



**Australian Government**  
**Registered Organisations Commission**

7 February 2019

Mr Russell Rolls  
National Secretary-Treasurer  
Australian Industry Group, The  
51 Walker St  
NORTH SYDNEY NSW 2060

By email: [council@aigroup.com.au](mailto:council@aigroup.com.au)

CC: [david.kelly@pwc.com](mailto:david.kelly@pwc.com)

Dear Mr Rolls,

**Australian Industry Group, The**

**Financial Report for the year ended 30 June 2018 - [FR2018/35]**

I acknowledge receipt of the financial report for the year ended 30 June 2018 for The Australian Industry Group (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 28 November 2018.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

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

References to the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission (**FWC**) and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

Note 1(a) in the financial report refers to the 'General Manager of Fair Work Commission' instead of the 'Commissioner'.

### Nil activities disclosure

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

- make a payment to a former related party of the reporting unit (reporting guideline 20).

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

I also note that Note 25 refers to a number of nil activity disclosures for which there was already an equivalent form of disclosure in either Note 3, Note 5 or in the officer's declaration statement:

- acquired an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission – is disclosed in both the officer's declaration statement and Note 25;
- receive capitation fees from another reporting unit – is disclosed in both Note 3 and Note 25;
- receive any other revenue from another reporting unit – is disclosed in both Note 3 and Note 25;
- incur fees as consideration for employers making payroll deductions of membership subscriptions – is disclosed in both Note 5 and Note 25;
- pay capitation fees to another reporting unit – is disclosed in both Note 5 and Note 25;
- pay compulsory levies – is disclosed in both Note 5 and Note 25;
- pay salaries and wages, superannuation, leave and other entitlements, separation and redundancy and other employment expenses for holders of office – is disclosed in both Note 5 and Note 25;
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit – is disclosed in both the officer's declaration statement and Note 25; and
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009* – is disclosed in both Note 5 and Note 25.

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

### Nil activity statements – separate disclosures

In relation to the disclosure of nil activities, Note 25 contained statements that referred only to particular reporting guideline numbers rather than to the descriptions of the relevant nil activities. The non-occurring activities intended to be covered by these statements would not be obvious to the reader, bearing in mind that the ordinary member would not usually or readily have a copy of the reporting guidelines to accompany their reading of the financial report.

The purpose of item 21 is to make transparent for the members where particular kinds of financial activity have not occurred in any given year.

Please ensure in future that each non-occurring activity contained in reporting guidelines 10-20 is separately described, either with an itemised nil balance (as illustrated in the model financial statements) or with a narrative statement in the notes or officer declaration statement.

It also appears that the reporting guideline numbers set out in Note 25 refer to the 4th edition of the reporting guidelines, and not the 5th edition, which was released on 4 May 2018. A link to the 5th edition of the reporting guidelines is provided in the final paragraph below.

## Related Party Payments under the Act and the Reporting Guidelines

Note 17 (ii) within the financial report refers to related party payments under the Act and the reporting guidelines. It would appear that this information relates to the new requirements under section 293J of the RO Act.

Section 293J of Part 2A of Chapter 9 of the RO Act now requires an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration<sup>1</sup> and payments<sup>2</sup> paid during the relevant financial year. This requirement applied to the financial year ending 30 June 2018. The statement is required to be lodged with the ROC within the period of 6 months starting at the end of the financial year, i.e. in this case, before or by no later than 31 December. I note that the reporting unit lodged an officer and related party disclosure statement with the ROC on 6 November 2018.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8.

Further information about officer and related party statements may be found on the ROC website at the following link: <http://www.roc.gov.au/running-a-registered-organisation/disclosure-obligations>.

## **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'David Vale', is written over a light blue horizontal line. The signature is enclosed within a thin black rectangular border.

David Vale  
Registered Organisations Commission

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<sup>1</sup> see section 293BC

<sup>2</sup> see section 293G

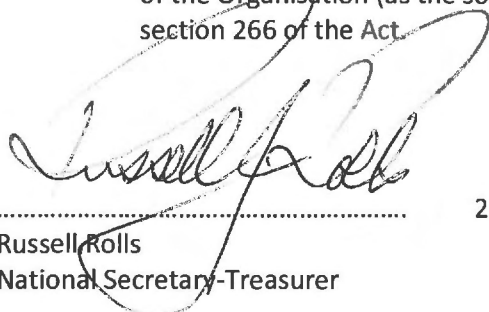
**REGISTERED ORGANISATIONS COMMISSION**

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

**Designated Officer's Certificate  
For the financial year ended 30 June 2018  
Section 268**

I, RUSSELL ROLLS, National Secretary-Treasurer of The Australian Industry Group (the Organization) certify in accordance with section 268 of the *Fair Work (Registered Organisations) Act 2009* (the Act):

- (1) that the document lodged herewith is a copy of the full financial report of the Organisation comprising the auditor's report, the general purpose financial report to which the auditor's report relates and the operating report in relation to the financial year ending 30 June 2018; and
- (2) that the full financial report was provided to Members of the Organisation on 30 October 2018; and
- (3) that the full financial report was presented to the Annual General Meeting of Members of the Organisation (as the sole reporting unit) on 21 November 2018 in accordance with section 266 of the Act.



.....  
Russell Rolls  
National Secretary-Treasurer

21 November 2018

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

Reference: Hayley Dobroszczyk  
Compliance Manager  
[hayleyd@aigroup.com.au](mailto:hayleyd@aigroup.com.au)  
08 8 394 0014

# The Australian Industry Group

## Financial Statements – 30 June 2018

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These financial statements are the consolidated financial statements of the consolidated entity consisting of The Australian Industry Group and its subsidiaries. The financial statements are presented in the Australian currency.

The Australian Industry Group is an organisation registered under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia. Its registered office and principal place of business is:

The Australian Industry Group  
51 Walker Street  
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the operating report on pages 40 to 41, which is not part of these financial statements.

A report required under subsection 255(2A) of the Fair Work (Registered Organisations) Act 2009 is on page 42, which is not part of these financial statements.

The financial statements were authorised for issue by the committee of management on 20 September 2018. The committee of management has the power to amend and reissue the financial statements.

## The Australian Industry Group

### Income statements

For the year ended 30 June 2018

	Notes	Consolidated		Parent entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Revenue from continuing operations</b>	3	<b>66,394,420</b>	75,002,810	<b>39,128,664</b>	40,397,247
Other income	4	<b>23,955</b>	46,924	<b>23,955</b>	46,924
Employee benefits expense	5	<b>(52,343,549)</b>	(59,146,357)	<b>(29,373,869)</b>	(28,933,075)
Depreciation and amortisation expenses	5	<b>(5,824,705)</b>	(1,902,495)	<b>(5,709,059)</b>	(1,708,706)
Communication expenses	5	<b>(5,756,286)</b>	(5,391,531)	<b>(5,213,042)</b>	(4,982,739)
Other expenses	5	<b>(7,677,713)</b>	(7,321,114)	<b>(5,495,582)</b>	(4,686,654)
<b>(Deficit)/Surplus from continuing operations</b>		<b>(5,183,878)</b>	1,288,238	<b>(6,638,933)</b>	132,997
<b>Transfer of surplus from Australian Industry Group Training Services Trust</b>		-	-	<b>1,266,726</b>	992,736
<b>Transfer of surplus from Ai Group Legal Unit Trust</b>		-	-	<b>876,500</b>	647,670
<b>(Deficit)/Surplus from continuing operations after transfer of surplus from Australian Industry Group Training Services Trust and the Ai Group Legal Unit Trust</b>	16(b)	<b>(5,183,878)</b>	1,288,238	<b>(4,495,707)</b>	1,773,402

