



14 November 2019

Robyn Porter  
National Secretary & Divisional President  
Association of Professional Engineers, Scientists and Managers, Australia  
Sent via email: [legal@professionalsaustralia.org.au](mailto:legal@professionalsaustralia.org.au)  
CC: [tony.pititto@au.gt.com](mailto:tony.pititto@au.gt.com)

Dear Robyn Porter,

**Association of Professional Engineers, Scientists and Managers, Australia  
Financial Report for the year ended 30 June 2019 – (FR2019/61)**

I acknowledge receipt of the financial report of the Association of Professional Engineers, Scientists and Managers, Australia (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 28 October 2019.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines (**RGs**) 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 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

**General purpose financial report (GPFR)**

Nil activity disclosures

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- "Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission" is disclosed in both Note 26 and the officer's declaration statement;
- "Receive capitation fees from another reporting unit" is disclosed in both the statement of comprehensive income and Note 2(a);

- "Incur fees as consideration for employers making payroll deductions of membership subscriptions", "pay legal costs relating to litigation" and "pay a penalty imposed under the RO Act or the *Fair Work Act 2009*" are disclosed in both Note 2(b) and the officer's declaration statement;
- "Pay capitation fees to another reporting unit" is disclosed in both the statement of comprehensive income and Note 2(b);
- "Pay a grant that was \$1,000 or less", "pay a grant that exceeded \$1,000", "pay a donation that was \$1,000 or less" and "pay a donation that exceeded \$1,000" are disclosed in both the statement of comprehensive income and Note 3; and
- "Have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions" is disclosed in both Note 11 and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

The notes and the officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Provide cash flows to another reporting unit and/or controlled entity (RG 18).

Please ensure in future years that the above mentioned item is disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

#### Recovery of wages disclosure

Please note that under the 5<sup>th</sup> edition of the RGs made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5<sup>th</sup> edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. If recovery of wages activity has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

#### Inconsistency in disclosure of financial information

Note 14A *Other specific disclosures - funds* discloses transfers to and from various funds of the reporting unit (other than the general fund). The officer's declaration statement, however includes a nil disclosure of transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity.

In future years, please ensure that items within the financial report are disclosed consistently.

### **Auditor's report**

#### Audit scope to include subsection 255(2A) report & officer's declaration statement

A GPFR prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22.

As abovementioned, where nil activity disclosures are contained in an officer's declaration statement, in accordance with RG 21, the officer's declaration statement also forms part of a GPFR prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act.)

The subsection 255(2A) report and the officer's declaration statement must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A subsection 255(2A) report and the officer's declaration statement were included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Please ensure in future years that the subsection 255(2A) report and the officer's declaration statement are audited before provided to members and lodged with the ROC.

### **Reporting Requirements**

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

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

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,



**Kylie Ngo**  
**Registered Organisations Commission**

**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 2019**

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

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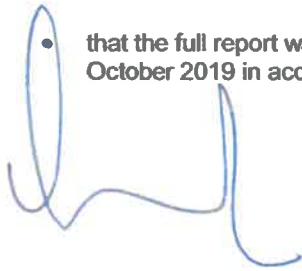
s.268 *Fair Work (Registered Organisations) Act 2009*

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

Certificate for the year ended 30 June 2019

I Andrew Russack being the National President of the Association of Professional Engineers, Scientists & Managers, Australia, trading as Professionals Australia, certify:

- that the documents lodged herewith are copies of the full report for the National President of the Association of Professional Engineers, Scientists & Managers, Australia, trading as Professionals Australia, for the period ended 30 June 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 23 September 2019; and
- that the full report was presented to a *general meeting of members* of the reporting unit on 19 October 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



**A. Russack**  
**National President**

Dated 19<sup>th</sup> October 2019, West Melbourne, Victoria

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

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**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

*for the year ended 30 June 2019*

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2019.

Descriptive form

<b>Categories of expenditures</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Remuneration and other employment-related costs and expenses -- employees	9,182,065	9,278,505
Advertising	46,302	21,175
Operating costs	4,265,082	4,215,811
Donations to political parties	-	-
Legal costs	350,607	465,578

  
A. Russack  
National President

Dated 11 September 2019, West Melbourne, Victoria

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

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## OPERATING REPORT

*for the year ended 30 June 2019*

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 2019.

### 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 surplus after providing for income tax of \$518,542 (2018: loss of \$171,312).

### REVIEW OF OPERATION

#### *Group*

For the 2019 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 \$0.702 million, and expenditure increased by \$0.028 million. The Group has net assets of \$26.955 million, primarily cash, property plant & equipment and financial assets.

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 \$0.427 million from \$12.262 million to \$12.689 million. Total subscription revenues increased from \$10.607 million to \$10.739 million this year. Other income increased from \$1.655 million to \$1.950 million. Overall expenditure decreased by \$0.303 million during the year.

Throughout 2018/2019 the Association was involved in several major activities in the pursuance of its objective to achieve respect, recognition and reward for members. Some of these activities included:

#### **Workplace advice and support**

Qualified lawyers and industrial staff handled over 1762 individual member cases during the year, ranging from advice on entitlements and contract reviews through to unfair dismissal. The workplace advice and support team have around 170 matters ongoing at any time. A number of these matters required prosecution in courts to advance member's interests. Our field staff, supported by Workplace Representatives, also dealt with many disputes including restructures and redundancies. The provision of journey insurance provided additional protection for members travelling to and from work.

#### **Bargaining**

Over 50 collective bargaining or enterprise agreements were negotiated to protect and advance wages and conditions. Members are supported by over 35 field staff and over 740 workplace representatives.

#### **Modern Award Review**

The Fair Work Commission's 2014 Modern Award Review process continues. The review is a major exercise whereby every modern award is reviewed and redrafted in plain English. The Association made application to improve awards including the Professional Employees Award. Claims include the reimbursement for costs of obtaining registration, improved classifications, Hours of Work and Overtime. In addition, there is a major work value case being conducted for the pharmacy award. Several cases were also run in states to ensure professionals remain covered by the relevant awards and agreements.

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

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### **Advocacy and campaigns**

The Association's advocacy role is a key part of its integrated approach which combines engagement with governments, industry and the community to work for solutions to the major issues and in the process, lift the standing of professionals. For example, the Professionals Australia advocacy has fought for major wage rises for pharmacists, interpreters and dentists. Our advocacy also led to the Victorian Government introducing mandatory engineer registration.

The Association continues to advocate for engineer registration across Australia, and at the time of writing ACT is committed to registration, and a number of other states are considering a scheme. Our *Engineer a Better Future* campaign is also fighting to ensure the key role of engineers is better recognised.

### **Pharmacy Campaign**

The Association continues to focus on improving the pay and status of community pharmacists and hospital pharmacists. APESMA dedicated significant resources to a precedent-setting work value case. This included members and experts being cross examined in the Fair Work Commission and significant submissions laying out a new route for increasing award pay. While the Fair Work Commission did not decide entirely in our favour, they did find some aspects of increased work value for pharmacists, which will likely result in a wage increase moving forward.

A new approach to expanding enterprise bargaining in the private hospital sector is engaging new members to improve collective conditions and pay across the industry. Ongoing political campaigning to reverse penalty rate cuts continues to apply pressure to political representatives to align with community expectations to reinstate previous penalty rates.

### **Translators and Interpreters (TIs)**

The Association continues to work to improve both professional issues and industrial interests of TI members through advocacy to government, new services and new industrial strategies. TI members of the association in Victoria won a landmark increase to their pay of an average of 30% on government contracts. We are now working to ensure that these rates are enforced and paid. We are also working to spread this success to other states, where wages remain stubbornly low. The Association has begun provision of member-led online Continuing Professional Development to support members to attain and maintain their NAATI accreditation while minimising their costs.

