



AUSTRALIAN INDUSTRY  
GROUP



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Australia

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6 December 2002

The Industrial Registrar  
Industrial Relations Commission  
Terrace Towers  
80 William Street  
SYDNEY NSW 2000

Dear Sir

Enclosed please find the annual accounts and certificates of The Australian Industry Group for the year ended 30 June 2002 together with the Statutory Declaration of the National Secretary-Treasurer.

In accordance with the Industrial Registrar's Certificate of 15 May 1984, pursuant to Section 158AAA of the former Conciliation and Arbitration Act, we have not filed accounts for our branches.

Yours sincerely

  
(G R WILLIS)  
**EXECUTIVE DIRECTOR - FINANCE,  
ADMINISTRATION & SUPERANNUATION**

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STATUTORY DECLARATION

(1) Here insert name, address and occupation of person stating the declaration.

I, (1) WALTER WILHELM JOHANNES UHLENBRUCH of 51 Walker Street, NORTH SYDNEY in the State of NEW SOUTH WALES

do solemnly and sincerely declare

(2) Here insert matter declared to. Where the matter is long, add the words "as follows:-" and then set the matter out in numbered paragraphs

- (2) 1. I am the National Secretary-Treasurer of The Australian Industry Group, a registered organisation of employers under the Workplace Relations Act 1996. 2. That I am duly authorised to file the accounts of the consolidated receipts, payments, funds and effects of The Australian Industry Group for the year ended 30 June 2002, a copy of which is annexed hereto. 3. That the said document is a true and correct copy of the said accounts which after having been duly audited were adopted by the Annual General Meeting of the Organisation which was held on 27 November 2002.

And I make this solemn declaration by virtue of the Statutory Declaration Act 1959, and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

(2) Signature of person making the declaration.

(3) [Handwritten signature]

Declared at MELBOURNE the 6TH

day of DECEMBER 2002

Before me

(4) Signature of person before whom the declaration is made

(4) [Handwritten signature]

(5) Here insert title of person before whom the declaration is made.

(5) Justice of The Peace. 12.12.02



## AUSTRALIAN INDUSTRIAL REGISTRY

Level 36, Nauru House  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7777  
Fax: (03) 9655 0401

Mr G R Willis  
Executive Director - Finance  
Australian Industry Group  
PO Box 289  
North Sydney NSW 2059

Dear Mr Willis,

Attn: Mr J Tsimboulas

**Financial Statements - Y/E 30 June 2002**  
**Our Ref: FR2003/13**

I refer to the financial documents for the Australian Industry Group for the year ended 30 June 2002, lodged in the Registry on 13 December 2002. I also refer to my telephone conversation today with Mr Tsimboulas in relation to this matter.

As I pointed out to Mr Tsimboulas the one issue arising from the Registry's examination of the said documents concerns the fact that the Audit Opinion has been made subject to Note 4 to the accounts. Note 4 refers to a difference in the reconciliation of the intra-branch accounts, and states in part, "*A specific review of all the items making up the difference has not been finally determined .....*".

As you may be aware, under subsection 280(2) of the Workplace Relation Act 1996, a Registrar is obliged to investigate any "deficiency, failure or shortcoming in relation to a matter referred to in subsection 276(4)" stated in an auditor's report. However, the Registrar is not required to investigate the deficiency, failure or shortcoming if after consultation with the organisation concerned and the auditor, the Registrar is satisfied that it is trivial or will be remedied in the following financial year - refer subsection 280(3).

In consideration by the Registrar of whether or not the Note 4 referred to in the Audit Opinion is a "deficiency, failure or shortcoming", the Note nevertheless suggests that the final determination of the matter had not occurred as at the close of the subject financial year. In this respect, we seek your response concerning (i) the progress of the review of the items not finalised at the date of the auditor's report (11 November 2002) and (ii) any comments you or the Auditor may wish to make in respect of the Auditor's Note 4 to the accounts.

Yours sincerely,

Andrew O'Brien  
Research, Information and Advice Branch

27 March 2003

Mr Andrew O'Brien  
Research, Information and Advice Branch  
Australian Industrial Registry  
80 Collins Street  
MELBOURNE VICTORIA 3001

PricewaterhouseCoopers  
ABN 52 780 433 757

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201 Sussex Street  
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SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
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Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

14<sup>th</sup> April 2003

Dear Mr O'Brien

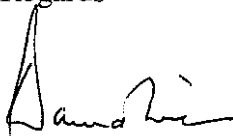
**Re : AiGroup Financial Statements for the year ended 30 June 2002**

In response to your letter dated 27<sup>th</sup> March 2003 (Ref: FR2003/13) the audit opinion expressed by PricewaterhouseCoopers was unqualified and the reference to Note 4 of the financial statements was an "emphasis of matter". The purpose of this was to draw attention to this item as it was important for the users of the accounts to be conscious of a matter that had arisen during the year and which had been reflected in the accounts.

The item discussed in Note 4 of the financial statements has subsequently been fully investigated by the AiGroup with the conclusion that the item has been accounted for correctly. Our review has agreed with this conclusion. Appropriate controls and procedures are now in place to ensure that a similar situation does not occur again.

If you have any queries in relation to this matter please do not hesitate to contact me on 8266 5202.

Regards



D E Wills  
Partner



AUSTRALIAN INDUSTRY  
GROUP

15 April 2003

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Mr Andrew O'Brien  
Research, Information & Advice Branch  
Australian Industry Registry  
Level 36, Nauru House  
80 Collins Street  
MELBOURNE VIC 3000

Dear Sir,

**FINANCIAL STATEMENTS – Y/E 30 JUNE 2002**  
**Your Ref: FR2003/13**

We refer to your letter of 27 March, 2003, and wish to advise that the Ai Group has investigated Note 4 – Intra – branch Reconciliation of the Financial Report for period 30 June 2002 and concluded that the item has been accounted for correctly.

