



26 November 2018

Ms Robyn Porter  
National Secretary  
Association of Professional Engineers, Scientists and Managers, Australia  
By e-mail: [legal@professionalsaustralia.org.au](mailto:legal@professionalsaustralia.org.au)

CC: [tony.pititto@au.gt.com](mailto:tony.pititto@au.gt.com)

Dear Ms Porter,

**Association of Professional Engineers, Scientists and Managers, Australia  
Financial Report for the year ended 30 June 2018 - [FR2018/261]**

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 24 October 2018.

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 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 2019 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 matters have been addressed prior to filing next year's report.

**Subsection 255(2A) Report**

Subsection 255(2A) report to be included

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. The lodged financial report did not include a subsection 255(2A) expenditure report.

Please also note that the subsection 255(2A) report 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*.

Please ensure in future years that the subsection 255(2A) report is prepared, audited, provided to members and lodged with the ROC.

## **General Purpose Financial Report**

### **Nil activities disclosure**

Item 21 of the reporting guidelines (**RGs**) states that if any activities described within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Having another entity administer the financial affairs of the reporting unit, and
- Making a payment to a former related party of the reporting unit.

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

### **Disclosure of grants & donations expenditure**

A loans, grants and donations statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 27 September 2018. A figure for donations was also disclosed in the financial report in Note 3 however the Statement of Comprehensive Income or Loss does not provide a reference to Note 3.

During discussion with the reporting units Accountant, it appears that the figure for donation was incorrectly classified and included in 'other expenses' and as a meeting expense in Note 2.

Please note for future years that any expenditure relating to grants and donations should be disclosed separately and in accordance with the reporting guidelines.

## **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 reporting guidelines 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 reporting guidelines 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**  
**Financial Reporting Assistant**  
**Registered Organisations Commission**



*The Association of Professional  
Engineers, Scientists &  
Managers, Australia*

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23 October 2018

Mr Mark Bielecki  
Commissioner  
Registered Organisations Commission  
GPO Box 2983  
Melbourne, VIC, 3001

Via email: [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

Dear Commissioner

**Re: Lodgement of Financial Accounts & Statements – Association of Professional Engineers, Scientists & Managers, Australia – for year ending 30 June 2018**

Please find attached a copy of the audited financial accounts & statements for the year ended 30 June 2018 and note the following:

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

- that the documents herewith are copies of the full report, referred to in S268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 27<sup>th</sup> September 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on 20<sup>th</sup> October 2018; in accordance with S266 of the Fair work (Registered Organisations) Act 2009.

If you have any queries or wish to discuss further, please do not hesitate to contact our Chief Finance Officer, Evan Romer on 03-9695-8833.

Yours sincerely

A handwritten signature in blue ink that reads 'R Porter'.

Robyn Porter  
National Secretary  
APESMA

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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

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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 2018.

### **PRINCIPAL ACTIVITY**

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

### **RESULTS OF OPERATION**

The Group's result for the year was a loss after providing for income tax of \$171,312 (2017: profit of \$3,124,988).

### **REVIEW OF OPERATION**

#### ***Group***

For the 2018 year, the Group continued to provide individual services, and to advance employment, social and economic interests of members. Overall, the Group's revenue decreased by \$3.92 million, and expenditure decreased by \$0.646 million. The Group has net assets of \$23.280 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 a decrease in revenue of \$3.772 million from \$16.033 million to \$12.262 million. Total subscription revenues increased from \$10.442 million to \$10.607 million this year. Other income decreased from \$5.591 million to \$1.655 million. Overall expenditure decreased by \$0.431 million during the year.

Throughout 2017/2018 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 1850 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 110 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.

## **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 delivered major wage rises in Victoria for Translators & Interpreters and public-sector dentists. Our advocacy also led to the ACT Government introducing a Chief Engineer which will provide representation of engineering skill at the highest levels.

The Association continues to advocate for engineer registration across Australia, and at the time of writing a Bill concerning the issue in Victoria is under consideration. To ensure the key role of engineers is better recognised, a campaign to take support engineers to *Engineer a Better Future* is also soon to launch.

Submissions to various inquiries are made by the Association in order to protect our members' interests and to ensure the opinions and viewpoints of professionals are taken into consideration by decision makers.

Examples of **submissions** made by the Association include:

- Funding Australia's Research
- Peer review processes for the NHMRC's new grant program
- Combatting illegal phoenixing
- Superannuation and the changing nature of work
- Inquiry into the Commonwealth Procurement Framework
- Pharmacy Work Value Case Submission

We have also released **key reports**, including:

- Professional Engineers Employment and Remuneration Report
- Professional Scientists Employment and Remuneration Report
- Community Pharmacy Employment and Remuneration Report
- ICT Professionals Employment and Remuneration Report
- LGEA Remuneration Report
- Pharmacy Work Value Case Submission
- 2018 Women in STEM Report

### **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 seeking to increase modern award pay rates an average of 30%. 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. The Fair Work Commission is currently deliberating its decision. 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 re-instate 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 have won a landmark increase to their pay of an average of 30% on government contracts. 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. Members are pursuing enterprise agreements with language service providers in Queensland in order to increase their job security and ensure living wages across the industry that are necessary to build and retain a skilled TI profession.

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

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### **Career Advancement**

The Association continues to support members in progressing their careers. Market rate information is provided for many professions. Industry briefings and employment outlooks provide critical industry intelligence. The Continuing Career Development program provides tools, tips and training to assist members getting the right job and promotion. Many members benefit from resume reviews and access to a range of skills through our Certificate of Professional Practice.