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

## The Australian Industry Group

### Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	Consolidated		Parent entity	
		<b>2018</b>	2017	<b>2018</b>	2017
		\$	\$	\$	\$
<b>(Deficit)/Surplus from continuing operations after transfer of surplus from Australian Industry Group Training Services Trust, Ai Group Graduate Employment Unit Trust and the Ai Group Legal Unit Trust</b>	16(b)	<b>(5,183,878)</b>	1,288,238	<b>(4,495,707)</b>	1,773,402
<b>Other Comprehensive income</b>					
Gain on revaluation of land and buildings	16(a)	<b>3,993,814</b>	4,176,992	<b>3,993,814</b>	4,176,992
<b>Other comprehensive income for the year</b>		<b>3,993,814</b>	4,176,992	<b>3,993,814</b>	4,176,992
<b>Total comprehensive income for the year</b>		<b>(1,190,064)</b>	5,465,230	<b>(501,892)</b>	5,950,394

*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 2018

	Notes	Consolidated		Parent entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	19,574,051	15,055,676	18,447,581	14,035,528
Trade and other receivables	7	9,702,539	16,406,615	9,006,067	15,053,868
Other financial assets at fair value through profit or loss	8	34,862,325	32,299,931	34,862,325	32,299,931
Total current assets		64,138,915	63,762,222	62,315,973	61,389,327
<b>Non-current assets</b>					
Cash and cash equivalents	6	702,555	635,245	702,555	635,245
Other financial assets	9	6	6	119	119
Property, plant and equipment	10(a)	29,958,568	26,533,187	29,741,233	26,247,938
Intangible assets	10(b)	1,887,500	5,361,245	1,887,500	5,361,245
Total non-current assets		32,548,629	32,529,683	32,331,407	32,244,547
<b>Total assets</b>		<b>96,687,544</b>	<b>96,291,905</b>	<b>94,647,380</b>	<b>93,633,874</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	8,997,979	11,865,809	7,570,503	10,207,985
Deferred income	12	8,335,920	4,325,323	8,058,812	4,157,362
Provisions	13	5,306,299	4,945,677	3,845,680	3,687,093
Total current liabilities		22,640,198	21,136,808	19,474,995	18,052,440
<b>Non-current liabilities</b>					
Other payables	14	320,667	243,135	320,667	243,135
Provisions	15	753,653	748,871	705,357	690,044
Total non-current liabilities		1,074,320	992,006	1,026,024	933,179
<b>Total liabilities</b>		<b>23,714,518</b>	<b>22,128,815</b>	<b>20,501,019</b>	<b>18,985,619</b>
<b>Net assets</b>		<b>72,973,026</b>	<b>74,163,091</b>	<b>74,146,361</b>	<b>74,648,255</b>
<b>MEMBERS' FUNDS</b>					
Reserves	16(a)	14,849,117	10,855,303	14,849,117	10,855,303
Retained earnings	16(b)	58,123,909	63,307,787	59,297,244	63,792,951
<b>Total members' funds</b>		<b>72,973,026</b>	<b>74,163,090</b>	<b>74,146,361</b>	<b>74,648,254</b>

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



## The Australian Industry Group

### Statements of changes in members' funds

For the year ended 30 June 2018

Consolidated	Notes	Reserves	Retained earnings	Total
		\$	\$	\$
<b>Balance at 1 July 2016</b>		<b>6,678,311</b>	<b>62,019,549</b>	<b>68,697,860</b>
Surplus for the year	16(b)	-	1,288,238	1,288,238
Other comprehensive income	16(a), 16(b)	4,176,992	-	4,176,992
Total comprehensive income for the year		4,176,992	1,288,238	5,465,230
<b>Balance at 30 June 2017</b>		<b>10,855,303</b>	<b>63,307,787</b>	<b>74,163,090</b>
Deficit for the year	16(b)	-	(5,183,878)	(5,183,878)
Other comprehensive income	16(a), 16(b)	3,993,814	-	3,993,814
Total comprehensive income for the year		3,993,814	(5,183,878)	(1,190,064)
<b>Balance at 30 June 2018</b>		<b>14,849,117</b>	<b>58,123,909</b>	<b>72,973,026</b>

Parent entity	Notes	Reserves	Retained earnings	Total
		\$	\$	\$
<b>Balance at 1 July 2016</b>		<b>6,678,311</b>	<b>62,019,549</b>	<b>68,697,860</b>
Surplus for the year	16(b)	-	1,773,402	1,773,402
Other comprehensive income	16(a), 16(b)	4,176,992	-	4,176,992
Total comprehensive income for the year		4,176,992	1,773,402	5,950,394
<b>Balance at 30 June 2017</b>		<b>10,855,303</b>	<b>63,792,951</b>	<b>74,648,254</b>
Deficit for the year	16(b)	-	(4,495,707)	(4,495,707)
Other comprehensive income	16(a), 16(b)	3,993,814	-	3,993,814
Total comprehensive income for the year		3,993,814	(4,495,707)	(501,893)
<b>Balance at 30 June 2018</b>		<b>14,849,117</b>	<b>59,297,244</b>	<b>74,146,361</b>

*The above statements of changes in members' funds should be read in conjunction with the accompanying notes.*

# The Australian Industry Group

## Statements of Cash Flows

For the year ended 30 June 2018

	Notes	Consolidated		Parent entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from trading activities (inclusive of goods and services tax)		73,250,875	75,405,942	45,652,586	35,621,613
Distributions and dividends		1,822,729	1,337,668	1,822,729	1,337,668
Receipts from investment income		543,594	581,622	541,892	575,946
		75,617,198	77,325,232	45,017,207	37,535,226
Payments to suppliers and employees (inclusive of goods and services tax)		(68,928,298)	(75,495,253)	(38,482,361)	(36,388,920)
<b>Net cash inflow from operating activities</b>	23	6,688,900	1,829,979	6,534,846	1,146,306
<b>Cash flows from investing activities</b>					
Payments for plant and equipment and intangibles		(1,742,315)	(2,206,767)	(1,742,315)	(2,033,329)
Payments for investments		(8,999,543)	(7,714,342)	(8,999,543)	(7,714,342)
Proceeds from sale of plant and equipment and intangibles		11,611	39,663	7,063	22,459
Proceeds from sale of investments		8,679,312	10,661,360	8,679,312	10,661,360
<b>Net cash inflow/(outflow) from investing activities</b>		(2,103,214)	779,913	(2,055,483)	936,147
<b>Net increase in cash and cash equivalents</b>		4,585,686	2,609,891	4,479,363	2,082,454
Cash and cash equivalents at the beginning of the financial year		15,690,920	13,081,029	14,670,773	12,588,319
<b>Cash and cash equivalents at the end of the financial year</b>	6	20,276,606	15,690,920	19,150,136	14,670,773

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

## Note 1. Summary of significant accounting policies

The Australian Industry Group is a Tier 1 reporting entity and not for profit organisation incorporated and governed by the Fair Work (Registered Organisations) Act 2009. Rule 37 of the Rules of The Australian Industry Group (the reporting unit) provides that the funds of The Australian Industry Group and its income and property shall be under the control of the National Executive as the reporting unit's committee of management. The assets, liabilities and reserves included in these financial statements as at 30 June 2018 are reported in accordance with the Rules and the reporting unit's governing legislation – the Fair Work (Registered Organisations) Act 2009 (the Act).

The reporting unit is the sole reporting unit for the purposes of the Act. However, these financial statements and the accounting policies applied in their preparation are governed by the Australian Accounting Standards (Tier 1 reporting entities) and Reporting Guidelines issued by the Fair Work Commission or its delegate. As a result, the financial solvency of the reporting unit's subsidiary operations, namely the Australian Industry Group Training Services Trust has been assured by the National Executive which confirms that the Organisation has guaranteed the trustees and the trust against any shortfall in the assets of the trust.

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 include separate financial statements for The Australian Industry Group as the parent entity and sole reporting unit and the consolidated entity consisting of The Australian Industry Group and its subsidiaries ("the consolidated entity").

### (a) Basis of preparation

This general purpose financial statement has been prepared in accordance with Australian Accounting Standards (the Standards), other authoritative pronouncements of The Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations and the Act and its Regulations, including the Reporting Guidelines issued by the General Manager of Fair Work Commission under the Act (the Guidelines).

Under the Act, The Australian Industry Group is referred to as the "reporting unit". Under the Standards, the reporting unit is called the "reporting entity". The terms are interchangeable in these Notes.