Furthermore we have eliminated the use of Intra-branch transactions with the implementation of a centralised database management system.

Appropriate controls and procedures are now in place as per the attached letter dated 14 April, 2003 from PricewaterhouseCoopers.

Should you require any additional clarification, please contact the writer.

Yours faithfully,

**J TSIMBOULAS**  
**CHIEF FINANCIAL OFFICER**

Enc.



**AUSTRALIAN INDUSTRIAL REGISTRY**

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80 Collins Street, Melbourne, VIC 3000  
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Mr G R Willis  
Executive Director - Finance  
Australian Industry Group  
PO Box 289  
North Sydney NSW 2059

Dear Mr Willis,

Attn: Mr J Tsimboulas

**Australian Industry Group - Financial Statements - Y/E 30 June 2002**  
**Our Ref: FR2003/13**

Thank you for the letter of Mr Tsimboulas of 15 April and the letter of Mr Willis of 14 April 2003 in response to my letter of 27 March 2003.

On the basis of the information provided in the aforementioned correspondence, the Registrar is satisfied that there is no deficiency, failure or shortcoming arising from the auditors report concerning the financial statements of the organisation for the year ended 30 June 2002.

Accordingly, the financial documents lodged on 13 December 2002 have been filed.

Yours sincerely,

Andrew O'Brien  
Research, Information and Advice Branch

23 April 2003

FR 2003/13

FR 2003/13

# The Australian Industry Group Financial Report – 30 June 2002



<b>Contents</b>	<b>Page</b>
<b>Statements of financial performance</b>	<b>3</b>
<b>Statements of financial position</b>	<b>4</b>
<b>Statements of cash flows</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6</b>
<b>Accounting Officer's Certificate</b>	<b>20</b>
<b>Committee of Management's Certificate</b>	<b>20</b>
<b>Independent audit report to the members</b>	<b>21</b>

**The Australian Industry Group and controlled entities**  
**Statements of financial performance**  
For the year ended 30 June 2002

	Notes	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Revenue from ordinary activities</b>	2	<b>34,742,673</b>	32,653,549	<b>27,668,580</b>	26,183,889
Total expenses from ordinary activities	3,4	<u>(36,164,713)</u>	(31,917,425)	<u>(29,402,478)</u>	(25,226,949)
<b>Profit from ordinary activities</b>	13(b)	<u><b>(1,422,040)</b></u>	736,124	<u><b>(1,733,898)</b></u>	956,940

*The above statements of financial performance should be read in conjunction with the accompanying notes.*



**Statements of financial position**  
As at 30 June 2002

	Notes	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Current assets</b>					
Cash assets	5	4,183,788	3,592,209	3,403,548	3,258,882
Receivables	6	8,878,060	12,243,284	9,656,249	12,848,486
Investments	7	9,614,007	7,339,157	9,614,007	7,339,157
Other		344,279	271,562	338,792	271,316
<b>Total current assets</b>		<b>23,020,134</b>	<b>23,446,212</b>	<b>23,012,596</b>	<b>23,717,841</b>
<b>Non-current assets</b>					
Other financial assets	8	9,116,944	11,530,502	9,116,968	11,530,528
Property, plant and equipment	9	24,643,519	19,240,082	24,471,457	19,038,734
<b>Total non-current assets</b>		<b>33,760,463</b>	<b>30,770,584</b>	<b>33,588,425</b>	<b>30,569,262</b>
<b>Total assets</b>		<b>56,780,597</b>	<b>54,216,796</b>	<b>56,601,021</b>	<b>54,287,103</b>
<b>Current liabilities</b>					
Payables	10	4,507,138	6,190,444	4,234,852	5,882,583
Deferred income		7,431,032	6,891,517	7,431,032	6,891,517
Provisions	11	1,991,163	1,791,315	1,954,548	1,740,161
Other		83,953	98,074	83,953	98,074
<b>Total current liabilities</b>		<b>14,013,286</b>	<b>14,971,350</b>	<b>13,704,385</b>	<b>14,612,335</b>
<b>Non-current liabilities</b>					
Provisions	12	1,557,269	1,508,279	1,556,511	1,495,660
Other		609,170	694,169	609,170	694,169
<b>Total non-current liabilities</b>		<b>2,166,439</b>	<b>2,202,448</b>	<b>2,165,681</b>	<b>2,189,829</b>
<b>Total liabilities</b>		<b>16,179,725</b>	<b>17,173,798</b>	<b>15,870,066</b>	<b>16,802,164</b>
<b>Net assets</b>		<b>40,600,872</b>	<b>37,042,998</b>	<b>40,730,955</b>	<b>37,484,939</b>
<b>Members' Funds</b>					
Reserves	13(a)	13,331,534	9,492,853	13,331,534	9,492,853
Retained profits	13(b)	27,269,338	27,550,145	27,399,421	27,992,086
<b>Total members' funds</b>		<b>40,600,872</b>	<b>37,042,998</b>	<b>40,730,955</b>	<b>37,484,939</b>

*The above statements of financial position should be read in conjunction with the accompanying notes.*

**The Australian Industry Group and controlled entities**  
**Statements of cash flows**  
For the year ended 30 June 2002

