



23 November 2015

Ms Robyn Porter
National Secretary
The Association of Professional Engineers, Scientists and Managers, Australia
163 Eastern Road
South Melbourne VIC 3205

via e-mail: info@professionalsaustralia.org.au

Dear Ms Porter

**The Association of Professional Engineers, Scientists and Managers, Australia
Financial Report for the year ended 30 June 2015 - FR2015/240**

I acknowledge receipt of the financial report for the year ended 30 June 2015 for the Association of Professional Engineers, Scientists and Managers, Australia (APESMA). The financial report was lodged with the Fair Work Commission (FWC) on 5 November 2015.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2015 report has been filed the following should be addressed in the preparation of the next financial report.

1. Operating Report

Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires details of any officer or member of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme.

If no officers or a member of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the subsection 254(2)(d) is:

'No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation'.

2. Committee of Management Statement

References to FWC

Paragraph (b) of the 'National Board Statement' refers to 'Fair Work Australia'. Following the enactment of the *Fair Work Amendment Act 2012*, Fair Work Australia was renamed Fair Work Commission with effect from 1 January 2013. All references to Fair Work Australia must be changed to Fair Work Commission.

Recovery of wages

Paragraph (f) of the 'National Board Statement' refers to recovery of wages. If APESMA does not engage in the recovery of wages, as stated in the auditor's report, paragraph (f) could simply read:

'No revenue has been derived from undertaking recovery of wages activity during the reporting period'.

3. General Purpose Financial Report

For-profit or not-for profit entity

Australian Accounting Standard *AASB 1054 Australian Additional Disclosures* paragraph 8(b) requires that the entity disclose whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.

Accounting judgments and estimates

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 122 requires that the notes to the financial statements include a discussion on the significant accounting judgments and estimates applied.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or by email at ken.morgan@fwc.gov.au

Yours sincerely



Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

28 October 2015

Mr Robert Pfeiffer
Senior Advisor
Regulatory Compliance Branch
Fair work Commission
GPO Box 1994
Melbourne VIC 3001



**Professionals
Australia**

GPO Box 1272,
Melbourne,
Victoria 3001.

Dear Mr Pfeiffer,

Re: Lodgement of Financial Accounts & Statements - Association of Professional Engineers, Scientists & Managers Australia – for year ending 30 June 2015

Please find attached a copy of the audited financial accounts & statements for the year ended 30 June 2015 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 2015; and
- that the full report was presented to a general meeting of members of the reporting unit on 24th October 2015; in accordance with s266 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

**THE ASSOCIATION OF PROFESSIONAL
ENGINEERS, SCIENTISTS &
MANAGERS, AUSTRALIA**
(Trading as Professionals Australia)
ABN 99 589 872 974
&
CONTROLLED ENTITIES

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA & CONTROLLED ENTITIES

Operating Report For the year ended 30 June 2015

The National Board presents the report of the Group (APESMA Group) consisting of the Association of Professional Engineers, Scientists & Managers, Australia trading as Professionals Australia and the entities it controlled at the end or during the year ended 30 June 2015.

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's result for the year was a profit after providing for income tax of \$1,531,001 (2014: loss of \$51,704).

REVIEW OF OPERATION

Group

For the 2015 year, the Group continued to provide individual services, and to advance employment, social and economic interests of members. Overall, the Group's revenue increased by \$1.141 million, whilst expenditure decreased by \$0.443 million. The Group has net assets of \$20.203 million, primarily property and cash reserves.

An overview of each operation is set out below.

Chief Entity

The financial performance during the year which again encompassed member and industrial services was underpinned by an increase in revenue of \$1.087 million from \$12.993 million to \$14.080 million. Total subscription revenues increased from \$10.422 million to \$10.494 million this year. Other income increased from \$2.571 million to \$3.586 million. Overall expenditure decreased by \$0.491 million during the year.

Throughout 2014/2015 the Association in addition to bargaining on behalf of members and supporting members with their individual issues and grievances was involved in a number of major activities in the pursuance of its campaigning, organising and legal/industrial objectives.

Some of these activities included:

Advocacy

The Association's advocacy role is a key part of its integrated approach which combines engagement with governments, industry and the community in order to work for solutions to the major issues. In particular the "Better Infrastructure" Campaign is an important initiative in this area and is a major priority for the Association at both a national and regional level. In addition submissions to various inquiries are made on a regular basis. These include the Productivity Commission Inquiry into Workplace Relations; the Willing to Work Inquiry which is investigating the employment of mature age workers; the Response to Government's Vision for a Science Nation; and the Rate capping in New South Wales- Submission to the Essential Services Commission. These submissions ensure that the voice of managers and professionals in the workplace is heard by decision makers.

Pharmacy Campaign – The Association's on-going campaign to improve the status of retail pharmacists continues to be a key focus of the Association and is a major priority. The Association is currently involved in the 2014 Review of Modern Awards which is being conducted by the Fair Work Commission. The Pharmacy Guild along with employers in other industries is attempting to reduce penalty rates and this is being vigorously opposed. The Association is taking the opportunity to try and lift rates of pay by pursuing work value based claims. Both of these matters involve the presentation of extensive witness evidence and submissions.

Translators and Interpreters (TI's) – Following a decision by the Australian Competition and Consumers Commission (ACCC) the Association on behalf of its members who are TI's and employed as independent contractors can now negotiate collectively on pay rates and conditions of employment.

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA & CONTROLLED ENTITIES

Operating Report

For the year ended 30 June 2015

To complement this work a variation to the Health Professionals and Support Services Modern Award is being sought in order to provide minimum rates of pay and conditions of employment for those TI's who are engaged as employees.

Medical Research Institutes - For some time the Association has been working with Medical Research Institutes as part of support for the important contribution made by this industry in the treatment of disease and the overall health of the Australian community. In 2015/2016 the Association will be stepping up its involvement on behalf of our members in looking for solutions in respect of the structural problems faced by the industry including funding arrangements.

Modern Award Review – The FWC is currently conducting its 4 yearly review of Modern Awards which commenced in early 2014. This review is a major exercise whereby every Modern Award is to be reviewed and provides an opportunity to improve the award safety net which along with the NES (National Employment Standards) underpins both collective and individual bargaining. For approximately 40% of the Association's members the relevant Modern Award and NES is the sole safety net as these members are not covered by enterprise agreements.

