FAIR WORK AUSTRALIA

29 November 2010

Mr John W Ingram
National Secretary - Treasurer
The Australian Industry Group
51 Walker St
NORTH SYDNEY NSW 2060

By email: Jenifer.Leuba@aigroup.asn.au
By fax: (02) 9466 5599

Attention: Jenifer Leuba, General Counsel

Dear Mr Ingram,

Fair Work (Registered Organisations) Act 2009 (RO Act)
Financial Report for year ended 30 June 2010 – FR2010/2568

I acknowledge receipt of the financial report for the Australian Industry Group for the year ended 30 June 2010. The document was lodged with Fair Work Australia on 11 November 2010.

The financial report has been filed. No further action is required for the financial report for year ended 30 June 2010. Please ensure however that the following comments are noted when preparing future financial reports. Thank you.

1. ***Updating Legislative references***

In future please ensure the financial report is updated with references to the current legislation. Any references to Registrar or Industrial Register should now be to the General Manager and the Delegate to the General Manager. See, for example, Note 1 (q) of the Notes to the financial statements for the year ended 30 June 2010 compared with section 272 of the RO Act which states:

"272 Information to be provided to members or General Manager

> (1) A member of a reporting unit, or the General Manager, 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)."

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Telephone: (03) 8661 7777
Email : orgs@fwa.gov.au Internet : www.fwa.gov.au

2. ***Conference expenses and meeting allowances***

Pursuant to the *Financial reporting guidelines*, guideline 11 requires the disclosure, where applicable, of both:

- fees or allowances to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings; and

- expenses incurred in connection with meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible.

Note 5 of the Notes to the financial statements for the year ended 30 June 2010 only addressed the meeting expenses incurred, to fully comply with the guidelines there must also contain a reference to meeting fees or allowances.

If you have any queries please contact me on (03) 8661 7988 or by email at rebekah.french@fwa.gov.au.

Yours sincerely,

Rebekah French
Tribunal Services and Organisations

FR.2010/2568.

FAIR WORK AUSTRALIA

In the matter of:
The Australian Industry Group
and
Fair Work (Registered Organisations) Act 2009

Designated Officer's Certificate
For the year ended 30 June 2010

I, John Weir Ingram, National Secretary-Treasurer of The Australian Industry Group certify in accordance with section 268 of the Fair Work (Registered Organisations) Act 2009:

(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, 2010 ; and

(2) that the full financial report was provided to members of the Organization on 1 October 2010; and

(3) that the full financial report was presented to the Annual General Meeting of the Organization (as the sole reporting unit) on 26 October 2010 in accordance with section 266 of the Act.

J W INGRAM National Secretary-Treasurer	28/10/10 Date

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

Reference: Jenifer Leuba
General Counsel
Jenifer.Leuba@aigroup.asn.au
03 98670174

The Australian Industry Group
Financial statements – 30 June 2010

Contents **Page**

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The Australian Industry Group
Income statements
For the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
Revenue from continuing operations	3	**74,366,449**	63,372,455	**48,224,058**	43,970,743
Other income	4	**219,465**	(1,880,721)	**219,465**	(1,880,721)
Employee benefits expense	5	**(51,185,423)**	(44,594,865)	**(28,655,029)**	(27,923,343)
Depreciation and amortisation expenses	5	**(2,083,031)**	(1,776,246)	**(1,904,514)**	(1,638,684)
Communication expenses	5	**(6,557,635)**	(6,480,683)	**(5,956,667)**	(5,996,385)
Share of net profits of associates accounted for using the equity method	26	**75,000**	-	**-**	-
Other expenses	5	**(11,006,260)**	(9,898,965)	**(9,730,684)**	(9,122,765)
Surplus / (deficit) from continuing operations		**3,828,565**	(1,259,025)	**2,196,629**	(2,591,155)
Transfer of surplus from Manufacturers Training Trust		**-**	-	**1,321,169**	1,090,286
Transfer of surplus from Ai Group Legal Unit Trust		**-**	-	**310,767**	241,844
Surplus / (deficit) from continuing operations after transfer of surplus from Manufacturers Training Trust and the Ai Group Legal Unit Trust	19(b)	**3,828,565**	(1,259,025)	**3,828,565**	(1,259,025)

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

The Australian Industry Group
Statements of comprehensive income
For the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
Surplus / (deficit) from continuing operations after transfer of surplus from Manufacturers Training Trust and the Ai Group Legal Unit Trust	19(b)	**3,828,565**	(1,259,025)	**3,828,565**	(1,259,025)
Other comprehensive income					
Loss on revaluation of land and buildings	19(a)	**(1,849,474)**	(1,779,430)	**(1,849,474)**	(1,779,430)
Amalgamation of Engineering Employers Association, South Australia	19(a)	**7,405,017**	-	**7,405,017**	-
Loss on actuarial assessment of retirement benefit obligation	19(b)	**(353,943)**	(2,699,476)	**(353,943)**	(2,699,476)
Other comprehensive income for the year		**5,201,600**	(4,478,906)	**5,201,600**	(4,478,906)
Total comprehensive income for the year		**9,030,165**	(5,737,931)	**9,030,165**	(5,737,931)

