,000	100,000	100,000
<b>Amalgamation Reserve</b>				
Balance as at start of year	150,000	-	150,000	-
Transfer to Reserves	-	150,000	-	150,000
Balance as at end of year	150,000	150,000	150,000	150,000
<b>Licence Fee Reserve</b>				
Balance as at start of year	132,000	-	132,000	-
Transfer to Reserves	-	132,000	-	132,000
Balance as at end of year	132,000	132,000	132,000	132,000
<b>APESMA Legal Defence Fund</b>				
Balance as at start and end of year	528,464	528,464	528,464	528,464
<b>CSD Legal Defence Fund</b>				
Total CSD Legal Defence Fund				
Balance at Start of Year	6,183,049	5,577,682	6,183,049	5,577,682
Transfer to Reserve	527,695	605,367	527,695	605,367
Balance as at end of year	6,710,744	6,183,049	6,710,744	6,183,049
<b>Total Reserves</b>	<b>15,993,214</b>	<b>15,465,519</b>	<b>15,993,214</b>	<b>15,465,519</b>

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$

**14. COMMITMENTS**

The Chief Entity has confirmed its intention to provide continuing financial support to all of its controlled entities as and when required by those entities.

Future Finance Lease Payments are payable as follows:-

< 1 year	50,173	143,369	50,173	143,369
1-5 years	9,086	91,198	9,086	91,198
Gross Lease Payments	59,259	234,567	59,259	234,567
Less Future Finance Charges	3,292	15,433	3,292	15,433
Lease Liabilities	55,967	219,134	55,967	219,134
Current	47,094	131,685	47,094	131,685
Non Current	8,873	87,449	8,873	87,449
Lease Liabilities	55,967	219,134	55,967	219,134

	Chief Entity Investment		Equity Holding		Contributions to Group Profit & Loss	
	2012	2011	2012	2011	2012	2011
	\$	\$	%	%	\$	\$

**15. CONTROLLED ENTITIES**

**Chief Entity**

Association of Professional Engineers, Scientists & Managers, Australia

74,475 (2,188)

**Controlled Entities**

APESMA Lawyers Pty Ltd	10	10	100	100	-	-
Member Advantage Pty Ltd	1	1	100	100	7,645	60,605
ETM Placements Pty Ltd	10	10	100	100	-	1,076,132
Education and Training for Professionals Pty Ltd	2	2	100	100	-	(49)
APESMA Insurance Services Pty Ltd	10	10	100	100	-	-
Engineering Placements Pty Ltd	-	-	100	100	-	22,412
Chifley Business School Pty Ltd	675,000	675,000	100	100	(174,618)	390,110
	675,033	675,033				

**Notes to the Consolidated Annual Accounts  
for the Year ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>16. EMPLOYEE BENEFITS</b>				
Aggregate employee benefits including on-costs:				
Annual Leave and Long Service Leave	1,967,248	1,741,606	1,967,248	1,741,606

**17. FINANCIAL RISK MANAGEMENT**

**Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans to and from controlled entities and trade payables.



17. FINANCIAL RISK MANAGEMENT CONT'D

17 (a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:-



Chief Entity  
30-Jun-12

Assets:						
Cash and Cash Equivalents	1.25	1,688,687	-	-	-	1,688,687
Financial Assets	5.51	-	5,581,181	-	-	5,581,181
Receivables					772,815	772,815
<b>Total financial assets</b>		<b>1,688,687</b>	<b>5,581,181</b>			<b>7,042,683</b>
Liabilities:						
Leases	7.65	-	47,094	8,873	-	55,967
Sundry Creditors and Prepaid Subscriptions and Fees					3,809,501	3,809,501
Bank bills and Overdraft	8.2	-	3,200,000	-	-	3,200,000
<b>Total financial liabilities</b>			<b>3,247,094</b>	<b>8,873</b>	<b>3,809,501</b>	<b>7,064,468</b>
<b>Net financial assets (liabilities)</b>		<b>-1,588,687</b>	<b>2,344,027</b>	<b>(8,873)</b>	<b>(3,038,696)</b>	<b>877,215</b>

The total amount of financial liabilities disclosed above excludes statutory payables (ie GST payable)

30-Jun-11

Assets:						
Cash and Cash Equivalents	1.26	1,908,838	-	-	-	1,908,838
Financial Assets	5.51	-	5,349,479	-	-	5,349,479
Receivables					673,343	673,343
<b>Total financial assets</b>		<b>1,908,838</b>	<b>5,349,479</b>		<b>673,343</b>	<b>7,298,660</b>
Liabilities:						
Leases	7.85	-	131,866	87,449	-	219,314
Sundry Creditors and Prepaid Subscriptions and Fees					4,017,292	4,017,292
Bank bills and Overdraft	8.2	-	3,500,000	-	-	3,500,000
<b>Total financial liabilities</b>			<b>3,631,866</b>	<b>87,449</b>	<b>4,017,292</b>	<b>7,736,426</b>
<b>Net financial assets (liabilities)</b>		<b>1,908,838</b>	<b>1,717,794</b>	<b>(87,449)</b>	<b>(3,343,949)</b>	<b>143,234</b>

