Australian Government
Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
Fax: (03) 9655 0410
Email: cynthia.lobooth@airc.gov.au

Mr John Ingram
National Secretary − Treasurer
The Australian Industry Group
PO Box 289
NORTH SYDNEY NSW 2059

Dear Mr Ingram

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial report for year ended 30 June 2008 − FR2008/266**

I acknowledge receipt of the financial report for the Australian Industry Group for the year ended 30 June 2008. The documents were lodged in the Industrial Registry on 24 November 2008.

The documents have been filed.

Please note the following comments should be taken into account in future financial years. No further action is required with respect to the lodged documents.

1. Auditor's Report

(a) Presented Fairly

Section 257(5) of Schedule 1 of the RAO Schedule require the auditor to state, among other things, whether in the auditor's opinion the general purpose financial report *is presented fairly.* The words *' true and fair view'* was a requirement of the previous legislation and is no longer relevant. The changed legislative prescription has applied since the first full financial year commencing after 8 May 2003.

The following wording in an Auditor's Report would satisfy the requirements of s.257(5):

> *"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996."*

(b) Auditor's Qualifications

The Auditor's Report should provide *details of the individual auditor's qualifications* to confirm he is an approved auditor as defined by s.256 of RAO Schedule and Regulation 4 of the RAO Regulations. Regulation 4 defines an approved auditor as a *person* who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants ***and*** holds a current Public Practice Certificate.

While it is more than likely that your auditor is an approved auditor as defined by the RAO Regulations the preferred practise is the qualifications of the individual auditor ***and*** the fact that he holds a current Public Practice Certificate be made explicit in the signature block.

Please forward a copy of this letter to your auditor.

2. Committee of Management Statement

Item 26(b) of the Industrial Registrar's Reporting Guidelines provide that the committee of management statement must specify the date of passage of the resolution and item 26(d) provides the statement must be dated as at the date the designated officer signs the statement. I note the lodged statement has provided a date of execution but as the Guidelines suggest this is not necessarily the same date as the date of resolution. Some statements are signed at a later date than that of the date of resolution. Please ensure future committee of management statements also provide the date of resolution.

Should you wish to discuss any matter related to your organisation's financial reporting obligations I may be contacted on (03) 8661 7989 (Wed − Fri) or by e-mail at cynthia.lobooth@airc.gov.au.

Yours faithfully,

Cynthia Lo-Booth
Statutory Services Branch

5 December 2008

Cc: Mr John Tsimboulas
john.tsimboulas@aigroup.asn.au

FR 2008/266

AUSTRALIAN INDUSTRIAL REGISTRY
RECEIVED
24 NOV 2008
PRINCIPAL REGISTRY

THE AUSTRALIAN INDUSTRIAL REGISTRY

In the matter of:
The Australian Industry Group
and
section 268 of Schedule 1
Workplace Relations Act 1996

Designated Officer's Certificate
For the year ended 30 June 2008

I, John Weir Ingram, National Secretary-Treasurer of The Australian Industry Group certify in accordance with section 268 of Schedule 1 to the Act:

(1) that the document lodged herewith is a copy of the full financial report of the Organization comprising the auditor's report, the general purpose financial report to which the auditor's report relates and the operating report to which the auditor's report relates, in relation to the financial year ending 30 June, 2008 ; and

(2) that the full financial report was provided to members of the Organization on 13 October 2008; and

(3) that the full financial report was presented to the Annual General Meeting of the Organization (as the sole reporting unit) on 19 November 2008 in accordance with section 266 of Schedule 1 to the Act.

J W INGRAM
National Secretary-Treasurer

19.11.08
Date

Lodged by: The Australian Industry Group
51 Walker Street
North Sydney NSW 2060

Reference: John Tsimboulas
Email: johnt@augroup.asn.au
Tel: 02 96445547

The Australian Industry Group
Financial Report – 30 June 2008

Contents **Page**

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The Australian Industry Group
Income statements
For the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Revenue from continuing operations	3	**63,921,558**	58,205,124	**44,111,157**	42,351,689
Other income	4	**(2,422,298)**	1,421,975	**(2,422,298)**	1,421,975
Employee benefits expense	5	**(42,318,700)**	(38,332,061)	**(25,292,400)**	(24,401,645)
Depreciation and amortisation expenses	5	**(2,072,553)**	(2,291,398)	**(1,934,667)**	(2,163,201)
Communication expenses	5	**(6,875,774)**	(6,715,723)	**(6,443,907)**	(6,383,513)
Other expenses	5	**(9,398,789)**	(8,174,336)	**(8,325,480)**	(7,560,546)
Surplus / (Deficit) from continuing operations		**833,444**	4,113,581	**(307,595)**	3,264,759
Transfer of surplus from Manufacturers Training Trust		-	-	**1,058,470**	848,822
Transfer of surplus from Ai Group Legal Unit Trust		-	-	**82,569**	-
Surplus / (Deficit) from continuing operations after transfer of surplus from Manufacturers Training Trust and the Ai Group Legal Unit Trust	19(b)	**833,444**	4,113,581	**833,444**	4,113,581

The above income statements should be read in conjunction with the accompanying notes.

The Australian Industry Group
Balance sheets
As at 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
ASSETS					
Current assets					
Cash and cash equivalents	6	**31,668,469**	26,407,811	**31,553,806**	26,015,991
Trade and other receivables	7	**15,674,348**	14,869,518	**13,861,624**	13,841,572
Other financial assets at fair value through profit or loss	8	**12,469,311**	13,920,198	**12,469,311**	13,920,198
Total current assets		**59,812,128**	55,197,527	**57,884,741**	53,777,761
Non-current assets					
Receivables	9	**-**	-	**-**	-
Other financial assets	10	**12**	12	**24**	44
Property, plant and equipment	11	**23,211,614**	22,929,259	**22,765,321**	22,541,538
Retirement benefit asset	12	**959,040**	1,442,000	**959,040**	1,442,000
Total non-current assets		**24,170,666**	24,371,271	**23,724,385**	23,983,582
Total assets		**83,982,794**	79,568,798	**81,609,126**	77,761,343
LIABILITIES					
Current liabilities					
Trade and other payables	13	**7,390,640**	5,302,714	**6,276,199**	4,550,901
Deferred income	14	**15,215,241**	14,047,449	**15,187,836**	14,047,449
Provisions	15	**2,797,405**	2,486,807	**1,723,161**	1,564,989
Total current liabilities		**25,403,286**	21,836,970	**23,187,196**	20,163,339
Non-current liabilities					
Other payables	16	**592,934**	822,111	**592,934**	822,111
Provisions	17	**1,922,726**	1,898,874	**1,765,148**	1,765,041
Total non-current liabilities		**2,515,660**	2,720,985	**2,358,082**	2,587,152
Total liabilities		**27,918,946**	24,557,955	**25,545,278**	22,750,491
Net assets		**56,063,848**	55,010,843	**56,063,848**	55,010,852
MEMBERS' FUNDS					
Reserves	18(a)	**9,960,038**	9,015,302	**9,960,038**	9,015,302
Retained profits	18(b)	**46,103,810**	45,995,541	**46,103,810**	45,995,550
Total members' funds		**56,063,848**	55,010,843	**56,063,848**	55,010,852

The above balance sheets should be read in conjunction with the accompanying notes.

The Australian Industry Group
Statement of recognised income and expenses
For the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Gain on revaluation of land and buildings	18	**944,736**	1,471,568	**944,736**	1,471,568
Gain / (Loss) on actuarial assessment of retirement benefit obligation	18	**(725,175)**	1,035,000	**(725,175)**	1,035,000
Net surplus recognised directly in equity		**219,561**	2,506,568	**219,561**	2,506,568
Surplus for the year		**833,444**	4,113,581	**833,444**	4,113,581
Total recognised surplus and expense for the year		**1,053,005**	6,620,149	**1,053,005**	6,620,149

The above statement of recognised income and expenses should be read in conjunction with the accompanying notes.