### **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 progress significantly in Victoria, with a Bill currently being considered.

Continuing professional development programs enable members to stay at the leading edge 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.

### **Member savings**

Our Member Advantage program continues to offer discounts on products and services enabling member's take home pay to go further. The Association also provides financial planning seminars.

### **Member Advantage**

Member Advantage generated a net profit after income tax pre-elimination of intercompany transactions of \$104,984 (2017: net profit of \$61,441). Total revenue decreased by \$43,713 in line with decreased expenditure of \$109,814.

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

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

## **RIGHTS OF MEMBERS TO RESIGN**

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

## **TRUSTEE OF SUPERANNUATION ENTITY**

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

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

**NATIONAL BOARD MEMBER'S PROFILES**

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

<b>Name</b>	<b>Position</b>	<b>Period</b>
Andrew Russack	National President	2017/18
Robyn Porter	National Secretary	2017/18
Olaf Reinhold	National Treasurer	2017/18
Maria Fuchs	Senior Vice President	2017/18
Wen Chen	Vice President	2017/18
Col Hackney	Vice President	2017/18
Stephen Long	Vice President	2017/18

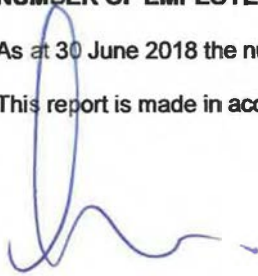
**NUMBER OF MEMBERS**

As at 30 June 2018 the number of members was 21,223 (2017: 22,768).

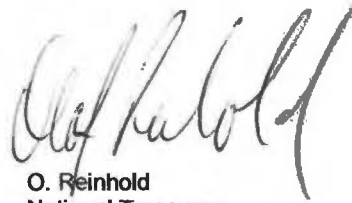
**NUMBER OF EMPLOYEES**

As at 30 June 2018 the number of employees was 100 (2017: 103).

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



A. Russack  
National President



O. Reinhold  
National Treasurer

Dated 7 September 2018, West Melbourne, Victoria



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

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**Committee of Management Statement  
For the year ended 30 June 2018**

On 7 September 2018 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 2018:

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 7 September 2018, 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 2018**

	Note	Group		Chief Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Continuing Operations:</b>					
<b>Revenue</b>					
Subscription Income	2	10,606,612	10,441,804	10,606,612	10,441,804
Other Income	2	3,243,310	7,328,619	1,655,060	5,591,404
	<b>2</b>	<b>13,849,922</b>	<b>17,770,423</b>	<b>12,261,672</b>	<b>16,033,208</b>
<b>Expenses</b>					
Employment Costs	2	(9,278,505)	(9,699,494)	(8,552,450)	(8,833,070)
Borrowing Costs	2	(113,950)	(168,407)	(113,950)	(168,407)
Professional Network Costs	2	-	-	-	-
Members' service & support	2	(3,310,259)	(3,600,745)	(2,665,771)	(2,830,133)
Other Expenses	2	(1,278,355)	(1,159,182)	(1,205,796)	(1,138,051)
		<b>(13,981,069)</b>	<b>(14,627,828)</b>	<b>(12,537,967)</b>	<b>(12,969,661)</b>
<b>Profit/(Loss) before Income Tax Expense</b>		<b>(131,147)</b>	<b>3,142,595</b>	<b>(276,295)</b>	<b>3,063,547</b>
Income Tax Benefit/(Expense)	4	(40,165)	(17,607)	-	-
<b>Net Profit/(Loss) for the Year</b>		<b>(171,312)</b>	<b>3,124,988</b>	<b>(276,295)</b>	<b>3,063,547</b>
<b>Other comprehensive income/(expenses)</b>		-	-	-	-
<b>Total Comprehensive income/(loss) for the Year</b>		<b>(171,312)</b>	<b>3,124,988</b>	<b>(276,295)</b>	<b>3,063,547</b>
Total comprehensive income/(loss) for the year attributable to					
• non-controlling interest		20,997	12,288	-	-
• members of chief entity		(192,309)	3,112,700	(276,295)	3,063,547
		<b>(171,312)</b>	<b>3,124,988</b>	<b>(276,295)</b>	<b>3,063,547</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes on pages 12 to 40.