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

The Australian Industry Group
Balance sheets
As at 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
ASSETS					
Current assets					
Cash and cash equivalents	6	**33,022,863**	30,009,692	**32,801,753**	29,727,196
Trade and other receivables	7	**18,636,706**	16,780,920	**16,873,925**	15,340,999
Other financial assets at fair value through profit or loss	8	**17,295,758**	10,479,312	**17,295,758**	10,479,312
Total current assets		**68,955,327**	57,269,924	**66,971,436**	55,547,507
Non-current assets					
Receivables	9	**-**	-	**-**	-
Investments accounted for using the equity method	10	**1,880,147**	-	**-**	-
Other financial assets	11	**6**	12	**1,880,165**	24
Property, plant and equipment	12	**19,061,484**	21,368,504	**18,476,081**	20,895,117
Total non-current assets		**20,941,637**	21,368,516	**20,356,246**	20,895,141
Total assets		**89,896,964**	78,638,440	**87,327,682**	76,442,648
LIABILITIES					
Current liabilities					
Trade and other payables	13	**7,477,587**	7,053,947	**6,403,328**	6,034,281
Deferred income	14	**15,230,809**	14,586,313	**15,230,809**	14,583,725
Provisions	15	**3,164,298**	2,808,104	**1,967,432**	1,833,601
Total current liabilities		**25,872,694**	24,448,364	**23,601,569**	22,451,607
Non-current liabilities					
Other payables	16	**310,162**	312,224	**310,162**	312,224
Provisions	17	**2,848,477**	2,093,773	**2,550,320**	1,894,738
Retirement benefit obligation	18	**1,509,549**	1,458,162	**1,509,549**	1,458,162
Total non-current liabilities		**4,668,188**	3,864,159	**4,370,031**	3,665,124
Total liabilities		**30,540,882**	28,312,523	**27,971,600**	26,116,731
Net assets		**59,356,082**	50,325,917	**59,356,082**	50,325,917
MEMBERS' FUNDS					
Reserves	19(a)	**13,736,151**	8,180,608	**13,736,151**	8,180,608
Retained profits	19(b)	**45,619,931**	42,145,309	**45,619,931**	42,145,309
Total members' funds		**59,356,082**	50,325,917	**59,356,082**	50,325,917

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

The Australian Industry Group
Statements of changes in equity
For the year ended 30 June 2010

Consolidated	Notes	Reserves $	Retained earnings $	Total $
Balance at 1 July 2008		**9,960,038**	**46,103,810**	**56,063,848**
Total comprehensive income for the year	19(a), 19(b)	(1,779,430)	(3,958,501)	(5,737,931)
Balance at 30 June 2009		**8,180,608**	**42,145,309**	**50,325,917**
Total comprehensive income for the year	19(a), 19(b)	5,555,543	3,474,622	9,030,165
Balance at 30 June 2010		**13,736,151**	**45,619,931**	**59,356,082**

Parent entity		Reserves $	Retained earnings $	Total $
Balance at 1 July 2008		**9,960,038**	**46,103,810**	**56,063,848**
Total comprehensive income for the year	19(a), 19(b)	(1,779,430)	(3,958,501)	(5,737,931)
Balance at 30 June 2009		**8,180,608**	**42,145,309**	**50,325,917**
Total comprehensive income for the year	19(a), 19(b)	5,555,543	3,474,622	9,030,165
Balance at 30 June 2010		**13,736,151**	**45,619,931**	**59,356,082**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

The Australian Industry Group
Statements of cash flows
For the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
Cash flows from operating activities					
Receipts from trading activities (inclusive of goods and services tax)		**78,493,696**	66,520,368	**49,929,691**	44,385,137
Distributions and dividends		**1,015,219**	(542,149)	**1,090,219**	(542,149)
Receipts from investment income		**1,340,618**	2,339,537	**1,318,184**	2,308,689
		80,849,533	68,317,756	**52,338,094**	46,151,677
Payments to suppliers and employees (inclusive of goods and services tax)		**(75,446,517)**	(68,294,055)	**(47,083,841)**	(46,458,330)
Net cash inflow (outflow) from operating activities	28	**5,403,016**	23,701	**5,254,253**	(306,653)
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,862,518)**	(1,953,773)	**(1,508,689)**	(1,728,170)
Payments for investments		**(6,825,084)**	(2,425,690)	**(6,825,084)**	(2,425,690)
Proceeds from sale of property, plant and equipment		**322,989**	202,017	**254,309**	138,935
Proceeds from sale of investments		**4,917,121**	2,494,968	**4,917,121**	2,494,968
Associate distributions received		**75,000**	-	**-**	-
Net cash acquired on amalgamation		**982,647**	-	**982,647**	-
Net cash (outflow) from investing activities		**(2,389,845)**	(1,682,478)	**(2,179,696)**	(1,519,957)
Cash flows from financing activities					
Net cash (outflow) from financing activities		**-**	-	**-**	-
Net increase (decrease) in cash and cash equivalents		**3,013,171**	(1,658,777)	**3,074,557**	(1,826,610)
Cash and cash equivalents at the beginning of the financial year		**30,009,692**	31,668,469	**29,727,196**	31,553,806
Cash and cash equivalents at the end of the financial year	6	**33,022,863**	30,009,692	**32,801,753**	29,727,196

The above statements of cash flows 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 statements as at 30 June 2010 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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements 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 statements has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of The Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisation) Act 2009 (the Act).

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.

Critical accounting estimates

The preparation of financial statements in conformity with IRFS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Financial statement presentation

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Australian Industry Group ("parent entity") as at 30 June 2010 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 statements 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.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the costs method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impaired loss) identified on acquisition (refer to note 26).

Note 1. Summary of significant accounting policies (continued)

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movement are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of any impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(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).

(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 Fair Work (Registered Organisation) Act 2009 (the Act), is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

(f) Business combinations

The acquisition 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. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Note 1. Summary of significant accounting policies (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

If it is determined that the combination results in mutual benefit to both the members of the acquirer and the acquiree, the surplus of the fair value of the net identifiable assets acquired over the consideration paid will be recognised in member's funds as a business combination reserve.

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 similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy
A revised AASB 3 *Business Combinations* become operative on 1 July 2009. While the revised standard continued to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit and loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interest in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by acquisition basis. Under the previous policy, the non-controlling interest was always recognised as its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of Engineering Employees Association, South Australia (EEASA) disclosed in note 24.

(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 end of the reporting period.

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 the end of each reporting period.

(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 end of the reporting period 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 23). 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.

(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.