#### 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. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

#### Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities include those in relation to the valuation of other financial assets at fair value through profit or loss and to valuation of land and buildings. The related estimates and assumptions are discussed in note 2 and note 10(a) respectively.

#### Reclassification

Where relevant, comparative figures have been reclassified to conform with changes in presentation in the current year to enhance comparability.

### (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 2018 and the results of all subsidiaries for the year then ended. The parent entity and its subsidiaries together are referred to in this financial statement as the consolidated entity.

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

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

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

### **(c) Revenue recognition**

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

#### *(i) Membership subscription income*

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

#### *(ii) Chargeable services and consulting income*

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

#### *(iii) Interest income*

Interest income is recognised on a time proportionate basis using the effective interest method, see note 1(l).

#### *(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 over the period of 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 11 & note 12. 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 parent entity, being an organisation of employers registered under 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 parent entity. 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 parent entity 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 parent entity'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 members' funds as a business combination reserve to be recognised in retained earnings.

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.

### **(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 the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, deposits held with financial institutions that are security deposits for various durations, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### **(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. Collectability 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 and deferred income as applicable.

### **(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. Effective date of revaluation is 30 April 2018.

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.

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

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
Motor vehicles	4 years
Furniture, fittings & equipment	2-10 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
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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) Intangible assets**

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service and employee costs. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

At each reporting date the group reviews the carrying value of its intangible assets to determine whether there is any indication that those assets have been impaired.

#### **Amortisation methods and useful lives**

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

IT development and software	3-10 years
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### **(l) 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).

*(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 is 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.

**(m) 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 20). 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.

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

**(n) 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.

**(o) Provisions**

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the 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.

**(p) Employee benefits**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits 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) Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 the 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 the reporting period of national government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Retirement benefit obligations*

All employees of the company are entitled to benefits from the company's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice. The company's legal or constructive obligation is limited to these contributions.

**(q) 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 11).

**(r) Goods and services 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.



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

### (s) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2018 reporting period. The Committee of Management has not yet assessed the impact of these new standards and interpretations.

- (i) AASB 9 Financial Instruments
- (ii) AASB 15 Revenue from Contracts with Customers
- (iii) AASB 16 Leases

### (t) New and amended standards adopted

The consolidated entity has adopted following standards and amendments. The adoption of these amendments did not have any material impact.

- (i) AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation
- (ii) AASB 2015-1 Annual improvements to Australian Accounting Standards 2012-2014 cycle
- (iii) AASB 2015-2 Disclosure initiative: Amendments to AASB 101
- (iv) AASB 2016-2 Disclosure initiative: Amendments to AASB 107

## 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 financial 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 National Executive. The National Executive 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 to maximise returns but minimising financial risk. The National Executive has provided written principles for overall risk management, which are applied in consultation with the consolidated entity's investment consultant, J B Were.

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	20,276,606	15,690,920	19,150,136	14,670,773
Trade and other receivables	9,702,539	16,406,616	9,006,067	15,053,868
Other financial assets at fair value through profit or loss	34,862,325	32,299,931	34,862,325	32,299,931
	<b>64,841,470</b>	<b>64,397,467</b>	<b>63,018,528</b>	<b>62,024,572</b>
<b>Financial liabilities</b>				
Trade and other payables	9,318,646	12,108,944	7,891,170	10,451,120
	<b>9,318,646</b>	<b>12,108,944</b>	<b>7,891,170</b>	<b>10,451,120</b>

### (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 and MSCI World ex Australia Index. The table below summarises the impact of the 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 10% and 10% respectively (2017 – 10% to 10%) with all other variables held constant and all the consolidated entity equity instruments moved according to the historical correlation with the index.

## Note 2. Financial Risk Management (continued)

	Impact on surplus		Impact on equity	
	2018	2017	2018	2017
	\$	\$	\$	\$
ASX 200	2,268,842	1,556,547	2,268,842	1,556,547
MSCI World ex Australia Index	1,239,493	863,599	1,239,493	863,599

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 consolidated entity 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Trade receivables</b>				
<i>Counterparties without external credit rating*</i>				
Group 1	8,385,494	14,849,468	8,193,737	14,232,212
Group 2	859,730	971,821	517,551	535,208
Group 3	457,315	585,327	294,779	286,448
<b>Total trade receivables</b>	<b>9,702,539</b>	<b>16,406,616</b>	<b>9,006,067</b>	<b>15,053,868</b>
<b>Cash at bank and short term bank deposits</b>	<b>20,276,606</b>	<b>15,690,920</b>	<b>19,150,136</b>	<b>14,670,773</b>
AAA	20,276,606	15,690,920	19,150,136	14,670,773

\*Group 1 – customers with debt of less than 90 days

Group 2 – customers with debt of greater than 90 days not at risk i.e.: customer has confirmed payment will be made

Group 3 – customers with debt of greater than 90 days at risk

### (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 analyses 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.

## Note 2. Financial Risk Management (continued)

Consolidated entity - at 30 June 2018	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/liabilities)
	\$	\$	\$	\$
<b>Non-derivatives</b>				
Non-interest bearing	8,776,349	320,667	9,097,016	9,097,016
	<b>8,776,349</b>	<b>320,667</b>	<b>9,097,016</b>	<b>9,097,016</b>
Consolidated entity - at 30 June 2017	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/liabilities)
	\$	\$	\$	\$
<b>Non-derivatives</b>				
Non-interest bearing	11,865,809	243,135	12,108,944	12,108,944
	<b>11,865,809</b>	<b>243,135</b>	<b>12,108,944</b>	<b>12,108,944</b>
Parent entity - at 30 June 2018	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/liabilities)
	\$	\$	\$	\$
<b>Non-derivatives</b>				
Non-interest bearing	7,570,503	320,667	7,891,170	7,891,170
	<b>7,570,303</b>	<b>320,667</b>	<b>7,891,170</b>	<b>7,891,170</b>
Parent entity - at 30 June 2017	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/liabilities)
	\$	\$	\$	\$
<b>Non-derivatives</b>				
Non-interest bearing	10,207,985	243,135	10,451,120	10,451,120
	<b>10,207,985</b>	<b>243,135</b>	<b>10,451,120</b>	<b>10,451,120</b>

### (d) Fair value estimation

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

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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 Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following tables present the consolidated and the parent entity's assets and liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017.

## Note 2. Financial Risk Management (continued)

Consolidated entity - at 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading securities - equity	9,129,287	-	-	9,129,287
Managed Funds - equity	-	19,021,375	-	19,021,375
Bonds and managed fund - fixed income	6,711,663	-	-	6,711,663
<b>Total assets</b>	<b>15,840,950</b>	<b>19,021,375</b>	<b>-</b>	<b>34,862,325</b>
<b>Consolidated entity - at 30 June 2017</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading securities - equity	8,632,787	-	-	8,632,787
Managed Funds - equity	-	17,163,501	-	17,163,501
Bonds and managed fund - fixed income	6,503,643	-	-	6,503,643
<b>Total assets</b>	<b>15,136,430</b>	<b>17,163,501</b>	<b>-</b>	<b>32,299,931</b>

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, 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 consolidated entity 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 consolidated entity 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 instruments are included in level 3.

There were no level 3 instruments for the year ended 30 June 2018.