The Australian Industry Group
Cash flow statements
For the year ended 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Cash flows from operating activities					
Receipts from trading activities (inclusive of goods and services tax)		**67,892,318**	57,686,318	**46,952,797**	40,376,195
Dividends received		**1,234,983**	1,168,871	**1,234,983**	1,168,871
Receipts from investment income		**940,830**	1,193,079	**940,830**	1,107,117
		70,068,131	60,048,268	**49,128,610**	42,652,183
Payments to suppliers and employees (inclusive of goods and services tax)		**(62,333,349)**	(58,732,776)	**(41,316,386)**	(41,353,909)
Net cash inflow from operating activities	26	**7,734,782**	1,315,492	**7,812,224**	1,298,274
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,580,956)**	(1,902,725)	**(1,361,716)**	(1,673,692)
Payments for investments		**(4,501,688)**	(2,379,974)	**(4,501,688)**	(2,379,974)
Proceeds from sale of property, plant and equipment		**127,408**	157,425	**107,863**	132,756
Proceeds from sale of investments		**3,481,112**	1,691,171	**3,481,132**	1,691,171
Net cash (outflow) from investing activities		**(2,474,124)**	(2,434,103)	**(2,274,409)**	(2,229,740)
Cash flows from financing activities					
Net cash (outflow) from financing activities		**-**	-	**-**	-
Net increase in cash and cash equivalents		**5,260,658**	(1,118,612)	**5,537,815**	(931,467)
Cash and cash equivalents at the beginning of the financial year		**26,407,811**	27,526,423	**26,015,991**	26,947,458
Cash and cash equivalents at the end of the financial year	6	**31,668,469**	26,407,811	**31,553,806**	26,015,991

The above cash flow statements should be read in conjunction with the accompanying notes.

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 2008 are reported in accordance with these Rules. Consequently, the National Executive confirms that the Organisation indemnifies The Manufacturers Training and the Ai Group Legal Unit Trust against any shortfall in the assets of those trusts.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for The Australian Industry Group as an individual entity and the consolidated entity consisting of The Australian Industry Group and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of The Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Workplace Relations Act, 1996.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure.*

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Australian Industry Group ("parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. The Australian Industry Group and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Membership subscription income

Membership subscription income is brought to account on a pro-rata basis over the period to which it relates.

(ii) Chargeable services and consulting income

Chargeable services and consulting income is brought to account when the service is provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interests method, see note 1(k).

Note 1. Summary of significant accounting policies (continued)

(iv) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(v) Lease income
Lease income from operating leases is recognised in income with an annual CPI review during the lease term.

(d) Government contracts
Contracts from government are recognised at their fair value where there is a reasonable assurance that the contract will be received and the consolidated entity will comply with all attached conditions.

Government contracts relating to costs are deferred and recognised in the income statements over the period necessary to match them with the costs that they are intended to compensate as disclosed in note 14. Contracts and related costs are accounted for in the income statement at the respective gross amounts.

(e) Income tax
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.

(f) Business combinations
The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the consolidated entities share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after reassessment of the identification and measurement of net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of assets
Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) Cash and cash equivalents
For purposes of the statement of cash flows, cash includes deposits at call, bank bills and enhanced income funds which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(i) Trade 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 receivables is reviewed on an ongoing basis. Non-recoverable subscriptions are written off against Members' Subscriptions income account. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

Note 1. Summary of significant accounting policies (continued)

(j) Property, plant and equipment

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in members' fund. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on the following assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	33-42 years
Computer hardware	3-5 years
Leasehold improvements	5-10 years

Depreciation on the following assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Property equipment	4-20 years
Motor vehicles	5 years
Furniture, fittings & equipment	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is consolidated entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Investments and other financial assets

The consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Assets in this category are classified as current assets.

Note 1. Summary of significant accounting policies (continued)

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) and receivables (note 9) in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheets date.

Regular purchases and sales of investments are recognised on trade-date - the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statements as gains and losses from investment securities.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or expenses in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(l) Leases
Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. The consolidated entity currently has no finance lease arrangements.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

(m) Trade and other payables
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.

Note 1. Summary of significant accounting policies (continued)

(n) Provisions

Provisions for lease make good obligations are recognised when the consolidated entity had entered into a lease agreement specifying the requirement for the tenant to make good the premises on vacating that premises.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of the consolidated entity are entitled to benefits on retirement, disability or death from the consolidated entity's superannuation plan. The consolidated entity has a defined benefit section and an accumulation contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and average salary. The defined contribution section receives fixed contributions from the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to retained earnings in the period in which they occur.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset. Contributions to the defined contribution fund are recognised as an expense as they become payable.

(p) Voluntary member 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 (refer note 13).

Note 1. Summary of significant accounting policies (continued)

(q) Information to be provided to Members or Registrar

In accordance with the requirements of section 272 (5) of Schedule 1B of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of that section 272, which read as follows:

(1) "A member of a reporting unit, or a Registrar, 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)."

(r) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(s) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Committee of Management believe that revised AASB 101 *Presentation of Financial Statements* will not have material impact on the financial statements.

(t) Comparatives

Some items from the prior year have been reclassified to ensure a consistent disclosure in the financial statements.

Note 2. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks; market risk (including interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Financial risk management for the consolidated entity's investments is carried out by the Investment Committee. The Investment Committee identifies, evaluates and hedges financial risks in close co-operation with the consolidated entity's external portfolio manager. It has agreed on strategic asset allocations with that external portfolio manager in order to maximise returns but minimising financial risk. The Investment Committee has provided written principles for overall risk management, which are applied in consultation with the consolidated entity's investment consultant, Goldman Sachs J B Were.

The consolidated entity holds the following financial instruments:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**31,668,469**	26,407,811	**31,553,806**	26,015,991
Trade and other receivables	**15,674,348**	14,869,518	**13,861,624**	13,841,572
Other financial assets at fair value through profit or loss	**12,469,311**	13,920,198	**12,469,311**	13,920,198
	59,812,128	55,197,527	**57,884,741**	53,777,761
Financial liabilities				
Trade and other payables	**7,983,574**	6,124,825	**6869,133**	5,373,012
	7,983,574	6,124,825	**6869,133**	5,373,012

Note 2. Financial Risk Management (continued)

(a) Market risk

(i) Price risk

The consolidated entity is exposed to equity securities price risk. This arises from investments held by the consolidated entity and classified on the balance sheets as fair value through profit or loss. The consolidated entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the consolidated entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee.

The majority of the consolidated entities equity investments are publicly traded and are included in the ASX 200 Index. The table below summarises the impact of increase/decrease of this index on the consolidated entity's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 7.5% (2007 – 5%) with all other variables held constant and all the consolidated entities equity instruments moved according to the historical correlation with the index.

	Impact on surplus		**Impact on equity**	
	2008	2007	**2008**	2007
	$	$	**$**	$
ASX 200	**510,592**	557,352	**510,592**	557,352

Surplus for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(ii) Cash flow and interest rate risk

The consolidated entity's interest rate risk arises mainly from its cash enhanced portfolio, which is managed by the consolidated entity's external portfolio manager, under the guidelines set out by the Investment Committee.