### **Career Advancement**

The Association continues to support members in progressing their careers. Market rate information is provided for many professions, and we have recently launched a series of new salary calculations for all divisions, and an automated, personalised salary comparison for engineers. Industry briefings and employment outlooks provide critical industry intelligence. We are also in the process of launching a new suit of CPD courses to our various divisions.

### **Professional recognition**

The Association continues to be a recognised assessment entity for the accreditation of engineers through RPEng. Registration is currently a requirement for engineers working in Queensland. Advocacy efforts have seen engineer registration successfully pass through parliament in Victoria. Continuing professional development programs enable members to stay at the leading edge of professional practice. CPD is provided to engineers, translators and interpreters, and pharmacists. Professional Indemnity insurance is now available to pharmacists, inclusive in membership, and discount group PI insurance remains available to contractors.

### **Marketing & Communications**

The association has implemented a structured marketing and communications plan which focuses on the collection of meaningful data to create quality content for each segment and cohesive messaging for our current and prospective members. We utilise an inbound marketing strategy designed to attract and convert non-members and keep our current members engaged. We have an increased social media presence, a thorough welcome process, regularly updated website content, engaging e-newsletters and a stream of relevant webinars for our members and short videos highlighting our services to convert our non-members.

Our efforts to build membership through automated email journeys has been quite successful over the past year, bringing in large numbers of pharmacists, interpreters and helping us regain a number of past members.

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

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### Member savings

Over the past year, we launched our new member rewards platform, providing a faster and more user friendly way to save on every day goods. The uptake rate of this new platform has been excellent, and more members than ever are using the platform to offset their membership costs.

### Member Advantage

Member Advantage generated a net profit after income tax pre-elimination of intercompany transactions of \$63,810 (2018: net profit of \$104,984). Total revenue increased by \$112,220 in line with increased expenditure of \$169,374.

### 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.

### NATIONAL BOARD MEMBER'S PROFILES

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

Name	Position	Period
Andrew Russack	National President	2018/19
Robyn Porter	National Secretary	2018/19
Olaf Reinhold	National Treasurer	2018/19
Maria Fuchs	Senior Vice President	2018/19
Wen Chen	Vice President	2018/19
Col Hackney – Resigned 28 February 2019	Vice President	2018/19
Stephen Long	Vice President	2018/19
Katie Havelberg – Commenced 1 March 2019		

### NUMBER OF MEMBERS


As at 30 June 2019 the number of members was 21,829 (2018: 21,218).

### NUMBER OF EMPLOYEES

As at 30 June 2019 the number of employees was 94 (2018: 100).

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

  
A. Russack  
National President

  
O. Reinhold  
National Treasurer

Dated 11 September 2019, West Melbourne, Victoria

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

**COMMITTEE OF MANAGEMENT STATEMENT**

*for the year ended 30 June 2019*

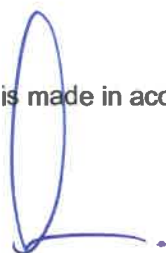
On 6 September 2019 the National Board presents the report of the Group (APESMA Group) consisting of the Association of Professional Engineers, Scientists & Managers, Australia trading as Professionals Australia and the entities it passed the following resolution in relation to the general purpose financial report of the Association for the financial year ended 30 June 2019:

The Committee of Management declares in relation to the general purpose financial statements that in its opinion:

- a) the financial statements and notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the **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 general purpose financial statements relates and since the end of the year:
  - i) meetings of the committee of management were held in accordance with rules of the Association; and
  - ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
  - iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
  - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or Commissioner; and
  - vi) no orders for inspection of financial records have been made by the Registered Organisations Commission under Section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management:

A. Russack  
National President



O. Reinhold  
National Treasurer

Dated 11 September 2019, West Melbourne, Victoria

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

**Statement of Comprehensive Income or Loss  
for the Year Ended 30 June 2019**

	Note	Group		Chief Entity	
		2019 \$	2018 \$	2019 \$	2018 \$
<b>Continuing Operations:</b>					
<b>Revenue</b>					
Membership Subscription	2	10,739,484	10,606,612	10,739,484	10,606,612
Other Revenue	2	2,305,552	2,326,547	608,277	633,047
Capitation fees and other revenue from another reporting unit		-	-	-	-
Other Income	2	1,341,746	916,763	1,341,746	1,022,013
	<b>2</b>	<b>14,386,782</b>	<b>13,849,922</b>	<b>12,689,507</b>	<b>12,261,672</b>
<b>Expenses</b>					
Employment Costs	2	(9,182,065)	(9,278,505)	(8,507,036)	(8,552,450)
Capitation fees and other expenses to another reporting unit		-	-	-	-
Borrowing Costs	2	(124,893)	(113,950)	(124,893)	(113,950)
Members' service & support	2	(3,350,947)	(3,310,259)	(2,522,323)	(2,665,771)
Other Expenses	2	(1,186,151)	(1,274,855)	(1,080,523)	(1,202,296)
Grants or Donations	3	-	(3,500)	-	(3,500)
		<b>(13,844,056)</b>	<b>(13,981,069)</b>	<b>(12,234,775)</b>	<b>(12,537,967)</b>
<b>Profit/(Loss) before Income Tax Expense</b>		<b>542,726</b>	<b>(131,147)</b>	<b>454,732</b>	<b>(276,295)</b>
Income Tax Benefit/(Expense)	4	(24,184)	(40,165)	-	-
<b>Net Profit/(Loss) for the Year</b>		<b>518,542</b>	<b>(171,312)</b>	<b>454,732</b>	<b>(276,295)</b>
<b>Other comprehensive income/(expenses)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive income/(loss) for the Year</b>		<b>518,542</b>	<b>(171,312)</b>	<b>454,732</b>	<b>(276,295)</b>
Total comprehensive income/(loss) for the year attributable to					
• non-controlling interest		15,952	20,997	-	-
• members of chief entity		502,590	(192,309)	454,732	(276,295)
		<b>518,542</b>	<b>(171,312)</b>	<b>454,732</b>	<b>(276,295)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes on pages 14 to 42.

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

**Statement of Financial Position  
as at 30 June 2019**

	Note	Group		Chief Entity	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash and Cash Equivalents	5	3,578,364	1,614,222	3,302,900	1,491,963
Trade and Other Receivables	6	566,984	722,172	382,389	509,234
Other Assets	7	269,766	246,319	267,046	242,220
Financial Assets	8	14,723,550	14,358,575	14,723,550	14,358,575
<b>Total Current Assets</b>		<b>19,138,664</b>	<b>16,941,288</b>	<b>18,675,885</b>	<b>16,601,992</b>
<b>Non-Current Assets</b>					
Financial Assets	8	-	-	21	21
Property, Plant & Equipment	9	12,660,057	11,105,705	12,660,057	11,105,705
Intangible Assets	10	215,458	256,715	58,678	43,917
<b>Total Non-Current Assets</b>		<b>12,875,515</b>	<b>11,362,420</b>	<b>12,718,756</b>	<b>11,149,643</b>
<b>Total Assets</b>		<b>32,014,179</b>	<b>28,303,708</b>	<b>31,394,641</b>	<b>27,751,635</b>
<b>Current Liabilities</b>					
Trade and Other Payables	11	3,429,852	3,173,565	3,757,558	3,543,228
Borrowings	12	-	-	-	-
Current Tax Liabilities		1,519	39,821	-	-
Employee Provisions	13	1,556,995	1,739,810	1,556,995	1,739,810
<b>Total Current Liabilities</b>		<b>4,988,366</b>	<b>4,953,196</b>	<b>5,314,553</b>	<b>5,283,038</b>
<b>Non-Current Liabilities</b>					
Employee Provisions	13	70,497	70,498	70,497	70,498
<b>Total Non-Current Liabilities</b>		<b>70,497</b>	<b>70,498</b>	<b>70,497</b>	<b>70,498</b>
<b>Total Liabilities</b>		<b>5,058,863</b>	<b>5,023,694</b>	<b>5,385,050</b>	<b>5,353,536</b>
<b>Net Assets</b>		<b>26,955,316</b>	<b>23,280,014</b>	<b>26,009,591</b>	<b>22,398,099</b>
<b>Member Funds &amp; Reserves</b>					
Attributable to members of chief entity					
Organisation Funds	19(a)	10,091,233	9,236,282	9,194,745	8,387,652
Reserves	14	16,814,846	14,010,447	16,814,846	14,010,447
		<b>26,906,079</b>	<b>23,246,729</b>	<b>26,009,591</b>	<b>22,398,099</b>
Non-controlling interest		49,237	33,285	-	-
<b>Total Member Funds &amp; Reserves</b>		<b>26,955,316</b>	<b>23,280,014</b>	<b>26,009,591</b>	<b>22,398,099</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes on pages 14 to 42.

