



4 November 2016

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

via email: legal@professionalsaustralia.org.au

Dear Ms Porter

The Association of Professional Engineers, Scientists and Managers, Australia Financial Report for the year ended 30 June 2016 - [FR2016/319]

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Association of Professional Engineers, Scientists and Managers, Australia (**the reporting unit**). The financial report was lodged with the Fair Work Commission (**FWC**) on 26 October 2016.

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

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

Please note that the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

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) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

25 October 2016

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 2016

Please find attached a copy of the audited financial accounts & statements for the year ended 30 June 2016 and note the following:

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

- that the documents 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 29th September 2016; and
- that the full report was presented to a general meeting of members of the reporting unit on 22nd October 2016; 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 2016**

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

Operating Report For the year ended 30 June 2016

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 2016.

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 loss after providing for income tax of \$575,412 (2015: profit of \$1,531,001).

REVIEW OF OPERATION

Group

For the 2016 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 \$1.82 million, whilst expenditure increased by \$0.297 million. The Group has net assets of \$20.295 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 a decrease in revenue of \$1.695 million from \$14.080 million to \$12.386 million. Total subscription revenues decreased from \$10.495 million to \$10.447 million this year. Other income decreased from \$3.586 million to \$1.940 million. Overall expenditure increased by \$0.380 million during the year.

Throughout 2015/2016 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, amongst others the NHMRC Structural Review, Infrastructure Victoria submission, Gender Pay Gap Bill and Labour Hire Industry and Insecure Work. 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. In this regard 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. On the positive side the Association is taking the opportunity to try and lift rates of pay by pursuing a landmark work value based claim. This case will involve the presentation of extensive witness evidence and submissions.

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

Operating Report

For the year ended 30 June 2016

Translators and Interpreters (TI's) – Work continued on improving the professional and economic status of TI's. This has involved on-going representation to government and industry campaigning. . 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 early 2016 the Association released its "Best and Brightest" Report which resulted from a survey of medical researchers seeking their views on the issues facing their industry. In 2016/2017 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. Further the Association has become involved in enterprise bargaining and has sought to vary the Professional Employees Award in order to provide for a separate classification structure for medical research employees

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. In 2017/2017 the major awards in which the Association has an interest will be reviewed. These include the Professional Employees Award and Awards covering Architects, Surveyors, Hydrocarbon Geologists and the Water Industry.

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 for obtaining the registration.

Member Advantage

Member Advantage generated a net loss after income tax pre elimination of intercompany transactions of \$11,220 (2015: net profit of \$20,407). Total revenue decreased by \$125,654 whilst expenditure decreased by \$82,731.

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.

TRUSTEE OF SUPERANNUATION ENTITY

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 organization.

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

**Operating Report
For the year ended 30 June 2016**

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	2015/16
Robyn Porter	National Secretary	2015/16
Olaf Reinhold	National Treasurer	2015/16
Andrew Russack	Senior Vice President	2015/16
Maria Fuchs	Vice President	2015/16
Wen Chen	Vice President	Appointed 1 March 2016
Greg McMahon	Vice President	Resigned 29 February 2016
Col Hackney	Vice President	2015/16

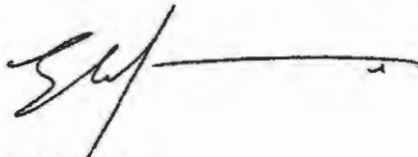
NUMBER OF MEMBERS

As at 30 June 2016 the number of members was 22,784 (2015: 23,031).

NUMBER OF EMPLOYEES

As at 30 June 2016 the number of employees was 106 (2015: 111).

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



**E. W. Jackson
National President**



**O. Reinhold
National Treasurer**

Dated 23 September 2016, South Melbourne, Victoria



Grant Thornton

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 Members 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 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor 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