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

**Statement of Financial Position  
as at 30 June 2018**

	Note	Group		Chief Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash and Cash Equivalents	5	1,614,222	12,935,981	1,491,963	12,908,752
Trade and Other Receivables	6	722,172	772,182	509,234	523,312
Other Assets	7	246,319	250,743	242,220	247,656
Financial Assets	8	14,358,575	9,021,227	14,358,575	9,021,227
<b>Total Current Assets</b>		<b>16,941,288</b>	<b>22,980,133</b>	<b>16,601,992</b>	<b>22,700,947</b>
<b>Non-Current Assets</b>					
Trade and Other Receivables	6	-	-	-	-
Financial Assets	8	-	-	21	21
Property, Plant & Equipment	9	11,105,705	5,379,092	11,105,705	5,379,092
Intangible Assets	10	256,715	191,891	43,917	27,214
<b>Total Non-Current Assets</b>		<b>11,362,420</b>	<b>5,570,983</b>	<b>11,149,643</b>	<b>5,406,327</b>
<b>Total Assets</b>		<b>28,303,708</b>	<b>28,551,116</b>	<b>27,751,635</b>	<b>28,107,274</b>
<b>Current Liabilities</b>					
Trade and Other Payables	11	3,173,565	3,097,557	3,543,228	3,448,264
Borrowings	12	-	-	-	-
Current Tax Liabilities		39,821	17,607	-	-
Employee Provisions	13	1,739,810	1,873,683	1,739,810	1,873,683
<b>Total Current Liabilities</b>		<b>4,953,196</b>	<b>4,988,847</b>	<b>5,283,038</b>	<b>5,321,947</b>
<b>Non-Current Liabilities</b>					
Employee Provisions	13	70,498	50,933	70,498	50,933
<b>Total Non-Current Liabilities</b>		<b>70,498</b>	<b>50,933</b>	<b>70,498</b>	<b>50,933</b>
<b>Total Liabilities</b>		<b>5,023,694</b>	<b>5,039,780</b>	<b>5,353,536</b>	<b>5,372,880</b>
<b>Net Assets</b>		<b>23,280,014</b>	<b>23,511,336</b>	<b>22,398,099</b>	<b>22,734,394</b>
<b>Member Funds &amp; Reserves</b>					
Attributable to members of chief entity					
Organisation Funds	19(a)	9,236,282	9,660,847	8,387,652	8,896,193
Reserves	14	14,010,447	13,838,201	14,010,447	13,838,201
		<b>23,246,729</b>	<b>23,499,048</b>	<b>22,398,099</b>	<b>22,734,394</b>
Non-controlling interest		33,285	12,288	-	-
<b>Total Member Funds &amp; Reserves</b>		<b>23,280,014</b>	<b>23,511,336</b>	<b>22,398,099</b>	<b>22,734,394</b>
<b>Commitments</b>	15				
<b>Contingent Assets &amp; Liabilities</b>	23				

The above Statement of Financial Position should be read in conjunction with the accompanying notes on pages 12 to 40.

Security Classification: CONFIDENTIAL

Distribution: 2018 National Board/Senior Management

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

**Statement of Changes in Equity  
for the Year Ended 30 June 2018**

	Note	Organisation Funds	Reserves	Total attributable to members of chief entity	Non- controlling interest	Total
		\$	\$	\$	\$	\$
<b>Group Entity</b>						
Balance – 30 June 2016		(1,040,085)	21,426,423	20,386,338	-	20,386,338
Net Profit/(Loss) for the year		3,112,700	-	3,112,700	12,288	3,124,988
Other Comprehensive Income for the year						
Transfer from revaluation reserve		7,977,546	(7,977,546)	-	-	-
Transfer to Legal Defence Fund (CSD)	14	(584,283)	584,283	-	-	-
Transfer to Civil Aviation Safety Authority	14	(44,674)	44,674	-	-	-
Transfer from Innovation reserves	14	239,633	(239,633)	-	-	-
<b>Closing Member Funds at 30 June 2017</b>		<b>9,660,837</b>	<b>13,838,201</b>	<b>23,499,038</b>	<b>12,288</b>	<b>23,511,326</b>
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>
<b>Chief Entity</b>						
Balance – 30 June 2016		(1,755,576)	21,426,423	19,670,847	-	19,670,847
Net Profit/(Loss) for the year		3,063,547	-	3,063,547	-	3,063,547
Other Comprehensive Income for the year						
Transfer from revaluation reserve		7,977,546	(7,977,546)	-	-	-
Transfer to Legal Defence Fund (CSD)	14	(584,283)	584,283	-	-	-
Transfer to Civil Aviation Safety Authority	14	(44,674)	44,674	-	-	-
Transfer from Innovation reserves	14	239,633	(239,633)	-	-	-
<b>Closing Member Funds at 30 June 2017</b>		<b>8,896,193</b>	<b>13,838,201</b>	<b>22,734,394</b>	<b>-</b>	<b>22,734,394</b>
Net Profit/(Loss) for the year		(276,295)	-	(276,295)	-	(276,295)
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>8,387,652</b>	<b>14,010,447</b>	<b>22,398,099</b>	<b>-</b>	<b>22,398,099</b>

The above Statement of Changes in Equity should be read in conjunction  
with the accompanying notes on pages 12 to 40.

Security Classification: CONFIDENTIAL

Distribution: 2018 National Board/Senior Management

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

**Statement of Cash Flows  
for the Year Ended 30 June 2018**

	Note	Group		Chief Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Cash receipts from customers		14,590,835	14,600,212	12,133,122	11,389,887
Receipts from other reporting units/controlled entity		-	-	13,720	564,095
Cash payments to suppliers		(5,682,159)	(5,424,221)	(4,177,232)	(3,851,531)
Cash payments to employees		(9,392,812)	(9,731,741)	(8,666,757)	(8,865,317)
Interest and bank charges		(113,950)	(168,407)	(113,950)	(168,407)
Interest and investment income		428,728	477,691	428,728	477,691
Income tax (paid)/refund		(17,951)	-	-	-
<b>Net Cash Provided/(Used) by Operating Activities</b>	21(ii)	<b>(187,309)</b>	<b>(246,466)</b>	<b>(382,369)</b>	<b>(453,582)</b>
<b>Cash Flows from Investing Activities</b>					
Rental Income		133,047	385,661	133,047	385,661
Purchase of Fixed Assets & Intangible Assets		(6,158,609)	(171,046)	(6,048,572)	(6,369)
Proceeds from Sale of Fixed Assets		6,405	13,263,816	6,405	13,263,816
Purchase of Investments		(5,115,293)	-	(5,115,293)	-
<b>Net Cash Provided/(Used) by Investing Activities</b>		<b>(11,134,450)</b>	<b>13,478,431</b>	<b>(11,034,413)</b>	<b>13,643,108</b>
<b>Cash Flows from Financing Activities</b>					
Loan (Repayments)Receipts Controlled Entities		-	-	-	66,905
Proceeds from partial sale of Member Advantage		-	300,000	-	300,000
Repayment of Borrowings		-	(2,000,000)	-	(2,000,000)
<b>Net Cash Provided/(Used) by Financing Activities</b>		<b>-</b>	<b>(1,700,000)</b>	<b>-</b>	<b>(1,633,095)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents at the Beginning of the Year		(11,321,759)	11,531,965	(11,416,782)	11,556,431
<b>Cash and Cash Equivalents at the End of the Year</b>	21(i)	<b>1,614,222</b>	<b>12,935,981</b>	<b>1,491,963</b>	<b>12,908,745</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 12 to 40.