(b) Credit risk

The consolidated entity has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to the sales of services to members and customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The consolidated entity has procedures in place to ensure that sales of services are made to members and customers with an appropriate credit history. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 12. For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Trade receivables				
*Counterparties without external credit rating**				
Group 1	**15,212,237**	14,603,386	**13,501,712**	13,660,879
Group 2	**266,025**	103,361	**266,025**	85,275
Group 3	**196,086**	162,771	**93,887**	95,418
Total trade receivables	**15,674,348**	14,869,518	**13,861,624**	13,841,572
Cash at bank and short term bank deposits				
AAA	**31,668,469**	26,407,811	**31,553,806**	26,015,991
	31,668,469	26,407,811	**31,553,806**	26,015,991

*Group 1 – customers with debt of less than 90 days
Group 2 – customers with debt of greater than 90 days not at risk ie: customer has confirmed payment will be made
Group 3 – customers with debt of greater than 90 days at risk

Note 2. Financial Risk Management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities available for use. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the consolidated entity's financial liabilities 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.

Consolidated entity – at 30 June 2008	Less than 6 months $	Greater than 6 months $	Total contractual cash flows $	Carrying Amount (assets/ liabilities) $
Non-derivatives				
Non-interest bearing	7,390,640	592,934	7,983,574	7,983,574
	7,390,640	**592,934**	**7,983,574**	**7,983,574**

Consolidated entity – at 30 June 2007	Less than 6 months $	Greater than 6 months $	Total contractual cash flows $	Carrying Amount (assets/ liabilities) $
Non-derivatives				
Non-interest bearing	5,302,714	822,111	6,124,825	6,124,825
	5,302,714	**822,111**	**6,124,825**	**6,124,825**

Parent entity – at 30 June 2008	Less than 6 months $	Greater than 6 months $	Total contractual cash flows $	Carrying Amount (assets/ liabilities) $
Non-derivatives				
Non-interest bearing	6,276,199	592,934	6,869,133	6,869,133
	6,276,199	**592,934**	**6,869,133**	**6,869,133**

Parent entity – at 30 June 2007	Less than 6 months $	Greater than 6 months $	Total contractual cash flows $	Carrying Amount (assets/ liabilities) $
Non-derivatives				
Non-interest bearing	4,550,901	822,111	5,373,012	5,373,012
	4,550,901	**822,111**	**5,373,012**	**5,373,012**

(d) Fair value estimation

The consolidated entity is exposed to interest-bearing assets and therefore the consolidated entity's income and operating cash flows are exposed to changes in market interest rates.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted securities) is determined using valuation techniques performed by Goldman Sachs J B Were and approved by the Investment Committee.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

Note 3. Revenue

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
From continuing operations				
Members' Service Account				
Members' subscriptions	**16,096,419**	15,399,545	**16,096,419**	15,399,545
Entrance fees	**34,299**	30,592	**34,299**	30,592
Associate fees	**1,969,643**	1,797,148	**1,969,643**	1,797,148
Other income	**72,477**	81,780	**72,477**	81,780
	18,172,838	17,309,065	**18,172,838**	17,309,065
General Operations Account				
Consulting and management services	**6,236,760**	4,543,603	**5,924,307**	4,543,603
Government contracts	**12,459,759**	13,538,764	**12,459,759**	13,538,764
Training and other chargeable services	**21,915,799**	18,127,327	**2,485,327**	2,400,460
Publications	**1,091,411**	1,016,927	**1,091,411**	1,016,927
Affiliate fees	**149,375**	145,500	**149,375**	145,500
Other	**969,112**	586,529	**969,112**	545,923
	42,822,216	37,958,650	**23,079,291**	22,191,177
Other revenue				
General Operations Account				
Rents	**750,691**	575,459	**750,691**	575,459
	750,691	575,459	**750,691**	575,459
Investments				
Interest earned on cash and cash equivalents	**940,830**	1,193,079	**873,354**	1,107,117
Distributions and dividends	**1,234,983**	1,168,871	**1,234,983**	1,168,871
	2,175,813	2,361,950	**2,108,337**	2,275,988
Revenue from continuing operations	**63,921,558**	58,205,124	**44,111,157**	42,351,689

Note 4. Other Income

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Investment Account				
Unrealised fair value gains/ (losses) on other financial assets at fair value through profit or loss	**(2,075,163)**	1,081,198	**(2,075,163)**	1,081,198
Realised net gains/ (losses) on other financial assets at fair value through profit or loss	**(396,300)**	280,302	**(396,300)**	280,302
	(2,471,463)	1,361,500	**(2,471,463)**	1,361,500
General Operations Account				
Government contracts (note (a))	**49,165**	60,475	**49,165**	60,475
Other income	**(2,422,298)**	1,421,975	**(2,422,298)**	1,421,975

(a) Government contracts
Export market development contract of $49,165 (2007: $60,475) was recognised as consulting and management services income by the consolidated entity during the financial year. There are no unfulfilled conditions or other contingencies attaching to this contract.

Note 5. Expenses

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Surplus from continuing operations includes the following specific expenses:				
Salaries	**35,303,012**	32,038,147	**21,008,200**	20,000,621
Superannuation	**3,204,416**	3,017,516	**2,123,308**	2,078,801
Long service leave	**122,255**	126,854	**111,110**	126,854
Annual leave	**297,113**	301,629	**301,615**	301,629
Other payroll related costs	**3,391,904**	2,847,915	**1,748,167**	1,893,740
Total employee benefit expenses	**42,318,700**	38,332,061	**25,292,400**	24,401,645
Depreciation				
Buildings	**203,936**	206,885	**203,936**	206,885
Plant and equipment	**1,502,995**	1,748,297	**1,365,109**	1,620,100
Total depreciation	**1,706,931**	1,955,182	**1,569,045**	1,826,985
Amortisation				
Leasehold improvements	**365,622**	336,216	**365,622**	336,216
Total amortisation	**365,622**	336,216	**365,622**	336,216
Rental expense relating to operating leases				
Minimum lease payments	**1,136,676**	1,080,609	**1,136,676**	1,080,609
Total rental expense relating to operating leases	**1,136,676**	1,080,609	**1,136,676**	1,080,609
Affiliation fees	**53,703**	48,455	**31,281**	29,473
Net bad and doubtful debts	**35,994**	79,913	**1,148**	32,370
Communications	**6,875,774**	6,715,723	**6,443,907**	6,383,513
Legal expenses	**72,160**	136,100	**56,434**	136,100
Meeting expenses	**1,213,214**	833,762	**866,929**	765,891
Net loss on disposal of property, plant and equipment	**43,376**	95,619	**40,139**	94,261
Other professional services	**2,256,697**	1,543,047	**2,135,044**	1,509,086
Other operating expenses	**4,586,969**	4,356,831	**4,057,829**	3,912,756
Total expenses from continuing operations	**60,665,816**	55,513,518	**41,996,454**	40,508,905

Note 6. Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Cash at bank and on hand (note (c))	**3,512,951**	1,654,103	**3,398,288**	1,262,283
Cash not available for use (note (d))	**8,182**	8,182	**8,182**	8,182
Bank bills (note (e))	**20,030,842**	10,136,218	**20,030,842**	10,136,218
Deposits at call (note (f))	**8,116,494**	14,609,308	**8,116,494**	14,609,308
	31,668,469	26,407,811	**31,553,806**	26,015,991

(a) Reconciliation to cash at the end of the year
The above figures reconcile to cash at the end of the financial year as shown in the statement of cash flows.

(b) Interest rate risk exposure
The consolidated entity's exposure to interest rate risk is discussed in note 2.

(c) Cash at bank and on hand
Contract funds unexpended at year end amounting to $2,908,385 (2007: $1,263,187) which are included in the balances above (refer to note 13), can only be used for the purposes of the contract.