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

**Statement of Changes in Equity  
for the Year Ended 30 June 2019**

	Note	Organisation Funds	Reserves	Total attributable to members of chief entity	Non- controlling interest	Total
		\$	\$	\$	\$	\$
<b>Group Entity</b>						
Balance – 30 June 2017		9,660,837	13,838,201	23,499,038	12,288	23,511,326
Net Profit/(Loss) for the year		(192,309)	-	(192,309)	20,997	(171,312)
Other Comprehensive Income for the year						
Revaluation of buildings	14	-	(60,000)	(60,000)		(60,000)
Transfer to Legal Defence Fund (CSD)	14	(230,459)	230,459	-	-	-
Transfer to Civil Aviation Safety Authority	14	(1,787)	1,787	-	-	-
<b>Closing Member Funds at 30 June 2018</b>		<b>9,236,282</b>	<b>14,010,447</b>	<b>23,246,729</b>	<b>33,285</b>	<b>23,280,014</b>
Net Profit/(Loss) for the year		502,590	-	502,590	15,952	518,542
Other Comprehensive Income for the year						
Revaluation of buildings	14	966,800	2,189,960	3,156,760		3,156,760
Transfer to Legal Defence Fund (CSD)	14	(612,580)	612,580	-	-	-
Transfer to Civil Aviation Safety Authority	14	(1,859)	1,859	-	-	-
<b>Closing Member Funds at 30 June 2019</b>		<b>10,091,233</b>	<b>16,814,846</b>	<b>26,906,079</b>	<b>49,237</b>	<b>26,955,316</b>
<b>Chief Entity</b>						
Balance – 30 June 2017		8,896,193	13,838,201	22,734,394	-	22,734,394
Net Profit/(Loss) for the year		(276,295)	-	(276,295)	-	(276,295)
Other Comprehensive Income for the year						
Revaluation of buildings		-	(60,000)	(60,000)	-	(60,000)
Transfer to Legal Defence Fund (CSD)	14	(230,459)	230,459	-	-	-
Transfer to Civil Aviation Safety Authority	14	(1,787)	1,787	-	-	-
<b>Closing Member Funds at 30 June 2018</b>		<b>8,387,652</b>	<b>14,010,447</b>	<b>22,398,099</b>	<b>-</b>	<b>22,398,099</b>
Net Profit/(Loss) for the year		454,732	-	454,732	-	454,732
Other Comprehensive Income for the year						
Revaluation of buildings	14	966,800	2,189,960	3,156,760	-	3,156,760
Transfer to Legal Defence Fund (CSD)	14	(612,580)	612,580	-	-	-
Transfer to Civil Aviation Safety Authority	14	(1,859)	1,859	-	-	-
<b>Closing Member Funds at 30 June 2019</b>		<b>9,194,745</b>	<b>16,814,846</b>	<b>26,009,591</b>	<b>-</b>	<b>26,009,591</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 14 to 42.

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

**Statement of Cash Flows  
for the Year Ended 30 June 2019**

	Note	Group		Chief Entity	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Cash receipts from customers		14,825,771	14,590,835	12,622,284	12,133,122
Receipts from other reporting units/controlled entity		-	-	(486,283)	13,720
Cash payments to suppliers		(5,401,532)	(5,682,159)	(3,633,437)	(4,177,232)
Cash payments to employees		(9,364,879)	(9,392,812)	(8,689,852)	(8,666,757)
Interest and bank charges		(124,893)	(113,950)	(124,893)	(113,950)
Interest and investment income		290,835	428,728	290,855	428,728
Income tax (paid)/refund		(62,487)	(17,951)	-	-
<b>Net Cash Provided/(Used) by Operating Activities</b>	21(ii)	<b>162,815</b>	<b>(187,309)</b>	<b>(21,326)</b>	<b>(382,369)</b>
<b>Cash Flows from Investing Activities</b>					
Rental Income		139,527	133,047	139,527	133,047
Purchase of Fixed Assets & Intangible Assets		(102,868)	(6,158,609)	(71,932)	(6,048,572)
Proceeds from Sale of Fixed Assets		1,664,668	6,405	1,664,668	6,405
Purchase of Investments		-	(5,115,293)	-	(5,115,293)
<b>Net Cash Provided/(Used) by Investing Activities</b>		<b>1,701,327</b>	<b>(11,134,450)</b>	<b>1,732,263</b>	<b>(11,034,413)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from partial sale of MA Loan (Repayments)Receipts Controlled Entities		100,000	-	100,000	-
Repayment of Borrowings		-	-	-	-
<b>Net Cash Provided/(Used) by Financing Activities</b>		<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents at the Beginning of the Year		1,964,142	(11,321,759)	1,810,937	(11,416,782)
<b>Cash and Cash Equivalents at the End of the Year</b>	21(i)	<b>3,578,364</b>	<b>1,614,222</b>	<b>3,302,900</b>	<b>1,491,963</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 14 to 42.

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

**Recovery of Wages Activity  
for the Year Ended 30 June 2019**

	2019 \$	2018 \$
<b>Cash Assets in respect of recovered money at beginning of the year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc	-	-
Interest Received on recovered money	-	-
<b>Total Receipts</b>	<u>-</u>	<u>-</u>
<b>Payments</b>		
Deductions of amounts due in respect of membership	-	-
Deductions of donations or other contributions to accounts or funds	-	-
Deductions of fees or reimbursements of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total Payments</b>	<u>-</u>	<u>-</u>
<b>Cash assets in respect of recovered money at the end of the year</b>	<u>-</u>	<u>-</u>
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>		
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 14 to 42.

## Notes to the Consolidated Annual Accounts for the Year Ended 30 June 2019

### 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

#### a) Adoption of New and Revised Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement. The impact of applying this standards is discussed further below.
- AASB 15 Revenue from Contracts with Customers and 1058 Income of Not-for-Profit Entities. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

#### Impact on Adoption of AASB 9

- **Initial Application**

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Organisation has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Reporting Unit has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes have not resulted in a material impact on the financial statements.

- **Classification and measurement**

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Reporting unit's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

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**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**a) Adoption of New and Revised Accounting Standards (continued)**

**Impact on Adoption of AASB 9 (continued)**

• **Classification and measurement (continued)**

The assessment of the Reporting unit's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Reporting unit.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost;
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

The Reporting Unit has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Organisation's financial liabilities.

• **Impairment loss**

The adoption of AASB 9 has fundamentally changed the Reporting Unit's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking Expected Credit Losses (ECL) approach. AASB 9 requires the Reporting Unit to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI. This did not have a material impact for the Organisation.

**Impact on Adoption of AASB 15 and AASB 1054**

• **Initial Application**

The Organisation has decided to early adopt AASB 1058 and AASB 15 in the current period. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

Under AASB15 and AASB 1058 a new 5 step process is in place and implementation of the new standard did not have a significant impact on the timing or amount of revenue recognized. The Organisation has applied transitional relief and opted not to restate prior periods and there was no impact on opening retained earnings at 1 July 2018.