Registered Professional Engineer (R.P Eng.) – In a development of great significance the Association has established its own Professional Engineers Registration Scheme (R.P Eng.) In addition the Association has been approved to operate an assessment scheme for the Queensland Board of Professional Engineers as one of the service providers in this area. The Victorian Government has recently announced support for a similar process to be undertaken in Victoria.

To assist Professional Engineers in obtaining recognition for attaining RP Eng. status the Association is seeking to negotiate provisions in Agreements/Awards and in company policies covering such matters as the reimbursement of the costs of registration and additional remuneration.

Member Advantage

Member Advantage generated a net profit after income tax pre elimination of intercompany transactions of \$20,407 (2014: net profit of \$15,413). Total revenue increased by \$54,562 whilst expenditure increased by \$40,823.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the Group's state of affairs occurred during the financial year.

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
Bill Jackson	National President	2014/15
Robyn Porter	National Secretary	2014/15
Olaf Reinhold	National Treasurer	2014/15
Andrew Russack	Senior Vice President	2014/15
Maria Fuchs	Vice President	2014/15
Andreas Marquardt	Vice President	Resigned 28 February 2015
Greg McMahon	Vice President	Appointed 1 March 2015
Col Hackney	Vice President	2014/15

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

**Operating Report
For the year ended 30 June 2015**

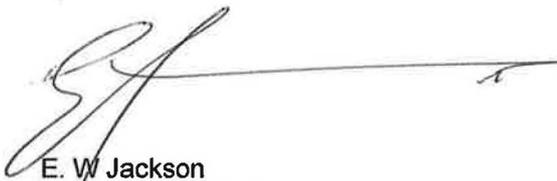
NUMBER OF MEMBERS

As at 30 June 2015 the number of members was 23,031 (2014: 22,838).

NUMBER OF EMPLOYEES

As at 30 June 2015 the number of employees was 111 (2014: 112).

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



E. W. Jackson
National President



O. Reinhold
National Treasurer

Dated 1 October 2015, South Melbourne, Victoria

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

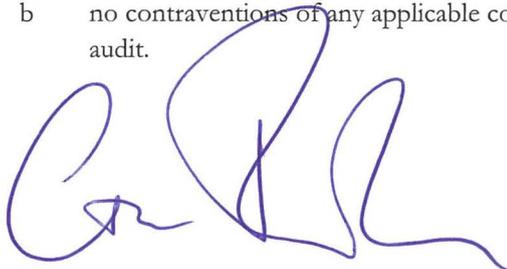
Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.granthornton.com.au

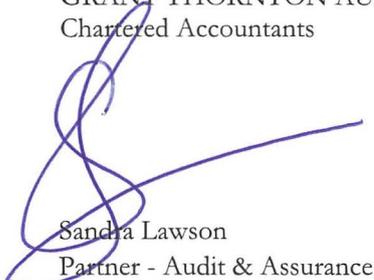
**Auditor's Independence Declaration
To the Directors of The Association of Professional Engineers, Scientists
and Managers, Australia and Controlled Entities**

As lead auditor for the audit of The Association of Professional Engineers, Scientists and Managers, Australia and Controlled Entities for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the independence requirements of Australian professional ethical pronouncements in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sandra Lawson
Partner - Audit & Assurance

Melbourne, 1 October 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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**Statement of Comprehensive Income
for the Year Ended 30 June 2015**

	Note	Group		Chief Entity	
		2015	2014	2015	2014
		\$	\$	\$	\$
Continuing Operations:					
Revenue					
Subscription Income	2	10,494,687	10,422,304	10,494,687	10,422,304
Other Income	2	5,246,011	4,177,022	3,586,117	2,571,690
	2	15,740,698	14,599,326	14,080,804	12,993,994
Expenses					
Employment Costs	2	(9,796,776)	(9,029,091)	(8,903,741)	(8,245,071)
Borrowing Costs	2	(226,642)	(235,474)	(226,639)	(235,474)
Professional Network Costs	2	(31,235)	(67,041)	(31,235)	(67,041)
Other Expenses	2	(4,146,298)	(5,312,818)	(3,408,495)	(4,513,525)
		(14,200,951)	(14,644,424)	(12,570,110)	(13,061,111)
Profit/(Loss) before Income Tax Expense					
Tax Expense		1,539,747	(45,098)	1,510,694	(67,117)
Income Tax Expense	1(m),3	(8,746)	(6,606)	-	-
Net Profit/(Loss) for the Year		1,531,001	(51,704)	1,510,694	(67,117)
Other comprehensive income/(expenses)		-	-	-	-
Total Comprehensive income/(loss) for the Year		1,531,001	(51,704)	1,510,694	(67,117)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes on pages 11 to 34.

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
& CONTROLLED ENTITIES

**Statement of Financial Position
as at 30 June 2015**

	Note	Group		Chief Entity	
		2015	2014	2015	2014
		\$	\$	\$	\$
Current Assets					
Cash and Cash Equivalents	4	2,473,127	2,052,170	2,047,858	1,743,097
Trade and Other Receivables	5	923,516	467,502	647,098	134,555
Other Assets	6	132,596	78,415	132,596	78,415
Financial Assets	7	8,271,607	7,760,398	8,271,607	7,760,398
Current Tax Assets		-	-	-	-
Total Current Assets		11,800,846	10,358,485	11,099,159	9,716,465
Non-Current Assets					
Trade and Other Receivables	5	467,824	-	734,228	310,563
Financial Assets	7	-	-	21	21
Property, Plant & Equipment	8	15,495,098	12,497,601	15,495,098	12,497,601
Intangible Assets	9	9,023	36,529	9,023	36,529
Total Non-Current Assets		15,971,945	12,534,130	16,238,370	12,844,714
Total Assets		27,772,791	22,892,615	27,337,529	22,561,179
Current Liabilities					
Trade and Other Payables	10	3,519,596	3,215,052	3,819,799	3,596,634
Borrowings	11	2,000,000	2,000,000	2,000,000	2,000,000
Current Tax Liabilities		8,746	6,606	-	-
Employee Provisions	12	1,510,581	1,545,025	1,510,581	1,545,025
Total Current Liabilities		7,038,923	6,766,683	7,330,380	7,141,659
Non-Current Liabilities					
Employee Provisions	12	530,908	417,572	530,908	417,572
Total Non-Current Liabilities		530,908	417,572	530,908	417,572
Total Liabilities		7,569,831	7,184,255	7,861,288	7,559,231
Net Assets		20,202,960	15,708,360	19,476,241	15,001,948
Member Funds & Reserves					
Organisation Funds		(759,773)	(1,215,319)	(1,486,492)	(1,921,731)
Reserves	13	20,962,733	16,923,679	20,962,733	16,923,679
Total Member Funds & Reserves		20,202,960	15,708,360	19,476,241	15,001,948
Commitments	14				
Contingent Assets & Liabilities	22				