Security Classification: CONFIDENTIAL

Distribution: 2018 National Board/Senior Management

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

**Recovery of Wages Activity  
for the Year Ended 30 June 2018**

	2018 \$	2017 \$
<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>
<b>Number of workers to which the monies recovered relates</b>	-	-
<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 12 to 40.

Security Classification: CONFIDENTIAL

Distribution: 2018 National Board/Senior Management

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

**1. ACCOUNTING METHODS & POLICIES**

**Basis of Preparation**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. The accounts have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated. The financial statements are presented in Australian dollars. The Association is a not-for-profit entity for the purpose of preparing the financial statements

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

**a) Accrual Accounting**

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

**b) Principles of Consolidation**

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

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

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 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 effective 1 July 2017.

**c) Property, Plant and Equipment**

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

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**c) 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.

**d) 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.

**e) Financial Instruments**

**Recognition**

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

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

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

**Loans and Receivables**

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

**Held to maturity Investments**

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



**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**e) Financial Instruments (continued)**

**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.

**f) 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.

**g) 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.

**h) Revenue**

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

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

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).

**Notes to the Consolidated Annual Accounts  
For the Year Ended 30 June 2018**

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

**i) 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.

**j) Comparative Figures**

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

**k) 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.

**l) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**m) 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.

**n) Income Tax**

No provision for income tax has been raised as the chief entity being a trade union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

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

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

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.

**o) Subscription Income**

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

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

**p) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**p) Fair Value of Assets and Liabilities (continued)**

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

**q) Fair Value of Assets and Liabilities**

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

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

**r) Information to be provided to Members or Commissioner**

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

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

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

During the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to the operations which become mandatory. The impact of these Accounting Standards are assessed as having no material impact on the financial reports.

**t) 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 2018. 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:

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB.2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2018)

AASB 9 'Financial Instruments' amends the requirements for classification and measurement of financial assets and derecognition requirements for financial assets and liabilities. The standard is applicable for annual reporting periods commencing on or after 1 January 2018 but is available for early adoption. As the standard primarily impacts financial assets classified as available for sale, the Association does not expect a material impact on its financial statements.

- AASB 16 Leases (effective from 1 January 2019)  
AASB 16:
  - replaces AASB 117 Leases and some lease-related Interpretations
  - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
  - provides new guidance on the application of the definition of lease and on sale and lease back accounting
  - largely retains the existing lessor accounting requirements in AASB 117
  - 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.

- AASB 1058 Income of Not-for-Profit Entities (effective from 1 January 2019)

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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

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

Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

- o Contributions by owners;
- o Revenue, or a contract liability arising from a contract with a customer;
- o A lease liability;
- o A financial instrument; or
- o A provision
- o These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.

This new standard is expected to not have a material impact on the Association of Professional Engineers, Scientists and Managers Australia.

**u) 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.

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**u) Estimation uncertainty (continued)**

*Provisions – Long service leave*

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

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

	Note	Group		Chief Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:-</b>					
<b>a) Crediting as Revenue</b>					
Subscriptions		10,606,612	10,441,804	10,606,612	10,441,804
Member Services (Member Advantage Pty Ltd)		2,193,500	2,237,215	-	-
Licence Fees		-	-	500,000	500,000
Rental Income		133,047	385,661	133,047	385,661
Interest		428,729	477,691	428,729	477,691
Trust Distributions		65,508	84,740	65,508	84,740
Increment in market value of investment		156,529	108,222	156,529	108,222
Profit/(loss) from Sale of Non-Current Asset		6,405	2,928,104	6,405	2,928,104
Capitation Fees		-	-	-	-
Levies		-	-	-	-
Grants		-	-	-	-
Donations		-	-	-	-
Gain on partial sale of Member Advantage		-	500,000	-	500,000
Other Income		259,592	606,986	364,842	606,986
<b>Total other income</b>		<b>3,243,310</b>	<b>7,328,619</b>	<b>1,655,060</b>	<b>5,591,404</b>
<b>Total revenue</b>		<b>13,849,922</b>	<b>17,770,423</b>	<b>12,261,672</b>	<b>16,033,208</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		6,997,046	7,500,311	6,440,806	6,819,544
Annual Leave		591,057	654,393	541,564	600,454
Long Service Leave		216,637	77,231	200,976	67,999
Separation & Redundancy		237,318	170,967	236,218	160,669
Superannuation		754,481	788,494	687,755	717,716
Other Employment Costs		481,966	508,098	445,131	466,688
		<b>9,278,505</b>	<b>9,699,494</b>	<b>8,552,450</b>	<b>8,833,070</b>
<b>Borrowing Costs</b>		<b>113,950</b>	<b>168,407</b>	<b>113,950</b>	<b>168,407</b>
<b>Professional Network Costs</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Members' service and support</b>		<b>3,310,259</b>	<b>3,600,745</b>	<b>2,664,771</b>	<b>2,830,146</b>