	Notes	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Cash flows from operating activities</b>					
Receipts from trading activities (inclusive of goods and services tax)		43,878,828	33,715,492	37,505,689	28,126,671
Receipts from investment income		689,829	1,391,626	689,829	1,391,626
Dividends received		517,873		517,873	
		<u>45,086,530</u>	<u>35,107,118</u>	<u>38,713,391</u>	<u>29,518,297</u>
Payments to suppliers and employees (inclusive of goods and services tax)		(42,679,655)	(31,084,927)	(36,892,628)	(25,605,873)
<b>Net cash inflow from operating activities</b>	25	<u>2,406,875</u>	<u>4,022,191</u>	<u>1,820,763</u>	<u>3,912,424</u>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(2,947,353)	(5,019,226)	(2,885,427)	(4,977,098)
Payments for investments		(10,816,000)	(19,388,889)	(10,716,000)	(19,388,889)
Proceeds from sale of property, plant and equipment		370,755	5,063,121	348,027	5,058,100
Proceeds from sale of investments		11,577,302	16,135,491	11,577,303	16,135,491
<b>Net cash (outflow) from investing activities</b>		<u>(1,815,296)</u>	<u>(3,209,503)</u>	<u>(1,676,097)</u>	<u>(3,172,396)</u>
<b>Net increase in cash held</b>		<u>591,579</u>	<u>812,688</u>	<u>144,666</u>	<u>740,028</u>
Cash at the beginning of the financial year		3,592,209	2,779,521	3,258,882	2,518,854
<b>Cash at the end of the financial year</b>	5	<u>4,183,788</u>	<u>3,592,209</u>	<u>3,403,548</u>	<u>3,258,882</u>

*The above statements of cash flows should be read in conjunction with the accompanying notes.*

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 1. Summary of significant accounting policies**

Rules 38, 73 and 80 of the Rules of The Australian Industry Group provide that the Funds of the Organisation and its Income and Property shall be under the control of the National Executive. The Assets, Liabilities and Reserves included in this financial report as at 30 June 2002 are reported in accordance with these Rules. Consequently, the National Executive confirms that the Organisation indemnifies the Branches against any shortfall in the assets of those Branches.

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of The Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Workplace Relations Act, 1996.

It is prepared in accordance with the historical cost convention, except for certain assets, which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**(a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by The Australian Industry Group ("parent entity") as at 30 June 2002 and the results of all controlled entities for the year then ended. The Australian Industry Group and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

**(b) Revenue recognition**

Membership subscription income is brought to account on a pro-rata basis over the period to which it relates. Income receivable on investment activities is accrued in accordance with the terms and conditions of the underlying financial instrument.

**(c) Receivables**

All trade debtors are recognised at the amounts receivable, as they are generally due for settlement no more than 30 days from the date of invoice. Collectibility of trade debtors is reviewed on an ongoing basis. Non-recoverable subscriptions are written off against Members' Subscriptions income account. A provision for doubtful debts is raised when some doubt as to collection exists.

**(d) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

**(e) Revaluations of non-current assets**

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments are made by the National Executive, supplemented by independent assessments, every three years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

## Note 1. Summary of significant accounting policies (continued)

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Potential capital gains tax is not taken into account in determining revaluation amounts unless it is expected that a liability for such tax will crystallise.

Revaluations do not result in the carrying value of land or buildings exceeding their recoverable amount.

### (f) Investments

Interests in listed and unlisted securities, other than controlled entities, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a).

### (g) Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The Canberra property is an investment property and is therefore not depreciated. The expected useful lives are as follows:

Buildings	50 years
Plant and equipment	3-15 years
Motor vehicles	4-5 years

### (h) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 3-15 years.

### (i) Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

### (j) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (k) Employee entitlements

#### (i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

#### (ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (iii) Superannuation

The amounts charged to the Statement of financial performance in respect of superannuation represent the contributions and costs of the Funds made by each entity to superannuation funds. Note 21 provides additional details.

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 1. Summary of significant accounting policies (continued)**

**(l) Cash**

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(m) Voluntary contributions**

Voluntary contributions collected from members are brought to account as income in the year of receipt but are deferred as a liability to the extent that planned expenditure is to be incurred in future periods.

**(n) Taxation**

No provision for income tax is made as The Australian Industry Group (the Parent Entity), being an organisation of employers registered under the Workplace Relations Act 1996, is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

**(o) Information to be provided to Members or Registrar**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of Members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 274, which read as follows:

- (1) "A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member."

**Note 2. Revenue**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>Members' Service Account</b>				
Members' subscriptions	13,520,902	12,568,162	13,520,902	12,568,162
Entrance fees	8,006	7,148	8,006	7,148
Associate fees	1,886,235	1,580,669	1,886,235	1,580,669
Other income	31,616	27,219	31,616	27,219
	<u>15,446,759</u>	<u>14,183,198</u>	<u>15,446,759</u>	<u>14,183,198</u>
<b>General Operations Account</b>				
Rents	1,402,904	1,293,570	1,402,904	1,436,970
Consulting and management services	4,524,231	4,256,149	4,433,007	4,195,698
Training services, seminars, etc	9,307,675	8,697,634	2,336,139	2,161,154
Publications	919,254	978,947	919,254	978,947
Affiliate fees	117,000	107,000	117,000	107,000
Net profit on disposal of property	-	365,527	-	365,527
Other	2,000,514	1,019,216	1,989,181	1,003,087
	<u>18,271,578</u>	<u>16,718,043</u>	<u>11,197,485</u>	<u>10,248,383</u>
<b>Investment Account</b>				
Interest earned on deposits and debentures	500,826	470,745	500,826	470,745
Distributions and dividends	517,873	920,881	517,873	920,881
Profit on redemption and revaluation of investments at 30 June 2002	5,637	360,682	5,637	360,682
	<u>1,024,336</u>	<u>1,752,308</u>	<u>1,024,336</u>	<u>1,752,308</u>
Revenue from ordinary activities	<u>34,742,673</u>	<u>32,653,549</u>	<u>27,668,580</u>	<u>26,183,889</u>