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 consolidated entity 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>From continuing operations</b>				
<b>Members' service account</b>				
Members' subscriptions	15,322,927	15,412,646	15,322,927	15,412,646
Entrance fees	13,250	7,750	13,250	7,750
	<b>15,336,177</b>	<b>15,420,396</b>	<b>15,336,177</b>	<b>15,420,396</b>
<b>General operations account</b>				
Consulting and management services	12,969,404	21,152,777	9,625,460	8,657,569
Government contracts	9,326,253	11,752,856	9,326,253	11,752,856
Training and other chargeable services	23,999,916	20,992,942	104,971	259,509
Publications	454,431	530,815	454,431	530,815
Other	1,420,936	2,747,364	1,395,771	1,376,118
	<b>48,170,940</b>	<b>57,176,754</b>	<b>20,906,886</b>	<b>22,576,867</b>
<b>Other revenue</b>				
<b>General operations account</b>				
Rents	520,980	486,369	520,980	486,369
	<b>520,980</b>	<b>486,369</b>	<b>520,980</b>	<b>486,369</b>
<b>Investments</b>				
Interest earned on cash and cash equivalents & fixed income securities	543,594	581,622	541,892	575,946
Distributions and dividends	1,822,729	1,337,668	1,822,729	1,337,668
	<b>2,366,323</b>	<b>1,919,290</b>	<b>2,364,621</b>	<b>1,913,614</b>
Revenue from continuing operations	<b>66,394,420</b>	<b>75,002,810</b>	<b>39,128,664</b>	<b>40,397,247</b>

There were no revenues during the reporting period in relation to capitation fees (save for membership subscriptions as noted), compulsory fees, donations or grants to The Australian Industry Group and it was also not in receipt of any other financial support from another reporting unit under the Act. Similarly, The Australian Industry Group did not provide any financial support to any other reporting unit under the Act.

### Note 4. Other Income

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>General operations account</b>				
Government contracts (note (a))	23,955	46,924	23,955	46,924
Other income	23,955	46,924	23,955	46,924

#### (a) Government contracts

Export market development contract of \$23,955 (2017: \$46,924) was recognised as consulting and management services income by the consolidated entity during the financial year. There are no unfulfilled conditions or other contingencies attaching to this contract.

## Note 5. Expenses

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Surplus from continuing operations includes the following specific expenses:</b>				
Salaries	44,322,132	48,837,422	25,692,403	25,418,177
Superannuation	2,783,016	4,482,670	2,510,185	2,560,358
Long service leave	123,279	34,847	84,317	-
Annual leave	74,687	(236,576)	63,576	(262,167)
Redundancies	262,037	155,260	262,037	155,260
Other payroll related costs	4,778,398	5,872,734	761,351	1,061,447
<b>Total employee benefit expenses</b>	<b>52,343,549</b>	<b>59,146,357</b>	<b>29,373,869</b>	<b>28,933,075</b>
As stated in note 17(a), no employee benefit expenses were paid to Officers of the Group.				
<b>Depreciation</b>				
Buildings	422,205	394,456	422,205	394,456
Plant and equipment	748,520	908,405	632,875	714,616
<b>Total depreciation</b>	<b>1,170,725</b>	<b>1,302,860</b>	<b>1,055,080</b>	<b>1,109,071</b>
<b>Amortisation</b>				
Leasehold improvements	50,229	36,616	50,229	36,616
Computer Software	224,102	563,018	224,102	563,018
<b>Total amortisation</b>	<b>274,331</b>	<b>599,635</b>	<b>274,331</b>	<b>599,635</b>
Asset Impairment – Computer Software	4,380,104	-	4,380,104	-
<b>Total Depreciation, Amortisation and Impairment</b>	<b>5,825,160</b>	<b>1,902,495</b>	<b>5,709,515</b>	<b>1,708,706</b>
Rental expense relating to operating leases				
Minimum lease payments	1,203,069	1,170,236	1,203,069	1,170,236
<b>Total rental expense relating to operating leases</b>	<b>1,203,069</b>	<b>1,170,236</b>	<b>1,203,069</b>	<b>1,170,236</b>
Advertising	-	-	-	-
Affiliation fees	92,739	81,092	45,996	44,553
Net bad and doubtful debts	(66,457)	(599,050)	18,373	(322,979)
Communications	5,756,286	5,391,531	5,213,042	4,982,739
Legal expenses - litigation	-	-	-	-
Legal expenses - Other legal matters	149,734	86,000	149,734	78,000
Meeting expenses	821,491	582,569	670,377	506,009
Net gain/loss on disposal of property, plant & equipment	(12,094)	(43,828)	(5,665)	(15,587)
Other professional services	3,629,771	3,437,785	2,451,416	2,240,146
Grants:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Donations:				
Total paid to political parties	-	-	-	-
Total paid that were \$1,000 or less	240	200	240	200
Total paid that exceeded \$1,000	2,500	2,500	2,500	2,500
<b>Total grants or donations</b>	<b>2,740</b>	<b>2,700</b>	<b>2,740</b>	<b>2,700</b>

## The Australian Industry Group

### Note 5. Expenses (continued)

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other operating expenses	4,084,508	4,412,174	3,187,328	2,792,139
Unrealised loss on other financial assets at fair value through profit or loss	(2,148,985)	(2,114,884)	(2,148,985)	(2,114,884)
Realised net loss on other financial assets at fair value through profit or loss	(79,258)	306,321	(79,258)	306,321
<b>Total expenses from continuing operations</b>	<b>71,602,253</b>	<b>73,761,498</b>	<b>45,791,551</b>	<b>40,311,174</b>

There were no expenses during the reporting period in relation to consideration for employers making payroll deductions of membership subscriptions, for capitation fees or for compulsory levies. During the reporting period, there were no penalties imposed on The Australian Industry Group under the Act with respect to the conduct of The Australian Industry Group.

There were also no fees or periodic subscriptions paid to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters, except for those declared as affiliation fees which are listed below.

Affiliation Fees paid during the period are as follows:

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Council of European Employers of Metal, Engineering & Technology	45,996	40,053	45,996	40,053
Career Lounge	-	4,500	-	4,500
Group Training Association of NSW	10,600	5,036	-	-
Group Training Association of Victoria	10,000	19,073	-	-
Group Training Association-Queensland & NT	12,000	-	-	-
Group Training Australia SA	9,382	8,928	-	-
National Apprentice Employment Network	3,576	3,502	-	-
Recruitment Association Fee	958	-	-	-
Recruitment, Consulting and Staffing Association	227	-	-	-
<b>Total affiliation fees</b>	<b>92,739</b>	<b>81,092</b>	<b>45,996</b>	<b>44,553</b>

Provision is made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, and a reliable estimate of the amount payable can be determined. For 2018 \$1,193,645 was either paid and included in salaries or provided for redundancy payments in the Income Statements.

At each reporting date, The Australian Industry group reviews the carrying value of its tangible and intangible assets including computing software to determine whether there is any indication that those assets have been impaired. The Australian Industry Group has determined that the carrying value of the CRM system was impaired and expensed the carrying value of the CRM system by \$4.38 million to the Income Statements.

## The Australian Industry Group

### Note 6. Cash and cash equivalents

#### Current Asset

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash at bank and on hand (note (c))	<b>8,166,236</b>	4,647,051	<b>7,039,766</b>	3,626,903
Deposits at call (note (e))	<b>11,407,815</b>	10,408,625	<b>11,407,815</b>	10,408,625
	<b>19,574,051</b>	15,055,676	<b>18,447,581</b>	14,035,528

#### Non-Current Asset

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash not available for use (note (d))	<b>702,555</b>	635,245	<b>702,555</b>	635,245
	<b>702,555</b>	635,245	<b>702,555</b>	635,245

**(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 \$3,223,188 (2017: \$1,510,757) which are included in the balances above (refer to notes 11 & 12), 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 three lease agreements. This balance is restricted for use until expiration of the leases.

**(e) Deposits at call**

The deposits are bearing floating interest rates between 2.48% and 2.61% (2017: 2.48% and 2.55%). Included in this balance is \$6,711,663 (2017: \$6,407,104) that will be utilised for future purchases of growth portfolio and liquidity requirements.

**(f) Recovery of wages**

No recovery of wages activities has occurred in the reporting period.



## Note 7. Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Members' subscriptions outstanding	3,462,389	3,212,228	3,462,389	3,212,228
Provision for doubtful debts	(196,933)	(122,363)	(167,525)	(122,363)
	<b>3,265,456</b>	<b>3,089,865</b>	<b>3,294,864</b>	<b>3,089,865</b>
Accounts receivable	6,121,373	13,049,795	2,540,746	8,671,107
Provision for doubtful debts	(260,382)	(462,964)	(127,253)	(164,085)
	<b>5,860,991</b>	<b>12,586,830</b>	<b>2,413,493</b>	<b>8,507,022</b>
Amounts receivable from related entities		-	2,760,269	2,744,183
Interest accrued		-	-	-
Prepayments	576,092	729,921	537,441	712,798
	<b>9,702,539</b>	<b>16,406,616</b>	<b>9,006,067</b>	<b>15,053,868</b>

### (a) Impaired trade receivables

As at 30 June 2018 current trade receivables of the consolidated entity with a nominal value of \$457,315 (2017: \$585,327) were impaired. These amounts were provided during the year as uncollectible and have been included in 'net bad and doubtful debts' in the income statements.