(d) Cash not available for use
The above figures represent a security deposit relating to a lease agreement. This balance is restricted for use until expiration of the lease on 30th June 2008.

(e) Bank bills
The bills are bearing fixed interest rates between 6.34% and 7.75% (2007: 5.88% and 6.38%). These bills have a maturity of between 60-120 days.

(f) Deposits at call
The deposits are bearing floating interest rates between 6.25% and 7.09% (2007: 5.75% and 6.25%). Included in this balance is $5,913,626 (2007: $11,436,221) that will be utilised for future purchases of growth portfolio and liquidity requirements.

Note 7. Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Members' subscriptions outstanding	**9,603,355**	7,822,558	**9,603,355**	7,822,558
Provision for doubtful debts	**(85,620)**	(78,110)	**(85,620)**	(78,110)
	9,517,735	7,744,448	**9,517,735**	7,744,448
Accounts receivable	**5,793,839**	6,623,553	**3,625,297**	4,359,823
Provision for doubtful debts	**(110,466)**	(84,661)	**(8,267)**	(17,308)
	5,683,373	6,538,892	**3,617,030**	4,342,515
Amounts receivable from related entities	**-**	-	**253,619**	1,188,755
Interest accrued	**33,268**	7,328	**33,268**	7,328
Prepayments	**439,972**	578,850	**439,972**	558,526
	15,674,348	14,869,518	**13,861,624**	13,841,572

(a) Impaired trade receivables
As at 30 June 2008 current trade receivables of the consolidated entity with a nominal value of $35,994 (2007: $79,913) were impaired. These amounts were written off during the year as uncollectible and have been included in 'net bad and doubtful debts' in the income statements.

Note 7. Current assets – Trade and other receivables (continued)

(b) Past due but not impaired

As of 30 June 2008, trade receivables of $1,103,647 (2007: $696,957) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
60 to 90 days	**641,536**	430,825	**553,814**	257,156
90 to 120 days	**118,051**	99,653	**55,018**	39,367
120 days +	**344,060**	166,479	**304,894**	141,326
	1,103,647	696,957	**913,726**	437,849

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Amounts receivable from related entities

These amounts arise from transactions between the parent entity and its subsidiaries and are eliminated on consolidation.

(d) Effective interest rate and credit risk

Information about the consolidated entity's exposure to interest rate risk in relation to trade and other receivable is provided in note 2.

Note 8. Current assets – Other financial assets at fair value through profit or loss

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Income securities and unsecured convertible notes	**756,210**	850,113	**756,210**	850,113
Managed funds	**7,745,001**	8,846,371	**7,745,001**	8,846,371
Australian listed investments	**3,968,100**	4,223,714	**3,968,100**	4,223,714
	12,469,311	13,920,198	**12,469,311**	13,920,198
(a) Income securities and unsecured convertible notes				
Market value at 1 July 2007	**850,113**	840,972	**850,113**	840,972
Interest earned on deposits	**69,282**	77,741	**69,282**	77,741
Interest reinvested in cash portfolio	**(69,282)**	(77,741)	**(69,282)**	(77,741)
Profit/(Loss) on revaluation at 30 June 2008	**(93,903)**	9,141	**(93,903)**	9,141
Market value at 30 June 2008	**756,210**	850,113	**756,210**	850,113
(b) Managed funds				
Managed fund investments were revalued to market value at 30 June 2008:				
Market value 1 July 2007	**8,846,371**	7,661,554	**8,846,371**	7,661,554
Purchases at cost	**2,871,584**	560,000	**2,871,584**	560,000
Proceeds on redemption	**(2,079,563)**	-	**(2,079,563)**	-
Net surplus (deficit) on redemption	**(353,743)**	-	**(353,743)**	-
Retained investments	**9,284,649**	8,221,554	**9,284,649**	8,221,554
Revaluation increment/(decrement) at 30 June 2008	**(1,539,648)**	624,817	**(1,539,648)**	624,817
Market value at 30 June 2008	**7,745,001**	8,846,371	**7,745,001**	8,846,371

Note 8. Current assets – Other financial assets at fair value through profit or loss (continued)

(c) **The Australian listed investments**

A gain was made when all shares were valued at market prices at 30 June 2008:				
Market value 1 July 2007	**4,223,714**	3,367,369	**4,223,714**	3,367,369
Purchase of shares at cost	**1,630,104**	1,819,974	**1,630,104**	1,819,974
Proceeds of sale	**(1,401,549)**	(1,700,313)	**(1,401,549)**	(1,700,313)
Net surplus (deficit) on redemption	**(42,557)**	280,303	**(42,557)**	280,303
Revaluation increment/(decrement) at 30 June 2008	**(441,612)**	456,381	**(441,612)**	456,381
Market value at 30 June 2008	**3,968,100**	4,223,714	**3,968,100**	4,223,714

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income in the income statement (note 4).

(a) Risk exposure
Information about the consolidated entity's exposure to credit risk and price risk is provided in note 2.

Note 9. Non-current assets - Receivables

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Other receivables	**187,500**	250,000	**187,500**	250,000
Provision for doubtful debts	**(187,500)**	(250,000)	**(187,500)**	(250,000)
	-	-	**-**	-

(a) Impaired receivables and receivables past due
On 30 June 2006, the consolidated entity sold the Australian Industry Innovation Xchange Network business to IXC Australia Limited ("IXC") for $250,000. The receivable was tested for impairment by the Committee of Management. This review resulted in the receivable being fully impaired as IXC is a newly formed entity with no credit history nor security offered to The Australian Industry Group.

During the year IXC has repaid $62,500 of the receivable balance. However the Committee of Management remains uncertain of the recoverability of this receivable.

(b) Fair values
The fair values and carrying values of non-current receivables of the consolidated entity are as follows:

	2008		2007	
	Carrying amount $	**Fair Value $**	Carrying amount $	Fair Value $
Other receivables	**187,500**	**-**	250,000	-
	187,500	**-**	250,000	-

The carrying amount has been fully provided for by way of a provision for doubtful debts.

(c) Risk Exposure
Information about the consolidated entity's exposure to credit risk and price risk is provided in note 2.

Note 10. Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Shares in wholly owned subsidiaries (note (a))	**-**	-	**12**	32
Shares in other corporations	**12**	12	**12**	12
	12	12	**24**	44

Note 10. Non-current assets - Other financial assets (continued)

(a) Shares in Wholly Owned Subsidiaries (note 25)

Ai Group Nominees Pty Limited	-	-	-	20
Australian Industry Group Training Services Pty Ltd	-	-	**2**	2
Manufacturers Training Trust	-	-	-	-
Ai Group Legal Unit Trust	-	-	-	-
Ai Group Legal Pty Ltd	-	-	**10**	10
	-	-	**12**	32

These financial assets are carried at cost.

The prior year comparative of the investment in Ai Group Legal Pty Ltd was erroneously stated as $1 instead of $10. This error has been rectified retrospectively.

(b) Shares in other Corporations

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
AustralianSuper Pty Ltd (formerly 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. Savings Australia Pty Limited changed its name to AustralianSuper Pty Ltd on 1 July 2007. The Australian Retirement Fund Pty Ltd is the Trustee of The Australian Retirement Fund. They did not trade in their own right in the 2008 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.

