Australian Government
Registered Organisations Commission

19 August 2020

Kim Teague
Secretary
Australian Community Services Employers Association, Union of Employers

Sent via email: info@cmsolutions.org.au
CC: mike.mcdonald@crowehorwath.com.au

Dear Kim Teague,

Australian Community Services Employers Association, Union of Employers
Financial Report for the year ended 31 December 2019 – (FR2019/361)

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Australian Community Services Employers Association, Union of Employers (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 18 June 2020. I also acknowledged receipt of the amended designated officer's certificate and supporting screenshot confirming the date that the full report was provided to members. These documents were submitted with the ROC on 28 July 2020.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

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

Timescale requirements

Reports must be provided to members at least 21 days before general meeting

Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting. The amended designated officer's certificate states that the full report was provided to members on 28 May 2020, the supporting screenshot of the publication of the full report, however shows that the financial report was actually provided to members via the reporting unit's website on 29 May 2020. The amended designated officer's certificate also shows that the full report was presented to a general meeting of members on 17 June 2020.

According to the submitted documents, it appears that the reporting unit only provided members the financial report 19 days before the general meeting.

I do however acknowledge the information you provided with the ROC 28 July 2020 which explained the circumstances that lead to the delay in providing members with a copy of the full report.

General purpose financial report (GPFR)

<u>Partial disclosure – AASB 15</u>

Note 1.4 New Australian Accounting Standards to the GPFR states that Australian Accounting Standard AASB 15 Revenue from Contracts with Customers has been adopted. However, the accounting policies disclosed in note 1.5 Revenue in the GPFR do not appear to have been updated to reflect these new standards, nor does it appear that the disclosures required by this standard have been included in the GPFR.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

<u>Nil activities disclosure</u>

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that Note 19 Disclosure under Reporting Guidelines, Section 253 includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements or other sections of the notes:

- Receive capitation fees from another reporting unit (statement of comprehensive income, Note 3a);
- Receive any other revenue from another reporting unit (statement of comprehensive income, Note 3a);
- Receive revenue via compulsory levies (statement of comprehensive income, Note 3b);
- Receive donations or grants (statement of comprehensive income, Note 3d);
- Receive revenue from undertaking recovery of wages activities (statement of comprehensive income, Note 3f);
- Incur fees as consideration for employers making payroll deductions of membership subscriptions (Note 4d);
- Pay capitation fees to another reporting unit (statement of comprehensive income, Note 4b);
- Pay affiliation fees to another entity (statement of comprehensive income, Note 4c);
- Pay compulsory levies (Note 4d);
- Pay a grant that was $1,000 or less (statement of comprehensive income, Note 4e);
- Pay a grant that exceeded $1,000 (statement of comprehensive income, Note 4e);
- Pay a donation that was $1,000 or less (statement of comprehensive income, Note 4e);
- Pay a donation that exceeded $1,000 (statement of comprehensive income, Note 4e);
- Pay employment expenses for holders of office (Note 4a);
- Pay legal costs relating to litigation (statement of comprehensive income, Note 4h);
- Pay legal costs relating to other legal matters (statement of comprehensive income, Note 4h);

- Pay a penalty imposed under the RO Act or the Fair Work Act 2009 (Note 4i);
- Have a receivable with another reporting unit (Note 5b);
- Have a payable with another reporting unit (Note 7a);
- Have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions (Note 7b);
- Have a payable in respect of legal costs (Note 7b);
- Have a liability for employment provision for holders of office (Note 8a);
- Have a liability for separation and redundancy for employees (other than holders of offices) (Note 8a);
- Have a liability for other employment provisions for employees (other than holders of offices) (Note 8a);
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch (Note 11b); and
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity (Note 11b).

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

Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of retained earnings of $1,035,895 for the 2019 financial year (2018: $949,995). Note 19, however includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

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

Reporting Requirements

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

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

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

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

ACSEA
AUSTRALIAN COMMUNITY SERVICES EMPLOYERS ASSOCIATION
UNION OF EMPLOYERS

Designated Officer's Certificate or other Authorised Officer

s268 *Fair Work (Registered Organisations) Act 2009*

I *Kim Teague* being the *Secretary* of the *Australian Community Services Employers Association, Union of Employers* certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the *full report*, was provided to members on *28th May 2020*; and

- that the full report was presented to *a general meeting of members* of the reporting unit on *17th June 2020*; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Kim Teague
23 rd July 2020

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AUSTRALIAN COMMUNITY SERVICES EMPLOYERS ASSOCIATION
UNION OF EMPLOYERS
Trading as Community Management Solutions
ABN: 68 150 310 815

GUIDANCE • ADVICE • SUPPORT

Annual Financial Statements
for the year ended 31 December 2019

Presented at the Annual General Meeting

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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Registration:	The Association is registered as an Industrial Union of Employers under the provisions of the Fair Work (Registered Organisations) Act 2009 ("RO").

OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Committee of Management presents its operating report on the Association for the financial year ended 31 December 2019.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activity of the business is providing guidance, advice and support to our members. There has been no significant change in the nature of these activities during the year. The results of these activities include Industrial relations & human relations services and support activities for our members. A review of the results of these activities shows they have achieved the objectives of the Association.

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Association during 2019.

Right of members to resign

Members may resign from the Association in accordance with R.9 (s.254 (2) (c)).

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such

No officers or members are a superannuation fund trustee or director of a company that is a superannuation fund trustee.

Number of members

The number of members who, at the end of the reporting period, were recorded on the Register of Members of the Association was 535.

Number of employees

The number of full time equivalent employees as at 31 December 2019 was 10.89 employees (2018: 9.91).

Names of Committee of Management members and period positions held during the financial year

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

Deborah Ponting	President
Jennifer O'Brien	Vice President
Kim Teague	Secretary
Lyanna George	Treasurer
Allan Fazldeen	Board member
Peter Hoens	Board member

Unless otherwise indicated each person held office for the full period of the financial year.

Signature of designated officer: D E Ponting

Name and title of designated officer: Deborah Ponting, President Dated: 19th May 2020

Australian Community Services Employers Association, Union of Employers

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

On the 19th of May 2020 the Committee of Management of the above named Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2019:

The Committee of Management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with 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);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which they relate;

(d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

   (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
   (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation; and
   (iii) the financial records of the Association have been kept and maintained in accordance with the RO Act; and
   (iv) the organisation consists of only one reporting unit;
   (v) no information has been sought in any request by a member of the Association or the Commissioner duly made under section 272 of the RO Act; and
   (vi) no order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act.

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

Signature of designated officer: D E Ponting

President- Deborah Ponting

Signature of designated officer: Lyanna George

Treasurer - Lyanna George

REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 DECEMBER 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Association for the year ended 31 December 2019.

Descriptive form

	2019 $	2018 $
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employees	895,427	800,929
Advertising	-	-
Operating costs	320,595	474,573
Donations to political parties	-	-
Legal costs	-	-

Signature of designated officer: D E Ponting

Name of designated officer: Deborah Ponting

Title of designated officer: President

Dated: 19th May 2020

Australian Community Services Employers Association, Union of Employers

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		$	$
REVENUE			
Membership subscription		504,260	497,557
Services rendered income		683,124	573,231
Manuals and awards sales income		10,647	17,794
Capitation fees and other revenue from another reporting unit	3a	-	-
Levies	3b	-	-
Investment income	3c	35,618	39,999
Other revenue		800	1,527
TOTAL REVENUE		**1,234,449**	1,130,108
OTHER INCOME			
Grants and donations	3d	-	-
Net gains from sale of assets	3e	-	311
Revenue from recovery of wages activity	3f	-	-
Recovery of funds from insurance		25,655	-
Sundry income		792	4,129
Net gain/(loss) on disposal of investments		41,026	(10,529)
TOTAL OTHER INCOME		**67,473**	(6,089)
TOTAL INCOME		**1,301,922**	1,124,019
EXPENSES			
Employee expenses	4a	895,427	800,929
Capitation fees and other expense to another reporting unit	4b	-	-
Affiliation fees	4c	-	-
Administration expenses	4d	239,747	259,060
Grants or donations	4e	-	-
Depreciation expense	4f	59,322	36,875
Finance costs	4g	12,795	12,110
Legal costs	4h	-	-
Other expenses	4i	-	-
Audit fees	15	13,650	13,150
Brokerage & stamp duty		13,234	13,579
Insurance expense		14,732	14,584
Loss from scrapping of asset		1,082	-
Membership, subscriptions & member seminars		12,920	18,653
Unrealised (profit)/loss on financial assets held for trading		(102,076)	61,155
Project & recoverable costs		55,189	45,407
TOTAL EXPENSES		**1,216,022**	1,275,502
(DEFICIT)/SURPLUS FOR THE YEAR		**85,900**	(151,483)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**85,900**	(151,483)