Sandy Lawson
Partner - Audit & Assurance

Melbourne, 23 September 2016

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

**Statement of Comprehensive Income or Loss
for the Year Ended 30 June 2016**

	Note	Group		Chief Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Continuing Operations:					
Revenue					
Subscription Income	2	10,446,604	10,494,687	10,446,604	10,494,687
Other Income	2	3,473,858	5,246,011	1,939,619	3,586,117
	2	13,920,462	15,740,698	12,386,223	14,080,804
Expenses					
Employment Costs	2	(9,803,931)	(9,796,776)	(8,880,167)	(8,903,741)
Borrowing Costs	2	(232,129)	(226,642)	(232,129)	(226,639)
Professional Network Costs	2	(31,606)	(31,235)	(31,606)	(31,235)
Members' service & support	2	(3,220,665)	(2,799,346)	(2,611,929)	(2,074,031)
Other Expenses	2	(1,209,693)	(1,346,950)	(1,194,586)	(1,334,464)
		(14,498,424)	(14,200,951)	(12,950,417)	(12,570,110)
Profit/(Loss) before Income Tax Expense		(577,962)	1,539,747	(564,194)	1,510,694
Income Tax Benefit/(Expense)	3	2,550	(8,746)	-	-
Net Profit/(Loss) for the Year		(575,412)	1,531,001	(564,194)	1,510,694
Other comprehensive income/(expenses)		-	-	-	-
Total Comprehensive income/(loss) for the Year		(575,412)	1,531,001	(564,194)	1,510,694

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 2016**

	Note	Group		Chief Entity	
		2016 \$	2015 \$	2016 \$	2015 \$
Current Assets					
Cash and Cash Equivalents	4	1,404,016	2,473,127	1,352,314	2,047,858
Trade and Other Receivables	5	786,736	923,516	562,046	647,098
Other Assets	6	231,541	132,596	231,541	132,596
Financial Assets	7	8,619,828	8,271,607	8,619,828	8,271,607
Current Tax Assets		-	-	-	-
Total Current Assets		11,042,121	11,800,846	10,765,729	11,099,159
Non-Current Assets					
Trade and Other Receivables	5	-	467,824	66,905	734,228
Financial Assets	7	-	-	30	21
Property, Plant & Equipment	8	16,032,046	15,495,098	16,032,046	15,495,098
Intangible Assets	9	20,845	9,023	20,845	9,023
Total Non-Current Assets		16,052,891	15,971,945	16,119,826	16,238,370
Total Assets		27,095,012	27,772,791	26,885,555	27,337,529
Current Liabilities					
Trade and Other Payables	10	2,751,801	3,519,596	3,257,845	3,819,799
Borrowings	11	2,000,000	2,000,000	2,000,000	2,000,000
Current Tax Liabilities		-	8,746	-	-
Employee Provisions	12	1,539,291	1,510,581	1,539,291	1,510,581
Total Current Liabilities		6,291,092	7,038,923	6,797,136	7,330,380
Non-Current Liabilities					
Employee Provisions	12	417,572	530,908	417,572	530,908
Total Non-Current Liabilities		417,572	530,908	417,572	530,908
Total Liabilities		6,708,664	7,569,831	7,214,708	7,861,288
Net Assets		20,386,348	20,202,960	19,670,847	19,476,241
Member Funds & Reserves					
Organisation Funds	18(a)	(1,040,075)	(759,773)	(1,755,576)	(1,486,492)
Reserves	13	21,426,423	20,962,733	21,426,423	20,962,733
Total Member Funds & Reserves		20,386,348	20,202,960	19,670,847	19,476,241
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.

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

**Statement of Changes in Equity
for the Year Ended 30 June 2016**

	Note	Organisation Funds \$	Reserves \$	Total \$
Group Entity				
Balance – 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
Net Profit/(Loss) for the year		(575,412)	-	(575,412)
Other Comprehensive Income for the year				
Revaluation of buildings	13	-	758,800	758,800
Transfer to Legal Defence Fund (CSD)	13	(184,157)	184,157	-
Transfer from Reserves	13	479,267	(479,267)	-
Closing Member Funds at 30 June 2016		(1,040,075)	21,426,423	20,386,348
Chief Entity				
Balance – 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
Net Profit/(Loss) for the year		(564,194)	-	(564,194)
Other Comprehensive Income for the year				
Revaluation of buildings	13	-	758,800	758,800
Transfer to Legal Defence Fund (CSD)	13	(184,156)	184,156	-
Transfer from Reserves	13	479,266	(479,266)	-
Closing Member Funds at 30 June 2016		(1,755,576)	21,426,423	19,670,847