The above Statement of Financial Position should be read in conjunction with the accompanying notes on pages 11 to 34.

**Statement of Changes in Equity
for the Year Ended 30 June 2015**

	Note	Organisation Funds \$	Reserves \$	Total \$
Group Entity				
Balance – 30 June 2013		(65,205)	15,825,269	15,760,064
Net Profit/(Loss) for the year		(51,704)	-	(51,704)
		(116,909)	15,825,269	15,708,360
Other Comprehensive Income for the year				
Transfer to Legal Defence Fund (CSD)	13	(1,098,410)	1,098,410	-
Transfer from Reserves	13	-	-	-
Closing Member Funds at 30 June 2014		(1,215,319)	16,923,679	15,708,360
Net Profit/(Loss) for the year		1,531,001	-	1,531,001
		315,682	16,923,679	17,239,361
Other Comprehensive Income for the year				
Revaluation of buildings	13	-	2,963,599	2,963,599
Transfer to Legal Defence Fund (CSD)	13	(498,922)	498,922	-
Transfer from Reserves	13	(576,533)	576,533	-
Closing Member Funds at 30 June 2015		(759,773)	20,962,733	20,202,960
Chief Entity				
Balance – 30 June 2013		(756,204)	15,825,269	15,069,065
Net Profit/(Loss) for the year		(67,117)	-	(67,117)
		(823,321)	15,825,269	15,001,948
Other Comprehensive Income for the year				
Transfer to Legal Defence Fund (CSD)	13	(1,098,410)	1,098,410	-
Transfer from Reserves	13	-	-	-
Closing Member Funds at 30 June 2014		(1,921,731)	16,923,679	15,001,948
Net Profit/(Loss) for the year		1,510,694	-	1,510,694
		(411,037)	16,923,679	16,512,642
Other Comprehensive Income for the year				
Revaluation of buildings	13	-	2,963,599	2,963,599
Transfer to Legal Defence Fund (CSD)	13	(498,922)	498,922	-
Transfer from Reserves	13	(576,533)	576,533	-
Closing Member Funds at 30 June 2015		(1,486,492)	20,962,733	19,476,241

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 11 to 34.

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

**Statement of Cash Flows
for the Year Ended 30 June 2015**

	Note	Group		Chief Entity	
		2015	2014	2015	2014
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Cash receipts from customers		14,155,391	14,517,108	11,579,825	12,093,508
Receipts from other reporting units/controlled entity		-	300,000	797,901	925,000
Cash payments to suppliers		(4,739,988)	(5,568,341)	(4,022,322)	(4,509,989)
Cash payments to employees		(9,717,884)	(8,875,162)	(8,824,849)	(8,091,130)
Payments to other reporting units		-	-	-	-
Interest and bank charges		(226,642)	(235,474)	(226,639)	(235,474)
Interest and investment income		288,017	320,929	288,017	320,929
Income tax (paid)/refund		(6,606)	14,219	-	-
Net Cash Provided/(Used) by Operating Activities	20(ii)	(247,712)	473,279	(408,067)	502,844
Cash Flows from Investing Activities					
Rental Income		719,151	558,239	719,151	558,239
Purchase of Fixed Assets & Intangible Assets		(855,412)	(1,090,035)	(855,412)	(1,090,035)
Proceeds from Sale of Fixed Assets		804,930	21,576	804,930	21,576
Purchase of Investments		-	(1,458,985)	-	(1,458,985)
Net Cash Provided/(Used) by Investing Activities		668,669	(1,969,205)	668,669	(1,969,205)
Cash Flows from Financing Activities					
Lease Payments		-	(18,248)	-	(18,248)
Proceeds from Borrowings		-	-	-	-
Repayment of Borrowings		-	-	-	-
Loan (Repayments)Receipts Controlled Entities		-	-	44,159	596,682
Net Cash Provided/(Used) by Financing Activities		-	(18,248)	44,159	578,434
Net Increase/(Decrease) in Cash and Cash Equivalents at the Beginning of the Year		420,957	(1,514,174)	304,761	(887,927)
Cash and Cash Equivalents at the End of the Year	20(i)	2,473,127	2,052,170	2,047,858	1,743,097

The above Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 11 to 34.

**Recovery of Wages Activity
for the Year Ended 30 June 2015**

	2015 \$	2014 \$
Cash Assets in respect of recovered money at beginning of the year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc	-	-
Interest Received on recovered money	-	-
Total Receipts	<u>-</u>	<u>-</u>
Payments		
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	-	-
Total Payments	<u>-</u>	<u>-</u>
Cash assets in respect of recovered money at the end of the year	<u>-</u>	<u>-</u>
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages		
There has been no fund or account operated and no monies invested in any assets in respect to recovery of wages.		

The above Statement should be read in conjunction
with the accompanying notes on pages 11 to 34.

Notes to the Consolidated Annual Accounts for the Year Ended 30 June 2015

1. ACCOUNTING METHODS & POLICIES

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*. 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. The accounting policies have been consistently applied, unless otherwise stated. The financial statements are presented in Australian dollars.

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 2015

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 2015**

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 2015**

1. ACCOUNTING METHODS & POLICIES (CONT'D)

k) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

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

l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m) 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.