Revenue is recognised either at a point in time or over time (or as) the Organisation satisfies performance obligations by transferring the promised goods or services to its customer.

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**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**a) Adoption of New and Revised Accounting Standards (continued)**

**Impact on Adoption of AASB 15 and AASB 1054 (continued)**

- **Membership subscription**

This revenue stream is in relation to subscription income received by members of Professionals Australia. The majority of subscription income is received through three types of streams - periodically annual, periodically quarterly and ad hoc. Fees are recorded as revenue in the period to which they relate to, being monthly, quarterly or annually. Subscription income is recognised in line with the relevant performance obligation, being the service for their members.

- **Member service**

Member service revenue is based on revenue derived by Member Advantage, a controlled entity of Professionals Australia, which is based on commission received from various loyalty programs that the members of Professionals Australia utilise. Commissions and services fees are recognised in line with the relevant performance obligation, being the provision of the service to the PA's member on a periodical basis (monthly).

In line with AASB15, the Group acts as an Agent for the provision of member services revenue and revenue received from commission on loyalty programs is recognised as the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the services provided.

- **Interest**

Interest revenue is recognised as interest accrues under the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

- **Other revenue**

Other income includes miscellaneous items including rental income, licence fees and trust distributions. Other revenue is recognised when it is received or when the right to receive payment is established.

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

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting years ended on 30 June 2019. They are expected to impact the Group in the period of initial application. All of the following are available for early adoption, but have not been applied in preparing these financial statements:

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**b) New Accounting Standards for Application in Future Periods (continued)**

- **AASB 16 Leases (effective from 1 January 2019)**

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. It requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases and also provides new guidance on the application of the definition of lease and on sale and lease back accounting. It largely retains the existing lessor accounting requirements in AASB 117 and requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

**c) 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.

**d) 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.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the members of the chief entity and the non-controlling interests based on their respective ownership interests. APESMA sold 20% stake in its subsidiary, Member Advantage Pty Ltd, to Countrywide Tolstrup Financial Services Group Pty Ltd in 2017 and sold 5% to Excelsior Ventures Pty Ltd effective 1 July 2018.

**e) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**e) Property, Plant and Equipment (continued)**

**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 office equipment.

**Derecognition**

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

**f) Intangible assets**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of intangible assets are 3 years.

**g) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**g) Financial Instruments (continued)**

**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.

**h) 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.

**i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call, bank overdrafts together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**Notes to the Consolidated Annual Accounts  
For the Year Ended 30 June 2019**

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

**j) Revenue**

Under AASB 15 Revenue from Contracts with Customers, subscription income is recognized over time in line with the relevant performance obligation, being the service provided to the member. All revenue is stated net of the amount of goods and services tax (GST).

Commission revenue and corporate program fees from member services, received by the subsidiary Member Advantage, is recognised over time, in line with the relevant performance obligation, being the provision of the service to members on a periodical basis (monthly or quarterly).

In line with AASB15, the Group acts as an Agent for the provision of member services revenue and revenue received from commission on loyalty programs is recognised as the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the services provided.

Accounting policy applicable before 1 July 2019

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.

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.

Commission revenue and corporate program fees from member services are recognized upon receipt, where the Group's obligation to customer have been satisfied. An Accrual will then be brought to account at reporting date.

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

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

**k) 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.

**l) Comparative Figures**

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**m) 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.

**n) 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.

**o) 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.

**p) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

**p) Income Tax (continued)**

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

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

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

**q) 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 2019

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

#### q) Fair Value of Assets and Liabilities (continued)

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.

#### r) 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 1m, 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.

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

	Note	Group		Chief Entity	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:--</b>					
<b>a) Crediting as Revenue</b>					
Subscriptions		10,739,484	10,606,612	10,739,484	10,606,612
Member Services (Member Advantage Pty Ltd)		2,166,025	2,193,500	-	-
Licence Fees		-	-	468,750	500,000
Rental Income		139,527	133,047	139,527	133,047
<b>Total other revenue</b>		<b>2,305,552</b>	<b>2,326,547</b>	<b>608,277</b>	<b>633,047</b>
Interest		417,080	428,729	417,080	428,729
Trust Distributions		86,477	65,508	86,477	65,508
Increment in market value of investment		111,194	156,529	111,194	156,529
Profit/(loss) from Sale of Non-Current Asset		410,263	6,405	410,263	6,405
Capitation Fees		-	-	-	-
Levies		-	-	-	-
Grants		-	-	-	-
Donations		-	-	-	-
Gain on partial sale of Member Advantage		-	-	-	-
Revenue from recovery of wages activity		-	-	-	-
Other Income		316,732	259,592	316,732	364,842
<b>Total other income</b>		<b>1,341,746</b>	<b>916,763</b>	<b>1,341,746</b>	<b>1,022,013</b>
<b>Total revenue</b>		<b>14,386,782</b>	<b>13,849,922</b>	<b>12,689,507</b>	<b>12,261,672</b>
<b>b) Charging as Expenses</b>					
<b>Employment Costs</b>					
<b>Office Holders:</b>					
Salaries & Allowances		-	-	-	-
Annual Leave		-	-	-	-
Long Service Leave		-	-	-	-
Separation & Redundancy		-	-	-	-
Superannuation		-	-	-	-
Other Employment Costs		-	-	-	-
<b>Employees Other than Office Holders:</b>					
Salaries & Allowances		7,198,026	6,997,046	6,671,494	6,440,806
Annual Leave		629,259	591,057	586,967	541,564
Long Service Leave		67,424	216,637	64,875	200,976
Separation & Redundancy		26,142	237,318	14,050	236,218
Superannuation		773,705	754,481	714,881	687,755
Other Employment Costs		487,509	481,966	454,770	445,131
		<b>9,182,065</b>	<b>9,278,505</b>	<b>8,507,036</b>	<b>8,552,450</b>
<b>Borrowing Costs</b>		<b>124,893</b>	<b>113,950</b>	<b>124,893</b>	<b>113,950</b>
<b>Members' service and support</b>		<b>3,350,947</b>	<b>3,310,259</b>	<b>2,522,323</b>	<b>2,664,771</b>

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**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

	Note	Group		Chief Entity	
		2019 \$	2018 \$	2019 \$	2018 \$
<b>2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:- (CONT'D)</b>					
<b>Other Expenses</b>					
Affiliation Fees	2(c)	236,254	237,011	236,254	237,011
Meeting Expenses		119,713	153,543	117,559	150,402
Audit & Accounting Fees		87,450	111,570	70,950	94,070
Legal Fees – Litigation		-	-	-	-
Legal Fees – Other Legal Matters		350,607	465,578	350,607	465,578
Depreciation & Amortisation		392,127	307,153	305,153	255,235
Capitation Fees		-	-	-	-
Compulsory Levies (ACTU Election Levy)		-	-	-	-
Consideration to Employers for Payroll Deductions		-	-	-	-
Fees/allowances – meetings and conferences		-	-	-	-
Conference and meeting expenses		-	-	-	-
Penalties – RO Act or RO Regulations		-	-	-	-
		<b>1,186,151</b>	<b>1,274,855</b>	<b>1,080,523</b>	<b>1,202,296</b>
<b>c) Affiliation Fees Paid</b>					
Unions NSW		26,886	26,410	26,886	26,410
Unions ACT Trades and Labour Council of the ACT Inc.		4,600	4,688	4,600	4,688
ACTU		95,638	96,828	95,638	96,828
UNI Global Union		33,566	34,340	33,566	34,340
New Castle Trades Hall Council		969	951	969	951
NT Trades and Labour Council		-	-	-	-
SA Unions		7,751	7,609	7,751	7,609
Unions Tasmania		1,833	1,779	1,833	1,779
Victorian Trades Hall Council		37,087	36,404	37,087	36,404
Unions WA WA's Peak Union Body		5,961	6,254	5,961	6,254
Qld Council of Unions		20,454	20,575	20,454	20,575
Federation of Vehicle Industry Unions (SA)		318	-	318	-
Union Aid Abroad - APHEDA		1,192	1,173	1,192	1,173
		<b>236,255</b>	<b>237,011</b>	<b>236,255</b>	<b>237,011</b>
<b>3. GRANT OR DONATIONS</b>					
<b>Grants:</b>					
Total paid that were \$1,000 or less		-	-	-	-
Total paid that exceeded \$1,000		-	-	-	-
<b>Donations:</b>					
Total paid that were \$1,000 or less		-	1,000	-	1,000
Total paid that exceeded \$1,000		-	2,500	-	2,500
<b>Total grants or donations</b>		-	<b>3,500</b>	-	<b>3,500</b>