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 2016**

	Note	Group 2016 \$	2015 \$	Chief Entity 2016 \$	2015 \$
Cash Flows from Operating Activities					
Cash receipts from customers		14,417,210	14,155,391	11,870,269	11,579,825
Receipts from other reporting units/controlled entity		-	-	729,424	797,901
Cash payments to suppliers		(6,109,827)	(4,739,988)	(5,048,201)	(4,022,322)
Cash payments to employees		(9,888,557)	(9,717,884)	(8,964,793)	(8,824,849)
Interest and bank charges		(232,129)	(226,642)	(232,129)	(226,639)
Interest and investment income		190,247	288,017	190,247	288,017
Income tax (paid)/refund		(6,196)	(6,606)	-	-
Net Cash Provided/(Used) by Operating Activities	20(ii)	(1,629,252)	(247,712)	(1,455,184)	(408,067)
Cash Flows from Investing Activities					
Rental Income		784,237	719,151	784,237	719,151
Purchase of Fixed Assets & Intangible Assets		(220,960)	(855,412)	(220,960)	(855,412)
Proceeds from Sale of Fixed Assets		(3,136)	804,930	(3,136)	804,930
Net Cash Provided/(Used) by Investing Activities		560,141	668,669	560,141	668,669
Cash Flows from Financing Activities					
Loan (Repayments)Receipts Controlled Entities		-	-	199,499	44,159
Net Cash Provided/(Used) by Financing Activities		-	-	199,499	44,159
Net Increase/(Decrease) in Cash and Cash Equivalents at the Beginning of the Year		(1,069,111)	420,957	(895,544)	304,761
Cash and Cash Equivalents at the End of the Year	20(i)	1,404,016	2,473,127	1,352,314	2,047,858

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

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

**Recovery of Wages Activity
for the Year Ended 30 June 2016**

	2016 \$	2015 \$
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 2016**

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 Association is a not-for-profit entity for the purpose of preparing the financial statements

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 2016**

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 impairment has arisen. Impairment losses are recognised in the income statement.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

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 2016**

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 2016**

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 (i.e. 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 2016**

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 Commission, 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 2016 are assessed as having no material impact on this financial report.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

1. ACCOUNTING METHODS & POLICIES(CONT'D)

s) Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions – Long service leave

As discussed in Note 1k, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Note	Group		Chief Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:-					
a) Crediting as Revenue					
Subscriptions		10,446,604	10,494,687	10,446,604	10,494,687
Member Services (Member Advantage Pty Ltd)		2,159,239	2,284,893	-	-
Licence Fees		-	-	625,000	625,000
Rental Income		784,237	719,151	784,237	719,151
Interest		190,247	288,017	190,247	288,017
Trust Distributions		54,489	55,670	54,489	55,670
Capital return on investment		-	-	-	-
Increment in market value of investment		(54,179)	119,489	(54,179)	119,489
Transfer of fund from former Colliery Officials Association		-	-	-	-
Profit from Sale of Non-Current Asset		(3,136)	375,765	(3,136)	375,765
Capitation Fees		-	-	-	-
Levies		-	-	-	-
Grants		-	51,099	-	51,099
Donations		-	-	-	-
Other Financial Support		-	-	-	-
Reversal of bad debt write off		-	958,533	-	958,533
Other Income		342,961	393,394	342,961	393,394
		13,920,462	15,740,698	12,386,223	14,080,804
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		7,484,295	7,168,780	6,769,618	6,489,512
Annual Leave		617,750	784,330	559,538	712,384
Long Service Leave		188,734	461,893	170,607	439,766
Separation & Redundancy		193,683	106,263	193,683	106,263
Superannuation		811,395	785,274	730,273	709,036
Other Employment Costs		508,074	490,236	456,449	446,780
		9,803,931	9,796,776	8,880,167	8,903,741
Borrowing Costs		232,129	226,642	232,129	226,639
Professional Network Costs		31,606	31,235	31,606	31,235
Members' service and support		3,220,865	2,799,348	2,611,929	2,074,031