The above statement should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5a	635,047	498,600
Trade and other receivables	5b	83,759	100,873
Financial assets	5c	721,540	838,592
Other current assets	5d	3,220	7,262
TOTAL CURRENT ASSETS		1,443,566	1,445,327
NON-CURRENT ASSETS			
Furniture and equipment	6a	8,095	12,829
Computer equipment	6b	22,221	11,369
Strata Title Office	6c	601,768	620,957
Right of use asset	6d	69,721	-
TOTAL NON-CURRENT ASSETS		701,805	645,155
TOTAL ASSETS		**2,145,371**	2,090,482
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	7a	17,828	6,196
Other payables	7b	445,420	467,035
Employee provisions	8	79,904	66,399
Lease liability	9	14,554	-
Other current liabilities	10	277,268	570,390
TOTAL CURRENT LIABILITIES		834,974	1,110,020
NON-CURRENT LIABILITIES			
Employee provisions	8	39,267	30,467
Lease liability	9	55,875	-
Other non-current liabilities	10	179,360	-
TOTAL NON-CURRENT LIABILITIES		274,502	30,467
TOTAL LIABILITIES		**1,109,476**	1,140,487
NET ASSETS		**1,035,895**	949,995
EQUITY			
Accumulated funds	11	1,035,895	949,995
TOTAL EQUITY		**1,035,895**	949,995

The above statement should be read in conjunction with the notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Accumulated funds $	Total equity $
Balance as at 1 January 2018		**1,101,478**	**1,101,478**
Surplus/(deficit)		(151,483)	(151,483)
Other comprehensive income		-	-
Closing balance as at 31 December 2018	11	**949,995**	**949,995**
Surplus/(deficit)		85,900	85,900
Other comprehensive income		-	-
Closing balance as at 31 December 2019	11	**1,035,895**	**1,035,895**

The above statement should be read in conjunction with the notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and clients		1,367,338	1,211,243
Dividends		33,292	37,333
Interest		2,326	2,666
Cash used			
Suppliers		(478,502)	(535,027)
Employees		(872,866)	(808,339)
Finance costs		(11,855)	(11,328)
GST		(85,530)	(76,856)
Net cash from/(used by) operating activities	12a	(45,797)	(180,308)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		-	331
Proceeds from sale of investments		593,375	460,392
Cash used			
Purchase of plant & equipment		(39,549)	(17,315)
Payments for investments		(333,220)	(460,143)
Net cash from/(used by) investing activities		220,606	(16,735)
FINANCING ACTIVITIES			
Cash used			
Repayment of borrowings		(31,303)	(50,000)
Repayment of right of use asset		(7,058)	-
Net cash from/(used by) financing activities		(38,361)	(50,000)
Net (decrease)/increase in cash & cash equivalents held		136,448	(247,043)
Cash & cash equivalents at the beginning of the reporting period		498,600	745,643
Cash & cash equivalents at the end of the reporting period	5a	635,047	498,600

The above statement should be read in conjunction with the notes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies

1.1 Basis of preparation of financial statements

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 Organisation) Act 2009.* For the purpose of preparing the general purpose financial statements, the Australian Community Services Employers Association, Union of Employers (trading as Community Management Solutions) (the Association) is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.
The accounting policies adopted are consistent with those of the previous financial year except for the following standard and amendments which have been adopted for the first time this financial year.

AASB 15 Revenue from contracts with customers

AASB 15 provides (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all previous accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. The give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 16 Leases

AASB 16 replaces AASB 117 leases and results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases are removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the implicit interest rate in the lease repayments. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.4 New Australian Accounting Standards (continued)

AASB 16 Leases (continued)

The asset is depreciated over the term of the lease. The new standard replaces the Association's operating lease expense with an interest and depreciation expense.

The Association has elected to apply the "Modified Retrospective Approach" when transitioning to the new standard. Under this approach, the Association will not be required to restate the comparative information for its operating leases. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Association has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

AASB 1058 Income of not-for profit entities

New standard that largely replaces AASB 1004 *Contributions* by clarifying and simplifying income recognition requirements for not-for-profit (NFP) entities. Whilst AASB 1004 will remain, its scope is limited to certain government entities.

The standard and its extensive guidance establish principles for NFP entities relating to:

a. Transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and

b. The receipt of volunteer services.

The timing of revenue recognition will depend on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to the asset received by the NFP entity.

Where a sufficiently specific enforceable performance obligation exists in an arrangement, the NFP entity is required to apply AASB 15 in relation to the performance obligation.

Whilst the interaction with AASB 15 is certainly the first step in assessing income by a NFP entity, other changes/impacts include:

- Timing of revenue recognition may be delayed to coincide with satisfaction of performance obligations.
- Increased scope of assets acquired for 'significantly less than fair value' from the predecessor requirement to apply only when an asset is acquired for 'nil or nominal value'.
- Leases at lower than market terms (e.g. peppercorn leases) will be recognised at fair value and accounted for under AASB 16 Leases.
- Depreciation expense may increase as a result of peppercorn leases being recognised at fair value.
- Volunteer services received are required to be recognised at fair value by local governments, government departments, general government sectors and whole of governments. Other NFP entities may elect to recognise such services as an asset or expense.

Future Australian Accounting Standard Requirements

There have been no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period on the Association.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Association's activities.

Membership revenue

The Association recognises membership revenue on a straight line basis over the year consistent with the delivery of services rendered to members. Members who do not renew their membership are removed from the association's member register.

Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Association has established that it has a right to receive a dividend.

Service revenue

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

Gains on disposal of financial assets

Gains from the disposal of financial assets is recognised as other income in the period in which the financial asset is disposed of.

Sales made on credit are included in "Trade Debtors" and are recorded at the balance due less any provision for impairment for amounts estimated to be un-collectable. Trade debtor amounts are due within 30 days of invoice.

The organisation by its nature and location has a concentration of credit risk in that all of its trade debtors are due from customers in Queensland who operate in the education and child care industry.

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

1.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.7 Gains

Sale of assets

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

1.8 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.9 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

1.10 Leases

Leases are being recognised on the balance sheet. An asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the Association's incremental borrowing rate. The right of use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease.

For leases of low-value assets the Association has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

1.11 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

Note 1: Summary of significant accounting policies (continued)

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.13 Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

1.14 Financial assets

Initial Recognition and Measurement

Financial instruments are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Associations business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e.. the date that the Association commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (other) financial assets at amortised cost
- (other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (other) financial assets at fair value through profit or loss
- (other) financial assets designated at fair value through profit or loss

Financial assets at Amortised Cost

The Association measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.14 Financial assets (continued)

Financial assets at Amortised Cost (continued)

The Association's financial assets at amortised cost includes trade receivables and loans to related parties.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired or
- the Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-

  a) the Association has transferred substantially all the risk and rewards of the asset, or

  b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferee nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Association applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.14 Financial assets (continued)

Impairment

(i) Trade receivables (continued)

Trade receivables and other receivables are non-interest bearing and receipt is normally on 30 - 60 days terms. Therefore, the carrying value of trade receivables and other receivables approximates its fair value.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Association recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Association considers a financial asset in default when contractual payments are 30 to 60 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.15 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Association's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Note 1: Summary of significant accounting policies (continued)

1.15 Financial Liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.16 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.17 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Note 1: Summary of significant accounting policies (continued)

1.17 Land, Buildings, Plant and Equipment (continued)

Revaluations—Land and Buildings(continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Class of assets	2019	2018
Furniture and equipment	4 to 10 years	3 to 10 years
Computer equipment	1 to 4 years	3 to 5 years
Strata Title Office	10 to 40 years	10 to 40 years
Right of use asset	5 years	-

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.

1.18 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Note 1: Summary of significant accounting policies (continued)

1.20 Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.21 Fair value measurement

The Association measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are considered in Note 17(a).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 that is significant to the fair value measurement is unobservable

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of significant accounting policies (continued)

1.21 Fair value Measurement (continued)

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 Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.22 Finance costs

All finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Note 2: Events after the reporting period

Subsequent to balance date, the Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world including Australia and the community where the entity operates. This is considered a non-adjusting subsequent event as at 31 December 2019. However, this pandemic could have a financial impact for the entity in the 2020 financial year and potentially financial years beyond this date. The scale, timing and duration of the potential impacts on the entity is unknown.

Other than disclosed above, no other matters or circumstances have arisen since the reporting date which significantly affected or may significantly affect the operations of the entity, the results of the operation or the state of affairs of the entity in future financial years.

		2019 $	2018 $
Note 3:	**Income**		
3(a)	**Capitation fees and other revenue from another reporting unit**		
	The Association	-	-
3(b)	**Levies**		
	Compulsory or voluntary levy or appeal	-	-
3(c)	**Investment income**		
	Interest		
	Deposits	2,326	2,666
	Loans	-	-
	Debt instruments at fair value through OCI	-	-
	Dividends	33,292	37,333
	Total investment income	35,618	39,999
3(d)	**Grants or donations**		
	Grants	-	-
	Donations	-	-
	Total grants or donations	-	-
3(e)	**Net gains from sale of assets**		
	Plant and equipment	-	311
3(f)	**Revenue from recovery of wages activity**		
	Amounts recovered from employees in respect of wages	-	-
	Interest received on recovered money	-	-
		-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 4:	**Expenses**		
4(a)	**Employee expenses**		
	Holders of office:		
	Wages and salaries	-	-
	Superannuation	-	-
	Leave and other entitlements	-	-
	Separation and redundancies	-	-
	Other employee expenses	-	-
	Subtotal employee expenses holders of office	-	-
	Employees other than office holders		
	Wages and salaries	767,752	714,357
	Superannuation	76,351	67,400
	Leave and other entitlements	22,561	(7,410)
	Separation and redundancies	-	-
	Other employee expenses	28,763	26,582
	Subtotal employee expenses other than office holders	895,427	800,929
	Total employee expenses	895,427	800,929
4(b)	**Capitation fees and other expenses to another reporting unit**		
	The Association	-	-
4(c)	**Affiliation fees**		
	The Association	-	-
4(d)	**Administration expenses**		
	Total paid to employers for payroll deductions of membership subscriptions	-	-
	Compulsory levies	-	-
	Fees/allowances- meeting and conferences	-	-
	Conference and meeting expenses	3,907	3,945
	Contractors/consultants	102,187	110,829
	Property expenses	23,591	22,928
	Office expenses	64,532	49,726
	Information communications technology	27,414	28,104
	Other	4,909	18,624
	Subtotal administration expense	226,540	234,156
	Operating lease rentals:		
	Minimum lease payments -equipment	13,207	24,904
		13,207	24,904
	Total administration expenses	239,747	259,060