Note 11. Non-current assets – Property, plant and equipment

Consolidated	**Freehold land**	**Buildings**	**Leasehold improvements**	**Plant & equipment**	**Capital works in progress**	**Total**
	$	$	$	$	$	$
At 1 July 2006						
Cost or fair value	7,400,000	7,245,961	3,537,779	18,159,213	-	36,342,953
Accumulated depreciation	-	(34,688)	(1,980,005)	(12,228,853)	-	(14,243,546)
Net book amount	7,400,000	7,211,273	1,557,774	5,930,360	-	22,099,407
Year ended 30 June 2007						
Opening net book amount	7,400,000	7,211,273	1,557,774	5,930,360	-	22,099,407
Revaluation surplus	1,700,000	(228,431)	-	-	-	1,471,569
Additions	-	-	159,805	1,572,406	170,514	1,902,725
Disposals	-	-	-	(253,044)	-	(253,044)
Transfers	-	-	-	-	-	-
Depreciation/amortisation charge (note 5)	-	(206,885)	(336,216)	(1,748,297)	-	(2,291,398)
Closing net book amount	9,100,000	6,775,957	1,381,363	5,501,425	170,514	22,929,259
At 30 June 2007						
Cost or fair value	9,100,000	6,809,408	3,697,584	19,150,177	170,514	38,927,683
Accumulated depreciation	-	(33,451)	(2,316,221)	(13,648,752)	-	(15,998,424)
Net book amount	9,100,000	6,775,957	1,381,363	5,501,425	170,514	22,929,259

Note 11. Non-current assets – Property, plant and equipment (continued)

Consolidated	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
Year ended 30 June 2008						
Opening net book amount	9,100,000	6,775,957	1,381,363	5,501,425	170,514	22,929,259
Revaluation surplus	200,000	744,736	-	-	-	944,736
Additions	-	-	30,429	1,040,302	510,225	1,580,956
Disposals	-	-	-	(170,784)	-	(170,784)
Transfers	-	-	4,055	191,534	(195,589)	-
Depreciation/amortisation charge (note 5)	-	(203,936)	(365,622)	(1,502,995)	-	(2,072,553)
Closing net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614
At 30 June 2008						
Cost or fair value	9,300,000	7,353,478	3,732,068	19,956,158	485,150	40,826,854
Accumulated depreciation	-	(36,721)	(2,681,843)	(14,896,676)	-	(17,615,240)
Net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
At 1 July 2006						
Cost or fair value	7,400,000	7,245,961	3,537,779	17,667,598	-	35,851,338
Accumulated depreciation	-	(34,688)	(1,980,005)	(12,050,150)	-	(14,064,843)
Net book amount	7,400,000	7,211,273	1,557,774	5,617,448	-	21,786,495
Year ended 30 June 2007						
Opening net book amount	7,400,000	7,211,273	1,557,774	5,617,448	-	21,786,495
Revaluation surplus	1,700,000	(228,431)	-	-	-	1,471,569
Additions	-	-	159,805	1,343,373	170,514	1,673,692
Disposals	-	-	-	(227,017)	-	(227,017)
Transfers	-	-	-	-	-	-
Depreciation/amortisation charge (note 5)	-	(206,885)	(336,216)	(1,620,100)	-	(2,163,201)
Closing net book amount	9,100,000	6,775,957	1,381,363	5,113,704	170,514	22,541,538
At 30 June 2007						
Cost or fair value	9,100,000	6,809,408	3,697,584	18,514,163	170,514	38,291,669
Accumulated depreciation	-	(33,451)	(2,316,221)	(13,400,459)	-	(15,750,131)
Net book amount	9,100,000	6,775,957	1,381,363	5,113,704	170,514	22,541,538

Note 11. Non-current assets – Property, plant and equipment (continued)

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
Year ended 30 June 2008						
Opening net book amount	9,100,000	6,775,957	1,381,363	5,113,704	170,514	22,541,538
Revaluation surplus	200,000	744,736	-	-	-	944,736
Additions	-	-	30,429	821,062	510,225	1,361,716
Disposals	-	-	-	(148,002)	-	(148,002)
Transfers	-	-	4,055	191,534	(195,589)	-
Depreciation/amortisation charge (note 5)	-	(203,936)	(365,622)	(1,365,109)	-	(1,934,667)
Closing net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321
At 30 June 2008						
Cost or fair value	9,300,000	7,353,478	3,732,068	19,157,633	485,150	40,028,329
Accumulated depreciation	-	(36,721)	(2,681,843)	(14,544,444)	-	(17,263,008)
Net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321

(a) 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, based on current prices in an active market for similar properties in the same location and condition. The last independent valuation was conducted in April 2008 based on independent assessments by members of the Australian Property Institute and the carrying values were suitably adjusted. The revaluation surplus was credited to the assets revaluation reserve account.

Note 12. Non-current assets – Retirement benefit asset

	Consolidated 2008	Consolidated 2007	Parent entity 2008	Parent entity 2007
	$	$	$	$
Retirement benefit asset	**959,040**	1,442,000	**959,040**	1,442,000
	959,040	1,442,000	**959,040**	1,442,000

(a) Superannuation Plan
The consolidated entity contributes to a defined benefit employee superannuation plan, The Australian Industry Group Superannuation Plan (a sub-Plan of AustralianSuper). This plan was transferred from Mercers Super Trust to AustralianSuper on 4 December 2006. All employees of the consolidated entity are entitled to benefits from the consolidated entity's superannuation plan on retirement, disability or death. The consolidated entity has one plan with a defined benefit section and a defined contribution section. The defined benefit section provides lump sum benefits based on years of service and average salary. The defined contribution section receives fixed contributions from the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

The following sets out details in respect of the defined benefit section only.

Note 12. Non-current assets – Retirement benefit asset (continued)

(b) Balance sheets amounts
The amounts recognised in the balance sheets are determined as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Present value of the defined benefit obligation	7,332,729	8,800,000	7,332,729	8,800,000
Fair value of defined benefit plan assets	(8,291,769)	(10,242,000)	(8,291,769)	(10,242,000)
	(959,040)	(1,442,000)	(959,040)	(1,442,000)
Unrecognised actuarial (losses)/gains	-	-	-	-
Unrecognised past service costs	-	-	-	-
Transfer to asset account	959,040	1,442,000	959,040	1,442,000
Net liability in the balance sheets	-	-	-	-

(c) Categories of plan assets
The major categories of plan assets are as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Cash	165,836	204,840	165,836	204,840
Equity instruments	5,306,732	6,554,880	5,306,732	6,554,880
Property	829,177	2,150,820	829,177	2,150,820
Other assets	1,990,024	1,331,460	1,990,024	1,331,460
	8,291,769	10,242,000	8,291,769	10,242,000

The fair value of the plan assets includes no amount relating to any of the consolidated entity's own financial instruments or any property occupied by, or other assets used by, the consolidated entity.

(d) Reconciliations

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	8,800,000	8,553,000	8,800,000	8,553,000
Current service cost	342,257	358,000	342,257	358,000
Interest cost	441,117	386,000	441,117	386,000
Contributions by plan participants	78,364	75,000	78,364	75,000
Actuarial (gains) and losses	(273,083)	(514,000)	(273,083)	(514,000)
Benefits, taxes, premiums and expenses paid	(2,055,926)	(58,000)	(2,055,926)	(58,000)
Balance at the end of the year	7,332,729	8,800,000	7,332,729	8,800,000
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	10,242,000	8,778,000	10,242,000	8,778,000
Expected return on plan assets	646,397	548,000	646,397	548,000
Actuarial gains and (losses)	(1,083,816)	775,000	(1,083,816)	775,000
Contributions by plan participants	78,364	75,000	78,364	75,000
Employer contributions	379,192	378,000	379,192	378,000
Benefits, taxes, premiums and expenses paid	(1,970,368)	(312,000)	(1,970,368)	(312,000)
Balance at the end of the year	8,291,769	10,242,000	8,291,769	10,242,000

Note 12. Non-current assets – Retirement benefit asset (continued)

(e) Amounts recognised in income statements
The amounts recognised in the income statements are as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Current service costs	**342,257**	358,000	**342,257**	358,000
Interest costs	**441,117**	386,000	**441,117**	386,000
Expected return on plan assets	**(646,397)**	(548,000)	**(646,397)**	(548,000)
Total included in employee benefits expense	**136,977**	196,000	**136,977**	196,000
Actual return on plan assets	**(436,620)**	1,323,000	**(436,620)**	1,323,000

(f) Principal actuarial assumptions
The principal actuarial assumptions used (expressed as weighted averages) were as follow:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
Discount rate	**5.50%**	5.30%	**5.50%**	5.30%
Expected return on plan assets	**6.50%**	6.50%	**6.50%**	6.50%
Future salary increase	**4.50%**	4.50%	**4.50%**	4.50%

The defined benefit obligation includes an allowance for a contributions tax provision, which represents the costs of the tax that is imposed on employer contributions to superannuation funds. There remains some uncertainty as to the most appropriate allowance for the contributions tax, as a result the full allowance for tax of 15% has been assumed.