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Note	Group		Chief Entity	
		2016 \$	2015 \$	2016 \$	2015 \$
2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER CONT'D					
Other Expenses					
Affiliation Fees	2(c)	213,768	205,537	213,768	205,537
Meeting Expenses		171,706	149,636	168,399	146,820
Audit & Accounting Fees		81,378	45,699	69,378	36,029
Legal Fees – Litigation		243,463	388,718	243,463	388,718
Legal Fees – Other Legal Matters		68,589	102,693	68,589	102,693
Depreciation & Amortisation		430,989	419,855	430,989	419,855
Other Industrial Expenses		-	-	-	-
Industrial Library		-	-	-	-
Provision for Doubtful Debts – Controlled entities		-	-	-	-
Bad & Doubtful Debts		-	-	-	-
Provision for Doubtful Debts - Other		-	-	-	-
Controlled entities loans forgiven		-	-	-	-
Non-Current Assets Written off		-	-	-	-
Capitation Fees		-	-	-	-
Compulsory Levies (ACTU Election Levy)		-	34,812	-	34,812
Consideration to Employers for Payroll Deductions		-	-	-	-
Fees/allowances – meetings and conferences		-	-	-	-
Grants & Donations		-	-	-	-
Penalties – RO Act & RO Regulations		-	-	-	-
		1,209,893	1,346,950	1,194,586	1,334,464
c) Affiliation Fees Paid					
Unions NSW		26,838	33,477	26,838	33,477
Unions ACT Trades and Labour Council of the ACT Inc.		3,188	2,990	3,188	2,990
ACTU		81,887	63,374	81,887	63,374
UNI Global Union		38,270	41,366	38,270	41,366
New Castle Trades Hall Council		922	524	922	524
NT Trades and Labour Council		400	-	400	-
SA Unions		7,363	7,272	7,363	7,272
SA May Day Collective		-	317	-	317
Unions Tasmania		1,900	1,958	1,900	1,958
The Trades Hall Association Limited		-	-	-	-
Victorian Trades Hall Council		27,769	27,192	27,769	27,192
Unions WA WA's Peak Union Body		8,558	9,226	8,558	9,226
Qld Council of Unions		15,355	17,256	15,355	17,256
Electoral Commission NSW		-	585	-	585
Sydney May Day Committee		500	-	500	-
Federation of Vehicle Industry Unions (SA)		818	-	818	-
		213,768	205,537	213,768	205,537

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Group		Chief Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
3. INCOME TAX EXPENSE				
Prima facie tax at 30% on Profit/(Loss)	(173,389)	461,924	-	-
Deferred income tax losses not brought to account	4,131	-	-	-
Exempt (Income)/Loss	169,258	(470,670)	-	-
Tax effect of over provision of income tax in prior year	(2,550)	-	-	-
Total Income Tax Expense/(Benefit)	(2,550)	8,746	-	-

The Chief Entity is a tax exempt entity

4. CASH AND CASH EQUIVALENTS

Cash at Bank	1,388,539	2,310,792	1,336,837	1,885,523
Cash on Hand	2,800	2,600	2,800	2,600
Cash Management Account	12,677	159,735	12,677	159,735
	1,404,016	2,473,127	1,352,314	2,047,858

5. TRADE AND OTHER RECEIVABLES

Current

Sundry Receivables	786,736	923,516	562,046	647,098
Amounts Owed by Controlled Entities	-	-	-	-
Receivables from Other Reporting Units	-	-	-	-
Less Provision for Doubtful Debts	-	-	-	-
	786,736	923,516	562,046	647,098

Non Current

Sundry Receivables	-	467,824	-	467,824
Amounts Owed by Controlled Entities	-	-	66,905	266,404
	-	467,824	66,905	734,228

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 \$467,824 is included in Current sundry receivables. APESMA has security including a first ranking charge over the assets of Chifley Business School Pty Ltd to secure the payment.

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

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
6. OTHER ASSETS				
Prepayments	231,541	132,596	231,541	132,596
7. FINANCIAL ASSETS				
Current				
Commonwealth Bank Term Deposits	7,292,929	6,945,019	7,292,929	6,945,019
Vanguard Index Funds-Unit Trust	1,326,899	1,326,588	1,326,899	1,326,588
Chifley Financial Services Structured Bond	-	-	-	-
	8,619,828	8,271,607	8,619,828	8,271,607
Non-Current				
Shares in Controlled Entities	-	-	30	21
Shares in Other Entities	-	-	-	-
	-	-	30	21

Net Fair Values

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

Refer to Note 18 for details on restrictions on financial assets.

8. PROPERTY, PLANT & EQUIPMENT

Land and Buildings at National Board Valuation	15,795,086	14,893,123	15,795,086	14,893,123
Accumulated Depreciation	(290,539)	(7,646)	(290,539)	(7,646)
	15,564,547	14,885,477	15,504,547	14,885,477
Office Equipment at Cost	1,348,363	1,326,180	1,348,363	1,326,180
Accumulated Depreciation	(820,864)	(716,559)	(820,864)	(716,559)
	527,499	609,621	527,499	609,621
Total Property, Plant & Equipment	16,032,046	15,495,098	16,032,046	15,495,098

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

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 at 30 June 2016. Independent valuations are obtained for all properties over a rolling three year period.

The property located at 163-165 Eastern Road South Melbourne Victoria was independently valued as at 30 June 2015 by Mr. S. Lipshut, API, Certified Practicing Valuer of Charter Keck Cramer.

The property located at Level 1, 491 Kent Street Sydney NSW was independently valued as at 14 September 2015 by Mr. D Semken AAPI, certified practicing valuer of M3 Property.