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 4:	**Expenses (continued)**		
4(e)	**Grants or donations**		
	Grants:		
	Total expensed that were $1,000 or less	-	-
	Total expensed that exceeded $1,000	-	-
	Donations:		
	Total expensed that were $1,000 or less	-	-
	Total expensed that exceeded $1,000	-	-
	Total grants or donations	-	-
4(f)	**Depreciation**		
	Strata title office	25,544	24,250
	Right of use asset	7,766	-
	Property, plant and equipment	26,012	12,625
	Total depreciation	59,322	36,875
4(g)	**Finance costs**		
	Finance charges	11,273	12,110
	Lease interest	1,522	-
	Total finance costs	12,795	12,110
4(h)	**Legal costs**		
	Litigation	-	-
	Other legal costs	-	-
	Total legal costs	-	-
4(i)	**Other expenses**		
	Energy Efficiency Project	-	4,129
	Penalties - via RO Act or the *Fair Work Act 2009*	-	-
	Total other expenses	-	4,129
Note 5:	**Current assets**		
5(a)	**Cash and cash equivalents**		
	Cash at bank	287,102	110,632
	Cash at bank - held in trust	347,445	387,047
	Cash on hand	500	921
	Total cash and cash equivalents	635,047	498,600

Other comments: The "cash at bank - held in trust" relates to funds received from payroll and/or bookkeeping clients which is held and used on their behalf for their payroll and/or bookkeeping activities. Refer to Note 7b for the corresponding liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 5:	**Current assets (continued)**		
5(b)	**Trade and other receivables**		
	Receivables from other reporting unit(s)	-	-
	Total receivables from other reporting unit(s)	-	-
	Less allowance for expected credit losses	-	-
	Total allowance for expected credit losses	-	-
	Receivable from other reporting unit(s)- net	-	-
	Other receivables		
	Trade receivables	55,889	33,714
	Less: Provision for doubtful debts	-	(2,818)
		55,889	30,896
	Other debtors	27,870	69,977
	Total trade and other receivables- net	83,759	100,873
	The movement in the allowance for expected credit losses of trade and other receivables is as follows:		
	At 1 January	(2,818)	-
	Provision for expected credit losses	2,818	(2,818)
	Write-off	-	-
	At 31 December	-	(2,818)

Credit risk

Refer to Note 16(d) for assessment of credit risk.