Note 1. Summary of significant accounting policies (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. 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 end of each reporting period are recognised in other payables in respect of employees' services up to the end of each reporting period 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 end of each reporting period 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 end of each reporting period 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 end of each reporting period 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 end of each reporting period, 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 end of each reporting period 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 the Fair Work (Registered Organisation) Act 2009 (the Act), 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 2010 reporting periods. The Committee of Management has assessed the impact of these new standards and interpretations, and believe the application of these will not have a material impact on the consolidated entity's 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**33,022,863**	30,009,692	**32,801,753**	29,727,196
Trade and other receivables	**18,586,706**	16,780,920	**16,823,925**	15,340,999
Other financial assets at fair value through profit or loss	**17,295,758**	10,479,312	**17,295,758**	10,479,312
	68,905,327	57,269,924	**66,921,436**	55,547,507
Financial liabilities				
Trade and other payables	**7,787,749**	7,366,171	**6,713,490**	6,346,505
	7,787,749	7,366,171	**6,713,490**	6,346,505

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 13.15% (2009 – (24.75%) 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**	
	2010	2009	**2010**	2009
	$	$	**$**	$
ASX 200	**1,318,975**	1,393,650	**1,318,975**	1,393,650

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 end of each reporting period is the carrying amount of the financial assets as summarised on page 14. 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Trade receivables				
*Counterparties without external credit rating**				
Group 1	**17,885,751**	15,868,322	**16,188,360**	14,527,451
Group 2	**282,006**	530,761	**282,006**	530,761
Group 3	**418,949**	381,837	**353,559**	282,787
Total trade receivables	**18,586,706**	16,780,920	**16,823,925**	15,340,999
Cash at bank and short term bank deposits				
AAA	**33,022,863**	30,009,692	**32,801,753**	29,727,196
	33,022,863	30,009,692	**32,801,753**	29,727,196

*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 end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated entity – at 30 June 2010	**Less than 6 months $**	**Greater than 6 months $**	**Total contractual cash flows $**	**Carrying Amount (assets/ liabilities) $**
Non-derivatives				
Non-interest bearing	7,477,587	310,162	7,787,749	7,787,749
	7,477,587	**310,162**	**7,787,749**	**7,787,749**

Consolidated entity – at 30 June 2009	**Less than 6 months $**	**Greater than 6 months $**	**Total contractual cash flows $**	**Carrying Amount (assets/ liabilities) $**
Non-derivatives				
Non-interest bearing	7,053,947	312,224	7,366,171	7,366,171
	7,053,947	**312,224**	**7,366,171**	**7,366,171**

Parent entity – at 30 June 2010	**Less than 6 months $**	**Greater than 6 months $**	**Total contractual cash flows $**	**Carrying Amount (assets/ liabilities) $**
Non-derivatives				
Non-interest bearing	6,403,328	310,162	6,713,490	6,713,490
	6,403,328	**310,162**	**6,713,490**	**6,713,490**

Parent entity – at 30 June 2009	**Less than 6 months $**	**Greater than 6 months $**	**Total contractual cash flows $**	**Carrying Amount (assets/ liabilities) $**
Non-derivatives				
Non-interest bearing	6,034,281	312,224	6,346,505	6,346,505
	6,034,281	**312,224**	**6,346,505**	**6,346,505**

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the consolidated entity had adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Note 2. Financial Risk Management (continued)

The following tables present the consolidated and the parent entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not bee provided as permitted by the transitional provisions of the new rules.

Consolidated entity – at 30 June 2010	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Trading securities	5,837,181	-	-	5,837,181
Available-for-sale financial assets				
Equity securities	-	9,707,178	62,330	9,769,508
Other	-	1,689,069	-	1,689,069
Total assets	**5,837,181**	**11,396,247**	**62,330**	**17,295,758**

Parent entity – at 30 June 2010	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Trading securities	5,837,181	-	-	5,837,181
Available-for-sale financial assets				
Equity securities	-	9,707,178	62,330	9,769,508
Other	-	1,689,069	-	1,689,069
Total assets	**5,837,181**	**11,396,247**	**62,330**	**17,295,758**

The fair value of financial instruments traded in active markets (such as publicly traded derivates, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such as instruments are included in level 3.

The following tables presents the changes in level 3 instruments for the year ended 30 June 2010:

Consolidated entity	**Trading derivatives at fair value through profit or loss $**	**Total $**
Opening balance	190,969	190,969
Loss recognised in income statement	(128,639)	(128,639)
Closing balance	62,330	62,330

Note 2. Financial Risk Management (continued)

Parent entity	Trading derivatives at fair value through profit or loss $	Total $
Opening balance	190,969	190,969
Loss recognised in income statement	(128,639)	(128,639)
Closing balance	62,330	62,330

The carrying amounts 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 group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Note 3. Revenue

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
From continuing operations				
Members' service account				
Members' subscriptions	**16,982,536**	15,771,604	**16,982,536**	15,771,604
Entrance fees	**33,250**	23,495	**33,250**	23,495
Associate fees	**2,362,352**	2,409,901	**2,362,352**	2,409,901
Other income	**10,711**	36,704	**10,711**	36,704
	19,388,849	18,241,704	**19,388,849**	18,241,704
General operations account				
Consulting and management services	**10,042,039**	7,120,202	**9,316,830**	6,616,180
Government contracts	**11,261,827**	11,981,057	**11,261,827**	11,981,057
Training and other chargeable services	**28,642,315**	21,953,717	**3,186,314**	3,104,887
Publications	**1,168,235**	1,047,735	**1,168,235**	1,047,735
Affiliate fees	**163,850**	158,500	**163,850**	158,500
Other	**1,067,072**	423,574	**1,053,325**	405,562
	52,345,338	42,684,785	**26,150,381**	23,313,921
Other revenue				
General operations account				
Rents	**276,425**	648,578	**276,425**	648,578
	276,425	648,578	**276,425**	648,578
Investments				
Interest earned on cash and cash equivalents	**1,340,618**	2,339,537	**1,318,184**	2,308,689
Distributions and dividends	**1,015,219**	(542,149)	**1,090,219**	(542,149)
	2,355,837	1,797,388	**2,408,403**	1,766,540
Revenue from continuing operations	**74,366,449**	63,372,455	**48,224,058**	43,970,743

Note 4. Other Income

	Consolidated 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
Investment account				
Unrealised fair value losses on other financial assets at fair value through profit or loss	**(275,691)**	(1,222,865)	**(275,691)**	(1,222,865)
Realised net gains/ (losses) on other financial assets at fair value through profit or loss	**463,292**	(697,856)	**463,292**	(697,856)
	187,601	(1,920,721)	**187,601**	(1,920,721)
General operations account				
Government contracts (note (a))	**31,864**	40,000	**31,864**	40,000
Other income	**219,465**	(1,880,721)	**219,465**	(1,880,721)