The property located at Suite 1 & 2 91 Frederick Street Merewether NSW was independently valued as at 4 February 2016 by Mr. Tom Woolf, certified practicing valuer of Taylor Bryn.

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 revalued as at 9 August 2016 and 10 August 2016 respectively using the Directors valuation method.

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	Total
Balance 1 July 2014	11,918,199	579,402	12,497,601
Additions	730,030	125,382	855,412
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	14,885,477	609,621	15,495,098
Balance 1 July 2015	14,885,477	609,621	15,495,098
Additions/WIP	179,363	22,183	201,546
Revaluation	758,800	-	758,800
Disposals/Adjustments	-	-	-
Depreciation Expense	(319,093)	(104,305)	(423,398)
Balance 30 June 2016	15,504,547	527,499	16,032,046

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

GROUP	Land & Buildings	Office Equipment	Total
Balance 1 July 2014	11,918,199	579,402	12,497,601
Additions	730,030	125,382	855,412
Disposals/Additions	2,963,599	-	2,963,599
Revaluation	(429,165)	-	(429,165)
Depreciation Expense	(297,186)	(95,163)	(392,349)
Balance 30 June 2015	14,885,478	609,621	15,495,098
Balance 1 July 2015	14,885,477	609,621	15,495,097
Additions/WIP	179,363	22,183	201,546
Revaluation	758,800	-	758,800
Disposals/Adjustments	-	-	-
Depreciation Expense	(319,093)	(104,305)	(423,398)
Balance 30 June 2016	15,504,547	527,499	16,032,046

Group		Chief Entity	
2016	2015	2016	2015
\$	\$	\$	\$

9. INTANGIBLE ASSETS

Balance 1 July	9,023	36,529	9,023	36,529
Movement for the year	(114,060)	2,625	(114,060)	2,625
Amortisation for the year	125,882	(30,131)	125,882	(30,131)
Balance 30 June	20,845	9,023	20,845	9,023

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	889,093	1,562,825	789,466	1,309,514
Prepaid Subscriptions & Fees	1,862,708	1,956,771	1,823,942	1,865,849
Amounts Owed to Controlled Entities	-	-	644,437	644,436
Payable to Other Reporting Units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
	2,751,801	3,519,596	3,257,845	3,819,799

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 2016/17 period.

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Group		Chief Entity	
	2016	2015	2016	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.

12. EMPLOYEE PROVISIONS

Current				
Office Holders	-	-	-	-
Annual Leave	-	-	-	-
Long Service Leave	-	-	-	-
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
Employees Other than Office Holders:				
Annual Leave	622,570	640,845	622,570	640,845
Long Service Leave	916,721	869,736	916,721	889,736
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
	1,539,291	1,510,581	1,539,291	1,510,581
Non-Current				
Office Holders	-	-	-	-
Employees Other than Office Holders:				
Long Service Leave	417,572	530,908	417,572	530,908
	417,572	530,908	417,572	530,908

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.

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
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	Group		Chief Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
13. RESERVES				
Property Revaluation Reserve				
Balance at start of year	10,420,359	7,456,760	10,420,359	7,456,760
Revaluation during year	758,800	2,963,599	758,800	2,963,599
Balance as at end of year	11,179,159	10,420,359	11,179,159	10,420,359
The Property Revaluation reserve captures the increased value of property assets of the Association following revaluation.				
Building Repair Reserve				
Balance at start and end of year	-	100,000	-	100,000
Transfer to member funds	-	(100,000)	-	(100,000)
Balance as at end of year	-	-	-	-
Innovation Reserve				
Balance as at start of year	958,533	-	958,533	-
Transfer to member funds	(479,267)	958,533	(479,267)	958,533
Balance as at end of year	479,266	958,533	479,266	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
Transfer to member funds	-	(150,000)	-	(150,000)
Balance as at end of year	-	-	-	-
Licence Fee Reserve				
Balance at start and end of year	-	132,000	-	132,000
Transfer to member funds	-	(132,000)	-	(132,000)
Balance as at end of year	-	-	-	-
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	9,055,377	8,556,455	9,055,377	8,556,455
Transfer to Reserve	184,157	498,922	184,157	498,922
Balance as at end of year	9,239,534	9,055,377	9,239,534	9,055,377
Total Reserves	21,426,423	20,962,733	21,426,423	20,962,733

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**Notes to the Consolidated Annual Accounts
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	Group		Chief Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$