(g) Employer contributions
Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made annually, and the last such assessment was made as at 30 June 2008. The plan provides both accumulated benefits and defined benefits (to members admitted prior to 1 March 1994) based on years of service and average salary. The consolidated entity also makes additional contributions to meet the insurance costs and expenses of the plan.

All members at 1 March 1994, prior to restructuring of the plan, were provided with a guarantee that their benefit under the new arrangements would not be less than the benefit which would have been paid if the restructuring had not occurred.

Total employer contributions expected to be paid by consolidated entity for the year ended 30 June 2008 are $272,288. The economic assumptions used by the actuary to make the funding recommendations were a long-term investment earning rate of 6.50% pa (net of fees and taxes) and a salary increase rate of 4.50% pa.

(h) Net financial position of plan
In accordance with AAS 25 *Financial Reporting by Superannuation Plans* the plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as at the date of the most recent financial report of the superannuation fund (1 July 2005) and a surplus of $152,579 was reported.

The surplus, as at 30 June 2005, under AAS 25 will differ from the net asset of $959,040 recognised in the balance sheets as at 30 June 2008 due to different measurement rules in the relevant accounting standards AAS 25 and AASB 119 *Employee Benefits* and different measurement dates.

(i) Historic summary	**2008**	2007	2006
	$	$	$
Defined benefit plan obligation	**(7,332,729)**	(8,800,000)	(8,553,000)
Plan assets	**8,291,769**	10,242,000	8,778,000
Surplus / (deficit)	**959,040**	1,442,000	225,000
Experience adjustments arising on plan liabilities	**162,823**	309,000	(543,000)
Experience adjustments arising on plan assets	**(1,083,816)**	775,000	583,000

Note 13. Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Trade payables	**4,108,871**	3,727,276	**2,994,430**	2,975,463
Unexpended government contracts (note (a))	**2,908,385**	1,263,187	**2,908,385**	1,263,187
Affiliation fees (note (b))	**364,656**	303,523	**364,656**	303,523
Special contribution for defence of members' interests (note (c))	**8,728**	8,728	**8,728**	8,728
	7,390,640	5,302,714	**6,276,199**	4,550,901

(a) Unexpended government contracts
Under arrangements with the Commonwealth and various State Governments the consolidated entity was either given, or acted as custodian of, various contracts earmarked for specific purposes in the Manufacturing, Engineering, Construction, Information Technology and Telecommunications Industry. Total government contracts received during the year amounts to $12,674,670 (2007: $12,276,525) for the consolidated entity. Contract funds unexpended at year end amount to $2,908,385 (2007: $1,263,187) for the consolidated entity. Any contract funds not expended at the completion of the contract for the purposes of the contract are repayable to the appropriate government body.

(b) Affiliation fees
This represents the amount billed to members for subscription income on behalf of the affiliates of the consolidated entity. When the member settles their membership account for the year, payment collected is forwarded to the affiliation organisations, primarily the Engineering Employers' Association, South Australia, Chamber of Commerce and Industry, Western Australia and the Northern Territory Chamber of Commerce and Industry.

(c) Special contribution for defence of members' interest
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. Subsequently additional funds were received to defend logs of claims by the CPSU and AMWU for members in the telecommunications and labour hire industries, respectively. There were no contributions or any expenditure relating to any defence of members' interest during the year, and the balance in the account represents funds carried forward to future periods.

Note 14. Current liabilities – Deferred income

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Deferred income (note (a))	**13,985,812**	11,579,352	**13,958,407**	11,579,352
Deferred income – government contracts (note (b))	**1,229,429**	2,468,097	**1,229,429**	2,468,097
	15,215,241	14,047,449	**15,187,836**	14,047,449

(a) Deferred income
Membership subscription income is brought to account on a pro-rata basis over the period to which it relates. The deferred income account contains income generated from the early issue of yearly subscription billings and income generated from the issue of the six-monthly billings that relate to 1 April 2008 to 30 September 2008.

(b) Deferred income – government contracts
Government contract income is brought to account on a pro-rata basis over the period to which it relates as per the contract (refer note 1(d)).

Note 15. Current liabilities – Provisions

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Employee benefits - annual leave	**2,783,853**	2,473,338	**1,709,609**	1,551,520
Employee benefits - long service leave	**13,552**	13,469	**13,552**	13,469
	2,797,405	2,486,807	**1,723,161**	1,564,989

Note 16. Non-current liabilities – Other payables

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Lease incentives (note (a))	**553,206**	795,242	**553,206**	795,242
Straight lining of fixed increase in lease rental (note (b))	**39,728**	26,869	**39,728**	26,869
	592,934	822,111	**592,934**	822,111

(a) Lease incentives
The lease incentives relate to the lease on the South Melbourne premises and are a combination of a fit-out incentive received on commencing at the premises, which is currently recognised over a 10 year period with two additional lease renewal incentives, reduced by the agents' commission, one which is being recognised over a 5 year period and the other over a 4 year period.

(b) Straight lining of fixed increase in lease rental
The consolidated entity has entered into some operating property leases that have fixed annual rental increase in the lease contracts. A liability is recognised in the provision for straight lining of fixed increases in lease rentals.

Note 17. Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Employee benefits - long service leave	**1,723,264**	1,708,889	**1,565,686**	1,575,056
Lease make good provision (note (a))	**199,462**	189,985	**199,462**	189,985
	1,922,726	1,898,874	**1,765,148**	1,765,041

(a) Lease make good provision
The consolidated entity is required to restore the leased premises of its offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Note 18. Reserves and retained profits

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
(a) **Reserves**				
Property, plant and equipment revaluation reserve	**9,960,038**	9,015,302	**9,960,038**	9,015,302
Movements:				
Property, plant and equipment revaluation reserve:				
Balance 1 July 2007	**9,015,302**	7,543,734	**9,015,302**	7,543,734
Increment on revaluation of freehold land at the end of the financial year	**200,000**	1,700,000	**200,000**	1,700,000
Increment on revaluation of buildings at the end of the financial year	**744,736**	(228,432)	**744,736**	(228,432)
Transfer to retained profits		-		-
Balance 30 June 2008	**9,960,038**	9,015,302	**9,960,038**	9,015,302

Note 18. Reserves and retained profits (continued)

	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
(b) Retained profits				
Retained profits at the beginning of the financial year	**45,995,541**	40,846,960	**45,995,541**	40,846,960
Transfer from capital profits reserve	**-**	-	**-**	-
Net surplus / (deficit) attributable to members of The Australian Industry Group	**833,444**	4,113,581	**833,444**	4,113,581
Gain / (Loss) attributable on actuarial assessment on retirement benefits asset	**(725,175)**	1,035,000	**(725,175)**	1,035,000
Retained profits at the end of the financial year	**46,103,810**	45,995,541	**46,103,810**	45,995,541

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

(i) **Property, plant and equipment revaluation reserve**

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

(ii) **Capital profits reserve**

The capital profits reserve is no longer used. The reserve was created at 30 June 1986 upon sale of freehold land and buildings of $6,949,286 and a further capital profit at 30 June 1999 of $738,021. It was resolved by the Finance, Audit and Compliance Committee on the 23rd of November 2004 that the existing capital profits reserve of $7,687,307 be transferred to retained profits.