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 3. Profit from ordinary activities**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>(a) Expenses</b>				
Profit from ordinary activities includes the following specific expenses:				
Salaries	17,194,732	16,704,024	11,568,908	11,230,343
Superannuation	1,739,291	1,745,533	1,347,778	1,343,360
Long service leave	87,303	307,658	87,303	307,658
Annual leave	57,630	(48,153)	57,630	(48,153)
Total Employee benefit expenses	19,078,956	18,709,062	13,061,619	12,833,208
Depreciation				
Buildings	130,100	121,872	130,100	121,872
Plant and equipment	1,599,041	1,558,655	1,534,467	1,493,188
Total depreciation	1,729,141	1,680,527	1,664,567	1,615,060
Amortisation of leasehold improvements	348,758	299,442	348,758	299,442
Total Depreciation and Amortisation	2,077,899	1,979,969	2,013,325	1,914,502
Affiliation fees	26,644	21,317	26,644	21,317
Net Bad and doubtful debts	(632,195)	422,438	(628,695)	408,938
Communications	5,004,063	4,266,891	4,865,324	4,124,482
Legal expenses	81,194	135,132	77,674	125,931
Meeting expenses	738,780	716,248	738,780	716,248
Net loss on disposal of plant and equipment	75,176	104,519	71,266	109,500
Other professional services	958,517	1,017,190	701,841	833,916
Rental expense relating to operating leases	838,935	919,797	838,935	919,797
Other Operating Expenses (refer Note 3b)	7,916,744	3,624,862	7,635,765	3,219,110
<b>Total expenses from ordinary activities</b>	<b>36,164,713</b>	<b>31,917,425</b>	<b>29,402,478</b>	<b>25,226,949</b>
<b>(b) Individually significant items</b>				
<b>Gains</b>				
Net gain on sale of land and buildings				
Cash consideration	-	5,123,889	-	5,123,889
Carrying amount of land and buildings sold	-	4,767,362	-	4,767,362
Gain on sale	-	356,537	-	356,537
Funds received on determination of trusts	-	213,157	-	213,157
Reversal of prior year provision for restructuring	-	631,652	-	631,652
<b>Expenses</b>				
Austrade Export Access Program - to bring to account the operating deficit relating to prior and current years of the full program				
	674,911	-	674,911	-
Intra-branch Reconciliation (refer Note 4)				
	658,995	-	658,995	-

**Note 4. Intra-branch Reconciliation**

At year end there was a difference of \$658,995 in the reconciliation of the intra-branch accounts of The Australian Industry Group, with \$19,832 relating to the current year and the balance relating to prior years.

A specific review of all the items making up the difference has not been finally determined and the Committee of Management, following a forensic audit which did not reveal any evidence of fraudulent activity, has taken the most prudent course open to it in the circumstances by writing off the amount in the financial statements of The Australian Industry Group and the consolidated entity for the financial year ended 30 June 2002.

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 5. Current assets – Cash assets**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash on hand	33,344	40,033	33,335	40,031
Cash at bank	2,132,228	917,002	1,651,997	783,677
Deposits at call	2,018,216	2,635,174	1,718,216	2,435,174
	<u>4,183,788</u>	<u>3,592,209</u>	<u>3,403,548</u>	<u>3,258,882</u>

Grant funds unexpended at year end amounting to \$474,278 (2001 \$626,805) which are included in the balances above (refer Note 10), can only be used for the purposes of the grant.

**Deposits at call**

The deposits are bearing floating interest rates between 3.10% and 4.70% (2001 5.05% and 5.52%).

**Note 6. Current assets – Receivables**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Members' subscriptions outstanding	5,131,907	6,276,229	5,131,907	6,276,229
Provision for Doubtful Debts	(950,313)	(1,660,290)	(950,313)	(1,660,290)
	<u>4,181,594</u>	<u>4,615,939</u>	<u>4,181,594</u>	<u>4,615,939</u>
Accounts receivable	4,799,174	7,463,268	4,119,287	6,604,165
Provision for Doubtful Debts	(139,930)	(62,148)	(129,930)	(48,648)
	<u>4,659,244</u>	<u>7,401,120</u>	<u>3,989,357</u>	<u>6,555,517</u>
Amounts receivable from related entities	-	-	1,448,076	1,450,805
Interest accrued on investments	37,222	226,225	37,222	226,225
	<u>8,878,060</u>	<u>12,243,284</u>	<u>9,656,249</u>	<u>12,848,486</u>

**Note 7. Current assets – Investments**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Deposits and debentures	9,614,007	7,339,157	9,614,007	7,339,157

**Note 8. Non-current assets - Other financial assets**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Shares in wholly owned subsidiaries	-	-	24	26
Shares in other corporations	12	12	12	12
Income securities and unsecured convertible notes	1,737,899	987,773	1,737,899	987,773
Managed funds	496,225	4,241,416	496,225	4,241,416
Australian listed investments	6,882,808	6,301,301	6,882,808	6,301,301
	<u>9,116,944</u>	<u>11,530,502</u>	<u>9,116,968</u>	<u>11,530,528</u>

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 8. Non-current assets - Other financial assets (continued)**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>(a) Shares in Wholly Owned Subsidiaries</b>				
Ai Group Nominees Pty Limited (Note 22)	-	-	20	20
The Australian Industry Group Training Services Pty Ltd (Note 22)	-	-	2	2
Ai Group Conferences Pty Ltd	-	-	-	2
TP MEL Pty Ltd (Note 22)	-	-	2	2
	-	-	24	26

Investment in the shares of the above subsidiary companies represent 100% of the issued ordinary share capital of each company. All of the above subsidiary companies are incorporated in Australia, with the exception of Ai Group Conferences Pty Ltd which is now deregistered.

<b>(b) Shares in other Corporations</b>				
Savings Australia Pty Limited	6	6	6	6
The Australian Retirement Fund Pty Ltd	6	6	6	6
	12	12	12	12

Investment in the shares of the above companies represent 50% of the issued capital of each company. Savings Australia Pty Limited is the Trustee of Superannuation Trust of Australia. The Australian Retirement Fund Pty Ltd is the Trustee of The Australian Retirement Fund. They did not trade in their own right in the 2002 financial year. The Ai Group does not have a controlling interest in these two entities and as such they are not consolidated into the Ai Group accounts.