The total amount of financial liabilities disclosed above excludes statutory payables (ie GST payable)

The Group bank balances are subject to a group limit facility arrangement providing full set-off of debt and interest based on the net balance of group bank accounts excluding the CSD Legal Defence Fund balances of \$588,779 (2011: \$280,586 ) which cannot be encumbered or used for set-off without authority of the management committee of the CSD Legal Defence Fund. Financial assets of the CSD Legal Defence Fund of \$5,581,181 (2011: \$5,349,479) are also excluded and cannot be encumbered or used for set-off without the authority of the management committee of the CSD Legal Defence Fund.

Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012

17. FINANCIAL RISK MANAGEMENT CONT'D

<b>Group</b>						
<b>30-Jun-12</b>						
<b>Assets:</b>						
Cash and Cash Equivalents	1.25	2,052,256	-	-	-	2,052,256
Financial Assets	5.51	-	5,581,181	-	-	5,581,181
Receivables	-	-	-	-	1,842,778	1,842,778
<b>Total financial assets</b>		<b>2,052,256</b>	<b>5,581,181</b>	<b>-</b>	<b>1,842,778</b>	<b>10,078,213</b>
<b>Liabilities:</b>						
Leases	7.85	-	47,094	8,873	-	56,907
Sundry Creditors and Prepaid Subscriptions and Fees	-	-	-	-	5,215,757	5,215,757
Bank bills and Overdraft	3.2	-	3,200,038	-	-	3,200,038
Long Term Loan	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>3,247,132</b>	<b>8,873</b>	<b>5,215,757</b>	<b>8,468,762</b>
<b>Net financial assets (liabilities)</b>		<b>2,052,256</b>	<b>2,334,049</b>	<b>(8,873)</b>	<b>(3,372,981)</b>	<b>1,609,451</b>
The total amount of financial liabilities disclosed above excludes statutory payables (ie GST payable)						
<b>30-Jun-11</b>						
<b>Assets:</b>						
Cash and Cash Equivalents	1.25	2,336,418	-	-	-	2,336,418
Financial Assets	5.51	-	5,349,478	-	-	5,349,478
Receivables	-	-	-	-	1,784,044	1,784,044
<b>Total financial assets</b>		<b>2,336,418</b>	<b>5,349,478</b>	<b>-</b>	<b>1,784,044</b>	<b>9,468,941</b>
<b>Liabilities:</b>						
Leases	7.85	-	131,886	87,446	-	219,334
Sundry Creditors and Prepaid Subscriptions and Fees	-	-	-	-	5,258,672	5,258,672
Bank bills and Overdraft	3.2	-	3,500,000	-	-	3,500,000
Long Term Loan	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>3,631,886</b>	<b>87,446</b>	<b>5,258,672</b>	<b>8,977,908</b>
<b>Net financial assets (liabilities)</b>		<b>2,336,418</b>	<b>1,717,592</b>	<b>(87,446)</b>	<b>(3,474,628)</b>	<b>491,033</b>
The total amount of financial liabilities disclosed above excludes statutory payables (ie GST payable)						

17 (b) Credit Risk

The association does not obtain collateral or other security when dealing with related entities.

The carrying amounts of financial assets included in the statement of financial position represent the association's maximum exposure to credit risk in relation to these assets. Where entities have a right of set-off and intend to settle on a net basis, this set-off has been reflected in the financial statements in accordance with accounting standards.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**17. FINANCIAL RISK MANAGEMENT CONT'D**

**17 (c) Net Fair Values**

The net fair values of the association's financial assets and financial liabilities are not expected to be significantly different from each class of asset and liability as disclosed above and recognized in the statement of financial position as at 30 June 2012.

**17 (d) Market Risk**

The association is not exposed to material market risk. Therefore no sensitivity analysis has been disclosed showing how the profit or loss would have been affected by changes in the relevant risk variable.

**17 (e) Liquidity Risk**

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained within the group and by the parent entity.