		2019	2018
5(c)	**Financial assets**		
	Financial assets held for trading:		
	- shares in listed corporations at market value	721,540	838,592
	Total financial assets	721,540	838,592
5(d)	**Other current assets**		
	Prepayments	3,220	7,262
	Total other current assets	3,220	7,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 6:	**Non-current assets**		
6(a)	**Furniture and equipment**		
	At cost	34,265	34,246
	Accumulated depreciation	(26,170)	(21,417)
	Total furniture and equipment	8,095	12,829
	Reconciliation of opening and closing balances of furniture and equipment		
	As at 1 January		
	Gross book value	34,246	34,443
	Accumulated depreciation and impairment	(21,417)	(17,352)
	Net book value 1 January	12,829	17,091
	Additions:		
	By purchase	-	1,669
	Depreciation expense	(4,753)	(5,913)
	Disposals:		
	Other - Write offs and scrapping of assets	19	(19)
	Net book value 31 December	**8,095**	12,829
	Net book value as at 31 December represented by:		
	Gross book value	34,265	34,246
	Accumulated depreciation and impairment	(26,170)	(21,417)
	Net book value 31 December	**8,095**	12,829
6(b)	**Computer equipment**		
	At cost	38,146	47,058
	Accumulated depreciation	(15,925)	(35,689)
	Total computer equipment	22,221	11,369
	Reconciliation of opening and closing balances of computer equipment		
	As at 1 January		
	Gross book value	47,058	41,431
	Accumulated depreciation and impairment	(35,689)	(31,888)
	Net book value 1 January	11,369	9,543
	Additions:		
	By purchase	33,194	8,538
	Depreciation expense	(21,259)	(6,713)
	Disposals:		
	Other - Write offs and scrapping of assets	(1,082)	-
	Net book value 31 December	**22,221**	11,369
	Net book value as at 31 December represented by:		
	Gross book value	38,146	47,059
	Accumulated depreciation and impairment	(15,925)	(35,690)
	Net book value 31 December	**22,221**	11,369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 6:	**Non-current assets**		
6(c)	**Strata Title Office**		
	At cost	697,735	691,380
	Accumulated depreciation	(95,967)	(70,423)
	Total strata title office	601,768	620,957
	Reconciliation of the Opening and Closing balances of Strata Title Office		
	As at 1 January		
	Gross book value	691,380	684,273
	Accumulated depreciation and impairment	(70,423)	(46,173)
	Net book value 1 January	620,957	638,100
	Additions:		
	By purchase	6,355	7,107
	Depreciation expense	(25,544)	(24,250)
	Net book value 31 December	**601,768**	620,957
	Net book value as at 31 December represented by:		
	Gross book value	697,735	691,380
	Accumulated depreciation and impairment	(95,967)	(70,423)
	Net book value 31 December	**601,768**	620,957
6(d)	**Right of use asset**		
	Cost	77,487	
	Accumulated depreciation	(7,766)	-
	Total right of use asset	**69,721**	-
	Reconciliation of the Opening and Closing balances of right of use asset		
	As at 1 January		
	Gross book value	-	-
	Accumulated depreciation and impairment	-	-
	Net book value 1 January	-	-
	Additions:		
	By lease addition	77,487	-
	Depreciation expense	(7,766)	-
	Net book value 31 December	**69,721**	-
	Net book value as at 31 December represented by:		
	Gross book value	77,487	-
	Accumulated depreciation and impairment	(7,766)	-
	Net book value 31 December	**69,721**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 7:	**Current liabilities**		
7(a)	**Trade payables**		
	Unsecured liabilities:		
	Trade creditors	17,828	6,196
	Subtotal trade creditors	17,828	6,196
	Payables to other reporting unit(s)	-	-
	Total trade payables	17,828	6,196
	Settlement is usually made within 30 days.		
7(b)	**Other payables**		
	Liability - Funds held in trust	346,971	386,497
	Other payables	98,449	80,538
	Payable to employers for making payroll deductions of membership subscriptions	-	-
	Legal costs		
	Litigation	-	-
	Other legal costs	-	-
	Total other payables	445,420	467,035
	Total other payables are expected to be settled in:		
	No more than 12 months	445,420	467,035
	More than 12 months	-	-
	Total other payables	445,420	467,035
Note 8:	**Provisions**		
8(a)	**Employee Provisions**		
	Office holders:		
	Annual leave	-	-
	Long service leave	-	-
	Separations and redundancies	-	-
	Other	-	-
	Subtotal employee provisions-office holders	-	-
	Employees other than office holders:		
	Annual leave	72,102	61,288
	Long service leave	47,069	35,578
	Separations and redundancies	-	-
	Other	-	-
	Subtotal employee provisions- employees other than office holders	119,171	96,866
	Total employee provisions	119,171	96,866
	Current	79,904	66,399
	Non current	39,267	30,467
	Total employee provisions	119,171	96,866

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 9:	**Leases**		
	Current	14,554	-
	Non-current	55,875	-
		70,429	

The Association has leases for IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the balance sheet as a right of use asset and a lease liability. The Association classifies its right of use assets in a consistent manner to its property, plant and equipment (see note 6).
The right of use asset on the balance sheet is a photocopier. It has a remaining useful life of 5 years.

Future minimum lease payments at 31 December 2019 were as follows:

31 December 2019	**Within 1 year**	**2-5 years**	**5 + years**	**Total**
	$	$	$	$
Lease payments	17,159	51,477	8,580	77,216
Finance charges	(2,605)	(4,081)	(101)	(6,787)
Net present values	14,554	47,396	8,479	70,429

		2019	2018
Note 10:	**Other current and non-current liabilities**	$	$
	Current		
	Membership fees received in advance	257,704	345,390
	Deferred revenue	772	-
	Loan	18,792	225,000
		277,268	570,390
	Non current		
	Deferred revenue	4,455	-
	Loan	174,905	-
		179,360	-

The loan is secured by mortgage on the office premises at 5/321 Kelvin Grove Rd, Kelvin Grove . The loan term was due to expire in December 2018. A new loan term extension was approved and formalised in January 2019. The new loan term extension expires in January 2024 with a repayment term of principal and interest on a monthly basis.