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	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>4. INCOME TAX EXPENSE</b>				
Prima facie tax at 27.5% on Profit/(Loss)	149,250	(131,147)	-	-
Deferred income tax losses not brought to account	-	-	-	-
Exempt (Income)/Loss	(125,066)	171,762	-	-
Previously unrecognised tax losses to reduce current tax expense	-	-	-	-
Tax effect of over provision of income tax in prior year	-	-	-	-
<b>Total Income Tax Expense/(Benefit)</b>	<b>24,184</b>	<b>40,615</b>	<b>-</b>	<b>-</b>

The Chief Entity is a tax exempt entity

**5. CASH AND CASH EQUIVALENTS**

Cash at Bank	3,562,155	1,598,186	3,286,691	1,475,927
Short-term Deposits	-	-	-	-
Cash on Hand	2,800	2,800	2,800	2,800
Cash Management Account	13,409	13,236	13,409	13,236
	<b>3,578,364</b>	<b>1,614,222</b>	<b>3,302,900</b>	<b>1,491,963</b>

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Sundry Receivables	566,984	722,172	382,389	509,234
Amounts Owed by Controlled Entities	-	-	-	-
Receivables from Other Reporting Units	-	-	-	-
Less allowance for expected credit losses	-	-	-	-
	<b>566,984</b>	<b>722,172</b>	<b>382,389</b>	<b>509,234</b>

**Non Current**

Sundry Receivables	-	-	-	-
Amounts Owed by Controlled Entities	-	-	-	-
	-	-	-	-

**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.

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 2019**

**6. 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	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>7. OTHER ASSETS</b>				
Prepayments	269,766	246,319	267,046	242,220
<b>8. FINANCIAL ASSETS</b>				
<b>Current</b>				
Commonwealth Bank Term Deposits	7,785,242	7,616,677	7,785,242	7,616,677
Vanguard Index Funds-Unit Trust	1,933,420	1,735,748	1,933,420	1,735,748
Short Term Investments	5,004,888	5,006,150	5,004,888	5,006,150
	<b>14,723,550</b>	<b>14,358,575</b>	<b>14,723,550</b>	<b>14,358,575</b>
<b>Non-Current</b>				
Shares in Controlled Entities	-	-	21	21
Shares in Other Entities	-	-	-	-
	-	-	<b>21</b>	<b>21</b>

**Net Fair Values**

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

Refer to Note 19 for details on restrictions on financial assets.

**9. PROPERTY, PLANT & EQUIPMENT**

	2019 \$	2018 \$	2019 \$	2018 \$
Land and Buildings at National Board Valuation	12,340,530	11,062,612	12,340,530	11,062,612
Accumulated Depreciation	(102,552)	(386,530)	(102,552)	(386,530)
	<b>12,237,978</b>	<b>10,676,082</b>	<b>12,237,978</b>	<b>10,676,082</b>
Office Equipment at Cost	819,878	752,433	819,878	752,433
Accumulated Depreciation	(397,799)	(322,810)	(397,799)	(322,810)
	<b>422,079</b>	<b>429,623</b>	<b>422,079</b>	<b>429,623</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>12,660,057</b>	<b>11,105,705</b>	<b>12,660,057</b>	<b>11,105,705</b>

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

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

The property located at 152-160 Miller Street West Melbourne Victoria was purchased on the 22<sup>nd</sup> of November 2017 for \$4.4 million.

The property located at Suite 1 & 2 91 Frederick Street Merewether NSW was sold on the 11<sup>th</sup> April 2019 for \$1.8 million.

**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 2019. Independent valuations are obtained for all properties over a rolling three year period.

The property located at 152-160 Miller Street West Melbourne Victoria was purchased on the 22<sup>nd</sup> of November 2017 and as such valuation was not deemed necessary in this financial year.

The property located at Level 1, 491 Kent Street Sydney NSW was independently valued as at 30 June 2019 by Mr. J Callaghan AAPI, certified practicing valuer of M3 Property.

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 subject to independent valuation as at 30 June 2018 by Opteon and CBRE respectively.

There has been no significant change in market conditions that would warrant an updated valuation for other properties.

**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;

<b>CHIEF ENTITY</b>	<b>Land &amp; Buildings</b>	<b>Office Equipment</b>	<b>Total</b>
<b>Balance 30 June 2017</b>	<b>5,196,000</b>	<b>183,092</b>	<b>5,379,092</b>
Additions/WIP	5,707,612	316,659	6,024,271
Revaluation	(60,000)	-	(60,000)
Disposals/Adjustments	-	-	-
Depreciation Expense	(167,530)	(70,128)	(237,658)
<b>Balance 30 June 2018</b>	<b>10,676,082</b>	<b>429,623</b>	<b>11,105,705</b>
Balance 1 July 2018	10,676,082	429,623	11,105,705
Additions/WIP	(47,083)	72,807	25,724
Revaluation	3,090,000	-	3,090,000
Disposals/Adjustments	(1,280,382)	-	(1,280,382)
Depreciation Expense	(200,639)	(80,351)	(280,990)
<b>Balance 30 June 2019</b>	<b>12,237,978</b>	<b>422,079</b>	<b>12,660,057</b>

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for the Year Ended 30 June 2019**

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

**Movements in Carrying Amounts (continued)**

<b>GROUP</b>	<b>Land &amp; Buildings</b>	<b>Office Equipment</b>	<b>Total</b>
Balance 1 July 2017	5,196,000	183,092	5,379,092
Additions/WIP	5,707,612	316,659	6,024,271
Revaluation	(60,000)	-	(60,000)
Disposals/Adjustments	-	-	-
Depreciation Expense	(167,530)	(70,128)	(237,658)
<b>Balance 30 June 2018</b>	<b>10,676,082</b>	<b>429,623</b>	<b>11,105,705</b>
Balance 1 July 2018	10,676,082	429,623	11,105,705
Additions/WIP	(47,083)	72,807	25,724
Revaluation	3,090,000	-	3,090,000
Disposals/Adjustments	(1,280,382)	-	(1,280,382)
Depreciation Expense	(200,639)	(80,351)	(280,990)
<b>Balance 30 June 2019</b>	<b>12,237,978</b>	<b>422,079</b>	<b>12,660,057</b>

	<b>Group</b>		<b>Chief Entity</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>10. INTANGIBLE ASSETS</b>				
Balance 1 July	256,715	191,891	43,917	27,214
Additions/WIP	69,880	134,319	38,924	34,280
Disposals/Adjustments	-	-	-	-
Amortisation for the year	(111,137)	(69,495)	(24,163)	(17,577)
<b>Balance 30 June</b>	<b>215,458</b>	<b>256,715</b>	<b>58,678</b>	<b>43,917</b>

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

**11. TRADE AND OTHER PAYABLES**

**Current**

Trade and Sundry Creditors	1,556,261	1,406,990	1,251,720	1,157,876
Prepaid Subscriptions & Fees	1,869,961	1,766,575	1,869,962	1,766,575
Amounts Owed to Controlled Entities	-	-	632,246	618,777
Payable to Other Reporting Units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal costs – litigation and other legal matters	3,630	-	3,630	-
	<b>3,429,852</b>	<b>3,173,565</b>	<b>3,757,558</b>	<b>3,543,228</b>

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 2019/20 period.