(a) Government contracts
Export market development contract of $31,864 (2009: $40,000) 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 2010 $	Consolidated 2009 $	Parent entity 2010 $	Parent entity 2009 $
Surplus from continuing operations includes the following specific expenses:				
Salaries	**43,053,651**	37,208,327	**23,722,338**	23,274,795
Superannuation	**3,977,867**	3,172,364	**2,385,125**	2,060,936
Long service leave	**463,238**	128,257	**436,828**	120,000
Annual leave	**(80,851)**	487,746	**(83,856)**	493,415
Other payroll related costs	**3,771,518**	3,598,171	**2,194,594**	1,974,197
Total employee benefit expenses	**51,185,423**	44,594,865	**28,655,029**	27,923,343
Depreciation				
Buildings	**180,544**	212,849	**180,544**	212,849
Plant and equipment	**1,388,222**	1,191,709	**1,209,705**	1,054,147
Total depreciation	**1,568,766**	1,404,558	**1,390,249**	1,266,996
Amortisation				
Leasehold improvements	**514,265**	371,688	**514,265**	371,688
Total amortisation	**514,265**	371,688	**514,265**	371,688
Rental expense relating to operating leases				
Minimum lease payments	**735,672**	1,146,908	**735,672**	1,146,908
Total rental expense relating to operating leases	**735,672**	1,146,908	**735,672**	1,146,908
Affiliation fees	**71,463**	62,271	**37,205**	37,489
Net bad and doubtful debts	**72,721**	206,647	**72,515**	209,796
Communications	**6,557,635**	6,480,683	**5,956,667**	5,996,385
Legal expenses	**60,141**	30,983	**54,272**	31,083
Meeting expenses	**1,835,309**	1,064,528	**1,544,061**	915,229
Net loss on disposal of property, plant and equipment	**47,894**	39,190	**53,278**	41,325
Other professional services	**3,376,899**	2,338,833	**3,219,252**	2,317,408
Other operating expenses	**4,806,161**	5,009,605	**4,014,429**	4,423,527
Total expenses from continuing operations	**70,832,349**	62,750,759	**46,246,894**	44,681,177

Note 6. Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Cash at bank and on hand (note (c))	**3,566,392**	5,896,761	**3,345,282**	5,614,265
Cash not available for use (note (d))	**62,372**	62,794	**62,372**	62,794
Deposits at call (note (e))	**29,394,099**	24,050,137	**29,394,099**	24,050,137
	33,022,863	30,009,692	**32,801,753**	29,727,196

(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 $3,013,907 (2009: $2,376,219) 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 2011.

(e) Deposits at call
The deposits are bearing floating interest rates between 2.41% and 3.68% (2009: 2.38% and 6.90%). Included in this balance is $12,835,535 (2009: $22,076,810) that will be utilised for future purchases of growth portfolio and liquidity requirements.

Note 7. Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Members' subscriptions outstanding	**10,979,051**	9,768,184	**10,979,051**	9,768,184
Provision for doubtful debts	**(78,385)**	(135,611)	**(78,385)**	(135,611)
	10,900,666	9,632,573	**10,900,666**	9,632,573
Accounts receivable	**6,949,557**	6,469,280	**3,265,197**	4,372,096
Provision for doubtful debts	**(340,564)**	(246,226)	**(275,174)**	(147,176)
	6,608,993	6,223,054	**2,990,023**	4,224,920
Amounts receivable from related entities	**-**	-	**1,856,189**	558,213
Interest accrued	**31,297**	6,027	**31,297**	6,027
Prepayments	**1,095,750**	919,266	**1,095,750**	919,266
	18,636,706	16,780,920	**16,873,925**	15,340,999

(a) Impaired trade receivables
As at 30 June 2010 current trade receivables of the consolidated entity with a nominal value of $72,721 (2009: $206,647) 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 2010, trade receivables of $1,316,616 (2009: $1,660,066) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
60 to 90 days	**615,661**	747,468	**523,365**	647,864
90 to 120 days	**181,688**	168,285	**161,499**	132,587
120 days +	**519,267**	744,313	**474,066**	680,961
	1,316,616	1,660,066	**1,158,930**	1,461,412

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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Income securities and unsecured convertible notes	**1,689,069**	1,552,394	**1,689,069**	1,552,394
Managed funds	**9,769,508**	5,405,183	**9,769,508**	5,405,183
Australian listed investments	**5,837,181**	3,521,735	**5,837,181**	3,521,735
	17,295,758	10,479,312	**17,295,758**	10,479,312

(a) Income securities and unsecured convertible notes				
Market value at 1 July 2009	**1,552,394**	756,210	**1,552,394**	756,210
Interest earned on deposits	**81,574**	176,178	**81,574**	176,178
Interest reinvested in cash portfolio	**(81,574)**	(176,178)	**(81,574)**	(176,178)
Profit/(Loss) on revaluation at 30 June 2010	**136,675**	796,184	**136,675**	796,184
Market value at 30 June 2010	**1,689,069**	1,552,394	**1,689,069**	1,552,394
(b) Managed funds				
Managed fund investments were revalued to market value at 30 June 2010:				
Market value 1 July 2009	**5,405,183**	7,745,001	**5,405,183**	7,745,001
Purchases at cost	**5,907,293**	99,600	**5,907,293**	99,600
Proceeds on redemption	**(1,631,712)**	(685,028)	**(1,631,712)**	(685,028)
Net surplus (deficit) on redemption	**3,457**	(361,410)	**3,457**	(361,410)
Retained investments	**9,684,221**	6,798,163	**9,684,221**	6,798,163
Revaluation increment/(decrement) at 30 June 2010	**85,287**	(1,392,980)	**85,287**	(1,392,980)
Market value at 30 June 2010	**9,769,508**	5,405,183	**9,769,508**	5,405,183

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
(c) Australian listed investments				
A gain was made when all shares were valued at market prices at 30 June 2010:				
Market value 1 July 2009	**3,521,735**	3,968,100	**3,521,735**	3,968,100
Purchase of shares at cost	**5,638,673**	2,326,090	**5,638,673**	2,326,090
Proceeds of sale	**(3,285,409)**	(1,809,940)	**(3,285,409)**	(1,809,940)
Net surplus (deficit) on redemption	**459,835**	(336,446)	**459,835**	(336,446)
Revaluation increment/(decrement) at 30 June 2010	**(497,653)**	(626,069)	**(497,653)**	(626,069)
Market value at 30 June 2010	**5,837,181**	3,521,735	**5,837,181**	3,521,735

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).