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.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

1. ACCOUNTING METHODS & POLICIES (CONT'D)

m) Income Tax (continued)

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.

n) Subscription Income

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Prepaid subscription income represents subscriptions received in advance from "full account paying" members.

o) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input is significant to the fair value measurement is unobservable

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

1. ACCOUNTING METHODS & POLICIES (CONT'D)

o) Fair Value of Assets and Liabilities

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings. Selection criteria include market knowledge reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

p) Information to be provided to Members or General Manager

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).

q) 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.

r) 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 2015 are assessed as having no material impact on this financial report.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Note	Group		Chief Entity	
		2015	2014	2015	2014
		\$	\$	\$	\$
2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:-					
a) Crediting as Revenue					
Subscriptions		10,494,687	10,422,304	10,494,687	10,422,304
Member Services (Member Advantage Pty Ltd)		2,284,893	2,230,332	-	-
Licence Fees		-	-	625,000	625,000
Rental Income		719,151	558,239	719,151	558,239
Interest		288,017	186,613	288,017	186,613
Trust Distributions		55,670	36,051	55,670	36,051
Capital return on investment		-	98,265	-	98,265
Increment in market value of investment		119,489	147,591	119,489	147,591
Transfer of fund from former Colliery Officials Association		-	300,000	-	300,000
Profit from Sale of Non-Current Asset		375,765	14,074	375,765	14,074
Capitation Fees		-	-	-	-
Levies		-	-	-	-
Grants		51,099	85,520	51,099	85,520
Donations		-	-	-	-
Other Financial Support		-	-	-	-
Reversal of bad debt write off		958,533	-	958,533	-
Other Income		393,394	520,337	393,394	520,337
		15,740,698	14,599,326	14,080,804	12,993,994
b) Charging as Expenses					
Employment Costs					
Office Holders:					
Salaries & Allowances		-	-	-	-
Annual Leave		-	-	-	-
Long Service Leave		-	-	-	-
Separation & Redundancy		-	-	-	-
Superannuation		-	-	-	-
Other Employment Costs		-	-	-	-
Employees Other than Office Holders:					
Salaries & Allowances – Other		7,168,780	7,218,255	6,489,512	6,603,490
Annual Leave		784,330	413,599	712,384	371,082
Long Service Leave		461,893	193,386	439,766	172,254
Separation & Redundancy		106,263	-	106,263	-
Superannuation		785,274	731,383	709,036	667,625
Other Employment Costs		490,236	472,468	446,780	430,620
		9,796,776	9,029,091	8,903,741	8,245,071
Borrowing Costs		226,642	235,474	226,639	235,474
Professional Network Costs		31,235	67,041	31,235	67,041

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Note	Group		Chief Entity	
		2015 \$	2014 \$	2015 \$	2014 \$
2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER CONT'D					
Other Expenses					
Affiliation Fees	2(c)	205,537	175,184	205,537	175,184
Meeting Expenses		149,636	203,909	146,820	202,986
Audit & Accounting Fees		45,699	77,862	36,029	78,410
Legal Fees – Litigation		388,718	125,203	388,718	125,203
Legal Fees – Other Legal Matters		102,693	133,894	102,693	133,894
Members' Services & Support		2,799,348	2,822,236	2,074,031	2,023,318
Depreciation & Amortisation		419,855	404,115	419,855	404,115
Other Industrial Expenses		-	-	-	-
Industrial Library		-	-	-	-
Provision for Doubtful Debts – Controlled entities		-	-	-	-
Bad & Doubtful Debts		-	-	-	-
Provision for Doubtful Debts - Other Controlled entities loans forgiven		-	1,299,446	-	1,299,446
Non-Current Assets Written off		-	-	-	-
Capitation Fees		-	-	-	-
Compulsory Levies (ACTU Election Levy)		34,812	70,969	34,812	70,969
Consideration to Employers for Payroll Deductions		-	-	-	-
Fees/allowances – meetings and conferences		-	-	-	-
Grants & Donations		-	-	-	-
Penalties – RO Act & RO Regulations		-	-	-	-
		4,146,298	5,312,818	3,408,495	4,513,525
c) Affiliation Fees Paid					
Unions NSW		33,477	25,155	33,477	25,155
Unions ACT Trades and Labour Council of the ACT Inc.		2,990	3,374	2,990	3,374
ACTU		63,374	60,921	63,374	60,921
UNI Global Union		41,366	23,696	41,366	23,696
New Castle Trades Hall Council		524	71	524	71
SA Unions		7,272	8,918	7,272	8,918
SA May Day Collective		317	-	317	-
Unions Tasmania		1,958	1,557	1,958	1,557
The Trades Hall Association Limited		-	-	-	-
Victorian Trades Hall Council		27,192	26,423	27,192	26,423
Unions WA WA's Peak Union Body		9,226	7,740	9,226	7,740
Qld Council of Unions		17,256	16,744	17,256	16,744
Electoral Commission NSW		585	585	585	585
		205,537	175,184	205,537	175,184

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
3. INCOME TAX EXPENSE				
Prima facie tax at 30% on Profit/(Loss)	(461,924)	(13,529)	-	-
Tax losses recouped not previously recognised	-	-	-	-
Exempt Income	-	-	-	-
Taxable income	470,670	20,135	-	-
Total Income Tax Expense	8,746	6,606	-	-

The Chief Entity is a tax exempt entity

4. CASH AND CASH EQUIVALENTS

Cash at Bank	2,310,792	1,795,500	1,885,523	1,486,427
Cash on Hand	2,600	2,600	2,600	2,600
Cash Management Account	159,735	254,070	159,735	254,070
	2,473,127	2,052,170	2,047,858	1,743,097

5. TRADE AND OTHER RECEIVABLES

Current

Sundry Receivables	923,516	1,766,948	647,098	1,434,001
Amounts Owed by Controlled Entities	-	-	-	-
Receivables from Other Reporting Units	-	-	-	-
Less Provision for Doubtful Debts	-	(1,299,446)	-	(1,299,446)
	923,516	467,502	647,098	134,555

Non Current

Sundry Receivables	467,824	-	467,824	-
Amounts Owed by Controlled Entities	-	-	266,404	310,563
	467,824	-	734,228	310,563

Net Fair Values

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

Significant Terms and Conditions

Sundry receivables are normally required to be settled within 60 days. Due to Chifley Business School being resold to Laureate International Universities on 1 July 2015, the debtor was reinstated with payment to be made 50% in January 2016 and 50% in January 2017. An amount of \$490,709 is included in Current sundry receivables and an amount of \$467,824 included in Non-Current sundry receivables. APESMA has security including a first ranking charge over the assets of Chifley Business School Pty Ltd to secure the payment in two tranches.