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**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>12. BORROWINGS</b>				
<b>Current</b>				
Bank Bills	-	-	-	-
	-	-	-	-
<b>13. EMPLOYEE PROVISIONS</b>				
<b>Current</b>				
Office Holders	-	-	-	-
Annual Leave	-	-	-	-
Long Service Leave	-	-	-	-
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
Employees Other than Office Holders:				
Annual Leave	646,647	628,965	646,647	628,965
Long Service Leave	910,348	1,110,845	910,348	1,110,845
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
	<b>1,556,995</b>	<b>1,739,810</b>	<b>1,556,995</b>	<b>1,739,810</b>
<b>Non-Current</b>				
Office Holders				
Employees Other than Office Holders:				
Long Service Leave	70,497	70,498	70,497	70,498
	<b>70,497</b>	<b>70,498</b>	<b>70,497</b>	<b>70,498</b>

**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.



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**Notes to the Consolidated Annual Accounts  
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	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>14. RESERVES</b>				
<b>Property Revaluation Reserve</b>				
Balance at start of year	3,141,613	3,201,613	3,141,613	3,201,613
Transfer on sale of building	(966,800)	-	(966,800)	-
Revaluation during year	3,156,760	(60,000)	3,156,760	(60,000)
<b>Balance as at end of year</b>	<b>5,331,573</b>	<b>3,141,613</b>	<b>5,331,573</b>	<b>3,141,613</b>
The Property Revaluation reserve captures the increase/decrease value of property assets of the Association following revaluation.				
<b>Innovation Reserve</b>				
Balance as at start of year	239,633	239,633	239,633	239,633
Transfer to member funds	-	-	-	-
<b>Balance as at end of year</b>	<b>239,633</b>	<b>239,633</b>	<b>239,633</b>	<b>239,633</b>
The Innovation reserve contains the refunds received from 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.				
<b>Total Other Reserves</b>	<b>5,571,206</b>	<b>3,381,246</b>	<b>5,571,206</b>	<b>3,381,246</b>
<b>14A. OTHER SPECIFIC DISCLOSURES – FUNDS</b>				
<b>Compulsory levy/voluntary contribution fund</b>				
<b>APESMA Legal Defence Fund</b>				
Balance as at start and end of year	528,464	528,464	528,464	528,464
The APESMA Legal Defence Fund reserve was created out of the surplus funds from the Building APESMA's Future initiative undertaken in financial year 2007/2008.				
<b>Civil Aviation Safety Authority</b>				
Balance at start of year	46,461	44,674	46,461	44,674
Transfer from member funds	1,859	1,787	1,859	1,787
<b>Balance as at end of year</b>	<b>48,320</b>	<b>46,461</b>	<b>48,320</b>	<b>46,461</b>
The CASA reserve was established as a legal defence fund to be used specifically for the professional staff of CASA, who remain members of Professionals Australia.				
<b>CSD Legal Defence Fund</b>				
Balance at start of year	10,054,276	9,823,817	10,054,276	9,823,817
Transfer to Reserve	612,580	230,459	612,580	230,459
<b>Balance as at end of year</b>	<b>10,666,856</b>	<b>10,054,276</b>	<b>10,666,856</b>	<b>10,054,276</b>
<b>Total Compulsory levy/voluntary contribution fund</b>	<b>11,243,640</b>	<b>10,629,201</b>	<b>11,243,640</b>	<b>10,629,201</b>
<b>Total Reserves</b>	<b>16,814,846</b>	<b>14,010,447</b>	<b>16,814,846</b>	<b>14,010,447</b>

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	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>15. COMMITMENTS</b>				
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	-	-	-	-
Future Operating Lease Payments are payable as follows:				
< 1 year	219,550	211,307	219,550	211,307
1-5 years	517,048	464,374	517,048	464,374
Total Future Operating Commitments	736,598	675,681	736,598	675,681

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. This support will be provided through an overdraft facility with arm's length interest to be payable to the Chief Entity

**16. CONTROLLED ENTITIES**

	Chief Entity Investment		Equity Holding		Contributions to Group Profit or (Loss)	
	2019	2018	2019	2018	2019	2018
	\$	\$	%	%	\$	\$
<b>Chief Entity</b>						
Association of Professional Engineers, Scientists & Managers, Australia	-	-	-	-	454,732	(276,295)
<b>Controlled Entities</b>						
APESMA Lawyers Pty Ltd	10	10	100	100	-	-
APESMA Insurance Services Pty Ltd	10	10	100	100	-	-
Member Advantage Pty Ltd	0.75	0.8	75	80	47,858	83,988
	20.75	20.8				

**Notes to the Consolidated Annual Accounts  
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**17. 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	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenue received from controlled entities includes the following:</b>				
Member Advantage				
Service fees	516,796	611,000	673,046	729,600
<b>Expenses paid to controlled entities</b>	-	-	694,297	618,777
Loans from controlled entities are disclosed in the notes 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	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Short-term employee benefits:</b>				
Salary (including annual leave taken)	1,503,623	1,775,793	1,235,853	1,489,709
Annual leave accrued	16,823	54,647	8,455	45,015
Performance bonus	-	-	-	-
<b>Total short-term employee benefits</b>	<b>1,520,446</b>	<b>1,830,440</b>	<b>1,244,308</b>	<b>1,534,724</b>
<b>Post-employment benefits:</b>				
Superannuation	153,240	169,781	121,043	138,850
<b>Total post-employment benefits</b>	<b>153,240</b>	<b>169,781</b>	<b>121,043</b>	<b>138,850</b>
<b>Other long-term benefits:</b>				
Long service leave	(23,541)	15,499	(18,521)	23,269
<b>Total other long-term benefits</b>	<b>(23,541)</b>	<b>15,499</b>	<b>(18,521)</b>	<b>23,269</b>
<b>Termination benefits</b>	-	-	-	-
<b>Total</b>	<b>1,650,145</b>	<b>2,015,720</b>	<b>1,346,830</b>	<b>1,696,843</b>

**Notes to the Consolidated Annual Accounts  
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	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>18. REMUNERATION OF AUDITOR</b>				
<i>Value of the services provided</i>				
Grant Thornton				
Financial statement and other audit services	49,500	44,550	40,500	35,850
Other services	7,250	5,200	5,750	3,700
	<b>56,750</b>	<b>49,750</b>	<b>46,250</b>	<b>39,550</b>
W. W. Vick & Co				
Financial statement audit and other audit services	14,000	18,000	14,000	18,000
	<b>70,750</b>	<b>67,750</b>	<b>60,550</b>	<b>57,550</b>

**19. FINANCIAL RISK MANAGEMENT**

**Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, investment portfolio, accounts receivable and payable and loans to entities.