(d) 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Other receivables	**62,500**	125,000	**62,500**	125,000
Provision for doubtful debts	**(62,500)**	(125,000)	**(62,500)**	(125,000)
	-	-	**-**	-

(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:

	2010		2009	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
	$	**$**	$	$
Other receivables	**62,500**	-	125,000	-
	62,500	-	125,000	-

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 – Investments accounted for using the equity method

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Investments in associates (note 26)	**1,880,147**	-	**-**	-
	1,880,147	-	**-**	-

(a) Interest in unit trust
The interest in the Greenhill Road Property Unit Trust is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity (note 11).

Note 11. Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Shares in wholly owned subsidiaries (note (a))	**-**	-	**12**	12
Shares in other corporations	**6**	12	**6**	12
Shares in unit trust	**-**	-	**1,880,147**	-
	6	12	**1,880,165**	24

These financial assets are carried at cost.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
(a) Shares in wholly owned subsidiaries (note 25)				
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**	12
(b) Shares in other corporations				
AustralianSuper Pty Ltd	**6**	6	**6**	6
The Australian Retirement Fund Pty Ltd	**-**	6	**-**	6
	6	12	**6**	12

Investment in the shares of the above companies represent 50% of the issued capital of each company. 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.

AustralianSuper Pty Ltd is the Trustee of Superannuation Trust of Australia.

The Australian Retirement Fund Pty Ltd is the Trustee of The Australian Retirement Fund. They did not trade in their own right in the 2010 financial year and were deregistered on 3 September 2009.

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
(c) Investments in associates (note 26)				
Greenhill Road Property Unit Trust	**-**	-	**1,880,147**	-
	-	-	**1,880,147**	-

Note 12. Non-current assets – Property, plant and equipment

Consolidated	Freehold land $	Buildings $	Leasehold improvements $	Plant & equipment $	Capital works in progress $	Total $
At 1 July 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
Year ended 30 June 2009						
Opening net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614
Revaluation surplus	(300,000)	(1,479,430)	-	-	-	(1,779,430)
Additions	-	-	20,220	864,104	1,069,449	1,953,773
Disposals	-	-	-	(241,207)	-	(241,207)
Transfers	-	-	-	1,554,599	(1,554,599)	-
Depreciation/amortisation charge (note 5)	-	(212,849)	(371,688)	(1,191,709)	-	(1,776,246)
Closing net book amount	9,000,000	5,624,478	698,757	6,045,269	-	21,368,504
At 30 June 2009						
Cost or fair value	9,000,000	5,653,772	3,752,288	21,660,390	-	40,066,450
Accumulated depreciation	-	(29,294)	(3,053,531)	(15,615,121)	-	(18,697,946)
Net book amount	9,000,000	5,624,478	698,757	6,045,269	-	21,368,504

Consolidated	Freehold land $	Buildings $	Leasehold improvements $	Plant & equipment $	Capital works in progress $	Total $
Year ended 30 June 2010						
Opening net book amount	9,000,000	5,624,478	698,757	6,045,269	-	21,368,504
Revaluation surplus/(deficit)	(2,800,000)	950,526	-	-	-	(1,849,474)
Additions	-	-	6,578	1,669,117	19,200	1,694,895
Disposals	-	-	-	(370,883)	-	(370,883)
Transfers	-	-	-	301,473	-	301,473
Depreciation/amortisation charge (note 5)	-	(180,544)	(514,265)	(1,388,222)	-	(2,083,031)
Closing net book amount	6,200,000	6,394,460	191,070	6,256,754	19,200	19,061,484
At 30 June 2010						
Cost or fair value	6,200,000	6,428,599	3,758,866	22,880,395	19,200	39,287,060
Accumulated depreciation	-	(34,139)	(3,567,796)	(16,623,641)	-	(20,225,576)
Net book amount	6,200,000	6,394,460	191,070	6,256,754	19,200	19,061,484

Note 12. Non-current assets – Property, plant and equipment (continued)

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
At 1 July 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
Year ended 30 June 2009						
Opening net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321
Revaluation surplus	(300,000)	(1,479,430)	-	-	-	(1,779,430)
Additions	-	-	20,220	638,501	1,069,449	1,728,170
Disposals	-	-	-	(180,260)	-	(180,260)
Transfers	-	-	-	1,554,599	(1,554,599)	-
Depreciation/amortisation charge (note 5)	-	(212,849)	(371,688)	(1,054,147)	-	(1,638,684)
Closing net book amount	9,000,000	5,624,478	698,757	5,571,882	-	20,895,117
At 30 June 2009						
Cost or fair value	9,000,000	5,653,772	3,752,288	20,853,533	-	39,259,593
Accumulated depreciation	-	(29,294)	(3,053,531)	(15,281,651)	-	(18,364,476)
Net book amount	9,000,000	5,624,478	698,757	5,571,882	-	20,895,117

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
Year ended 30 June 2010						
Opening net book amount	9,000,000	5,624,478	698,757	5,571,882	-	20,895,117
Revaluation surplus/(deficit)	(2,800,000)	950,526	-	-	-	(1,849,474)
Additions	-	-	6,578	1,482,921	19,200	1,508,699
Disposals	-	-	-	(307,587)	-	(307,587)
Transfers	-	-	-	133,840	-	133,840
Depreciation/amortisation charge (note 5)	-	(180,544)	(514,265)	(1,209,705)	-	(1,904,514)
Closing net book amount	6,200,000	6,394,460	191,070	5,671,351	19,200	18,476,081
At 30 June 2010						
Cost or fair value	6,200,000	6,428,599	3,758,866	21,852,916	19,200	38,259,581
Accumulated depreciation	-	(34,139)	(3,567,796)	(16,181,565)	-	(19,783,500)
Net book amount	6,200,000	6,394,460	191,070	5,671,351	19,200	18,476,081

(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 2010 based on independent assessments from Colliers International and the carrying values were suitably adjusted. The revaluation surplus was credited to the assets revaluation reserve account.