Note 19. Related party transactions

(a) Key management personnel

The following persons had authority and responsibility for planning and managing the activities of The Australian Industry Group, directly or indirectly, during the financial year:

(i) Chief Executive
H M Ridout

(ii) Executive Directors

L W Purnell	Executive Director – International (retired 30th June 2008)

(iii)Directors

S A Cullen	Director – Members Advisory Services
M A Goodsell	Director – New South Wales
B E Kerwood	Director – Training Services
A Melville	Director – Public Affairs and Government Relations
P A Nolan	Director – Workplace Relations
T C Piper	Director – Victoria
C Rodwell	Director – Queensland
S T Smith	Director – National Industrial Relations
J Tsimboulas	Director and Chief Financial Officer

(iv) Associate Directors

J Barrett	Associate Director – Construction & Infrastructure
F Brown	Associate Director – Communications & Marketing
P Burn	Associate Director – Public Policy
D Hargraves	Associate Director – Workplace Relations
M Lilly	Associate Director – Education and Training
T Pensabene	Associate Director – Economics and Research

Note 19. Related party transactions (continued)

All the above employees held a senior position at The Australian Industry Group from 1 July 2007 to 30 June 2008 and the preceding financial year, with the exception of the following: L Purnell retired on the 30th June 2008.

(b) Key management personnel compensation

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Short-term employee benefits	**5,143,762**	4,894,176	**5,143,762**	4,894,176

The prior year comparative erroneously included an amount of $399,515 twice, being the reportable fringe benefits paid to key management personnel. The error has been rectified and has no impact on the prior year's income statement and retained earnings.

(c) Transactions with related parties
The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Other transactions				
Rental revenue paid to The Australian Industry Group	-	-	**224,803**	224,979

(d) Loans to/from related parties

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Loans to subsidiaries				
Beginning of the year	-	-	**1,188,755**	910,767
Loans advanced	-	-	**4,785,264**	3,658,388
Loan repayments received	-	-	**(5,700,000)**	(3,360,000)
Interest charged	-	-	-	-
Interest received	-	-	**(20,400)**	(20,400)
End of year	-	-	**253,619**	1,188,755

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Note 20. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm: Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**198,882**	170,755	**175,282**	149,255
Total remuneration for audit services	**198,882**	170,755	**175,282**	149,255
Other assurance services				
PricewaterhouseCoopers Australian firm: Other accounting services	**16,940**	19,727	**16,940**	19,727
Non-PricewaterhouseCoopers firm: Other accounting services	**22,907**	20,557	**9,773**	8,095
Total remuneration for other assurance services	**39,847**	40,284	**26,713**	27,822
Total remuneration for assurance services	**238,729**	211,039	**201,995**	177,077

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2008.

Note 22. Commitments

(a) Capital commitments
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2008 $	2007 $	**2008 $**	2007 $
Property, plant and equipment:				
Within one year	**265,000**	-	**265,000**	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	265,000	-	**265,000**	-

(b) Lease commitments: consolidated entity as lessee
Non-cancellable operating leases
The consolidated entity leases various offices under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		Parent entity	
	2008 $	2007 $	**2008 $**	2007 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**1,480,875**	1,588,245	**1,480,725**	1,588,245
Later than one year but not later than five years	**1,713,291**	3,006,315	**1,713,291**	3,006,315
Later than five years	-	-	-	-
	3,194,166	4,594,560	**3,194,016**	4,594,560
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**536,707**	784,417	**536,707**	784,417

Note 23. Business combination

(a) Summary of acquisition
On 1 January 2008 the parent entity consolidated with Australian Electrical and Electronic Manufacturer's Association (AEEMA). The acquired business contributed revenues of $496,436 and net loss of $149,112 to the consolidated entity for the period from 1 January 2008 to 30 June 2008.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$
Purchase consideration (refer to (b) below):	
Cash paid	-
Direct costs relating to the acquisition	-
Total purchase consideration	-
Fair value of net identifiable assets acquired (refer to (c) below)	865,938
Surplus on acquisition transferred to income statement	865,938

Note 23. Business combination (continued)

(b) Purchase consideration
There was no purchase consideration paid in the consolidation of AEEMA to the consolidated entity.

The consolidated entity agreed to employ the existing staff of AEEMA and to provide services to AEEMA's existing members. AEEMA members who were not earlier members of Ai Group, now have access to a wider range of representational, economic analysis, workplace relations and OH&S services than previously offered by AEEMA. However, other services on which AEEMA has focused such as technical standards and ICT regulatory controls have been extended across Ai Group's broader membership.

(c) Assets and liabilities acquired
The assets and liabilities arising from the consolidation are as follows:

	Acquiree's carrying amount $	Fair Value $
Cash	174,656	174,656
Trade receivables	274,677	274,677
Provision for doubtful debts	(1,266)	(1,266)
Investments	1,186,629	1,186,629
Prepayments	13,786	13,786
Plant and equipment	21,068	21,068
Trade and other payables	(154,212)	(154,212)
Deferred income	(600,318)	(600,318)
Provisions for employee benefits	(49,082)	(49,082)
Net assets	**865,938**	**865,938**

Note 24. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of shares	Equity Holding 2008 %	2007 %
Ai Group Nominees Pty Limited	Australia	Ordinary	-	100
Australian Industry Group Training Services Pty Ltd	Australia	Ordinary	100	100
The Manufacturers Training Trust	Australia	Ordinary	100	100
Ai Group Legal Pty Ltd	Australia	Ordinary	100	100
Ai Group Legal Unit Trust	Australia	Ordinary	100	100

During the year, The Australian Industry Group continued to operate these trustee entities:
(i) Ai Group Legal Pty Ltd which acted as trustee for Ai Group Legal Unit Trust; and
(ii) Australian Industry Group Training Services Pty Ltd which acted as trustee for The Manufacturers Training Trust.

Ai Group Nominees Pty Limited was deregistered on 4 March 2008.