**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 \$1,919,642 (2018: \$266,817) 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 \$9,718,662 (2018: \$9,352,426) and Land and Buildings, which were sold in 2019 (2018: \$1,379,000) 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:—

**Notes to the Consolidated Annual Accounts  
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19. FINANCIAL RISK MANAGEMENT (CONT'D)

b) Interest Rate Risk (continued)

	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		
			%	\$	\$		
<b>Chief Entity</b>							
<b>30-Jun-19</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	3,286,691	-	-	-	-	3,286,691
Financial Assets	2.50	-	7,785,242	-	-	6,938,308	14,723,550
Receivables	5.00	-	382,389	-	-	-	382,389
<b>Total financial assets</b>		<b>3,286,691</b>	<b>8,167,631</b>	<b>-</b>	<b>-</b>	<b>6,938,308</b>	<b>18,392,630</b>
<b>Liabilities:</b>							
Trade and Sundry Payables (including Legal Costs)	-	-	-	-	-	1,225,350	1,225,350
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,225,350</b>	<b>1,225,350</b>
<b>Net financial assets (liabilities)</b>		<b>3,286,691</b>	<b>8,167,631</b>	<b>-</b>	<b>-</b>	<b>5,712,958</b>	<b>17,167,280</b>

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		
			%	\$	\$		
<b>Chief Entity</b>							
<b>30-Jun-18</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	1,491,963	-	-	-	-	1,491,963
Financial Assets	2.50	-	7,616,677	-	-	6,741,898	14,358,575
Receivables	5.00	-	509,234	-	-	-	509,234
<b>Total financial assets</b>		<b>1,491,963</b>	<b>8,125,911</b>	<b>-</b>	<b>-</b>	<b>6,741,898</b>	<b>16,359,772</b>
<b>Liabilities:</b>							
Trade and Sundry Payables (including Legal Costs)	-	-	-	-	-	1,157,876	1,157,876
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,157,876</b>	<b>1,157,876</b>
<b>Net financial assets (liabilities)</b>		<b>1,491,963</b>	<b>8,125,911</b>	<b>-</b>	<b>-</b>	<b>5,584,022</b>	<b>15,201,896</b>

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 2019**

**19. FINANCIAL RISK MANAGEMENT (CONT'D)**

**b) Interest Rate Risk (continued)**

	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		
	%	\$	\$	\$	\$	\$	\$
<b>Group</b>							
<b>30-Jun-19</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	3,578,364	-	-	-	-	3,578,364
Financial Assets	2.50	-	7,785,242	-	-	6,938,308	14,723,550
Receivables	5.00	-	566,984	-	-	-	566,984
<b>Total financial assets</b>		<b>3,578,364</b>	<b>8,352,226</b>	-	-	<b>6,938,308</b>	<b>18,868,898</b>
<b>Liabilities:</b>							
Trade and Sundry Payables (including Legal Costs)	-	-	-	-	-	1,559,891	1,559,891
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-	<b>1,559,891</b>	<b>1,559,891</b>
<b>Net financial assets (liabilities)</b>		<b>3,578,364</b>	<b>8,352,226</b>	-	-	<b>5,378,417</b>	<b>17,309,007</b>

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		
	%	\$	\$	\$	\$	\$	\$
<b>Group</b>							
<b>30-Jun-18</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	1,614,222	-	-	-	-	1,614,222
Financial Assets	2.50	-	7,616,677	-	-	6,741,898	14,358,575
Receivables	5.00	-	772,172	-	-	-	772,172
<b>Total financial assets</b>		<b>1,614,222</b>	<b>8,388,849</b>	-	-	<b>6,741,898</b>	<b>16,694,969</b>
<b>Liabilities:</b>							
Trade and Sundry Payables (including Legal Costs)	-	-	-	-	-	1,406,990	1,406,990
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-	<b>1,406,990</b>	<b>1,406,990</b>
<b>Net financial assets (liabilities)</b>		<b>1,614,222</b>	<b>8,388,849</b>	-	-	<b>5,334,908</b>	<b>15,287,979</b>

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 2019**

**19. 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
	2019 \$	2019 \$	2018 \$	2018 \$
<b>Group</b>				
Receivables	566,984	-	722,172	-
<b>Chief Entity</b>				
Receivables	382,389	-	509,234	-

**Ageing of financial assets that were not impaired**

	<30 days \$	31 – 60 days \$	61 – 90 days \$	> 90 days \$	Total \$
<b>2019</b>					
<b>Group</b>					
Receivables	545,114	4,062	-	17,808	566,984
<b>Chief Entity</b>					
Receivables	382,389	-	-	-	382,389
<b>2018</b>					
<b>Group</b>					
Receivables	693,148	29,024	-	-	722,172
<b>Chief Entity</b>					
Receivables	481,995	27,239	-	-	509,234

**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 2019.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

**19. 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	Carrying Amount		Fair Value	
	2019	2019	2019	2019
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash & Cash Equivalents	3,562,155		3,562,155	
Receivables	566,984		566,984	
Investments	14,723,551		14,723,551	
<b>Financial liabilities</b>				
Payables (including legal costs)	1,559,891		1,559,891	
Borrowings	-		-	
<b>2018</b>		<b>Carrying Amount</b>		<b>Fair Value</b>
		<b>2018</b>		<b>2018</b>
		<b>\$</b>		<b>\$</b>
<b>Financial assets</b>				
Cash & Cash Equivalents	1,614,222		1,614,222	
Receivables	722,172		722,172	
Investments	14,358,575		14,358,575	
<b>Financial liabilities</b>				
Payables (including legal costs)	1,406,990		1,406,990	
Borrowings	-		-	



**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

**19. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(f) Liquidity Risk (continued)**

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

**CHIEF ENTITY**

2019	Carrying Amount	Fair Value
	2019	2019
	\$	\$
<b>Financial assets</b>		
Cash & Cash Equivalents	3,302,900	3,302,900
Receivables	382,389	382,389
Investments	14,723,550	14,723,550
<b>Financial liabilities</b>		
Payables (including legal costs)	1,225,350	1,225,350
Borrowings	-	-

2018	Carrying Amount	Fair Value
	2018	2018
	\$	\$
<b>Financial assets</b>		
Cash & Cash Equivalents	1,491,963	1,491,963
Receivables	509,234	509,234
Investments	14,358,575	14,358,575
<b>Financial liabilities</b>		
Payables (including legal costs)	1,157,876	1,157,876
Borrowings	-	-

**20. 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**

**2019**

	Carrying amount at 30 June 2019	Date of valuation	Level 1	Level 2	Level 3
	\$		\$	\$	\$
<b>Financial Assets</b>					
Vanguard Index Fund – Unit Trust	1,933,420	30/06/2019	1,933,420		
Short-term investment	5,004,488	30/06/2019	5,004,488	-	-
<b>Property</b>					
Land & Buildings	12,660,057	Refer to note 9	-	12,660,057	-

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

**20. FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS (CONT'D)**

**Group & Chief Entity**

**2018**

	Carrying amount at 30 June 2018	Date of valuation	Level 1	Level 2	Level 3
	\$		\$	\$	\$
<b>Financial Assets</b>					
Vanguard Index Fund – Unit Trust	1,735,748	30/06/2018	1,735,748		
Short-term investment	5,006,150	30/06/2018	5,006,150	-	-
<b>Property</b>					
Land & Buildings	10,676,082	30/06/2018	-	10,676,082	-

	<b>Group</b>		<b>Chief Entity</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$

**21. 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	2,800	2,800	2,800
Cash at bank	3,562,155	1,598,186	3,286,691	1,475,927
Cash Management Account	13,409	13,236	13,409	13,236
Bank Overdraft	-	-	-	-
	<b>3,578,364</b>	<b>1,614,222</b>	<b>3,302,900</b>	<b>1,491,963</b>

ii) Reconciliation of Operating Profit/(Loss) after Income Tax to net cash provided by Operating Activities

Operating Profit/(Loss) after Income Tax	518,542	(171,312)	454,732	(276,295)
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**Non cash and investing items**

Asset Impairment/Write Offs	-	-	-	-
Depreciation and Amortisation	392,127	307,153	305,153	255,235
Interest Income	(167,304)	-	(167,284)	-
Rental Income	(139,527)	(133,047)	(139,527)	(133,047)
Doubtful Debts – Controlled Entities	-	-	-	-
Doubtful Debts - Other	-	-	-	-
Loans to Controlled entities forgiven	-	-	-	-
Net (Profit)/Loss on Sale of Fixed Assets	(410,263)	(6,401)	(410,263)	(6,401)
Increment in value of investment	(197,671)	(222,043)	(197,671)	(222,043)