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

5. TRADE AND OTHER RECEIVABLES CONT'D

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.

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$

6. OTHER ASSETS

Prepayments	132,596	78,415	132,596	78,415
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7. FINANCIAL ASSETS

Current

Commonwealth Bank Term Deposits	6,945,019	6,608,968	6,945,019	6,608,968
Vanguard Index Funds-Unit Trust	1,326,588	1,151,430	1,326,588	1,151,430
Chifley Financial Services Structured Bond	-	-	-	-
	8,271,607	7,760,398	8,271,607	7,760,398

Non-Current

Shares in Controlled Entities	-	-	21	21
Shares in Other Entities	-	-	-	-
	-	-	21	21

Net Fair Values

Shares in entities noted above have an aggregate net fair value approximating their carrying value.

8. PROPERTY, PLANT & EQUIPMENT

Land and Buildings at National Board Valuation - 2015	14,893,123	11,650,388	14,893,123	11,650,388
Buildings at Cost & under Construction	-	1,296,638	-	1,296,638
Accumulated Depreciation	(7,646)	(1,028,827)	(7,646)	(1,028,827)
	14,885,477	11,918,199	14,885,477	11,918,199
Office Equipment at Cost	1,326,180	1,216,121	1,326,180	1,200,799
Accumulated Depreciation	(716,559)	(636,719)	(716,559)	(621,397)
	609,621	579,402	609,621	579,402
Motor Vehicles at Cost	-	128,128	-	128,128
Accumulated Depreciation	-	(128,128)	-	(128,128)
	-	-	-	-
Total Property, Plant & Equipment	15,495,098	12,497,601	15,495,098	12,497,601

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

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 2015 by Mr. S. Lipshut, API, 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 2015 to fair market value based on existing use.

The property located at Level 1, 491 Kent Street Sydney NSW was valued as at 14 September 2015 by Mr. D Semken AAPI, certified practicing valuer of M3 Property. Based on the independent valuation of this property the National Board determined to revalue land and buildings as at 30 June 2015 to fair market value based on existing use.

The Newcastle building was also revalued using the Directors valuation method. Based on the Directors valuation, the National Board determined to revalue land and buildings as at 30 June 2015 to fair market value based on existing use.

The remaining two properties owned by Professionals Australia located at 7 Napier Close Deakin ACT & Suite 1, 12-14 Thelma Street West Perth WA were both revalued as at 30 June 2015 using the Directors valuation method. Based on these Directors valuations, the National Board determined to revalue land and buildings as at 30 June 2015 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 2013	10,969,320	554,437	37,118	11,560,875
Additions	1,296,638	164,755	-	1,461,393
Revaluation	-	-	-	-
Disposals/Adjustments	(103,925)	(42,109)	(7,502)	(153,536)
Depreciation Expense	(243,834)	(97,681)	(29,616)	(371,131)
Balance 30 June 2014	11,918,199	579,402	-	12,497,601
Balance 1 July 2014	11,918,199	579,402	-	12,497,601
Additions/WIP	730,030	125,382	-	855,411
Revaluation	2,963,599	-	-	2,963,599
Disposals/Adjustments	(429,165)	-	-	(429,165)
Depreciation Expense	(297,186)	(95,163)	-	(392,349)
Balance 30 June 2015	14,885,478	609,621	-	15,495,098

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

GROUP	Land & Buildings	Office Equipment	Motor Vehicles	Total
Balance 1 July 2013	10,929,320	554,437	37,118	11,560,875
Additions	1,296,638	164,755	-	1,461,393
Disposals/Additions	-	-	-	-
Revaluation	(103,925)	(42,109)	(7,502)	(153,536)
Depreciation Expense	(243,834)	(97,681)	(29,616)	(371,131)
Balance 30 June 2014	11,918,199	579,402	-	12,497,601
Balance 1 July 2014	11,918,199	579,402	-	12,497,601
Additions/WIP	730,030	125,382	-	855,411
Revaluation	2,963,599	-	-	2,963,599
Disposals/Adjustments	(429,165)	-	-	(429,165)
Depreciation Expense	(297,186)	(95,163)	-	(392,349)
Balance 30 June 2015	14,885,478	609,621	-	15,495,098

Group		Chief Entity	
2015	2014	2015	2014
\$	\$	\$	\$

9. INTANGIBLE ASSETS

Balance 1 July	36,529	65,989	36,529	65,989
Movement for the year	2,625	3,524	2,625	3,524
Amortisation for the year	(30,131)	(32,984)	(30,131)	(32,984)
Balance 30 June	9,023	36,529	9,023	36,529

Intangible assets comprise mainly of software licenses and are amortised over the estimated useful life of 3 years.

10. TRADE AND OTHER PAYABLES

Current

Trade and Sundry Creditors	1,562,825	1,088,764	1,309,514	933,580
Prepaid Subscriptions & Fees	1,956,771	2,126,288	1,865,849	2,013,056
Amounts Owed to Controlled Entities	-	-	644,436	649,998
Payable to Other Reporting Units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
	3,519,596	3,215,052	3,819,799	3,596,634

Trade and Sundry Creditors and Payables to other Reporting Units, Prepaid Subscriptions & Fees 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 2015/16 period.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

11. BORROWINGS

Current

Bank Overdraft	-	-	-	-
Bank Bills	2,000,000	2,000,000	2,000,000	2,000,000
Lease Liabilities	-	-	-	-
	2,000,000	2,000,000	2,000,000	2,000,000

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	
	2015	2014	2015	2014
	\$	\$	\$	\$