Note 13. Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Trade payables	**4,220,085**	4,307,400	**3,145,826**	3,287,734
Unexpended government contracts (note (a))	**3,013,907**	2,376,219	**3,013,907**	2,376,219
Affiliation fees (note (b))	**234,867**	361,600	**234,867**	361,600
Special contribution for defence of members' interests (note (c))	**8,728**	8,728	**8,728**	8,728
	7,477,587	7,053,947	**6,403,328**	6,034,281

(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 $11,432,301 (2009: $10,997,156) for the consolidated entity. Contract funds unexpended at year end amount to $3,013,907 (2009: $2,376,219) 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 Chamber of Commerce and Industry, Western Australia and the Northern Territory Chamber of Commerce and Industry.

(c) Special contribution for defence of members' interest

Since 1995/96, special contributions have been collected from members on several occasions to defend members' interests in relation to major union claims and campaigns. There were no contributions, or any expenditure relating to such contributions, 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Deferred income (note (a))	**15,230,809**	13,780,448	**15,230,809**	13,777,860
Deferred income – government contracts (note (b))	**-**	805,865	**-**	805,865
	15,230,809	14,586,313	**15,230,809**	14,583,725

(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 2010 to 30 September 2010.

(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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Employee benefits - annual leave	**3,164,298**	2,769,649	**1,967,432**	1,795,146
Employee benefits - long service leave	**-**	38,455	**-**	38,455
	3,164,298	2,808,104	**1,967,432**	1,833,601

Note 16. Non-current liabilities – Other payables

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Lease incentives (note (a))	**293,593**	301,906	**293,593**	301,906
Straight lining of fixed increase in lease rental (note (b))	**16,569**	10,318	**16,569**	10,318
	310,162	312,224	**310,162**	312,224

(a) Lease incentives
The lease incentive includes a rent free period to the lease on the South Melbourne premises, commencing 1 July 2009, which is currently recognised over a 5 year period. In addition, we have provided a tenant at the North Sydney premises with a lease incentive, which is currently recognised over a 5 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Employee benefits - long service leave	**2,741,508**	1,883,316	**2,443,351**	1,684,281
Lease make good provision (note (a))	**106,969**	210,457	**106,969**	210,457
	2,848,477	2,093,773	**2,550,320**	1,894,738

(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. Non-current liabilities – Retirement benefit obligations

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Retirement benefit obligations	**1,509,549**	1,458,162	**1,509,549**	1,458,162
	1,509,549	1,458,162	**1,509,549**	1,458,162

(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 18. Non-current liabilities – Retirement benefit obligations (continued)

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Present value of the defined benefit obligation	**10,768,799**	9,684,043	**10,768,799**	9,684,043
Fair value of defined benefit plan assets	**(9,259,250)**	(8,225,881)	**(9,259,250)**	(8,225,881)
	1,509,549	1,458,162	**1,509,549**	1,458,162
Unrecognised actuarial (losses)/gains	-	-	-	-
Unrecognised past service costs	-	-	-	-
Transfer to asset account	-	-	-	-
Net liability in the balance sheets	**1,509,549**	1,458,162	**1,509,549**	1,458,162

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Cash	**462,963**	164,518	**462,963**	164,518
Equity instruments	**5,555,551**	4,935,529	**5,555,551**	4,935,529
Property	**1,111,110**	987,106	**1,111,110**	987,106
Other assets	**2,129,626**	2,138,728	**2,129,626**	2,138,728
	9,259,250	8,225,881	**9,259,250**	8,225,881

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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**9,684,043**	7,332,729	**9,684,043**	7,332,729
Current service cost	**201,034**	277,834	**201,034**	277,834
Interest cost	**414,043**	381,554	**414,043**	381,554
Contributions by plan participants	**83,604**	80,259	**83,604**	80,259
Actuarial (gains) and losses	**461,762**	1,276,500	**461,762**	1,276,500
Benefits, taxes, premiums and expenses paid	**(75,687)**	(111,115)	**(75,687)**	(111,115)
Roll-in	-	446,282	-	446,282
Balance at the end of the year	**10,768,799**	9,684,043	**10,768,799**	9,684,043
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**8,225,881**	8,291,769	**8,225,881**	8,291,769
Expected return on plan assets	**546,985**	564,836	**546,985**	564,836
Actuarial gains and (losses)	**107,818**	(1,592,218)	**107,818**	(1,592,218)
Contributions by plan participants	**370,649**	80,259	**370,649**	80,259
Employer contributions	**83,604**	376,827	**83,604**	376,827
Benefits, taxes, premiums and expenses paid	**(75,687)**	58,126	**(75,687)**	58,126
Roll-in	-	446,282	-	446,282
Balance at the end of the year	**9,259,250**	8,225,881	**9,259,250**	8,225,881

Note 18. Non-current liabilities – Retirement benefit obligations (continued)

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Current service costs	**201,034**	277,834	**201,034**	277,834
Interest costs	**414,043**	381,554	**414,043**	381,554
Expected return on plan assets	**(546,986)**	(564,836)	**(546,986)**	(564,836)
Total included in employee benefits expense	**68,091**	94,552	**68,091**	94,552
Actual return on plan assets	**654,804**	(1,027,382)	**654,804**	(1,027,382)

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

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
Discount rate	**4.30%**	4.70%	**4.30%**	4.70%
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 2010. 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 2010 are $370,647. 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.

(i) Historic summary	**2010**	2009	2008
	$	$	$
Defined benefit plan obligation	**(10,768,799)**	(9,684,043)	(7,332,729)
Plan assets	**9,259,250**	8,225,881	8,291,769
(Deficit) / surplus	**(1,509,549)**	(1,458,162)	959,040
Experience adjustments arising on plan liabilities	**(114,819)**	(780,003)	162,823
Experience adjustments arising on plan assets	**107,818**	(1,592,218)	(1,083,816)