### (b) Past due but not impaired

As of 30 June 2018, trade receivables of \$1,310,427 (2017: \$1,613,740) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
60 to 90 days	450,697	641,918	233,233	200,621
90 to 120 days	263,494	242,994	193,153	92,618
120 days +	596,236	728,827	324,398	442,591
	<b>1,310,427</b>	<b>1,613,740</b>	<b>750,784</b>	<b>735,830</b>

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 receivables is provided in note 2.

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

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Managed funds - equity	19,021,375	17,163,501	19,021,375	17,163,501
Trading securities - equity	9,129,287	8,632,787	9,129,287	8,632,787
Bonds and managed funds - fixed income	6,711,663	6,503,643	6,711,663	6,503,643
	<b>34,862,325</b>	<b>32,299,931</b>	<b>34,862,325</b>	<b>32,299,931</b>

**(a) Managed funds - equity**

Managed fund investments were revalued to market value at 30 June 2018:

Market value 1 July 2017	17,163,500	17,150,907	17,163,500	17,150,907
Purchases at cost	2,350,743	700,000	2,350,744	700,000
Proceeds on redemption	(1,678,012)	(1,430,488)	(1,678,012)	(1,430,488)
Net surplus on redemption	68,255	(23,741)	68,255	(23,741)
Revaluation increment at 30 June 2018	1,116,889	766,823	1,116,889	766,823
<b>Market value at 30 June 2018</b>	<b>19,021,375</b>	<b>17,163,500</b>	<b>19,021,375</b>	<b>17,163,500</b>

**(b) Managed funds - equity**

A gain was made when all shares were valued at market value at 30 June 2018:

Market value 1 July 2017	8,632,787	7,515,224	8,632,787	7,515,224
Purchases at cost	2,993,493	4,492,826	2,993,493	4,492,826
Proceeds on redemption	(3,554,044)	(4,440,743)	(3,554,044)	(4,440,743)
Net surplus on redemption	24,955	(282,580)	24,955	(282,580)
Revaluation increment at 30 June 2018	1,032,096	1,348,060	1,032,096	1,348,060
<b>Market value at 30 June 2018</b>	<b>9,129,287</b>	<b>8,632,787</b>	<b>9,129,287</b>	<b>8,632,787</b>

**(c) Bonds and managed funds – fixed income**

Market value 1 July 2017	6,503,644	8,772,256	6,503,644	8,772,256
Purchases at cost	3,655,275	1,906,036	3,655,275	1,906,036
Proceeds of sale (net surplus on redemption)	(3,447,256)	(4,174,649)	(3,447,256)	(4,174,649)
<b>Market value at 30 June 2018</b>	<b>6,711,663</b>	<b>6,503,644</b>	<b>6,711,663</b>	<b>6,503,644</b>

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.

## The Australian Industry Group

### Note 9. Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Shares in wholly owned subsidiaries (note (a))	5	5	5	5
Shares in other corporations (note (b))	6	6	6	6
Units in unit trust (note (c))	201	201	101	101
	<b>212</b>	<b>212</b>	<b>112</b>	<b>112</b>

These financial assets are carried at cost.

**(a) Shares in wholly owned subsidiaries (note 22)**

Australian Industry Group Training Services Pty Ltd	2	2	2	2
Ai Group Legal Pty Ltd	1	1	1	1
Confectionery BTW Pty Ltd	1	1	1	1
Australian Industry Group Graduate Employment Pty Ltd	1	1	1	1
	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

**(b) Shares in other corporations**

Australian Super Pty Ltd	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

**(c) Units in unit trust**

Ai Group Legal Unit Trust	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Australian Industry Group Graduate Employment Unit Trust	<b>200</b>	<b>200</b>	<b>100</b>	<b>100</b>
	<b>201</b>	<b>201</b>	<b>101</b>	<b>101</b>

Investment in the shares of Australian Super Pty Ltd represents 50% of its issued capital. Ai Group does not have a controlling interest in this entity and as such it is not consolidated into the Ai Group accounts.

Australian Super Pty Ltd is the Trustee of Superannuation Trust of Australia.

**Note 10. (a) Non-current assets – Property, plant and equipment**

<b>Consolidated</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant &amp; equipment</b>	<b>Capital works in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2016</b>						
Cost or fair value	9,450,000	9,520,103	4,225,379	12,182,586	377,874	35,755,942
Accumulated depreciation	-	(64,973)	(3,891,901)	(8,475,154)	-	(12,432,028)
<b>Net book amount</b>	<b>9,450,000</b>	<b>9,455,130</b>	<b>333,478</b>	<b>3,707,432</b>	<b>377,874</b>	<b>23,323,914</b>
<b>Year ended 30 June 2017</b>						
Opening net book amount	9,450,000	9,455,130	333,478	3,707,432	377,874	23,323,914
Revaluation increment	3,650,000	526,992	-	-	-	4,176,992
Additions	-	-	44,088	378,196	47,888	470,172
Disposals	-	-	-	(39,663)	-	(39,663)
Transfers in/(out)	-	-	-	-	(53,868)	(53,868)
Depreciation/amortisation charge (note 5)	-	(394,456)	(36,616)	(908,699)	-	(1,339,771)
Adjustments	-	-	-	-	(4,590)	(4,590)
<b>Closing net book amount</b>	<b>13,100,000</b>	<b>9,587,667</b>	<b>340,949</b>	<b>3,137,267</b>	<b>367,304</b>	<b>26,533,187</b>
<b>At 30 June 2017</b>						
Cost or fair value	13,100,000	9,657,257	4,278,381	12,287,856	367,304	39,690,798
Accumulated depreciation	-	(69,590)	(3,937,431)	(9,150,589)	-	(13,157,610)
<b>Net book amount</b>	<b>13,100,000</b>	<b>9,587,667</b>	<b>340,949</b>	<b>3,137,267</b>	<b>367,304</b>	<b>26,533,187</b>
<b>Consolidated</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant &amp; equipment</b>	<b>Capital works in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2018</b>						
Opening net book amount	13,100,000	9,587,667	340,949	3,137,267	367,304	26,533,187
Revaluation increment	3,400,000	593,814	-	-	-	3,993,814
Additions	-	-	16,598	613,642	34,916	665,156
Disposals	-	-	-	(11,611)	-	(11,611)
Transfers in/(out)	-	-	-	50,000	(50,000)	-
Depreciation/amortisation charge (note 5)	-	(422,205)	(50,229)	(748,520)	-	(1,220,954)
Adjustments	-	-	-	(1,024)	-	(1,024)
<b>Closing net book amount</b>	<b>16,500,000</b>	<b>9,759,276</b>	<b>307,318</b>	<b>3,039,754</b>	<b>352,220</b>	<b>29,958,568</b>
<b>At 30 June 2018</b>						
Cost or fair value	16,500,000	9,833,528	4,294,978	12,657,230	352,220	43,637,956
Accumulated depreciation	-	(74,252)	(3,987,660)	(9,617,476)	-	(13,679,388)
<b>Net book amount</b>	<b>16,500,000</b>	<b>9,759,276</b>	<b>307,318</b>	<b>3,039,754</b>	<b>352,220</b>	<b>29,958,568</b>