		2019	2018
Note 11:	**Equity**		
11(a)	**Accumulated funds**		
	Balance as at start of year	949,996	1,101,478
	Surplus/(deficit) attributable to members	85,900	(151,483)
	Balance as at end of year	1,035,896	949,996
11(b)	**Other specific disclosures- funds**		
	Compulsory levy/voluntary contribution fund- if invested in assets	-	-
	Other fund(s) required by rules		
	Balance as at start of year	-	-
	Transferred to reserve	-	-
	Transferred out of reserve	-	-
	Balance as at end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 12: Cash flow

12(a) Cash flow reconciliation

	2019	2018
	$	$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	635,047	498,600
Balance sheet	635,047	498,600
Difference	-	-
Reconciliation of surplus/(deficit) to net cash from operating activities:		
(Deficit)/Surplus for the year	85,900	(151,483)
Adjustments for non-cash items		
Depreciation	59,322	36,875
Loss/(gain) on sale of investments	(41,026)	10,529
Loss on scrapping of asset	1,096	-
Gain on sale of PPE	-	(311)
Unrealised (profit)/loss on financial assets held for trading	(102,076)	61,155
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(24,993)	78,741
(Increase)/decrease in other current assets	46,149	(74,643)
Increase/(decrease) in trade and other payables	(87,686)	(147,159)
GST clearing	(4,788)	13,398
Increase/(decrease) in provisions	22,305	(7,410)
Net cash (used by) /from operating activities	**(45,797)**	(180,308)

12(b) Cash flow information

	2019	2018
Cash inflows		
The Association	1,996,331	1,711,965
Total cash inflows	1,996,331	1,711,965
Cash outflows		
The Association	1,859,883	1,959,008
Total cash outflows	1,859,883	1,959,008

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	$	$

Note 13: Contingent liabilities, assets and commitments

13(a) Commitments and contingencies

Operating lease commitments- as lessee

The operating leases are for office related equipment including a photocopier, printers, phone messages service and postal franking machine with lease terms ranging from 2 to 5 years.

	2019 $	2018 $
Future minimum rentals payable under non-cancellable operating leases as at 31 December are:		
- within one year	24,866	27,106
- After one year but not more than five years	72,591	54,482
	97,457	81,588

Other contingent assets or liabilities

There are no contingent assets or contingent liabilities at the date of this report.

Note 14: Related party disclosures

14(a) Key Management Personnel Remuneration for the reporting period

	2019 $	2018 $
Short-term employee benefits		
Salary (including annual leave taken)	215,596	214,898
Annual leave accrued	30,877	28,970
Performance bonus	-	-
Total short-term employee benefits	246,473	243,868
Post-employment benefits:		
Superannuation	21,863	21,408
Total post-employment benefits	21,863	21,408
Other long-term benefits:		
Long service leave	23,827	18,324
Total other long-term benefits	23,827	18,324
Termination benefits	-	-
Total	292,163	283,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 15: Remuneration of Auditors

	2019	2018
	$	$
Value of the services provided		
Financial statement audit services	12,750	12,250
Other services	900	900
Total remuneration of auditors	13,650	13,150

Other services performed by the auditors is the preparation and lodgement of the Annual Fringe Benefits Tax return.

Note 16: Financial instruments

Financial risk management

The Association's financial instruments consist of deposits with banks, accounts receivables and payable, external borrowings and investments in shares in companies listed on the Australian Stock Exchange.

The Association does not have any derivative instruments at 31 December 2019.

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial risk exposures and management

The main risks the Association is exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The Association's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the Association, by way of various measures detailed below. There have been no changes in the Financial Risk Management Strategies from 2018.

The Board of the Association analyses interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

Risk management is carried out by the board and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		$	$
Note 16:	**Financial instruments (Continued)**		
16(a)	**Categories of Financial Instruments**		
	Financial assets		
	Fair value through profit or loss:		
	- Shares in listed corporations	721,540	838,592
	Loans and receivables:		
	- Trade and other receivables	83,759	100,873
	- Cash and cash equivalents	635,047	498,600
	Total	718,806	599,473
	Carrying amount of financial assets	1,440,346	1,438,065
	Financial liabilities		
	Other Financial liabilities:		
	- Trade and other payables	468,475	473,231
	- Loan	18,792	225,000
	Carrying amount of financial liabilities	487,267	698,231
16(b)	**Net income and expense from financial assets**		
	Financial assets at fair value through profit and loss		
	Held for trading:		
	Change in fair value	102,076	(61,155)
	Dividend revenue	33,292	37,333
	Net gain/(loss) at fair value through profit and loss	**135,368**	(23,822)
	Loans and receivables		
	Interest revenue	2,326	2,666
	Net gain from loans and receivable	**2,326**	2,666
	Net gain/(loss) from financial assets	**137,694**	(21,156)
16(c)	**Net income and expense from financial liabilities**		
	At amortised cost		
	Interest expense	11,273	12,110
	Net gain/(loss) from financial liabilities	**11,273**	12,110

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial instruments (Continued)

16(d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Association's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2019	2018
	$	$
Financial assets		
Trade and other receivables	55,889	30,896
Total	55,889	30,896

Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

31 December 2019	**Trade and other receivables**				
	Days past due				
	Current	**<30 days**	**30 - 60 days**	**61 - 90 days**	**Total**
	$	$	$	$	$
Expected credit loss rate	0%	0%	0%	0%	
Estimate total gross carrying amount at default	48,030	6,158	1,702	-	55,889
Expected credit loss	-	-	-	-	-

31 December 2018	**Trade and other receivables**				
	Days past due				
	Current	**<30 days**	**30 - 60 days**	**61 - 90 days**	**Total**
	$	$	$	$	$
Expected credit loss rate	0%	0%	0%	0%	
Estimate total gross carrying amount at default	21,316	3,953	3,588	2,039	30,896
Expected credit loss	-	-	-	-	-

The Association's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 15(d).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial instruments (Continued)

16(e) Liquidity risk

The Association manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and ensuring that adequate funds are maintained.

Trade payables are short-term in nature.
The Association is not exposed to any significant liquidity risk.

The table below analyses the Association's trade and other payables and borrowings into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash-flows.

Contractual maturities for financial liabilities- As at 31 December 2019

	On demand	<1 year	1-2 years	2-5 years	>5 years	Total
	$	$	$	$	$	$
Trade and other payables	-	464,020	1,200	3,255	-	468,475
Loan	-	18,792	18,792	156,113	-	193,697
Total	-	482,812	1,200	159,368	-	662,172

Contractual maturities for financial liabilities- As at 31 December 2018

	On demand	<1 year	1-2 years	2-5 years	>5 years	Total
	$	$	$	$	$	$
Trade and other payables	-	473,231	-	-	-	473,231
Interest only loan	-	225,000	-	-		225,000
Total	-	698,231	-	-	-	698,231

16(f) Market risk

Interest rate risk

The Association is exposed to interest rate risk through its variable rate borrowings and through its cash and cash equivalents.

Cash flow sensitivity analysis for variable rate instruments

The Committee of Management have considered the impact of the disclosure requirements of AASB 7 "Financial Instruments Disclosures", most specifically paragraphs 40 – 41 and does not consider that these disclosures are necessary given the impact of any variations in the interest rates and the required disclosure thereof is not considered material.

Price risk

The Association is not exposed to any material commodity price risk.

Foreign currency risk

The Association does not have any exposures to foreign currencies at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial instruments (Continued)

16(g) Capital risk management

The Association manages its capital to ensure that it will be able to continue as a going concern and maximise the return to the Association to enable it to provide its ongoing services to its members. The maximisation of the return is achieved through the optimisation of its financial assets, debt and equity.

The capital structure consists of cash and cash equivalents, investments in companies listed on the Australian Stock Exchange and accumulated surplus. The Association's board reviews the composition of the capital structure on a regular basis to ensure that an optimal return is generated.

This strategy remains unchanged from 31 December 2018.

Note 17: Fair value measurement

17(a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Association's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

All fair value measurements have been categorised as Level 1 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 18: Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

3) A reporting unit must comply with an application made under subsection (1)

Note 19: Disclosure under Reporting Guidelines, Section 253

The Organisation declares that the following activities did not occur during the reporting period ending 31 December 2019:

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manger, Fair Work Commission

- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay a donation that was $1,000 or less
- pay a donation that exceeded $1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay other employee expenses to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay legal costs relating to litigation
- pay legal cost relating to other legal matters
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)

Note 19: Disclosure under Reporting Guidelines, Section 253 (continued)

- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have an annual leave provision in respect of holders of office
- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

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Independent Auditor's Report

To the Members of Australian Community Services Employer's Association trading as Community Management Solutions

Opinion

We have audited the financial report of Australian Community Services Employer's Association, Union of Employers (the 'Association'), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, and the subsection 255(2A) report.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Association as at 31 December 2019, and of 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).

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 Association 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.

Emphasis of matter

We draw attention to Note 2 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

Other Information

The Committee of Management are responsible for the other information. The other information comprises the information contained in the Association's Operating Report for the year ended 31 December 2019 but does not include the financial report and our auditor's report thereon.

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

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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 the Committee of Management for the Financial Report

The Committee of Management of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the reporting requirements of *Fair Work (Registered Organisations) Act 2009* 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 are responsible for assessing the ability of the Association 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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the 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 this 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 Association'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 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 Association'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 Association 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.

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 the audit.

We declare that the signing director, Mike McDonald is:

a) an approved auditor;

b) a member of the Institute of Chartered Accountants in Australia;

c) holds a current public practice certificate.

Crowe Audit Australia

Crowe Audit Australia

Mike McDonald
Partner

27 May 2020
Brisbane

Registration number (as registered by the Commissioner under the RO Act): AA2018/14