Note 19. Reserves and retained profits

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
(a) Reserves				
Property, plant and equipment revaluation reserve	**6,331,134**	8,180,608	**6,331,134**	8,180,608
Business combination reserve	**7,405,017**	-	**7,405,017**	-
	13,736,151	8,180,608	**13,736,151**	8,180,608
Movements:				
Property, plant and equipment revaluation reserve:				
Balance 1 July 2009	**8,180,608**	9,960,038	**8,180,608**	9,960,038
Decrement on devaluation of freehold land at the end of the financial year	**(2,800,000)**	(300,000)	**(2,800,000)**	(300,000)
Increment (decrement) on devaluation of buildings at the end of the financial year	**950,526**	(1,479,430)	**950,526**	(1,479,430)
Transfer to retained profits				
Balance 30 June 2010	**6,331,134**	8,180,608	**6,331,134**	8,180,608
Movements:				
Business combination reserve:				
Balance 1 July 2009	-	-	-	-
Amalgamation of Engineering Employers Association, South Australia (note 24)	**7,405,017**	-	**7,405,017**	-
Transfer to retained profits				
Balance 30 June 2010	**7,405,017**	-	**7,405,017**	-
(b) Retained profits				
Retained profits at the beginning of the financial year	**42,145,309**	46,103,810	**42,145,309**	46,103,810
Net surplus / (deficit) attributable to members of The Australian Industry Group	**3,828,565**	(1,259,025)	**3,828,565**	(1,259,025)
Gain / (Loss) attributable on actuarial assessment on retirement benefits obligation	**(353,943)**	(2,699,476)	**(353,943)**	(2,699,476)
Retained profits at the end of the financial year	**45,619,931**	42,145,309	**45,619,931**	42,145,309

(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(j).

(ii) Business combination reserve
On 1 July 2009 the parent entity amalgamation with Engineering Employers Association, South Australia (EEASA), refer note 24.

Note 20. 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)Directors

J Barrett	Director – Construction & Infrastructure
F Brown	Director – Communications & Marketing
P Burn	Director – Public Policy

Note 20. Related party transactions (continued)

S A Cullen	Director – Members Advisory Services
M A Goodsell	Director – New South Wales
D Hargraves	Director – Workplace Relations
B E Kerwood	Director – Training Services
M Lilly	Director – Education and Training
A Melville	Director – Public Affairs and Government Relations
S Myatt	Director – South Australia (commenced 1 July 2009)
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
I Willox	Director – International and Government Relations

All the above employees held a senior position at The Australian Industry Group from 1 July 2009 to 30 June 2010 and the preceding financial year, with the exception of the following: T Pensabene resigned on 9 October 2009.

(b) Key management personnel compensation

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Short-term employee benefits	**5,815,188**	5,300,044	**5,815,188**	5,300,044

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

	Consolidated 2010	Consolidated 2009	Parent entity 2010	Parent entity 2009
Rental revenue paid to The Australian Industry Group	-	-	**368,230**	274,210

(d) Loans to/from related parties

	Consolidated 2010	Consolidated 2009	Parent entity 2010	Parent entity 2009
Loans to subsidiaries				
Beginning of the year	-	-	**558,213**	253,619
Loans advanced	-	-	**7,515,876**	5,859,994
Loan repayments received	-	-	**(6,197,500)**	(5,535,000)
Interest received	-	-	**(20,400)**	(20,400)
End of year	-	-	**1,856,189**	558,213

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 21. 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	
	2010	2009	**2010**	2009
	$	$	**$**	$
Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm: Audit and review of financial statements and other audit work under the Fair Work (Registered Organisations) Act 2009	**185,431**	186,106	**158,221**	168,706
Total remuneration for audit services	**185,431**	186,106	**158,221**	168,706
Other assurance services				
PricewaterhouseCoopers Australian firm: Other accounting services	**46,400**	32,474	**46,400**	32,474
Non-PricewaterhouseCoopers firm: Other accounting services	**14,269**	16,946	**5,525**	10,150
Total remuneration for other assurance services	**60,669**	49,420	**51,925**	42,624
Total remuneration for assurance services	**246,100**	235,526	**210,146**	211,330

Note 22. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2010.

Note 23. Commitments

(a) Capital commitments
Capital expenditure contracted for at the end of each reporting period but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2010 **$**	2009 $	**2010** **$**	2009 $
Property, plant and equipment:				
Within one year	**94,436**	-	**94,436**	-
Later than one year but not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
	94,436	-	**94,436**	-

(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	
	2010 **$**	2009 $	**2010** **$**	2009 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**1,316,794**	1,778,344	**1,316,794**	1,778,344
Later than one year but not later than five years	**3,426,243**	853,796	**3,426,243**	853,796
Later than five years	**-**	-	**-**	-
	4,743,037	2,632,140	**4,743,037**	2,632,140
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**-**	303,735	**-**	303,735

Note 24. Business combination

(a) Summary of amalgamation
On 1 July 2009 the parent entity amalgamated with Engineering Employers Association, South Australia (EEASA). As a result, EEASA was de-registered as an organisation of employers with effect from that date and all the assets and liabilities interests rights and obligations of EEASA became by virtue of the Act, the assets, liabilities, interests, rights and obligations of The Australian Industry Group, and the members of EEASA on that date became members of The Australian Industry Group, South Australia Branch. The amalgamated business contributed revenues of $1,331,685 and a net loss of $388,009 to the consolidated entity for the period from 1 July 2009 to 30 June 2010.

Details of the purchase consideration, the net assets 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)	7,405,017
Surplus on acquisition transferred to reserves (note 19)	7,405,017

Note 24. Business combination (continued)

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

The consolidated entity agreed to employ the existing staff of EEASA and to provide services to EEASA's existing members. EEASA 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 EEASA.

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

	Acquiree's carrying amount $	Fair Value $
Cash and cash equivalents	982,647	982,647
Trade receivables	212,781	212,781
Provision for doubtful debts	(4,199)	(4,199)
Investments*	5,726,242	6,601,023
Prepayments	14,961	14,961
Plant and equipment	133,850	133,850
Trade and other payables	(66,536)	(66,536)
Deferred income	(16,765)	(16,765)
Provisions for employee benefits	(452,745)	(452,745)
Net assets	**6,530,236**	**7,405,017**

* Investments includes a 20% holding of shares in the Greenhill Road Property Unit Trust (note 26).

Note 25. 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 2010 %	Equity Holding 2009 %
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.

Note 26. Investments in associates

The parent entity has a 20% holding of shares in the Greenhill Road Property Unit Trust, which is based in Adelaide.