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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

	Note	Group		Chief Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>2. OPERATING RESULT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:- (CONT'D)</b>					
<b>Other Expenses</b>					
Affiliation Fees	2(c)	237,011	241,787	237,011	241,787
Meeting Expenses		157,043	164,187	153,902	157,395
Audit & Accounting Fees		111,570	82,405	94,070	68,067
Legal Fees – Litigation		-	-	-	-
Legal Fees – Other Legal Matters		465,578	353,561	465,578	353,561
Depreciation & Amortisation		307,153	317,242	255,235	317,242
Capitation Fees		-	-	-	-
Compulsory Levies (ACTU Election Levy)		-	-	-	-
Consideration to Employers for Payroll Deductions		-	-	-	-
Fees/allowances – meetings and conferences		-	-	-	-
Conference and meeting expenses		-	-	-	-
Grants & Donations		-	-	-	-
Penalties – RO Act or RO Regulations		-	-	-	-
		<b>1,278,355</b>	<b>1,159,182</b>	<b>1,205,796</b>	<b>1,138,051</b>

<b>c) Affiliation Fees Paid</b>					
Unions NSW		26,410	25,707	26,410	25,707
Unions ACT Trades and Labour Council of the ACT Inc.		4,688	2,989	4,688	2,989
ACTU		96,828	100,797	96,828	100,797
UNI Global Union		34,340	39,818	34,340	39,818
New Castle Trades Hall Council		951	935	951	935
NT Trades and Labour Council		-	-	-	-
SA Unions		7,609	7,453	7,609	7,453
Unions Tasmania		1,779	2,124	1,779	2,124
Victorian Trades Hall Council		36,404	35,549	36,404	35,549
Unions WA WA's Peak Union Body		6,254	7,350	6,254	7,350
Qld Council of Unions		20,575	17,442	20,575	17,442
Sydney May Day Committee		-	500	-	500
Federation of Vehicle Industry Unions (SA)		-	-	-	-
Union Aid Abroad - APHEDA		1,173	1,124	1,173	1,124
		<b>237,011</b>	<b>241,787</b>	<b>237,011</b>	<b>241,787</b>

**3. GRANT OR DONATIONS**

**Grants:**

Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-

**Donations:**

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>-</b>	<b>3,500</b>	<b>-</b>

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	Group		Chief Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>4. INCOME TAX EXPENSE</b>				
Prima facie tax at 30% on Profit/(Loss)	(51,397)	942,779	-	-
Deferred income tax losses not brought to account	-	-	-	-
Exempt (Income)/Loss	92,012	(921,041)	-	-
Previously unrecognised tax losses to reduce current tax expense	-	(4,131)	-	-
Tax effect of over provision of income tax in prior year	-	-	-	-
<b>Total Income Tax Expense/(Benefit)</b>	<b>40,165</b>	<b>17,607</b>	<b>-</b>	<b>-</b>

The Chief Entity is a tax exempt entity

**5. CASH AND CASH EQUIVALENTS**

Cash at Bank	1,598,186	1,567,698	1,475,927	1,540,472
Short-term Deposits	-	11,352,408	-	11,352,408
Cash on Hand	2,800	2,810	2,800	2,800
Cash Management Account	13,236	13,065	13,236	13,065
	<b>1,614,222</b>	<b>12,935,981</b>	<b>1,491,963</b>	<b>12,908,745</b>

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Sundry Receivables	722,172	772,182	509,234	523,319
Amounts Owed by Controlled Entities	-	-	-	-
Receivables from Other Reporting Units	-	-	-	-
Less Provision for Doubtful Debts	-	-	-	-
	<b>722,172</b>	<b>772,182</b>	<b>509,234</b>	<b>523,319</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.

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**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	
	2018	2017	2018	2017
	\$	\$	\$	\$

**7. OTHER ASSETS**

Prepayments	246,319	250,743	242,220	247,656
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**8. FINANCIAL ASSETS**

**Current**

Commonwealth Bank Term Deposits	7,616,677	7,501,366	7,616,677	7,501,366
Vanguard Index Funds-Unit Trust	1,735,748	1,519,861	1,735,748	1,519,861
Short Term Investments	5,006,150	-	5,006,150	-
	<b>14,358,575</b>	<b>9,021,227</b>	<b>14,358,575</b>	<b>9,021,227</b>

**Non-Current**

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**

	2018	2017	2018	2017
	\$	\$	\$	\$
Land and Buildings at National Board Valuation	11,062,612	5,415,000	11,062,612	5,415,000
Accumulated Depreciation	(386,530)	(219,000)	(386,530)	(219,000)
	<b>10,676,082</b>	<b>5,196,000</b>	<b>10,676,082</b>	<b>5,196,000</b>
Office Equipment at Cost	752,433	435,774	752,433	435,774
Accumulated Depreciation	(322,810)	(252,682)	(322,810)	(252,682)
	<b>429,623</b>	<b>183,092</b>	<b>429,623</b>	<b>183,092</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>11,105,705</b>	<b>5,379,092</b>	<b>11,105,705</b>	<b>5,379,092</b>

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**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.

**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 2018. 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 14 September 2015 by Mr. D Semken AAPI, certified practicing valuer of M3 Property.

The property located at Suite 1 & 2 91 Frederick Street Merewether NSW was independently valued as at 4 February 2017 by Mr. Tom Woolf, certified practicing valuer of Taylor Bryn.