<b>(c) Income securities and unsecured convertible notes</b>				
Market value at 1 July 2001	987,773	1,043,503	987,773	1,043,503
Purchases of income securities at cost	672,591	-	672,591	-
Profit/(Loss) on revaluation at 30 June 2002	77,535	(55,730)	77,535	(55,730)
Market value at 30 June 2002	1,737,899	987,773	1,737,899	987,773

<b>(d) Managed funds</b>				
Managed fund investments were revalued to market value at 30 June 2002:				
Market value 1 July 2001	4,241,416	8,091,539	4,241,416	8,091,539
Purchases at cost	-	3,714,058	-	3,714,058
Proceeds on redemption	(3,362,368)	(6,981,000)	(3,362,368)	(6,981,000)
Net surplus (deficit) on redemption	(338,747)	(519,965)	(338,747)	(519,965)
Retained investments	540,301	4,304,632	540,301	4,304,632
Revaluation increment/(decrement) at 30 June 2002	(44,075)	(63,216)	(44,075)	(63,216)
Market value at 30 June 2002	496,225	4,241,416	496,225	4,241,416

<b>(e) The Australian listed investments</b>				
Additional purchases of shares in companies listed on the Australian Stock Exchange were made during the year ended 30 June 2002. A gain was made when all shares were valued at market prices at 30 June 2002:				
Market value 1 July 2001	6,301,301	4,903,782	6,301,301	4,903,782
Purchase of shares at cost	1,036,021	1,034,780	1,036,021	1,034,780
Proceeds of sale	(672,790)	(636,846)	(672,790)	(636,846)
Net surplus on redemption	35,270	165,155	35,270	165,155
Revaluation increment at 30 June 2002	183,006	834,430	183,006	834,430
Market value at 30 June 2002	6,882,808	6,301,301	6,882,808	6,301,301



**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 9. Non-current assets – Property, plant and equipment**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>Land and buildings</b>				
Freehold land				
At independent valuation 2002	4,865,000	-	4,865,000	-
At fair value 2001	-	3,465,000	-	3,465,000
	<u>4,865,000</u>	<u>3,465,000</u>	<u>4,865,000</u>	<u>3,465,000</u>
Buildings				
At independent valuation 2002	10,033,664	-	10,033,664	-
At fair value 2001	-	6,867,122	-	6,867,122
Less: Accumulated depreciation	-	(283,272)	-	(283,272)
	<u>10,033,664</u>	<u>6,583,850</u>	<u>10,033,664</u>	<u>6,583,850</u>
Leasehold improvements – at cost	2,925,716	2,917,270	2,925,716	2,917,270
Less: Accumulated amortisation	(755,869)	(407,108)	(755,869)	(407,108)
	<u>2,169,847</u>	<u>2,510,162</u>	<u>2,169,847</u>	<u>2,510,162</u>
Total land and buildings	<u>17,068,511</u>	<u>12,559,012</u>	<u>17,068,511</u>	<u>12,559,012</u>
<b>Plant and equipment</b>				
At cost	13,573,379	13,839,424	13,130,833	13,274,131
Less: Accumulated depreciation	(7,794,092)	(7,158,354)	(7,523,608)	(6,794,409)
	<u>5,779,287</u>	<u>6,681,070</u>	<u>5,607,225</u>	<u>6,479,722</u>
Capital works in progress	1,795,721	-	1,795,721	-
Total plant and equipment	<u>7,575,008</u>	<u>6,681,070</u>	<u>7,402,946</u>	<u>6,479,722</u>
	<u>24,643,519</u>	<u>19,240,082</u>	<u>24,471,457</u>	<u>19,038,734</u>

**Valuations of land and buildings**

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction. The latest revaluations as at 30 June 2002 are based on the Committee of Management's assessment of fair value while the revaluations at 30 April 2002 were based on independent assessments.

	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>						
Carrying amount at 1 July 2001	3,465,000	6,583,850	2,510,162	6,681,070	-	19,240,082
Revaluations	1,400,000	3,579,914	-	-	-	4,979,914
Additions	-	-	8,443	1,143,189	1,795,721	2,947,353
Disposals	-	-	-	(445,931)	-	(445,931)
Depreciation/amortisation expense (note 3(a))	-	(130,100)	(348,758)	(1,599,041)	-	(2,077,899)
Carrying amount at 30 June 2002	<u>4,865,000</u>	<u>10,033,664</u>	<u>2,169,847</u>	<u>5,779,287</u>	<u>1,795,721</u>	<u>24,643,519</u>

The Australian Industry Group and controlled entities  
Notes to the financial statements  
30 June 2002

**Note 9. Non-current assets – Property, plant and equipment (continued)**

	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Parent</b>						
Carrying amount at 1 July 2001	3,465,000	6,583,850	2,510,162	6,479,722	-	19,038,734
Revaluations	1,400,000	3,579,914	-	-	-	4,979,914
Additions	-	-	8,443	1,081,263	1,795,721	2,885,427
Disposals	-	-	-	(419,293)	-	(419,293)
Depreciation/amortisation expense (note 3(a))	-	(130,100)	(348,758)	(1,534,467)	-	(2,013,325)
Carrying amount at 30 June 2002	4,865,000	10,033,664	2,169,847	5,607,225	1,795,721	24,471,457

**Note 10. Current liabilities – Payables**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Accounts payable	3,793,688	5,420,924	3,532,482	5,164,445
Defence Manufacturers' Council – Fellowship	21,638	21,638	21,638	21,638
Unexpended government grants	474,278	626,805	463,198	575,423
Special Contribution for Defence of Members' Interests (note 15)	192,272	96,119	192,272	96,119
National Industry Training Fund (note 17)	25,262	24,958	25,262	24,958
	4,507,138	6,190,444	4,234,852	5,882,583

Under arrangements with the Commonwealth and various State Governments the Organisation was either given, or acted as custodian of, various grants earmarked for specific purposes in the Manufacturing, Engineering, Construction, Information Technology and Telecommunications Industry. Total Government Grants received during the year amounts to \$1,308,657 (2001 \$1,889,701) for the consolidated entity and \$1,308,657 (2001 \$1,577,796) for the parent entity. Grant funds unexpended at year end amount to \$474,278 (2001 \$626,805) for the consolidated entity and \$463,197 (2001 \$575,423) for the parent entity. Any grant funds not expended at the completion of the grant for the purposes of the grant are repayable to the Government.