12. EMPLOYEE PROVISIONS

Current

Office Holders				
Annual Leave	-	-	-	-
Long Service Leave	-	-	-	-
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
Employees Other than Office Holders:				
Annual Leave	640,845	660,577	640,845	660,577
Long Service Leave	869,736	884,448	869,736	884,448
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
	1,510,581	1,545,025	1,510,581	1,545,025

Non-Current

Office Holders	-	-	-	-
Employees Other than Office Holders:				
Long Service Leave	530,908	417,572	530,908	417,572
	530,908	417,572	530,908	417,572

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 2015**

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
13. RESERVES				
Property Revaluation Reserve				
Balance at start of year	7,456,760	7,456,760	7,456,760	7,456,760
Revaluation during year	2,963,599	-	2,963,599	-
Balance as at end of year	10,420,359	7,456,760	10,420,359	7,456,760
The Property Revaluation reserve captures the increased value of property assets of the Association following revaluation. An amount of \$234,000 has been included in the above revaluation relating to the Newcastle property.				
Building Repair Reserve				
Balance at start and end of year	100,000	100,000	100,000	100,000
Transfer to member funds	(100,000)	-	(100,000)	-
Balance as at end of year	-	100,000	-	100,000
Innovation Reserve				
Balance as at start of year	-	-	-	-
Transfer to member funds	958,533	-	958,533	-
Balance as at end of year	958,533	-	958,533	-
The Innovation reserve contains the reinstatement of Chifley Business School debtor following the sale of the Chifley Business School Pty Ltd to Laureate International Universities. This reserve to be used specifically to grow Association membership across both collective and non-collective bases via investment in new technologies and staff resources.				
Amalgamation Reserve				
Balance at start and end of year	150,000	150,000	150,000	150,000
Transfer to member funds	(150,000)	-	(150,000)	-
Balance as at end of year	-	150,000	-	150,000
Licence Fee Reserve				
Balance at start and end of year	132,000	132,000	132,000	132,000
Transfer to member funds	(132,000)	-	(132,000)	-
Balance as at end of year	-	132,000	-	132,000
APESMA Legal Defence Fund				
Balance as at start and end of year	528,464	528,464	528,464	528,464
The APESMA Legal Defence Fund refers to the Building APESMA Future initiative of prior year whereby fees were increased to invest in Association resources. At the end of this initiative surplus funds were placed in this reserve and renamed to be utilised for any future legal costs against the Association.				
CSD Legal Defence Fund				
Balance at start of year	8,556,455	7,458,045	8,556,455	7,458,045
Transfer to Reserve	498,922	1,098,410	498,922	1,098,410
Balance as at end of year	9,055,377	8,556,455	9,055,377	8,556,455
Total Reserves	20,962,733	16,923,679	20,962,733	16,923,679

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$

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	-	-	-	-
1-5 years	-	-	-	-
Gross Lease Payments	-	-	-	-
Less Future Finance Charges	-	-	-	-
Lease Liabilities	-	-	-	-
Current	-	-	-	-
Non Current	-	-	-	-
Lease Liabilities	-	-	-	-

15. CONTROLLED ENTITIES

	Chief Entity Investment		Equity Holding		Contributions to Group Profit or Loss	
	2015	2014	2015	2014	2015	2014
	\$	\$	%	%	\$	\$
Chief Entity Association of Professional Engineers, Scientists & Managers, Australia					1,510,694	(67,117)
Controlled Entities						
APESMA Lawyers Pty Ltd	10	10	100	100	-	-
Member Advantage Pty Ltd	1	1	100	100	20,407	15,413
APESMA Insurance Services Pty Ltd	10	10	100	100	-	-
	21	21				

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

16. RELATED PARTIES

a) Related Party Transactions for the Reporting Period:

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenue received from controlled entities includes the following:				
Member Advantage				
Service fees	-	-	803,463	853,463
Expenses paid to controlled entities	-	-	-	-

Loans to and from controlled entities are disclosed in the notes 5 and 10 to the financial report.

Terms and conditions of transactions with related parties

b) Key Management Personnel Remuneration for the Reporting Period

No member of the National Board received remuneration for services rendered.

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
Short-term employee benefits:				
Salary (including annual leave taken)	1,529,554	1,651,446	1,265,441	1,392,092
Annual leave accrued	24,020	3,640	22,584	(5,372)
Performance bonus	-	-	-	-
Total short-term employee benefits	1,553,574	1,655,086	1,288,025	1,386,720
Post-employment benefits:				
Superannuation	153,739	164,923	128,649	140,933
Total post-employment benefits	153,739	164,923	128,649	140,933
Other long-term benefits:				
Long service leave	48,335	34,963	38,874	40,003
Total other long-term benefits	48,335	34,963	38,874	40,003
Termination benefits	-	-	-	-
Total	1,755,648	1,854,972	1,455,548	1,567,656

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
17. REMUNERATION OF AUDITOR				
<i>Value of the services provided</i>				
Grant Thornton (2014: UHY Haines Norton)				
Financial statement and other audit services	45,000	51,350	45,000	50,050
Other services	5,000	15,952	5,000	17,800
	50,000	67,302	50,000	67,850
W. W. Vick & Co				
Financial statement audit and other audit services	12,529	10,560	12,529	10,560
	62,529	77,862	62,529	78,410

18. 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.

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:—

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total
	%	\$	1 year or less	1 to 5 years	> 5 years	\$	\$
Chief Entity							
30-Jun-15							
Assets:							
Cash and Cash Equivalents	0.5	2,045,258	-	-	-	2,600	2,047,858
Financial Assets	3.18	-	6,945,019	-	-	1,326,588	8,271,607
Receivables	5.0	-	490,709	467,824	-	156,389	1,114,922
Total financial assets		2,045,258	7,435,728	467,824	-	1,485,577	11,434,387
Liabilities:							
Trade and Sundry Payables	-	-	-	-	-	1,953,950	1,953,950
Bank bills and Overdraft	4.85	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	1,953,950	3,953,950
Net financial assets (liabilities)		2,045,258	5,435,728	467,824	-	(468,372)	7,480,438