The remaining two properties owned by Professionals Australia located at 7 Napier Close Deakin ACT & Suite 1, 12-14 Thelma Street West Perth WA were 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;

CHIEF ENTITY	Land & Buildings	Office Equipment	Total
<b>Balance 30 June 2016</b>	<b>15,504,547</b>	<b>527,499</b>	<b>16,032,046</b>
Additions/WIP	-	36,188	36,188
Revaluation	-	-	-
Disposals/Adjustments	(10,081,104)	(302,868)	(10,383,972)
Depreciation Expense	(227,443)	(77,727)	(305,170)
<b>Balance 30 June 2017</b>	<b>5,196,000</b>	<b>183,092</b>	<b>5,379,092</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>

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**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 2016	15,504,547	527,499	16,032,046
Additions/WIP	-	36,188	36,188
Revaluation	-	-	-
Disposals/Adjustments	(10,081,104)	(302,868)	(10,383,972)
Depreciation Expense	(227,443)	(77,727)	(305,170)
<b>Balance 30 June 2017</b>	<b>5,196,000</b>	<b>183,092</b>	<b>5,379,092</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>

	<b>Group</b>		<b>Chief Entity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**10. INTANGIBLE ASSETS**

Balance 1 July	191,891	20,845	27,214	20,845
Additions/WIP	134,319	183,118	34,280	18,441
Disposals/Adjustments	-	-	-	-
Amortisation for the year	(69,495)	(12,072)	(17,577)	(12,072)
<b>Balance 30 June</b>	<b>256,715</b>	<b>191,891</b>	<b>43,917</b>	<b>27,214</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	1,406,990	1,215,911	1,157,876	1,012,995
Prepaid Subscriptions & Fees	1,766,575	1,881,646	1,766,575	1,837,863
Amounts Owed to Controlled Entities	-	-	618,777	597,406
Payable to Other Reporting Units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal costs – litigation and other legal matters	-	-	-	-
	<b>3,173,565</b>	<b>3,097,557</b>	<b>3,543,228</b>	<b>3,448,264</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 2018/19 period.

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	Group		Chief Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<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	628,965	698,302	628,965	698,302
Long Service Leave	1,110,845	1,175,381	1,110,845	1,175,381
Separation and Redundancies	-	-	-	-
Other Employee Benefits	-	-	-	-
	<b>1,739,810</b>	<b>1,873,683</b>	<b>1,739,810</b>	<b>1,873,683</b>
<b>Non-Current</b>				
Office Holders				
Employees Other than Office Holders:				
Long Service Leave	70,498	50,933	70,498	50,933
	<b>70,498</b>	<b>50,933</b>	<b>70,498</b>	<b>50,933</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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	Group		Chief Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>14. RESERVES</b>				
<b>Property Revaluation Reserve</b>				
Balance at start of year	3,201,613	11,179,159	3,201,613	11,179,159
Transfer on sale of building	-	(7,977,546)	-	(7,977,546)
Revaluation during year	(60,000)	-	(60,000)	-
<b>Balance as at end of year</b>	<b>3,141,613</b>	<b>3,201,613</b>	<b>3,141,613</b>	<b>3,201,613</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	479,266	239,633	479,266
Transfer to member funds	-	(239,633)	-	(239,633)
<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>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	44,674	-	44,674	-
Transfer from member funds	1,787	44,674	1,787	44,674
<b>Balance as at end of year</b>	<b>46,461</b>	<b>44,674</b>	<b>46,461</b>	<b>44,674</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	9,823,817	9,239,534	9,823,817	9,239,534
Transfer to Reserve	230,459	584,283	230,459	584,283
<b>Balance as at end of year</b>	<b>10,054,276</b>	<b>9,823,817</b>	<b>10,054,276</b>	<b>9,823,817</b>
<b>Total Reserves</b>	<b>14,010,447</b>	<b>13,838,201</b>	<b>14,010,447</b>	<b>13,838,201</b>

**14A. OTHER SPECIFIC DISCLOSURES – FUNDS**

**Compulsory levy/voluntary contribution fund**

Balance at start of year	-	-	-	-
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
<b>Balance as at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	Group		Chief Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<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	211,307	202,713	211,307	202,713
1-5 years	464,374	450,732	464,374	450,732
<b>Total Future Operating Commitments</b>	<b>675,681</b>	<b>653,445</b>	<b>675,681</b>	<b>653,445</b>

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)	
	2018	2017	2018	2017	2018	2017
	\$	\$	%	%	\$	\$
<b>Chief Entity</b>						
Association of Professional Engineers, Scientists & Managers, Australia	-	-	-	-	(276,295)	3,063,547
<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	0.8	0.8	80	80	83,988	45,848
	<b>20.8</b>	<b>20.8</b>				



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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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Revenue received from controlled entities includes the following:</b>				
Member Advantage				
Service fees	611,000	611,000	729,600	777,316
<b>Expenses paid to controlled entities</b>	-	-	618,777	597,406

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Short-term employee benefits:</b>				
Salary (including annual leave taken)	1,775,793	1,701,261	1,489,709	1,436,175
Annual leave accrued	54,647	47,831	45,015	37,653
Performance bonus	-	-	-	-
<b>Total short-term employee benefits</b>	<b>1,830,440</b>	<b>1,749,092</b>	<b>1,534,724</b>	<b>1,473,828</b>
<b>Post-employment benefits:</b>				
Superannuation	169,781	171,959	138,850	140,389
<b>Total post-employment benefits</b>	<b>169,781</b>	<b>171,959</b>	<b>138,850</b>	<b>140,389</b>
<b>Other long-term benefits:</b>				
Long service leave	15,499	18,303	23,269	17,294
<b>Total other long-term benefits</b>	<b>15,499</b>	<b>18,303</b>	<b>23,269</b>	<b>17,294</b>
<b>Termination benefits</b>	-	-	-	-
<b>Total</b>	<b>2,015,720</b>	<b>1,939,354</b>	<b>1,696,843</b>	<b>1,631,511</b>