**Net Fair Values of Financial Assets and Liabilities**

The net fair values of:-

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present values
- Other assets and liabilities approximate their carrying values

GROUP	Carrying Amount	Fair Value
	2012	2012
	\$	\$
<b>Financial assets</b>		
Cash & Cash Equivalents	2,852,256	2,852,256
Receivables	1,642,776	1,642,776
Investments	5,581,181	5,581,181
<b>Financial liabilities</b>		
Payables	5,213,757	5,213,757
Borrowings	3,256,005	3,256,005
	Carrying Amount	Fair Value
	2011	2011
	\$	\$
<b>Financial assets</b>		
Cash & Cash Equivalents	2,336,418	2,336,418
Receivables	1,784,044	1,784,044
Investments	5,349,479	5,349,479
<b>Financial liabilities</b>		
Payables	5,258,672	5,258,672
Borrowings	3,719,134	3,719,134

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**17. FINANCIAL RISK MANAGEMENT CONT'D**

CHIEF ENTITY	Carrying Amount		Fair Value	
	2012		2012	
	\$		\$	
<b>Financial assets</b>				
Cash & Cash Equivalents	1,588,687		1,588,687	
Receivables	772,815		772,815	
Investments	5,581,181		5,581,181	
<b>Financial liabilities</b>				
Payables	3,809,501		3,809,501	
Borrowings	3,255,967		3,255,967	

	Carrying Amount		Fair Value	
	2011		2011	
	\$		\$	
<b>Financial assets</b>				
Cash & Cash Equivalents	1,906,358		1,906,358	
Receivables	673,343		673,343	
Investments	5,349,479		5,349,479	
<b>Financial liabilities</b>				
Payables	4,017,292		4,017,292	
Borrowings	3,719,134		3,719,134	



**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

	Group		Chief Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>18. NOTES TO THE CASH FLOW STATEMENTS</b>				
i) Cash and cash equivalents comprises cash on hand and at bank, net of outstanding bank overdrafts, as follows:-				
Cash on hand	2,350	2,150	2,350	2,150
Cash at bank	2,395,602	2,178,074	1,132,033	1,748,494
Cash on deposit	-	11,570	-	11,570
Cash Management Account	454,304	144,624	454,304	144,624
Bank Overdraft	-	-	-	-
	<b>2,852,256</b>	<b>2,336,418</b>	<b>1,588,687</b>	<b>1,906,838</b>
ii) Reconciliation of Operating Profit/(Loss) after Income Tax to net cash provided by Operating Activities				
Operating Profit/(Loss) after Income Tax	520,682	1,469,833	74,475	(2,188)
<b>Non cash and investing items</b>				
Asset Impairment/Write Offs	58,074	81,541	58,074	61,221
Depreciation	496,515	542,924	484,546	518,434
Rental Income	(599,742)	(524,071)	(599,742)	(524,071)
Doubtful Debts – Controlled Entities	-	-	613,165	(23,186)
Doubtful Debts - Other	(15,735)	(49,001)	-	(49,001)
Loans to Controlled entities forgiven	-	-	-	1,098,541
<b>Changes in Operating Assets/Liabilities</b>				
Sundry Debtors	157,002	586,542	(712,630)	798,264
Prepayments	17,587	165,309	28,558	61,109
Employee Entitlements	225,642	(279,402)	225,642	(292,847)
Creditors and Other Payables	(44,767)	(1,213,762)	(207,791)	(934,029)
Provision for Income Tax	(13,445)	13,445	-	-
Net cash provided by/used in operating activities	<b>801,813</b>	<b>793,358</b>	<b>(35,703)</b>	<b>712,247</b>
iii) The Group has bank bill (\$3.5 million) and bank overdraft (\$0.5 million) facilities of \$4.0 million as at 30 June 2012 which were utilised to the extent of \$3.2 million. These facilities are subject to annual review (the next review date being November 2012).				

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2012**

**19. RELATED PARTIES**

The Operating Report contains the names of all National Board members.

The chief entity received licence and service fees this year of \$784,401 (on normal commercial terms and conditions) (2011: \$1,270,731) for services rendered to controlled entities. Loans to and from controlled entity are disclosed in the notes to the financial report. The Chief Entity paid a business subsidy to Chifley Business School Pty Ltd this year of \$175,000 (2011: \$nil).

No member of the National Board received remuneration for services rendered. Remuneration paid/payable to independent directors of the Business Unit/Controlled Entity amount to \$63,190 (2011: \$42,931).

**20. SEGMENT REPORTING**

The Group operates predominantly in the one business and geographical segment, being in the private and public sector providing services to its members in respect of education, legal, employment and general industrial matters.

**21. CONTINGENT ASSETS AND LIABILITIES**

The National Board is not aware of any contingent assets or any contingent liabilities as at 30 June 2012 (2011 nil).

**22. SUBSEQUENT EVENTS**

**1. Chifley Business School Pty Ltd**

Subsequent to the end of the financial year the Chief Entity and a subsidiary entered into a share sale agreement and subsequent Deed of Variation whereby all issued shares in Chifley Business School Pty Ltd were sold with a completion date of 1 October 2012. The sale price of \$3.072 million is payable by two instalments \$1.872 million by completion date, and \$1.2 million no later than 30 September 2014. The purchaser has provided a Promissory Note to the parent entity (APESMA) and granted a first ranking charge over the property of Chifley Business School Pty Ltd to secure the payment of the second instalment.