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

Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015

18. FINANCIAL RISK MANAGEMENT CONT'D

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total
			1 year or less	1 to 5 years	> 5 years		
			%	\$	\$		
Chief Entity							
30-Jun-14							
Assets:							
Cash and Cash Equivalents	0.50	1,740,497	-	-	-	2,600	1,743,097
Financial Assets	3.95	-	5,608,970	999,998	-	1,151,430	7,760,398
Receivables	-	-	-	-	-	1,744,564	1,744,564
Total financial assets		1,740,497	5,608,970	999,998	-	2,898,594	11,248,059
Liabilities:							
Trade and Sundry Payables	-	-	-	-	-	1,343,557	1,343,557
Bank bills and Overdraft	5.06	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	1,343,557	3,343,557
Net financial assets (liabilities)		1,740,497	3,608,970	999,998	-	1,553,037	7,904,502

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 cash at bank balances of \$277,093 (2014: \$279,172) 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 \$8,271,607 (2014: \$7,760,398) 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.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total
			1 year or less	1 to 5 years	> 5 years		
			%	\$	\$		
Group							
30-Jun-15							
Assets:							
Cash and Cash Equivalents	0.5	-	2,470,527	-	-	2,600	2,473,127
Financial Assets	3.18	-	6,945,019	-	-	1,326,588	8,271,607
Receivables	5.0	-	490,709	467,824	-	432,807	1,391,340
Total financial assets		-	9,906,255	467,824	-	1,761,995	12,136,074
Liabilities:							
Leases							
Trade and Sundry Payables	-	-	-	-	-	1,523,375	1,523,375
Bank bills and Overdraft	4.85	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	1,523,375	3,523,275
Net financial assets (liabilities)		-	7,906,255	467,824	-	238,621	8,612,800

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

18. FINANCIAL RISK MANAGEMENT CONT'D

	Weighted	Floating	Fixed Interest Rate Maturities			Non	Total
	Average		1 year or	1 to 5	> 5 years	Interest	
	Effective	Interest	less	years		Bearing	
	Interest	Rate					
	Rate						
	%	\$	\$	\$	\$	\$	\$
Group							
30-Jun-14							
Assets:							
Cash and Cash Equivalents	0.50	2,049,570	-	-	-	2,600	2,052,170
Financial Assets	3.95	-	5,608,970	999,998	-	1,151,430	7,760,398
Receivables	-	-	-	-	-	1,766,948	1,766,948
Total financial assets		2,049,570	5,608,970	999,998	-	2,920,978	11,579,516
Liabilities:							
Trade and Sundry Payables	-	-	-	-	-	828,447	828,447
Bank bills and Overdraft	5.06	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	828,447	2,828,447
Net financial assets (liabilities)		2,049,570	3,608,970	999,998	-	2,092,531	8,751,069

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

b) Credit Risk

The Group 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 Group'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.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past	Past due or	Not past	Past due or
	due nor	impaired	due nor	impaired
	impaired		impaired	
	2015	2015	2014	2014
	\$	\$	\$	\$
Group				
Receivables	1,390,350	990	377,271	1,389,677
Chief Entity				
Receivables	1,380,336	990	435,174	1,309,390

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

18. FINANCIAL RISK MANAGEMENT CONT'D

Ageing of financial assets that were not impaired

	<30 days \$	31 – 60 days \$	61 – 90 days \$	> 90 days \$	Total \$
2015					
Group					
Receivables	1,390,350	990	-	-	1,391,340
Chief Entity					
Receivables	1,380,336	990	-	-	1,381,326
2014					
Group					
Receivables	354,151	8,433	14,687	90,231	467,502
Chief Entity					
Receivables	420,487	-	14,687	9,944	445,118

c) Net Fair Values

The net fair values of the Group's financial assets and financial liabilities are not expected to be significantly different from each class of asset and liability as disclosed above and recognised in the statement of financial position as at 30 June 2015.

d) Market Risk

The Group 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.

e) Liquidity Risk

The Group 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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

18. FINANCIAL RISK MANAGEMENT CONT'D

18 (e) Liquidity Risk

Net Fair Values of Financial Assets and Liabilities

GROUP

2015	Carrying Amount 2015 \$	Fair Value 2015 \$
Financial assets		
Cash & Cash Equivalents	2,473,127	2,473,127
Receivables	1,391,340	1,391,340
Investments	8,271,608	8,271,608
Financial liabilities		
Payables	1,562,375	1,562,375
Borrowings	2,000,000	2,000,000
2014		
	Carrying Amount 2014 \$	Fair Value 2014 \$
Financial assets		
Cash & Cash Equivalents	2,052,170	2,052,170
Receivables	1,766,948	467,562
Investments	7,760,398	7,760,698
Financial liabilities		
Payables	828,447	828,447
Borrowings	2,000,000	2,000,000

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

18. FINANCIAL RISK MANAGEMENT CONT'D

Net Fair Values of Financial Assets and Liabilities

CHIEF ENTITY

2015	Carrying Amount	Fair Value
	2015	2015
	\$	\$
Financial assets		
Cash & Cash Equivalents	2,047,858	2,047,858
Receivables	1,114,922	1,114,922
Investments	8,271,608	8,271,608
Financial liabilities		
Payables	1,309,514	1,309,514
Borrowings	2,000,000	2,000,000
2014		
	Carrying Amount	Fair Value
	2015	2014
	\$	\$
Financial assets		
Cash & Cash Equivalents	1,743,097	1,743,097
Receivables	1,744,564	445,118
Investments	7,760,398	7,760,398
Financial liabilities		
Payables	1,343,557	1,343,557
Borrowings	2,000,000	2,000,000

19. FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

Analysis of financial and non-financial assets that are measured at fair value by fair value hierarchy:

Group & Chief Entity

2015

	Carrying amount at 30 June 2015	Date of valuation	Level 1	Level 2	Level 3
	\$		\$	\$	\$
Financial Assets					
Vanguard Index Fund – Unit Trust	1,326,588	30/06/2015	1,326,588	-	-
Property					
Land & Buildings	14,651,477	30/06/2015	-	14,651,477	-