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	Group		Chief Entity	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>18. REMUNERATION OF AUDITOR</b>				
<i>Value of the services provided</i>				
Grant Thornton				
Financial statement and other audit services	44,550	47,050	35,850	40,050
Other services	5,200	5,500	3,700	4,000
	<b>49,750</b>	<b>52,550</b>	<b>39,550</b>	<b>44,050</b>
W. W. Vick & Co				
Financial statement audit and other audit services	18,000	18,000	18,000	18,000
	<b>67,750</b>	<b>70,550</b>	<b>57,550</b>	<b>62,050</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 \$266,817 (2017: \$393,789) 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 \$9,352,426 (2017: \$9,021,228) and Land and Buildings of \$1,379,000 (2017: \$1,427,000) 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:—

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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-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	-	-	-	-	-	1,776,653	1,776,653
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,776,653</b>	<b>1,776,653</b>
<b>Net financial assets (liabilities)</b>		<b>1,491,963</b>	<b>8,125,911</b>	<b>-</b>	<b>-</b>	<b>4,965,245</b>	<b>14,583,119</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-17</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	12,908,745	-	-	-	-	12,908,745
Financial Assets	2.50	-	7,501,366	-	-	1,519,861	9,021,227
Receivables	5.00	-	523,312	-	-	-	523,312
<b>Total financial assets</b>		<b>12,908,745</b>	<b>8,024,678</b>	<b>-</b>	<b>-</b>	<b>1,519,861</b>	<b>22,453,284</b>
<b>Liabilities:</b>							
Trade and Sundry Payables	-	-	-	-	-	1,610,401	1,610,401
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,610,401</b>	<b>1,610,401</b>
<b>Net financial assets (liabilities)</b>		<b>12,908,745</b>	<b>8,024,678</b>	<b>-</b>	<b>-</b>	<b>(90,540)</b>	<b>20,842,883</b>

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

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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>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	-	722,172	-	-	-	722,172
<b>Total financial assets</b>		<b>1,614,222</b>	<b>8,338,849</b>	-	-	<b>6,741,898</b>	<b>16,694,969</b>
<b>Liabilities:</b>							
Trade and Sundry Payables	-	-	-	-	-	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>8,338,849</b>	-	-	<b>5,334,908</b>	<b>15,287,979</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-17</b>							
<b>Assets:</b>							
Cash and Cash Equivalents	0.15	12,935,981	-	-	-	-	12,935,981
Financial Assets	2.50	-	7,501,366	-	-	1,519,861	9,021,227
Receivables	5.00	-	772,182	-	-	-	772,182
<b>Total financial assets</b>		<b>12,935,981</b>	<b>8,273,548</b>	-	-	<b>1,519,861</b>	<b>22,729,390</b>
<b>Liabilities:</b>							
Trade and Sundry Payables	-	-	-	-	-	1,215,911	1,215,911
Bank bills and Overdraft	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-	<b>1,215,911</b>	<b>1,215,911</b>
<b>Net financial assets (liabilities)</b>		<b>12,935,981</b>	<b>8,273,548</b>	-	-	<b>303,950</b>	<b>21,513,479</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 2018

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
	2018 \$	2018 \$	2017 \$	2017 \$
<b>Group</b>				
Receivables	722,172	-	772,182	-
<b>Chief Entity</b>				
Receivables	509,234	-	523,312	-

Ageing of financial assets that were not impaired

	<30 days \$	31 – 60 days \$	61 – 90 days \$	> 90 days \$	Total \$
<b>2018</b>					
Group Receivables	693,148	29,024	-	-	722,172
Chief Entity Receivables	481,995	27,239	-	-	509,234
<b>2017</b>					
Group Receivables	772,182	-	-	-	772,182
Chief Entity Receivables	523,312	-	-	-	523,312

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 2018.

Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018

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

2018	Carrying Amount	Fair Value
	2018	2018
	\$	\$
<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	1,406,990	1,406,990
Borrowings	-	-
<b>2017</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>2017</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash & Cash Equivalents	12,935,981	12,935,981
Receivables	772,182	772,182
Investments	9,021,227	9,021,227
<b>Financial liabilities</b>		
Payables	1,215,911	1,215,911
Borrowings	-	-

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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

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

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

**CHIEF ENTITY**

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	1,776,653	1,776,653
Borrowings	-	-

2017	Carrying Amount	Fair Value
	2017	2017
	\$	\$
<b>Financial assets</b>		
Cash & Cash Equivalents	12,908,745	12,908,745
Receivables	523,312	523,312
Investments	9,021,227	9,021,227
<b>Financial liabilities</b>		
Payables	1,610,401	1,610,401
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**

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	-

**THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS & MANAGERS, AUSTRALIA  
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**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

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

**Group & Chief Entity**

2017

	Carrying amount at 30 June 2017	Date of valuation	Level 1	Level 2	Level 3
	\$		\$	\$	\$
<b>Financial Assets</b>					
Vanguard Index Fund – Unit Trust	1,519,861	30/06/2017	1,519,861	-	-
<b>Property</b>					
Land & Buildings	5,196,000	30/06/2017	-	5,196,000	-