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	
	2016	2015	2016	2015	2016	2015
	\$	\$	%	%	\$	\$
Chief Entity						
Association of Professional Engineers, Scientists & Managers, Australia					(564,194)	1,510,694
Controlled Entities						
APESMA Lawyers Pty Ltd	10	10	100	100	-	-
Member Advantage Pty Ltd	10	1	100	100	(11,220)	20,407
APESMA Insurance Services Pty Ltd	10	10	100	100	-	-
	30	21				

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue received from controlled entities includes the following:				
Member Advantage				
Service fees	-	-	755,154	803,463
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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Short-term employee benefits:				
Salary (including annual leave taken)	1,708,145	1,529,554	1,438,750	1,265,441
Annual leave accrued	(2,968)	24,020	5,453	22,584
Performance bonus	-	-	-	-
Total short-term employee benefits	1,705,177	1,553,574	1,444,203	1,288,025
Post-employment benefits:				
Superannuation	172,487	153,739	140,633	128,649
Total post-employment benefits	172,487	153,739	140,633	128,649
Other long-term benefits:				
Long service leave	22,164	48,335	13,548	38,874
Total other long-term benefits	22,164	48,335	13,548	38,874
Termination benefits				
Total	1,899,828	1,755,648	1,598,384	1,455,548

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

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Group		Chief Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
17. REMUNERATION OF AUDITOR				
<i>Value of the services provided</i>				
Grant Thornton				
Financial statement and other audit services	49,400	45,000	49,400	45,000
Other services	7,500	5,000	7,500	5,000
	56,900	50,000	56,900	50,000
W. W. Vick & Co				
Financial statement audit and other audit services	17,270	12,529	17,270	12,529
	74,170	62,529	74,170	62,529

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) Organisation Funds

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 \$125,015 (2015: \$277,093) 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 \$8,619,828 (2015: \$8,271,607) 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.

b) 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:-

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

18. FINANCIAL RISK MANAGEMENT CONT'D

b) Interest Rate Risk (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-16							
Assets:							
Cash and Cash Equivalents	0.15	1,352,314	-	-	-	-	1,352,314
Financial Assets	2.50	-	7,292,929	-	-	1,328,899	8,619,828
Receivables	5.00	-	479,533	-	-	82,513	562,046
Total financial assets		1,352,314	7,772,462	-	-	1,409,412	10,534,188
Liabilities:							
Trade and Sundry Payables	-	-	-	-	-	1,433,903	1,433,903
Bank bills and Overdraft	4.09	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	1,433,903	3,433,903
Net financial assets (liabilities)		1,352,314	5,772,462	-	-	(24,491)	7,100,285
The total amount of financial liabilities disclosed above excludes statutory payables (i.e. GST payable)							

	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	-	8,945,019	-	-	1,326,588	8,271,608
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)	7,480,437
The total amount of financial liabilities disclosed above excludes statutory payables (ie GST payable)							

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

18. FINANCIAL RISK MANAGEMENT CONT'D

b) Interest Rate Risk (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		
			%	\$	\$		
Group							
30-Jun-16							
Assets:							
Cash and Cash Equivalents	0.15	1,404,016	-	-	-	-	1,404,016
Financial Assets	2.50	-	7,292,929	-	-	1,326,899	8,619,828
Receivables	5.00	-	479,533	-	-	307,203	786,736
Total financial assets		1,404,016	7,772,462	-	-	1,634,102	10,810,580
Liabilities:							
Leases	-	-	-	-	-	-	-
Trade and Sundry Payables	-	-	-	-	-	899,013	899,013
Bank bills and Overdraft	4.09	-	2,000,000	-	-	-	2,000,000
Total financial liabilities		-	2,000,000	-	-	899,013	2,899,013
Net financial assets (liabilities)		1,404,016	5,772,462	-	-	735,089	7,911,567

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

	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:							
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	3,523,375
Net financial assets (liabilities)		-	7,906,255	467,824	-	238,620	8,612,699

The total amount of financial liabilities disclosed above excludes statutory payables (i.e. GST payable)

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

18. FINANCIAL RISK MANAGEMENT CONT'D

c) 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 due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired
	2016 \$	2016 \$	2015 \$	2015 \$
Group				
Receivables	756,404	-	1,390,350	990
Chief Entity				
Receivables	628,951	-	1,380,336	990

Ageing of financial assets that were not impaired

	<30 days \$	31 – 60 days \$	61 – 90 days \$	> 90 days \$	Total \$
2016					
Group					
Receivables	276,871	-	-	479,533	756,404
Chief Entity					
Receivables	149,418	-	-	479,533	628,951
2015					
Group					
Receivables	1,390,350	990	-	-	1,391,340
Chief Entity					
Receivables	1,380,336	990	-	-	1,381,326

d) 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 2016.