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

	Group		Chief Entity	
	2015	2014	2015	2014
	\$	\$	\$	\$
20. NOTES TO THE CASH FLOW STATEMENT				
i) Cash and cash equivalents comprises cash on hand and at bank, net of outstanding bank overdrafts, as follows:–				
Cash on hand	2,600	2,600	2,600	2,600
Cash at bank	2,310,792	1,795,500	1,885,523	1,486,427
Cash Management Account	159,735	254,070	159,735	254,070
Bank Overdraft	-	-	-	-
	2,473,127	2,052,170	2,047,858	1,743,097
ii) Reconciliation of Operating Profit/(Loss) after Income Tax to net cash provided by Operating Activities				
Operating Profit/(Loss) after Income Tax	1,531,001	(51,704)	1,510,694	(67,117)
Non cash and investing items				
Asset Impairment/Write Offs	-	2,062	-	2,074
Depreciation and Amortisation	392,349	404,115	392,349	404,115
Rental Income	(719,151)	(558,239)	(719,151)	(558,239)
Doubtful Debts – Controlled Entities	-	-	-	-
Doubtful Debts - Other	(958,533)	1,299,446	(958,533)	1,299,446
Loans to Controlled entities forgiven	-	-	-	-
Net Profit on Sale of Fixed Assets	(375,765)	(14,074)	(375,765)	(14,074)
Increment in value of investment	(511,209)	(147,591)	(511,209)	(147,591)
Changes in Operating Assets/Liabilities				
Sundry Debtors	34,696	(167,247)	(21,833)	(140,465)
Prepayments	(54,181)	46,129	(54,181)	46,129
Employee Entitlements	78,891	151,867	78,891	151,867
Creditors and Other Payables	304,544	(512,310)	223,165	(473,301)
Provision for Income Tax	2,140	20,825	-	-
Net cash provided by/used in operating activities	(247,712)	473,279	(408,067)	502,844
iii) The Group has bank bill (\$2.9 million) and bank overdraft (\$0.5 million) facilities of \$3.4 million as at 30 June 2015 which were utilised to the extent of \$2.0 million. These facilities are subject to annual review.				

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2015**

21. 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 legal, employment and general industrial matters.

22. CONTINGENT ASSETS AND LIABILITIES

The National board are not aware of any other contingent assets or liabilities as at 30 June 2015.

23. SUBSEQUENT EVENTS

The directors are not aware of any significant events since the end of the reporting period.

24. GOING CONCERN

The financial statements are prepared on the basis that the Group and the Chief Entity will continue as a going concern and that assets including property plant and equipment and liabilities would be realised in the normal course of business at their recorded values as at 30 June 2015.

The Group and the Chief Entity's ability to continue as a going concern is not reliant on the financial support of any other entity.

The Group and the Chief Entity have not agreed to provide any other entity with financial support to ensure they can continue on a going concern basis.

25. BUSINESS COMBINATIONS

No assets or liabilities were acquired during the year as part of a business combination.

The Group and the Chief Entity did not acquire any assets or liabilities during the financial year as a result of:

- (a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- (b) a restructure of the branches of the organisation; or
- (c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- (d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

National Board Statement

On the 1 October 2015 the National Board of the Association of Professional Engineers, Scientists & Managers, Australia, trading as Professionals Australia, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2015:

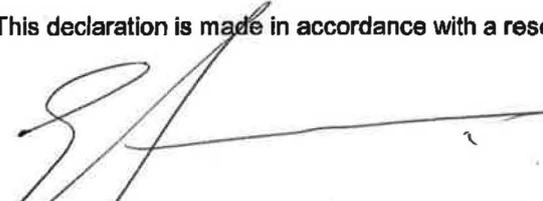
The National Board declares in relation to the financial report that in its opinion:

- (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 (General Manager) and other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (RO 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) during the financial year to which the GPFR 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 RO Act; 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) where information has been sought in any request of a member of the reporting unit or the General Manager duly made under section 272 of the RO Act has been provided to the member or the General Manager; and
 - (vi) where any orders for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act; there has been compliance.
- (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; and
 - (ii) the National Board instructed the auditor to include in the scope of the audit required under section 257(1) of the RO Act 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.

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

National Board Statement Cont'd

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



E. W. Jackson
National President



O. Reinhold
National Treasurer

Dated: 1 October 2015
South Melbourne, Victoria

Dated: 1 October 2015
South Melbourne, Victoria

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

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

We have audited the accompanying financial report of The Association of Professional Engineers, Scientists and Managers, Australia (the "Association"), which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the National Board of the consolidated entity comprising the Association and the entities it controlled at the year's end or from time to time during the financial year.

Responsibility of the National Board for the financial report

The National Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009. This responsibility includes such internal controls as the National Board determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report 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 Association'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.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of The Association of Professional Engineers, Scientists and Managers, Australia:

- i presents fairly, in all material respects, the Association's and consolidated entity's financial position as at 30 June 2015 and of their performance and cash flows for the year then ended ; and
- ii complies with Australian Accounting Standards and the relevant legislation, including the Registered Organisations Act and reporting guidelines.

Other Matters

The signor is an Approved Auditor (therefore holds a current Public Practice Certificate) with Chartered Accountants Australia and New Zealand.

The Association does not engage in recovery of wages activity.

Management have appropriately applied the going concern basis of accounting in the preparation of the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sandra Lawson
Partner – Audit & Assurance

Melbourne, 1 October 2015

Addendum to the Financial Statements for the year ended 30 June 2015

The Association of Professional Engineers, Scientists & Managers, Australia
(Trading as Professionals Australia ABN 99 589 872 974)

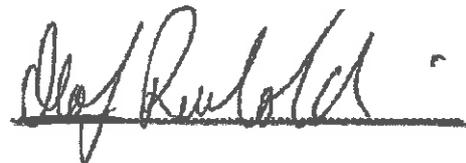
**&
Controlled Entities**

In compliance with Fair work (Registered Organisations) Act 2009 – Sect 254, paragraph (d) please note that Nil officers or member of reporting units of the Association hold any position as Trustee/Director of a superannuation entity.

Signed;

A handwritten signature in black ink, appearing to be 'E. W. Jackson', written over a solid horizontal line.

E. W. Jackson
National President

A handwritten signature in black ink, appearing to be 'O. Reinhold', written over a solid horizontal line.

O. Reinhold
National Treasurer