**Note 11. Current liabilities – Provisions**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Annual leave	1,260,853	1,221,052	1,235,798	1,181,458
Long service leave	80,982	75,755	80,982	75,755
Other employee entitlements	11,560	11,560	-	-
Restructuring	92,700	92,700	92,700	92,700
Austrade – wind down of Export Access project	292,005	-	292,005	-
Special Contribution for Defence of Enterprise Bargaining (note 16)	253,063	390,248	253,063	390,248
	1,991,163	1,791,315	1,954,548	1,740,161

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 12. Non-current liabilities – Provisions**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Long service leave	<b>1,557,269</b>	1,508,279	<b>1,556,511</b>	1,495,660

**Note 13. Reserves and retained profits**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>(a) Reserves</b>				
Asset revaluation reserve	5,644,227	1,805,546	5,644,227	1,805,546
Capital profits reserve	7,687,307	7,687,307	7,687,307	7,687,307
	<b>13,331,534</b>	9,492,853	<b>13,331,534</b>	9,492,853

**Movements:**

Asset revaluation reserve:				
Balance 1 July 2001	1,805,546	1,805,546	1,805,546	1,805,546
Increment on revaluation of freehold land at the end of the financial year	1,400,000		1,400,000	
Increment on revaluation of buildings at the end of the financial year	3,579,914		3,579,914	
Transfer to retained profits	(1,141,233)		(1,141,233)	
Balance 30 June 2002	<b>5,644,227</b>	<b>1,805,546</b>	<b>5,644,227</b>	<b>1,805,546</b>

**(b) Retained profits**

Retained profits at the beginning of the financial year	27,550,145	26,814,021	27,992,086	27,035,146
Transfer from Asset revaluation reserve (Richmond)	1,141,233		1,141,233	
Net profit / (loss) attributable to members of The Australian Industry Group	(1,422,040)	736,124	(1,733,898)	956,940
Retained profits at the end of the financial year	<b>27,269,338</b>	<b>27,550,145</b>	<b>27,399,421</b>	<b>27,992,086</b>

**(c) Nature and purpose of reserves**

**(i) Asset revaluation reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(e).

**(ii) Capital profits reserve**

The capital profits reserve is used to record capital profits made on the sale of non-current assets.

# The Australian Industry Group and controlled entities

## Notes to the financial statements

30 June 2002

### Note 14. Financial instruments

#### (a) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investment in shares, is generally the carrying amount, net of any provision for doubtful debts.

#### (b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

2002		Floating interest rate \$	1 year or less \$	More than 5 years \$	Non- Interest Bearing \$	Total \$
	Notes					
<b>Financial assets</b>						
Cash and deposits	5	4,183,788				4,183,788
Receivables	6				8,878,060	8,878,060
Deposits and debentures	7		4,974,912	4,639,095		9,614,007
Other financial assets - investments	8			1,737,899	7,379,033	9,116,932
		<u>4,183,788</u>	<u>4,974,912</u>	<u>6,376,994</u>	<u>16,257,093</u>	<u>31,792,787</u>
Weighted average interest rate		4.18%	5.08%	6.13%		
<b>Financial liabilities</b>						
Trade and other creditors	10				4,507,138	4,507,138
					<u>4,507,138</u>	<u>4,507,138</u>
Net financial assets		<u>4,183,788</u>	<u>4,974,912</u>	<u>6,376,994</u>	<u>11,749,967</u>	<u>27,285,661</u>
<b>2001</b>						
	Notes	Floating interest rate \$	1 year or less \$	More than 5 years \$	Non- Interest Bearing \$	Total \$
<b>Financial assets</b>						
Cash and deposits	5	3,592,209				3,592,209
Receivables	6				12,243,284	12,243,284
Deposits and debentures	7		7,339,157			7,339,157
Other financial assets - investments	8			987,773	10,542,717	11,530,490
		<u>3,592,209</u>	<u>7,339,157</u>	<u>987,773</u>	<u>22,786,001</u>	<u>34,705,140</u>
Weighted average interest rate		4.17%	5.98%	7.06%		
<b>Financial liabilities</b>						
Trade and other creditors	10				6,190,444	6,190,444
					<u>6,190,444</u>	<u>6,190,444</u>
Net financial assets		<u>3,592,209</u>	<u>7,339,157</u>	<u>987,773</u>	<u>16,595,557</u>	<u>28,514,696</u>

**Note 14. Financial Instruments**

**(c) Net fair value of financial assets and liabilities**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cashflows by the current interest rate for assets and liabilities with similar risk profiles.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

**Note 15. Special contribution for defence of members' interests**

Funds were received during 1995/96 from members in the coal mining construction industry to fund an application under S118A of the Industrial Relations Act 1988, as amended. Additional funds were received during the year by members in the telecommunications and labour hire industries to defend logs of claims by the CPSU and AMWU respectively.

Summarised below are the Fund transactions for the year ended 30 June 2002.

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance brought forward	96,119	55,332	96,119	55,332
Payments	(48,775)	(135,663)	(48,775)	(135,663)
Contributions	144,928	176,450	144,928	176,450
Balance deferred to future periods. Refer Note 1(m)	192,272	96,119	192,272	96,119

**Note 16. Special contribution for defence of enterprise bargaining**

The National Executive approved the creation of a fund via a voluntary contribution by members to oppose a union campaign aimed at replacing enterprise bargaining with pattern bargaining and forcing industry wide concessions on union claims relating to wages and conditions.