	Group		Chief Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$

**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	1,598,186	12,920,117	1,475,927	12,892,880
Cash Management Account	13,236	13,064	13,236	13,065
Bank Overdraft	-	-	-	-
	<b>1,614,222</b>	<b>12,935,981</b>	<b>1,491,963</b>	<b>12,908,745</b>

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

Operating Profit/(Loss) after Income Tax	(171,322)	3,124,998	(276,295)	3,063,531
<b>Non cash and investing items</b>				
Asset Impairment/Write Offs	-	-	-	-
Depreciation and Amortisation	307,153	317,242	255,235	317,242
Rental Income	(133,047)	(385,661)	(133,047)	(385,661)
Doubtful Debts – Controlled Entities	-	-	-	-
Doubtful Debts - Other	-	-	-	-
Loans to Controlled entities forgiven	-	-	-	-
Net (Profit)/Loss on Sale of Fixed Assets	(6,401)	(2,928,113)	(6,401)	(2,928,100)
Increment in value of investment	222,043	(401,399)	(222,043)	(401,397)



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

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

	2018 \$	Group 2017	Chief Entity 2018 \$	2017 \$
<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	200,268	(285,447)	164,347	(858,673)
Prepayments	4,424	(19,202)	5,436	(16,115)
Employee Entitlements	(114,307)	(32,247)	(114,307)	(32,247)
Creditors and Other Payables	(74,248)	345,756	(55,294)	787,822
Provision for Income Tax	22,214	17,607	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>(187,309)</b>	<b>(246,466)</b>	<b>(382,369)</b>	<b>(453,582)</b>
iii) The Group has bank overdraft (\$0.5 million) facilities which were not utilised as at 30 June 2018. These facilities are subject to annual review.				
iv) <b>Cash Flow Information</b>				
Cash inflows				
• Media Entertainment and Arts Alliance	10,800	10,800	10,800	10,800
• LGEA of NSW	535,345	489,214	535,345	489,214
• Rail Tram and Bus Union - NSW Branch	-	22,310	-	22,310
• International Transport Federation	-	5,000	-	5,000
<b>Total Cash inflows</b>	<b>546,145</b>	<b>527,324</b>	<b>546,145</b>	<b>527,324</b>
Cash outflows				
• LGEA of NSW	515,470	455,532	515,470	455,532
• ACTU	116,759	103,088	116,759	103,088
• Newcastle Trades Hall Council	950	972	950	972
• QLD Council of Unions	24,936	17,860	24,936	17,860
• SA Unions	7,609	7,453	7,609	7,453
• UNI Global Union	34,340	32,828	34,340	32,828
• Union Aid Abroad - APHEDA	2,841	1,124	2,841	1,124
• Unions ACT	4,688	4,540	4,688	4,540
• Unions NSW	27,369	29,469	27,369	29,469
• Unions TAS	7,356	8,882	7,356	8,882
• Unions WA	6,562	8,945	6,562	8,945
• Victorian Trades Hall Council	36,404	35,849	36,404	35,849
• Australian Services Union (VIC)	5,396	3,675	5,396	3,675
• United Services Union	1,089	942	1,089	942
• Electrical Trades Union	2,500	-	2,500	-
• The Union Education Foundation	-	6,195	-	6,195
• CEPU Tasmania	-	5,357	-	5,357
• Media Entertainment and Arts Alliance	46,932	47,215	46,932	47,215
• Australian Education Union (SA)	-	-	-	-
• Rail, Tram & Bus Union	136	-	136	-
<b>Total Cash outflows</b>	<b>841,337</b>	<b>769,926</b>	<b>841,337</b>	<b>769,926</b>

**Notes to the Consolidated Annual Accounts  
for the Year Ended 30 June 2018**

**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 2018.

**24. SUBSEQUENT EVENTS**

Association of Professional Engineers, Scientist & Managers, Australia entered into a sale agreement with Excelsior Ventures Pty Ltd for the partial sale of 5% of its subsidiary, Members Advantage Pty Ltd, effective 1 July 2018.

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

**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 2018.

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).

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

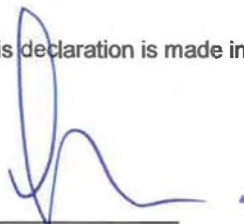
**National Board Statement**

On 7 September 2018 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 2018:


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.



A. Russack  
National President



D. Reinhold  
National Treasurer

Dated: 7 September 2018  
West Melbourne, Victoria

Dated: 7 September 2018  
West Melbourne, Victoria

## 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 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, 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 2018, 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 2018. 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 Services  
Registration No. AA2017/86

Melbourne, 7 September 2018

## Auditor's Independence Declaration

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of The Association of Professional Engineers, Scientists and Managers, Australia for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Pititto  
Partner – Audit & Assurance

Melbourne, 7 September 2018



25 September 2018

The National Secretary  
Association of Professional Engineers, Scientists and Managers, Australia  
By Email: [legal@professionalsaustralia.org.au](mailto:legal@professionalsaustralia.org.au)

Dear The National Secretary ,

**Re: Lodgement of Financial Report - [FR2018/261]  
*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 2018. 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, namely on or before 28 September 2018.

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. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be 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 its rules) no later than 30 December 2018 (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 (see attached *Loans Grants and Donations* fact sheet FS 009). 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.

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, as set out above, 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 operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available 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,

**Joanne Fenwick**  
**Registered Organisations Commission**