**National Board Statement**

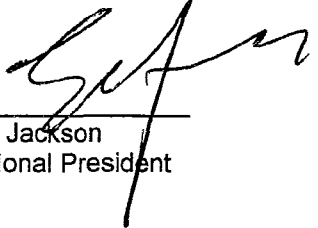
On 3 October 2012 the National Board of the Association of Professional Engineers, Scientists & Managers, Australia passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2012:

The National Board declares in relation to the financial report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the Reporting Guidelines of the General Manager of Fair Work Australia and other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009;
- (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) during the financial year to which the general purpose financial report relates and since the end of that year:
  - (i) meetings of the National Board were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting units have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or the General Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of Fair Work Australia; and
  - (vi) there have been no orders for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.
- (f) in relation to recovery of wages activity:
  - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager of Fair Work Australia; and
  - (ii) the National Board caused the auditor to include in the scope of the audit required under section 257(1) of the Fair Work (Registered Organisations) Act 2009 all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
  - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
  - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursed of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
  - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.


**National Board Statement Cont'd**

On behalf of the National Board



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EW Jackson  
National President



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K Bader  
National Treasurer

Dated: 3<sup>rd</sup> October 2012,  
South Melbourne, Victoria

Dated: 3<sup>rd</sup> October 2012  
South Melbourne, Victoria

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE ASSOCIATION OF PROFESSIONAL ENGINEERS,  
SCIENTISTS AND MANAGERS, AUSTRALIA

**Report on the financial report**

We have audited the accompanying financial report of the **Association of Professional Engineers, Scientists and Managers, Australia** (the entity), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows and the statement of receipts and payments for recovery of wages activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the National Board Statement.

*National Board's responsibility for the financial report*

The National Board is responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the General Manager of Fair Work Australia and any other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. The National Board is also responsible for such internal control as the National Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the National Board also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

*Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the National Board, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE ASSOCIATION OF PROFESSIONAL ENGINEERS,  
SCIENTISTS AND MANAGERS, AUSTRALIA**

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

*Opinion*

In our opinion, under section 257(5) of the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the Group and the Association:

- (a) the Australian Accounting Standards, (including Australian Accounting Interpretations);
- (b) in relation to recovery of wages activity;
  - (i) that the scope of the audit encompassed recovery of wages activity;
  - (ii) that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the Reporting Guidelines of the General Manager of Fair Work Australia, including;
    - 1. any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
    - 2. any donations or other contributions deducted from recovered money; and
- (c) any other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



UHY Haines Norton  
Chartered Accountants



R.H. Hutton  
Registered Company Auditor

Dated this 3rd day of October 2012



FAIR WORK  
AUSTRALIA

3 August 2012

Ms Robyn Porter  
National Secretary  
The Association of Professional Engineers, Scientists and Managers Australia,

[info@apesma.asn.au](mailto:info@apesma.asn.au)

Dear Ms Porter,

**Lodgement of Financial Documents for year ended 30 June 2012 [FR2012/439]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Association of Professional Engineers, Scientists and Managers, Australia, The (the “reporting unit”) has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit’s financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

Failure to comply with these obligations is subject to a civil penalty provision - see s305 RO Act.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at [www.fwa.gov.au](http://www.fwa.gov.au) – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at [orgs@fwa.gov.au](mailto:orgs@fwa.gov.au). Alternatively, you can forward the documents by fax to (03) 9655 0410.

Please do not hesitate to contact me on (03) 8661 7787 or by email at Andrea.O'HALLORAN@fwa.gov.au if you wish to discuss the requirements outlined in this correspondence.

Yours sincerely,

A handwritten signature in black ink that reads "Andrea O'Halloran". The signature is written in a cursive style with a period at the end.

Andrea O'Halloran  
Organisations, Research & Advice  
Fair Work Australia



**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /
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Prepare financial statements and Operating Report.
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(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	

*As soon as practicable after end of financial year*

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
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*Within a reasonable time of having received the GPFR  
(NB: Auditor's report must be dated on or after date of Committee of Management Statement*

Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> <li>the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>the Auditor's Report; and</li> <li>the Operating Report.</li> </ul>	/ /
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*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,  
or  
(b) in any other case including where the report is presented to a Committee of Management meeting\*, the report must be provided to members within 5 months of end of financial year.*

Present full report to:  (a) General Meeting of Members - s266 (1),(2); OR  (b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /  / /
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*Within 6 months of end of financial year*

*Within 6 months of end of financial year*

Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
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*Within 14 days of meeting*

\* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

# The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.