Summarised below are the fund transactions for the year ended 30 June 2002.

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance brought forward 1 July 2001	390,248	45,347	390,248	45,347
Contribution from Member companies	22,777	441,173	22,777	441,173
Expenditure	(159,962)	(96,272)	(159,962)	(96,272)
Balance carried forward 30 June 2002	253,063	390,248	253,063	390,248

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 17. National industry training fund**

A special fund was created to accept payments from members under the Training Guarantee (Administration) Act 1990. In accordance with this legislation payments by members into the Fund qualify as eligible training expenditure. Subsequent payments from the Fund relate solely to training activities and administration of the Fund consistent with the Training Guarantee legislation.

Summarised below are the Fund transactions for the year ended 30 June 2002:

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance brought forward	24,958	24,958	24,958	24,958
Interest earned	304	-	304	-
Balance carried forward	<u>25,262</u>	<u>24,958</u>	<u>25,262</u>	<u>24,958</u>

**Note 18. Remuneration of auditors**

Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:

Auditor of the parent entity – PricewaterhouseCoopers

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
	163,634	180,437	170,598	169,137

**Note 19. Contingent liabilities**

There are no contingent liabilities.

**Note 20. Commitments for expenditure**

**Operating leases**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year

Later than one year but not later than 5 years

Later than 5 years

Commitments not recognised in the financial statements

Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Within one year	1,120,057	1,149,630	1,120,057	1,149,630
Later than one year but not later than 5 years	2,054,997	2,976,665	2,054,997	2,976,665
Later than 5 years	-	-	-	-
Commitments not recognised in the financial statements	<u>3,175,054</u>	<u>4,126,295</u>	<u>3,175,054</u>	<u>4,126,295</u>
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	980,658	1,120,272	980,658	1,327,272

**Note 21. Employee entitlements**

**Employee entitlement liabilities**

Provision for employee entitlements

Current (note 11)

Non-current (note 12)

Aggregate employee entitlement liability

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current (note 11)	1,353,395	1,308,367	1,316,780	1,257,213
Non-current (note 12)	1,557,269	1,508,279	1,556,511	1,495,660
Aggregate employee entitlement liability	<u>2,910,664</u>	<u>2,816,646</u>	<u>2,873,291</u>	<u>2,752,873</u>

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 21. Employee entitlements**

**Superannuation – Consolidated and parent entities**

- (i) All permanent employees of the consolidated entity are entitled to benefits on retirement, resignation, death or disability from the Ai Group Superannuation Fund. This Fund was restructured on 1 April 1994 and provides accumulation style benefits funded by contributions from employees and the consolidated entity in accordance with the Rules of the Fund. The consolidated entity also makes additional contributions to meet the insurance costs and expenses of the Fund. The Trustee of the Fund is Ai Group Nominees Pty Limited, a wholly owned subsidiary of the parent entity. All members at 1 March 1994 have also been provided a guarantee that their benefit under the new arrangements will not be less than the benefit, which would have been paid if the restructure had not occurred. The Trustee seeks regular actuarial advice to maintain a reserve within the Fund to support this guarantee.
- (ii) With effect from 1 July 1999, the members of the ACM Retirement & Assurance Plan transferred their membership from that plan to Ai Group Superannuation Fund.

**Note 22. Related parties**

**Wholly-owned group**

The wholly-owned group consists of The Australian Industry Group and its wholly-owned controlled entities, Ai Group Nominees Pty Limited, The Australian Industry Group Training Services Pty Ltd, The Manufacturers Training Trust, TP Mel Pty Ltd and The Trade Point Trust. Ownership interests in these controlled entities are set out in note 23.

During the year, The Australian Industry Group continued to operate these trustee entities:

- (i) Ai Group Nominees Pty Limited which acted as trustee for Ai Group Superannuation Fund;  
(ii) The Australian Industry Group Training Services Pty Ltd which acted as trustee for The Manufacturers Training Trust; and  
(iii) TP Mel Pty Ltd which acted as trustee for The Trade Point Trust.

Transactions between The Australian Industry Group and other entities in the wholly-owned group during the years ended 30 June 2002 and 2001 consisted of:

- (a) payment of rent to The Australian Industry Group, and  
(b) payment for room hire to Ai Group Conferences Pty Ltd.  
(c) provision of administrative services.

The above transactions were made on normal commercial terms and conditions and at market rates.

	Parent entity	
	2002	2001
	\$	\$
Aggregate amounts included in the determination of profit from ordinary activities that resulted from transactions with entities in the wholly-owned group:		
Rental revenue paid to The Australian Industry Group	-	143,400
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables (loans)	1,448,076	1,450,805

**Note 23. Investments in controlled entities**

Name of entity	Country of Incorporation	Class of shares	Equity Holding	
			2002	2001
			%	%
Ai Group Nominees Pty Limited	Australia	Ordinary	100	100
The Australian Industry Group Training Services Pty Ltd	Australia	Ordinary	100	100
TP Mel Pty Ltd	Australia	Ordinary	100	100

**The Australian Industry Group and controlled entities**  
**Notes to the financial statements**  
30 June 2002

**Note 24. Event occurring after reporting date**

At the date of signing this report, no other matter or circumstance has arisen since 30 June 2002 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated entity's state of affairs in future financial years.