**Note 10 (a). Non-current assets – Property, plant and equipment (continued)**

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2016</b>						
Cost or fair value	9,450,000	9,520,103	4,229,970	11,518,333	373,283	35,091,689
Accumulated depreciation	-	(64,973)	(3,891,901)	(8,134,000)	-	(12,090,874)
<b>Net book amount</b>	<b>9,450,000</b>	<b>9,455,130</b>	<b>338,069</b>	<b>3,384,333</b>	<b>373,283</b>	<b>23,000,815</b>
<b>Year ended 30 June 2017</b>						
Opening net book amount	9,450,000	9,455,130	338,069	3,384,333	373,283	23,000,815
Revaluation increment	3,650,000	526,992	-	-	-	4,176,992
Additions	-	-	48,411	205,053	47,888	301,352
Disposals	-	-	-	(22,459)	-	(22,459)
Transfers in/(out)	-	-	-	-	(53,868)	(53,868)
Depreciation/amortisation charge (note 5)	-	(394,456)	(36,616)	(714,616)	-	(1,145,688)
Adjustments	-	-	(8,914)	(294)	-	(9,208)
<b>Closing net book amount</b>	<b>13,100,000</b>	<b>9,587,667</b>	<b>340,949</b>	<b>2,852,018</b>	<b>367,303</b>	<b>26,247,938</b>
<b>At 30 June 2017</b>						
Cost or fair value	13,100,000	9,657,257	4,278,381	11,598,931	367,303	39,001,872
Accumulated depreciation	-	(69,590)	(3,937,431)	(8,746,913)	-	(12,753,935)
<b>Net book amount</b>	<b>13,100,000</b>	<b>9,587,667</b>	<b>340,949</b>	<b>2,852,018</b>	<b>367,303</b>	<b>26,247,938</b>
<b>Parent entity</b>						
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>						
Opening net book amount	13,100,000	9,587,667	340,950	2,852,018	367,303	26,247,938
Revaluation increment / (decrement)	3,400,000	593,814	-	-	-	3,993,814
Additions	-	-	16,597	560,339	34,916	611,852
Disposals	-	-	-	(7,063)	-	(7,063)
Transfers in/(out)	-	-	-	50,000	(50,000)	-
Depreciation/amortisation charge (note 5)	-	(422,205)	(50,229)	(632,875)	-	(1,105,309)
Adjustments	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>16,500,000</b>	<b>9,759,276</b>	<b>307,318</b>	<b>2,822,419</b>	<b>352,219</b>	<b>29,741,232</b>
<b>At 30 June 2018</b>						
Cost or fair value	16,500,000	9,833,528	4,294,978	12,179,610	352,220	43,160,336
Accumulated depreciation	-	(74,252)	(3,987,660)	(9,357,191)	-	(13,419,103)
<b>Net book amount</b>	<b>16,500,000</b>	<b>9,759,276</b>	<b>307,318</b>	<b>2,822,419</b>	<b>352,220</b>	<b>29,741,233</b>

## Note 10 (a). Non-current assets – Property, plant and equipment (continued)

### Valuations of land and buildings

The consolidated entity obtains independent valuations for its land and buildings (non-financial assets) at least annually. At the end of each reporting period, the Officers update their assessment of the fair value of land and buildings, taking into account the most recent independent valuations. The Officers determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar land and buildings. Where such information is not available the Officers consider information from a variety of sources including:

- (i) current prices in an active market for land and buildings of different nature or recent prices of similar land and buildings in less active markets, adjusted to reflect those differences
- (ii) discounted cash flow projections based on reliable estimates of future cash flows
- (iii) capitalisation income projections based upon the land and building's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At the end of the reporting period the key assumptions used by the Officers in determining fair value were in the following ranges for the consolidated entity's land and buildings:

	2018	2017
Discount rate	7.50%	7.50%
Terminal yield	7.75%	7.50%
Capitalisation rate	6.25%-7.75%	7.25%-7.75%
Expected vacancy rate	0	0
Rental growth rate	3.68%	3.92%

All of the above key assumptions have been taken from the last independent valuations report for the assets in the portfolio. The fair value of land and buildings, which are the only non-financial assets held at fair value, have been classified in both 2018 and 2017 in level 3 using the categories explained in note 2(d)

## Note 10 (b). Non-current assets – Intangible assets

Consolidated	Computer Software	Capital works in progress	Total
	\$	\$	\$
<b>At 1 July 2016</b>			
Cost or fair value	1,380,489	4,085,186	5,465,676
Accumulated depreciation	(1,336,465)	-	(1,336,465)
<b>Net book amount</b>	<b>44,024</b>	<b>4,085,186</b>	<b>4,129,211</b>
<b>Year ended 30 June 2017</b>			
Opening net book amount	44,024	4,085,186	4,129,211
Additions	-	2,000,605	2,000,605
Transfers in/(out)	5,209,075	(5,414,627)	(205,552)
Amortisation charge (note 5)	(563,018)	-	(563,018)
<b>Closing net book amount</b>	<b>4,690,081</b>	<b>671,164</b>	<b>5,361,245</b>
<b>At 30 June 2017</b>			
Cost or fair value	6,589,564	671,164	7,260,728
Accumulated depreciation	(1,899,483)	-	(1,899,483)
<b>Net book amount</b>	<b>4,690,081</b>	<b>671,164</b>	<b>5,361,245</b>

**Note 10 (b). Non-current assets – Intangible assets (continued)**

<b>Consolidated</b>	<b>Computer Software \$</b>	<b>Capital works in progress \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2018</b>			
Opening net book amount	4,690,081	671,164	5,361,245
Revaluation increment	-	-	-
Additions	14,553	1,115,908	1,130,461
Disposals	-	-	-
Transfers in/(out)	1,599,429	(1,599,429)	-
Asset value write-down (WDV)	(4,380,104)	-	(4,380,104)
Amortisation charge (note 5)	(224,102)	-	(224,102)
<b>Closing net book amount</b>	<b>1,699,857</b>	<b>187,643</b>	<b>1,887,500</b>
<b>At 30 June 2018</b>			
Cost or fair value	3,368,163	187,643	3,555,806
Accumulated depreciation	(1,668,306)	-	(1,668,306)
<b>Net book amount</b>	<b>1,699,857</b>	<b>187,643</b>	<b>1,887,500</b>
<b>Parent entity</b>	<b>Computer Software \$</b>	<b>Capital works in progress \$</b>	<b>Total \$</b>
<b>At 1 July 2016</b>			
Cost or fair value	1,380,489	4,085,186	5,465,676
Accumulated depreciation	(1,336,465)	-	(1,336,465)
<b>Net book amount</b>	<b>44,024</b>	<b>4,085,186</b>	<b>4,129,211</b>
<b>Year ended 30 June 2017</b>			
Opening net book amount	44,024	4,085,186	4,129,211
Revaluation increment	-	-	-
Additions	-	2,000,605	2,000,605
Disposals	-	-	-
Prior year adjustment	-	-	-
Transfers in/(out)	5,209,075	(5,414,627)	(205,552)
Amortisation charge (note 5)	(563,018)	-	(563,018)
<b>Closing net book amount</b>	<b>4,690,081</b>	<b>671,164</b>	<b>5,361,245</b>
<b>At 30 June 2017</b>			
Cost or fair value	6,589,564	671,164	7,260,728
Accumulated depreciation	(1,899,483)	-	(1,899,483)
<b>Net book amount</b>	<b>4,690,081</b>	<b>671,164</b>	<b>5,361,245</b>
<b>Parent entity</b>	<b>Computer Software \$</b>	<b>Capital works in progress \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2018</b>			
Opening net book amount	4,690,081	671,164	5,361,245
Revaluation increment	-	-	-
Additions	14,553	1,115,908	1,130,461
Disposals	-	-	-
Transfers in/(out)	1,599,429	(1,599,429)	-
Asset value write-down (note 5)	(4,380,104)	-	(4,380,104)
Amortisation charge (note 5)	(224,102)	-	(224,102)
<b>Closing net book amount</b>	<b>1,699,857</b>	<b>187,643</b>	<b>1,887,500</b>

**Note 10 (b). Non-current assets – Intangible assets (continued)**

	<b>Computer Software</b>	<b>Capital works in progress</b>	<b>Total</b>
	\$	\$	\$
<b>At 30 June 2018</b>			
Cost or fair value	3,368,163	187,643	3,555,806
Accumulated depreciation	(1,668,306)	-	(1,668,306)
Net book amount	<b>1,699,857</b>	<b>187,643</b>	<b>1,887,500</b>

**Note 11. Current liabilities – Trade and other payables**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$	\$
Trade payables	<b>5,606,176</b>	3,584,466	<b>4,148,700</b>	1,926,642
Unexpended government contracts (note (a))	<b>3,383,075</b>	8,272,615	<b>3,383,075</b>	8,272,615
Special contribution for defence of members' interests (note (b))	<b>8,728</b>	8,728	<b>8,728</b>	8,728
	<b>8,997,979</b>	11,865,809	<b>7,570,503</b>	10,207,985

**(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 \$11,114,663 (2017: \$11,349,593) 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) Special contribution for defence of members' interest**

Since 1995/96, special contributions of \$89,109 have been collected from members on several occasions to defend members' interests in relation to major union claims and campaigns. There were no further contributions, or any further expenditure relating to such contributions, during the year, and the balance in the account represents funds carried forward to future periods.