Note 25. Events occurring after the balance sheets date

At the date of signing this report, no other matter or circumstance has arisen since 30 June 2008 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 26. Reconciliation of surplus to net cash inflow from operating activities

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Surplus/(Deficit) from continuing operations	**833,444**	4,113,581	**833,444**	4,113,581
Depreciation and amortisation	**2,072,553**	2,291,398	**1,934,667**	2,163,201
(Profit)/loss on disposal of investments	**396,300**	(280,302)	**396,300**	(280,302)
(Profit)/loss on revaluation of investments	**2,075,163**	(1,081,198)	**2,075,163**	(1,081,198)
Net loss on sale of non-current assets	**43,376**	95,619	**40,139**	94,261
Change in operating assets and liabilities				
(Increase) / decrease in receivables	**(917,768)**	(1,149,177)	**(1,047,802)**	(843,688)
(Increase) / decrease in receivables from related parties	**-**	-	**935,136**	(277,988)
(Increase) / decrease in other receivables	**112,938**	(182,214)	**92,614**	(161,890)
Increase / (decrease) in subscriptions in advance	**1,167,792**	(2,659,909)	**1,140,387**	(2,653,313)
Increase / (decrease) in trade and other payables	**2,087,926**	99,960	**1,725,298**	214,876
Increase / (decrease) in provisions	**(136,942)**	67,734	**(313,122)**	10,734
Net cash inflow from operating activities	**7,734,782**	1,315,492	**7,812,224**	1,298,274

The Australian Industry Group
Committee of management's statement

The National Secretary-Treasurer having caused to be prepared the financial and operating reports and other prescribed information for The Australian Industry Group (being the sole reporting unit required to report under Schedule 1 of the Workplace Relations Act 1996 and Regulations relating thereto) for the financial year ending 30 June 2008, and based on the recommendation of the Finance Audit & Compliance Committee (FACC), the National Executive being the committee of management for The Australian Industry Group hereby resolves and declares as follows :

1. The financial reports as presented be approved by the National Executive in accordance with Rule 75 and be submitted to the Auditors of the Organisation for signing and subsequently be presented to the Members at the Annual General Meeting in accordance with the Act and Rule 27.

2. The following statement (the committee of management statement) containing the declarations in relation to the general purpose financial report (GPFR) for the financial year ending 30 June 2008 as required by the Act be approved and signed by the National Secretary-Treasurer as designated officer, namely:

   (a) the financial statements and notes comply with the Australian Accounting Standards;
   (b) the financial statements and notes comply with the Reporting Guidelines of the Industrial Registrar;
   (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of The Australian Industry Group for the financial year to which they relate;
   (d) there are reasonable grounds to believe that The Australian Industry Group will be able to pay its debts as and when they become due and payable;
   (e) during the financial year to which the GPFR relates and since the end of that year;

      (i) meetings of the National Executive (the committee of management) were held in accordance with the Rules of The Australian Industry Group
      (ii) the financial affairs of The Australian Industry Group have been managed in accordance with the Rules of The Australian Industry Group
      (iii) the financial records of The Australian Industry Group have been kept and maintained in accordance with Schedule 1 of the Act and its related Regulations; and
      (iv) no member has requested any information from The Australian Industry Group and the Registrar has not made such a request of The Australian Industry Group under section 272 of Schedule 1; and
      (v) no orders have been made by the Commission under section 273 of Schedule 1.

For the Committee of Management:

J W Ingram
National Secretary-Treasurer

Sydney 10/10/08
October 2008

The Australian Industry Group
Operating Report

The Committee of Management presents their Operating Report on The Australian Industry Group for the year ended 30 June 2008.

Committee of Management
The following persons were members of the Committee of Management of The Australian Industry Group during the financial year and up to the date of this report:

K Bridges
I Campbell
T J Carroll (National President)
A Conte
N Cornish (Alternate)
G Battershill
L Di Bartolomeo (National Vice President)
J Dixon
J Gaskell
W A Hutchinson (Alternate)
J W Ingram (National Secretary-Treasurer & Immediate Past National President)
I D James AO*
P J Lancaster (Alternate)
R Leupen
D C Matthews (Deputy National President)
D McGree
P J Nicholls (National Vice President)
G O'Brien (Alternate)
C Ogilvy
S J O'Rourke
C Raine
D Robinson
R J Rolls (Alternate)
G Sedgwick
M Symes (National Vice President)
R J C Wilson (Alternate)

* Also Emeritus Councillors

All members held their positions on the Committee of Management from 1 July 2007 to 30 June 2008, with the exception of the following:

G Battershill (appointed 22nd November 2007), S J O'Rourke (appointed 22nd November 2007), D Robinson (appointed 17th April 2008) and J Dixon (appointed 19th June 2008) were appointed as members of the Committee of Management during the financial year and continue in office at the date of this report.

K J G Porter resigned on 21st November 2007, R Cooper resigned on 20th February 2008 and A Terry resigned on 21st May 2008.

The following persons were appointed by the Engineering Employers' Association, South Australia, an affiliate of The Australian Industry Group, to attend meetings of the Committee of Management:

A S Downs
B Freeborn (Alternate)
D B McNeil (Alternate)
G Price
C Stathy

In addition, the following persons were appointed by the Chamber of Commerce and Industry, Western Australia another affiliate of The Australian Industry Group to attend meetings of the Committee of Management:

J Pearson

J Pearson was appointed on the 25th March 2008 and D Willmott resigned on the 13th of June 2007 and J Langoulant resigned 24th January 2008.

The following persons have been appointed by the Committee of Management and the Branch Councils as Emeritus Councillors and are entitled to attend meetings of the Committee of Management and respective Branch Councils:

G J Ashton AM
M A Besley AO
J M Dowrie OBE
J A Hale
R D Hill-Ling AO
G J Kraehe AO
F R D Morgan CBE
P G Thomas AM
Sir William Tyree OBE
Dr W W J Uhlenbruch AO

Remuneration of the Committee of Management
During the financial year, no member of the Committee of Management of the Organisation received, directly or indirectly, any payment or any benefit in exchange for services rendered by the members of the Committee of Management.

Principal activities
During the year the principal continuing activities of the consolidated entity as a registered employer organisation consisted of:

a) representing it's membership in manufacturing, construction, engineering, automotive, telecommunications, IT, transport, labour hire and other industries,
b) providing assistance, advice and information to its membership in the areas of workplace relations and human resource management; OHS and workers' compensation management; environment and energy management; innovation policy and development networks; international trade development and promotion; and business regulation,
c) conducting comprehensive training workshops, seminars and related programs,
d) providing nationally accredited training qualifications as a Registered Training Organisation, and
e) operating a consolidated entity training scheme for apprentices and trainees.

Review of principal activities
The Australian Industry Group and subsidiaries reported a surplus from continuing operations of $833,444 (2007: $4,113,581) for the year ending 30 June 2008.

Total income of $61,499,260 (2007: $59,627,099) was above the previous year by $1,872,161 (3.1%).

Total expenditure of $60,665,816 (2007: $55,513,518) was above the previous year by $5,152,298 (9.3%).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Organisation during the financial year.

Number of Recorded Members
The number of persons recorded in the Register of Members of the Organisation as at 30 June 2008 for the purposes of section 254 (2)(f) of the RAO Schedule was 6,119.

Number of Employees
The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2008 was 268.

Rights of members to resign
In accordance with section 174 of the RAO Schedule, a member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary-Treasurer of any Branch of the Organisation to which such member belongs.

Details of Trustee of Superannuation Entities

No member of the Committee of Management of the Organisation was:

a) a trustee of a superannuation entity of an exempt public sector superannuation scheme; or

b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme where the criterion for the member being a trustee or director is that the member is an officer or member of a The Australian Industry Group.

J W Ingram
National Secretary-Treasurer

10/10/08

Sydney
October 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
Direct Phone +61 2 8266 3896
Direct Fax +61 2 8286 3896

Independent audit report to the members of The Australian Industry Group

Report on the financial report

We have audited the accompanying financial report of Australian Industry Group (the company), which comprises the balance sheets as at 30 June 2008, and the income statements, statement of recognised income and expenses and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management's statement for both The Australian Industry Group and of its consolidated entities. The consolidated entity comprises the company and the entities it controlled at the year's end.

Committee of Managements' responsibility for the financial report

The Committee of Management of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act 1996.

Auditor's opinion

In our opinion:

(a) the financial report of The Australian Industry Group is:

(i) giving a true and fair view, as required by the Workplace Relations Act 1996 in Australia, of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the RAO Schedule of the Workplace Relations Act 1996; and

PricewaterhouseCoopers

Chris Burt
Partner

Sydney
13 October 2008