**Note 25. Reconciliation of profit from ordinary activities to net cash inflow from operating activities**

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Profit/(Loss) from ordinary activities	(1,422,040)	736,124	(1,733,898)	956,940
Depreciation and amortisation	2,077,899	1,979,969	2,013,325	1,914,502
(Profit)/loss on revaluation/disposal of investments	(87,011)	(360,682)	(87,011)	(360,682)
Net loss on sale of non-current assets	43,831	104,519	39,919	109,500
Change in operating assets and liabilities				
(Increase) / decrease in trade receivables	3,409,424	(4,239,537)	3,118,074	(2,875,136)
(Increase) / decrease in other receivables and prepayments	(121,527)	(310,062)	(121,527)	(327,961)
Increase / (decrease) in subscriptions in advance	539,515	4,197,820	539,515	4,222,333
Increase / (decrease) in trade and other creditors	(2,282,054)	1,907,894	(2,222,872)	1,680,915
Increase / (decrease) in provisions	248,838	6,146	275,238	(1,407,987)
Net cash inflow from operating activities	<b>2,406,875</b>	<b>4,022,191</b>	<b>1,820,763</b>	<b>3,912,424</b>

**Note 26. Financial Reporting by Segments**

The Australian Industry Group carries on business in one industry segment as an Employers' Organisation in one geographical segment that is Australia.



**The Australian Industry Group and controlled entities  
Accounting Officer's Certificate and Committee of Management's Certificate**


**Accounting Officer's Certificate**

I, Walter Wilhelm Johannes UHLENBRUCH, being the Officer responsible for keeping the financial records, do hereby certify that as at 30 June 2002 the number of Members of The Australian Industry Group was 7,532.

In accordance with the requirements of the Workplace Relations Act 1996, relating to that Act and Regulations, in my opinion,

- (1) the Consolidated Financial Statements and Notes to the Consolidated Financial Statements set out on pages 3 to 20 present fairly the financial affairs of The Australian Industry Group and controlled entities as at 30 June 2002;
- (2) a record has been kept of all moneys paid by, or collected from, Members and all moneys so paid or collected have been credited to the bank accounts to which those moneys are to be credited, in accordance with the Rules of The Australian Industry Group;
- (3) before any expenditure was incurred by The Australian Industry Group, approval of the incurring of the expenditure was obtained in accordance with the Rules of The Australian Industry Group;
- (4) other than as disclosed in Notes 11, 16, 17, and 18, no payments were made out of any funds referred to in Regulation 107 (b) (xiii) or (xv);
- (5) no loans or other financial benefits were paid to persons holding office in The Australian Industry Group;
- (6) the Register of Members of The Australian Industry Group was maintained in accordance with the Workplace Relations Act 1996.

DATED this 11th day of November 2002.


  
W W J UHLENBRUCH  
National Secretary-Treasurer


**Committee of Management's Certificate**

We, Ivan David JAMES and Walter Wilhelm Johannes UHLENBRUCH, being two Members of the Committee of Management of The Australian Industry Group (National Executive), do state, on behalf of the Committee and in accordance with a Resolution passed by the Committee that,

- (1) in the opinion of the Committee of Management the Consolidated Financial Statements set out on pages 3 to 20 of the Consolidated Financial Report present fairly the financial affairs of the parent entity and controlled entities as at 30 June 2002;
- (2) in the opinion of the Committee of Management, meetings of the Committee were held during the year ended 30 June 2002 in accordance with the Rules of the Organisation;
- (3) to the knowledge of any Member of the Committee, there have been no instances where records of The Australian Industry Group or other documents (not being documents containing information made available to a member of The Australian Industry Group under Sub-Section 274 (2) of the Act), or copies of those records or documents, or copies of the Rules of The Australian Industry Group, have not been furnished, or made available, to Members in accordance with the Workplace Relations Act 1996, and Regulations or the Rules of The Australian Industry Group;
- (4) subject to Section 271 (3) The Australian Industry Group has complied with Sub-Sections 279 (1) and 279 (6) of the Act in relation to the Financial Report in respect of the year ended 30 June 2001, and the Auditors' Report thereon.

DATED this 11th day of November 2002.

  
I D JAMES  
National President

  
W W J UHLENBRUCH  
National Secretary-Treasurer

## **The Australian Industry Group and controlled entities**

### **Independent audit report to the members of The Australian Industry Group**

#### **Audit opinion**

In our opinion the financial report set out on pages 3 to 20, which has been prepared from the financial records and in accordance with section 273 of the Workplace Relations Act 1996 (the Act), presents fairly, in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Act, the financial position of The Australian Industry Group and the Consolidated Entity (defined below) as at 30 June 2002 and the results of their operations and their cashflows for the financial year ended on that date, and

- (a) satisfactory financial records were kept in respect of the year ended 30 June 2002, subject to Note 4, detailing the sources and nature of the income (including income from Members) and the nature and purposes of expenditure of The Australian Industry Group and its controlled entities, and
- (b) all information and explanations required in accordance with section 276(2) of the Act to be provided by officers or employees of The Australian Industry Group and its controlled entities have been so provided.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

#### **Scope and summary of our role**

##### **The financial report – responsibility and content**

The preparation of the financial report for the year ended 30 June 2002, is the responsibility of the Committee of Management of The Australian Industry Group. It includes the financial statements for The Australian Industry Group and The Australian Industry Group consolidated entity (the Consolidated Entity), which incorporates The Australian Industry Group and the entities it controlled during the financial year.

##### **The auditor's role and work**

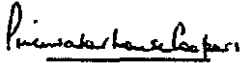
We conducted an independent audit of the financial report in order to express an opinion on it to the members of The Australian Industry Group. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement and that satisfactory financial records have been kept by The Australian Industry Group and its controlled entities. Our audit did not involve an analysis of the prudence of business decisions made by the Committee of Management or management themselves.

In conducting our audit we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Act and Accounting Standards and other mandatory reporting requirements in Australia, which is consistent with our understanding of The Australian Industry Group's and the Consolidated Entity's financial position and the results of their operations and cash flows.

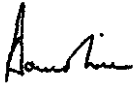
The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions, and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates by the Committee of Management in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.



PricewaterhouseCoopers



DE Wills  
Partner

Sydney  
11<sup>th</sup> November 2002