	Consolidated 2010 $	Consolidated 2009 $
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	-
Carrying amount of investments acquired during the financial year	**1,880,147**	-
Share of profits after income tax	**75,000**	-
Dividends received/receivable	**(75,000)**	-
Share of increment on revaluation	-	-
Carrying amount at the end of the financial year	**1,880,147**	-

Note 27. Events occurring after the balance sheets date

At the date of signing this report, no other matter or circumstance has arisen since 30 June 2010 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 28. Reconciliation of surplus to net cash inflow / (outflow) from operating activities

	Consolidated		Parent entity	
	2010	2009	**2010**	2009
	$	$	**$**	$
Surplus/(deficit) from continuing operations	**3,828,565**	(1,259,025)	**3,828,565**	(1,259,025)
Depreciation and amortisation	**2,083,031**	1,776,246	**1,904,514**	1,638,684
(Profit)/loss on disposal of investments	**(463,292)**	697,856	**(463,292)**	697,856
Loss on revaluation of investments	**275,691**	1,222,865	**275,691**	1,222,865
Share of profits of associates	**(75,000)**	-	**-**	-
Net loss on sale of non-current assets	**47,894**	39,190	**53,278**	41,325
Change in operating assets and liabilities				
(Increase) / decrease in receivables	**(1,430,489)**	(654,519)	**190,347**	(1,202,022)
(Increase) in receivables from related parties	**-**	-	**(1,297,976)**	(304,594)
(Increase) / decrease in other receivables	**(201,754)**	(452,053)	**(201,754)**	27,241
Increase / (decrease) in subscriptions in advance	**627,731**	(628,928)	**630,319**	(604,111)
Increase / (decrease) in trade and other payables	**357,104**	(336,693)	**302,511**	(241,918)
Increase / (decrease) in provisions	**353,535**	(381,238)	**32,050**	(322,954)
Net cash inflow/(outflow) from operating activities	**5,403,016**	23,701	**5,254,253**	(306,653)

The Australian Industry Group
Committee of management's statement

On 1 September 2010, the National Executive of The Australian Industry Group (being the committee of management for The Australian Industry Group) passed the following resolution in relation to the financial and operating reports and other prescribed information of The Australian Industry Group (the reporting unit) for the financial year ending 30 June 2010

(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 General Manager, Fair Work Australia;

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

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

(e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:

  (i) meetings of the committee of management (National Executive) were held in accordance with the Rules of the reporting unit (The Australian Industry Group); and

  (ii) the financial affairs of the reporting unit have been managed in accordance with its Rules; and

  (iii) the financial records of the reporting unit have been kept and maintained in accordance with Fair Work (Registered Organisations) Act 2009 (the Act) and its related Regulations; and

  (iv) no Member has requested any information from the reporting unit and the General Manager has not requested any such information of the reporting unit under section 272 of the Act; and

  (v) no orders for inspection of financial records have been made by the Commission under section 273 of the Act.

1. This statement is signed by a Designated Officer within the meaning of section 243 of the Act; and

2. This statement is dated 1 September 2010 being the date the Designated Officer signs this statement.

For the Committee of Management
By its Designated Officer

J W Ingram
National Secretary-Treasurer

Sydney 1/9/2010
1 September 2010

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 2010.

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:

L R Andrewartha (Alternate)
G R W Battershill (National Vice President - Qld)
K Bridges
I Campbell
M I Canny (Alternate)
T J Carroll (Immediate Past National President)
A Conte
N Cornish
L Di Bartolomeo (Deputy National President)
J Dixon
A S Downs (National Vice President - SA)
J Gaskell
W A Hutchinson (Alternate)
J W Ingram AM (National Secretary/Treasurer)
C Isaac (Alternate)
P J Lancaster (Alternate)
D C Matthews (National President)
D McGree
D B McNeil
P J Nicholls (National Vice President - VIC)
G O'Brien (Alternate)
C Ogilvy
S J O'Rourke
R Pilling
C Raine (National Vice President - NSW)
S Richter
D Robinson
R J Rolls (Alternate)
G Sedgwick
C Stathy
M Symes
R J C Wilson (Alternate)

All members held their positions on the Committee of Management from 1 July 2009 to 30 June 2010, with the exception of the following:

R Pilling (appointed 24th February 2010), M I Canny (appointed 26th November 2009) and L R Andrewartha (appointed 26th November 2009) were appointed as members of the Committee of Management during the financial year and continue in office at the date of this report.

I D James AO resigned on 23rd November 2009 and B Freeborn resigned on 14th September 2009.

Officebearers of the Committee of Management were appointed to their current positions on 25th November 2009.

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

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
Ivan James AO
G J Kraehe AO
F R D Morgan CBE
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 $3,828,565 (2009: ($1,259,025)) for the year ending 30 June 2010.

Total income of $74,336,449 (2009: $63,372,455) was above the previous year by $10,993,994 (17.3%).

Total expenditure of $70,832,349 (2009: $62,750,759) was above the previous year by $8,081,590 (12.9%).

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 2010 for the purposes of section 254 (2)(f) of the RAO Schedule was 6,022.

Number of Employees
The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2010 was 266.

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

Sydney
1 September 2010

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of The Australian Industry Group

Report on the financial report

We have audited the accompanying financial report of The Australian Industry Group (Ai Group), which comprises the balance sheets as at 30 June 2010 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 its consolidated entities. The consolidated entity comprises Ai Group and the entities it controlled at the year's end or from time to time during the financial year.

Committee of Management's responsibility for the financial report

The Committee of Management of Ai Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. 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.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of The Australian Industry Group (continued)

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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Professional accounting bodies.

Auditor's opinion

In our opinion:

(a) the general purpose financial report of The Australian Industry Group presents fairly, in all material respects, in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the *Fair Work (Registered Organisations) Act 2009* and its Regulations and Reporting Guidelines as required by the *Fair Work (Registered Organisations) Act 2009*, and

(b) the financial report of the consolidated entities

i. presents fairly, in all material respects, as required by the Australian Accounting Standards (including the Australian Accounting Interpretations), of the consolidated entities' financial position as at 30 June 2010 and of their performance for the year ended on that date; and

ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the *Fair Work (Registered Organisations) Act 2009*.

PricewaterhouseCoopers

PricewaterhouseCoopers

I, Chris Burt, am currently a member of The Institute of Chartered Accountants in Australia and my membership number is 30177.

Chris Burt
Partner
Registered Auditor No. 219493

Sydney
3 September 2010

AUSTRALIAN INDUSTRY

GROUP