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

	Group		Chief Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>21. NOTES TO THE CASH FLOW STATEMENT (CONT'D)</b>				
ii) Reconciliation of Operating Profit/(Loss) after Income Tax to net cash provided by Operating Activities (cont'd)				
<b>Changes in Operating Assets/Liabilities</b>				
Sundry Debtors	155,190	200,268	126,848	164,347
Prepayments	(23,447)	4,424	(24,826)	5,436
Employee Entitlements	(182,815)	(114,307)	(182,816)	(114,307)
Creditors and Other Payables	256,285	(74,258)	214,328	(55,294)
Provision for Income Tax	(38,302)	22,214	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>162,815</b>	<b>(187,309)</b>	<b>(21,326)</b>	<b>(382,369)</b>
iii) The Group has bank overdraft (\$0.5 million) facilities which were not utilised as at 30 June 2019. These facilities are subject to annual review.				
iv) <b>Cash Flow Information</b>				
<b>Cash inflows</b>				
• Media Entertainment and Arts Alliance	10,800	10,800	10,800	10,800
• LGEA of NSW	548,985	535,345	548,985	535,345
<b>Total Cash inflows</b>	<b>559,785</b>	<b>546,145</b>	<b>559,785</b>	<b>546,145</b>
<b>Cash outflows</b>				
• LGEA of NSW	486,084	515,470	486,084	515,470
• ACTU	103,987	116,759	103,987	116,759
• Newcastle Trades Hall Council	969	950	969	950
• QLD Council of Unions	23,103	24,936	23,103	24,936
• SA Unions	7,751	7,609	7,751	7,609
• UNI Global Union	33,566	34,340	33,566	34,340
• Union Aid Abroad - APHEDA	1,192	2,841	1,192	2,841
• Unions ACT	4,600	4,688	4,600	4,688
• Unions NSW	27,192	27,369	27,192	27,369
• Unions TAS	2,733	7,356	2,733	7,356
• Unions WA	6,747	6,562	6,747	6,562
• Victorian Trades Hall Council	39,051	36,404	39,051	36,404
• Australian Services Union (VIC)	5,848	5,396	5,848	5,396
• United Services Union	1,115	1,089	1,115	1,089
• Electrical Trades Union	-	2,500	-	2,500
• SA May Day Collective	318	-	318	-
• Australian Services Union (TAS)	4,597	-	4,597	-
• Media Entertainment and Arts Alliance	2,095	46,932	2,000	46,932
• United (TAS)	2,000	-	-	-
• Rail, Tram & Bus Union	-	136	752,948	136
<b>Total Cash outflows</b>	<b>752,948</b>	<b>841,337</b>	<b>752,948</b>	<b>841,337</b>

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

**22. 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.

**23. CONTINGENT ASSETS AND LIABILITIES**

The National board are not aware of any other contingent assets or liabilities as at 30 June 2019.

**24. SUBSEQUENT EVENTS**

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.

**25. 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 2019.

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 Chief Entity has confirmed its intention to provide continuing financial support to all of its controlled entities as and when required by those entities. This support will be provided through an overdraft facility with arm's length interest to be payable to the Chief Entity.

**26. 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 Commissioner under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
  - (d) a revocation by the Commissioner under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
-

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2019**

**27. SECTION 272 FAIR WORKS (REGISTERED ORGANISATIONS) ACT 2009**

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.

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

Information to be provided to members or Commissioner:

- 1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- 3) A reporting unit must comply with an application made under subsection (1).

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

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**National Board Statement**

On 6 September 2019 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 2019:

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 Commissioner of Fair Work Commission 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 the year:
  - (i) meetings of the National Board were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; 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 Commissioner duly made under section 272 of the RO Act has been provided to the member or the Commissioner; 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) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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



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A. Russack  
National President



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O. Reinhold  
National Treasurer

Dated: 11 September 2019  
West Melbourne, Victoria

Dated: 11 September 2019  
West Melbourne, Victoria

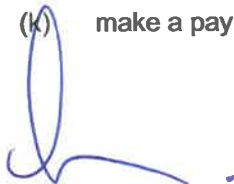
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**Officer Declaration Statement**

I, Andrew Russack, being the National President and Olaf Reinhold being the National Treasurer of the Association of Professional Engineers, Scientists & Managers, Australia, trading as Professionals Australia, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- (a) agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- (b) agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- (c) acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- (d) incur fees as consideration for employers making payroll deductions of membership subscriptions
- (e) pay legal costs relating to litigation
- (f) pay a penalty imposed under the RO Act or the Fair Work Act 2009
- (g) have a payable to an employer for that employer making payroll deductions of membership subscriptions
- (h) have a payable in respect of legal costs relating to litigation
- (i) transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- (j) have another entity administer the financial affairs of the reporting unit
- (k) make a payment to a former related party of the reporting unit



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A. Russack  
National President



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O. Reinhold  
National Treasurer

Dated: 11 September 2019  
West Melbourne, Victoria

Dated: 11 September 2019  
West Melbourne, Victoria

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## Independent Auditor's Report

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

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of The Association of Professional Engineers, Scientists and Managers, Australia (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Association of Professional Engineers, Scientists and Managers, Australia as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a the Australian Accounting Standards; and
- b any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ('the Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



### **Information other than the financial report and auditor's report thereon**

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of committee of management for the financial report**

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

We declare that A J Pititto is an approved auditor, a member of the Chartered Accountants Australia and New Zealand and holds a current Public Practice Certificate.

### Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards.

### Other Matter

The Committee of Management Statement reflects that The Association of Professional Engineers, Scientists and Managers, Australia has not undertaken any recovery of wages activity during the reporting period ended 30 June 2019. As such, no opinion is provided in relation to recovery of wages activity.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Pititto  
Partner – Audit & Assurance

Registration Number (as registered by the RO Commissioner under the RO Act): AA2017/86

Melbourne, 11 September 2019



3 July 2019

Robyn Porter  
National Secretary  
Association of Professional Engineers, Scientists and Managers, Australia  
Sent via email: [legal@professionalsaustralia.org.au](mailto:legal@professionalsaustralia.org.au)

Dear Robyn Porter,

**Re: Lodgement of Financial Report - FR2019/61  
*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 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to 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 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. 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.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**



## Fact sheet

### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).

**STEP 1:**  
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:



**STEP 2:**  
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (**1st meeting**)



**STEP 3:**  
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)

**STEP 4:**  
Provide **full report** to members **at least 21 days before the General Meeting**



**STEP 5:**  
Present **full report** to a General Meeting of Members within 6 months of the reporting unit's end of financial year (**2nd meeting**)



**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)

**STEP 4:**  
Provide **full report** to members **within 5 months of the reporting unit's end of financial year**



**STEP 5:**  
Present **full report** to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (**2nd meeting**)



**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

## Misconceptions

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

Misconception	Requirement
✘ The Committee of Management statement is just copied from the Reporting Guidelines	✔ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report  Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
✘ The Auditor's Report does not need to be signed until just before it is lodged with the ROC	✔ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
✘ The Designated Officer's Certificate must be signed before the report is sent to members	✔ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
✘ Documents can be dated when they should have been signed or when the events in the document occurred	✔ Documents must always be dated at the date they are actually signed by an officer or auditor
✘ Any auditor can audit a financial report	✔ Only registered auditors can audit the financial report
✘ The Committee of Management statement can be signed at any time	✔ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
✘ Any reporting unit can present the Full Report to a second COM meeting	✔ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
✘ Everything can be done at one Committee of Management meeting	✔ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u> . The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
✘ The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	✔ The reporting unit must lodge the financial report within 14 days of the second meeting

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## 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 Commissioner'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 exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) 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 ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC 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 14(e) of the Commissioner'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 [ROC's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.



## **Implications for filing the Financial Report**

During their review of the financial report staff of the ROC may 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 last 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 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 ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)