**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

18. FINANCIAL RISK MANAGEMENT CONT'D

e) 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.

f) 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

Net Fair Values of Financial Assets and Liabilities

GROUP

2016	Carrying Amount	Fair Value
	2016	2016
	\$	\$
Financial assets		
Cash & Cash Equivalents	1,404,016	1,404,016
Receivables	756,404	756,404
Investments	8,619,828	8,619,828
Financial liabilities		
Payables	889,093	889,093
Borrowings	2,000,000	2,000,000
2015		
	Carrying Amount	Fair Value
	2015	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

Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016

18. FINANCIAL RISK MANAGEMENT CONT'D

(f) Liquidity Risk cont'd

Net Fair Values of Financial Assets and Liabilities

CHIEF ENTITY

2016	Carrying Amount	Fair Value
	2016	2016
	\$	\$

Financial assets		
Cash & Cash Equivalents	1,352,314	1,352,314
Receivables	628,951	628,951
Investments	8,619,828	8,619,828
Financial liabilities		
Payables	789,466	789,466
Borrowings	2,000,000	2,000,000

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

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

2016

	Carrying amount at 30 June 2016	Date of valuation	Level 1	Level 2	Level 3
	\$		\$	\$	\$
Financial Assets					
Vanguard Index Fund – Unit Trust	1,326,890	30/06/2016	1,326,899	-	-
Property					
Land & Buildings	15,412,747	30/06/2016	-	15,412,747	-

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA
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**Notes to the Consolidated Annual Accounts
for the Year Ended 30 June 2016**

	Group		Chief Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
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	2,800	2,600	2,800	2,600
Cash at bank	1,388,539	2,310,792	1,336,837	1,885,523
Cash Management Account	12,677	159,735	12,677	159,735
Bank Overdraft	-	-	-	-
	1,404,016	2,473,127	1,352,314	2,047,858
ii) Reconciliation of Operating Profit/(Loss) after Income Tax to net cash provided by Operating Activities				
Operating Profit/(Loss) after Income Tax	(575,414)	1,531,001	(584,195)	1,510,694
Non cash and investing items				
Asset Impairment/Write Offs	-	-	-	-
Depreciation and Amortisation	430,989	392,349	430,989	392,349
Rental Income	(784,237)	(719,151)	(784,237)	(719,151)
Doubtful Debts – Controlled Entities	-	-	-	-
Doubtful Debts - Other	-	(958,533)	-	(956,533)
Loans to Controlled entities forgiven	-	-	-	-
Net Profit on Sale of Fixed Assets	3,136	(375,765)	3,136	(375,765)
Increment in value of investment	(348,221)	(511,209)	(348,230)	(511,209)
Changes in Operating Assets/Liabilities				
Sundry Debtors	604,604	34,696	552,876	(21,833)
Prepayments	(98,945)	(54,181)	(98,945)	(54,181)
Employee Entitlements	(84,626)	78,891	(84,626)	78,891
Creditors and Other Payables	(767,793)	304,544	(561,952)	223,165
Provision for Income Tax	(8,746)	2,140	-	-
Net cash provided by/used in operating activities	(1,629,252)	(247,712)	(1,455,184)	(408,067)
iii) The Group has bank bill (\$2.9 million) and bank overdraft (\$0.5 million) facilities of \$3.4 million as at 30 June 2016 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 2016**

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 2016.

23. SUBSEQUENT EVENTS

Association of Professional Engineers, Scientist & Managers, Australia entered into a sale agreement with Countrywide Tolstrup Financial Services Group for the partial sale of 20% of its subsidiary, Members Advantage Pty Ltd, effective 1 July 2016.

Other than the sale above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

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 2016.

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 9 September 2016 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 2016:

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

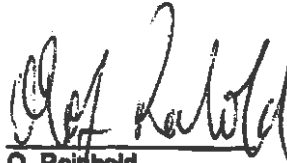
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the Reporting Guidelines of the General Manager of Fair Work Commission (General Manager) and other requirements imposed by Part 3 of Chapter 8 of the Fair Work (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**

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



E. W. Jackson
National President



O. Reihhold
National Treasurer

Dated: 23 September 2016
South Melbourne, Victoria

Dated: 23 September 2016
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 2016, 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.

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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,

- a 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 2016 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 Fair Work (Registered Organisations) Act 2009 and reporting guidelines.