**(c) Legal Liability**

Included in trade payables is an amount for legal case liabilities of \$82,500 (2017: \$12,500). There are no litigation case liabilities.



## Note 12. Current liabilities – Deferred income

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Deferred income (note (a))	<b>8,335,920</b>	4,325,323	<b>8,085,812</b>	4,157,362

### (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 the three-monthly, six-monthly and yearly subscription billings in June 2018.

## Note 13. Current liabilities – Provisions

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employee benefits - annual leave	<b>2,851,538</b>	2,609,633	<b>1,750,200</b>	1,660,836
Employee benefits - long service leave	<b>2,454,761</b>	2,336,045	<b>2,095,480</b>	2,026,257
	<b>5,306,299</b>	4,945,677	<b>3,845,680</b>	3,687,093

There are no employee benefit provisions in respect of officeholders of the reporting unit. There was a provision of \$65,427 for annual leave in relation to separation and redundancy and other employee provisions at the end of the reporting period.

### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current leave obligations not expected to be settled after 12 months	<b>2,305,306</b>	2,256,900	<b>1,955,098</b>	1,947,112

## Note 14. Non-current liabilities – Other payables

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Lease related payables	320,667	243,135	320,667	243,135

These lease related payables comprise:

**(a) Lease incentives**

The Consolidated Entity has provided tenants at the Adelaide and North Sydney premises with lease incentives, which are currently recognised over a 5 years 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 15. Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employee benefits - long service leave	651,094	650,269	602,798	591,442
Lease make good provision (note (a))	102,559	98,602	102,559	98,602
	<b>753,653</b>	<b>748,871</b>	<b>705,357</b>	<b>690,044</b>

There are no employee benefit provisions in respect of officeholders of the reporting unit. There was a provision of \$146,364 for long service leave in relation to separation and redundancy and other employee provisions at the end of the reporting period.

**(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.

**(b) Movements in provisions**

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2018	Lease make good
Carrying amount at the beginning of the financial year	98,602
Charged to profit or loss	
- additional provisions recognised	3,957
- unused amounts reversed	-
Amounts used during the year	-
Carrying amount at the end of the financial year	<b>102,559</b>

## Note 16. Reserves and retained earnings

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>(a) Reserves</b>				
Property, plant and equipment revaluation reserve	14,849,117	10,855,303	14,849,117	10,855,303
<b>Movements</b>				
<i>Property, plant and equipment revaluation reserve:</i>				
Balance 1 July 2017	10,855,303	6,678,311	10,855,303	6,678,311
Increment on revaluation of freehold land at the end of the financial year	3,400,000	3,650,000	3,400,000	3,650,000
Increment/(decrement) on revaluation of buildings at the end of the financial year	593,814	526,992	593,814	526,992
Balance 30 June 2018	14,849,117	10,855,303	14,849,117	10,855,303

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>(b) Movements</b>				
<b>Retained earnings</b>				
Retained earnings at the beginning of the financial year	63,307,787	62,019,549	63,792,951	62,019,549
Net surplus attributable to members of The Australian Industry Group (i)	(5,183,878)	1,288,238	(4,495,707)	1,773,402
Retained earnings at the end of the financial year	58,123,909	63,307,787	59,297,244	63,792,951

- (i) Net Surplus attributable to members includes the Net deficit of \$688,171 (2017: \$485,164) from Australian Industry Group Graduate Employment Unit Trust.

**(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).

## Note 17. Related party transactions

In the audit of these financial statements, The Australian Industry Group must comply with

- the Australian Accounting Standards (AASB), and
- the Reporting Guidelines issued under the Fair Work (Registered Organisations) Act 2009 (the Act), and
- the Act and its regulations.

### (i) Related Party Transactions Under the Standard

AASB 124 (the Standard) requires disclosure of related party transactions and for the purposes of this Note 17(i), the definition of related party in AASB 124 has been adopted. Key Management Personnel in the Standard includes the Officers (non-executive appointees) of Ai Group and senior executive management (employees) of Ai Group.

### (a) Officers of Ai Group

The Officers of Ai Group (refer to Note 1 in the Operating Report) together control the entity, and have the responsibility for the management of the affairs of the entity, determination of the policy of the entity and to make, rescind, alter and enforce the rules of the entity. None of the Officers entered into any related party transactions as required to be disclosed under AASB 124 for the reporting period. Nor, during the financial year, did any of those Officers receive any payment or benefit in exchange for services rendered by the Officers to Ai Group.

### (b) Executive Management

The executive managers of Ai Group during the reporting period were the following persons:

Peter Burn, Mark Goodsell, Megan Lilly, Kate Louis, Kristen Makin, Michael McConnell, Michael Mead, Anthony Melville, Stephen Myatt, Tim Piper, Shane Rodgers, Stephen Smith, John Tsimboulas, Helen Waldron and Innes Willox.

(These persons are not Officers under the Act as their participation in the management of Ai Group is only in accordance with the directions given to them by the Committee of Management of Ai Group or by an Officer for the purpose of implementing the policy of the entity or a decision concerning the entity.)

Aside from their compensation as employees of Ai Group (noted below), none of the abovementioned persons entered into any related party transactions as required to be disclosed under AASB 124 for the reporting period.

Key management personnel compensation:

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term employee benefits	5,351,036	5,679,173	5,351,036	5,679,173
Termination benefits	254,312	-	254,312	-
	<b>5,605,348</b>	<b>5,679,173</b>	<b>5,605,348</b>	<b>5,679,173</b>

### (c) Transactions with other related parties

The following transactions occurred with other related parties (the subsidiaries of the reporting entity):

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Other transactions</i>				
Rental revenue paid to The Australian Industry Group	-	-	556,257	554,018

### (d) Loans to/from related parties

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Loans to subsidiaries</i>				
Beginning of the year	-	-	2,744,183	2,740,811
Loans advanced	-	-	10,186,085	9,708,372
Loan repayments received	-	-	(10,170,000)	(9,705,000)
Interest paid	-	-	-	-
<b>End of year</b>	<b>-</b>	<b>-</b>	<b>2,760,268</b>	<b>2,744,183</b>

## **Note 17. Related party transactions (continued)**

### **(ii) Related Party Payments under the Act and the Reporting Guidelines**

Under the Act Ai Group (the reporting unit under the Act) is required to disclose to its members all payments made by it to its related parties during the financial year 2017-18. A related party to Ai Group under the Act includes the following:

- a related body corporate (Ai Group Training Services Pty Ltd; Ai Group Legal Pty Ltd; Confectionery BTW Pty Ltd and Australian Industry Group Graduate Employment Pty Ltd) and other controlled entities;
- Officers of Ai Group;
- Relatives of Officers;
- Persons or entities in which an Officer has disclosed a material personal interest (“declared persons”).

Ai Group is required to disclose any payments made in the 2017-18 financial year to related parties and declared persons and bodies in excess of \$5,000 (cumulative). A related party is any of the following –

- a. Ai Group’s National and Branch Officers and their spouses, parents, children and declared persons; and
- b. entities controlled by Ai Group or entities controlled by any person in paragraph (a)
- c. entities that were a related party of the kind referred to in paragraphs (a) and (b)
- d. to entities that have reasonable grounds to believe that they will become a related party as referred to in paragraphs (a), (b), and (c) in the future
- e. an entity that acts in concert with a related party on the understanding that the related party will receive a financial benefit if Ai Group gives that entity a financial benefit.