Other Matter

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



Sandy Lawson
Partner - Audit & Assurance
Melbourne, 23 September 2016



15 July 2016

Ms Robyn Porter
National Secretary
The Association of Professional Engineers, Scientists and Managers, Australia
By email: legal@professionalsaustralia.org.au

Dear Ms Porter,

**Re: Lodgement of Financial Report - [FR2016/319]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Association of Professional Engineers, Scientists and Managers, Australia (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Timelines

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

Loans, grants and donations: our focus this year

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at [sample documents](#).

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Civil penalties may apply

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

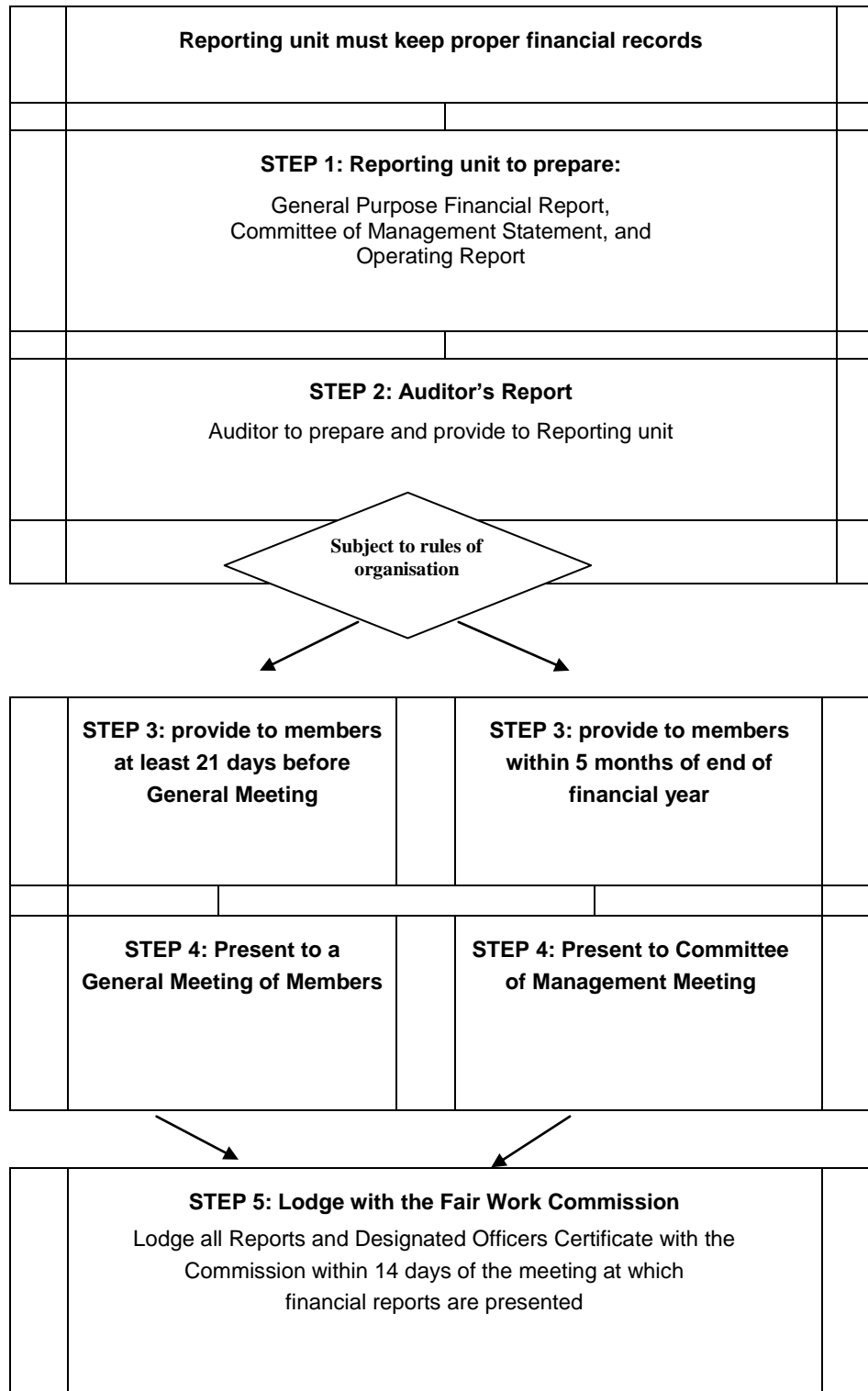


Anastasia Kyriakidis
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:







- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au