Ai Group has not made any payments (which cumulate to \$5,000 or more) in paragraph (a) to any of the bodies or persons in paragraph (b) or entities in paragraphs (c), (d) and (e) as required to be disclosed under section 293J and Rule 30 for the reporting period.

Ai Group has made payments on behalf of the related entities in paragraphs (c) and (d) on an interest free basis, repayable by the entities at the cost incurred by Ai Group from external providers. Ai Group has received funds at various times throughout the year from the related entities in paragraphs (c) and (d) in repayment of costs incurred and in reduction of trust distributions received by Ai Group.

Ai Group, together with Australian Industry Group Training Services Trust, provides continued financial support to Australian Industry Group Graduate Employment Unit Trust while it establishes a business presence. This support consists of payment of employment and operational costs and is treated as an interest free loan for future repayment.

For the purposes of the Act, it is also noted that none of the branches of Ai Group has any power or authority to make payments and none maintains any bank accounts for this purpose. Accordingly, there are no disclosures of any payments made by any of the NSW Branch, Victorian Branch, Queensland Branch or South Australian Branch for the financial year 2017-18 to any related parties or declared persons of those branches.

## Note 18. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Assurance services</b>				
<i>Audit services</i>				
PricewaterhouseCoopers Australian firm: Audit and review of financial statements and other audit work under the Fair Work (Registered Organisations) Act 2009	210,512	171,529	169,012	130,487
<b>Total remuneration for audit services</b>	210,512	171,529	169,012	130,487
<i>Other assurance services</i>				
PricewaterhouseCoopers Australian firm: Other accounting services	34,915	29,837	34,915	29,837
<b>Total remuneration for other assurance services</b>	34,915	29,837	34,915	29,837
<b>Total remuneration for assurance services</b>	245,427	201,366	203,927	160,324

## Note 19. Contingent liabilities

### (i) Claims

The consolidated entity had no contingent liabilities in respect of claims at 30 June 2018 (2017: Nil).

### (ii) Guarantees

The Australian Industry Group has guaranteed payment of the debts of Australian Industry Group Training Services Pty Ltd (and Australian Industry Group Training Services Trust). Australian Industry Group is not reliant on financial support of another reporting unit to continue as a going concern.

### (iii) Bank Guarantees

The consolidated entity has a bank guarantee of \$702,555 relating to three lease agreements.

## Note 20. Commitments

### (a) Capital commitments

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

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Property, plant and equipment:</i>				
Within one year	172,526	73,743	172,526	73,743
Later than one year but not later than five years	267,824	214,611	267,824	214,611
Later than five years	66,956	66,956	66,956	66,956
	<u>507,306</u>	<u>355,310</u>	<u>507,306</u>	<u>355,310</u>

### (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.

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Commitments for minimum lease payments in relation to non- cancellable operating leases are payable as follows:</i>				
Within one year	1,730,658	1,675,414	1,730,658	1,675,414
Later than one year but not later than five years	6,207,918	6,243,233	6,207,918	6,243,233
Later than five years	1,948,050	3,295,242	1,948,050	3,295,242
	<u>9,886,626</u>	<u>11,213,889</u>	<u>9,886,626</u>	<u>11,213,889</u>

## The Australian Industry Group

### Note 21. 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 security	Equity Holding	
			2018 %	2017 %
Australian Industry Group Training Services Pty Ltd	Australia	Ordinary shares	100	100
Ai Group Legal Pty Ltd	Australia	Ordinary shares	100	100
Confectionery BTW Pty Ltd	Australia	Ordinary shares	100	100
Australian Industry Group Graduate Employment Pty Ltd	Australia	Ordinary shares	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 (the whole of the issued units in which are held beneficially and legally by Ai Group) which unit trust provides legal services under the various Legal Profession Acts;
- (ii) Australian Industry Group Training Services Pty Ltd which acted as trustee for The Australian Industry Group Training Services Trust (formerly known as Manufacturers Training Trust), a discretionary trust in which Ai Group is a member of the class of beneficiaries, which trust provides registered training organisation (VET accredited training) services and group training services for apprentices and trainees.
- (iii) Confectionery BTW Pty Ltd which acted as trustee for The Confectionery Trust, which trust is a unit trust owned by external parties for a special purpose and none of the income or assets of which is held beneficially by or on behalf of Ai Group.
- (iv) Australian Industry Group Graduate Employment Pty Ltd acted only as the trustee of the Australian Industry Group Graduate Employment Unit Trust. There are two classes of units – A class held exclusively by Ai Group who controls income and capital distributions and B class units held by Australian Industry Group Training Trust which entitle AiGTS to a discretionary distribution of income. The Trust operates a recruitment and employment service and incidental labour hire business.

### Note 22. Events occurring after the balance sheets date

Except for the purchase of property discussed below, at the date of signing this report, no other matter or circumstance, has arisen since 30 June 2018 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.

The Australian Industry Group purchased several properties in North Sydney, New South Wales, on various dates in August and September 2018 for \$23,717,630, with only the 10% deposit of \$2,371,763 paid to date.



## Note 23. Reconciliation of surplus to net cash inflow from operating activities

	Consolidated		Parent entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Surplus / (deficit) from continuing operations	(5,183,878)	1,288,238	(4,495,707)	1,773,402
Depreciation and amortisation	5,824,705	1,902,789	5,709,059	1,708,706
(Profit) / loss on disposal of investments	(92,706)	306,321	(92,724)	306,321
(Profit) / loss on revaluation of investments	(2,148,985)	(2,114,883)	(2,148,985)	(2,114,884)
<b>Change in operating assets and liabilities</b>				
Decrease / (increase) in receivables	6,550,248	(5,133,786)	5,888,529	(6,826,852)
Decrease / (increase) in receivables from related parties	-	-	(16,085)	(3,372)
Decrease / (increase) in other receivables	153,829	132,095	175,357	102,571
Increase/(decrease) in deferred income	4,010,597	147,856	3,901,450	119,840
Decrease in trade and other payables	(2,790,316)	5,408,706	(2,559,950)	6,262,693
(Decrease) in provisions	365,405	(107,358)	173,901	(182,120)
Net cash inflow from operating activities	<b>6,688,899</b>	<b>1,829,978</b>	<b>6,534,845</b>	<b>1,146,306</b>

No other reporting unit and/or controlled entity of the organisation are the source of a cash inflow or the application of a cash outflow other than those disclosed in Note 17(d).

## Note 24. Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner<sup>24A</sup>:

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

Sub note 24A: On 1 May 2017 the Act was amended by the Fair Work (Registered Organisations) Amendment Act 2016 and references to the “General Manager” changed to “Commissioner” (which is the Registered Organisations Commissioner created under the Amendment Act).

## Note 25. Reporting Guidelines under the RO Act (RGs)

For the purposes of

Reporting Guideline 13: none of the activities in RGs 10, 11 or 12 has occurred during the financial year ending 30 June 2018 (the ‘reporting period’);

Reporting Guideline 15: none of the activities in paragraphs (b) or (e) of RG 14 occurred in the reporting period;

Reporting Guideline 17: none of the activities in paragraphs (a) (b) (d) (f) (h) or (k) of RG 16 occurred in the reporting period;

Reporting Guideline 19: none of the activities in RG 18 occurred during the reporting period;

Reporting Guideline 21: none of the activities in paragraph (a) or (c) of RG 20 occurred in the reporting period;

Reporting Guideline 23: none of the activities in paragraphs (b) or (c) of RG 22 occurred during the reporting period;

All activities that occurred during the reporting period required by the Reporting Guidelines to be mentioned in the GPFR are noted on the face of the financial statements or in these Notes, including the disclosure of loans, donations and grants (under Reporting Guideline 16 (e)).

## **The Australian Industry Group Committee of management's statement**

This Statement is made by the Committee of Management of The Australian Industry Group (the National Executive) pursuant to a resolution passed by the National Executive on 18 September 2018 (the date of passage of the resolution) in relation to the matters requiring declaration under the Reporting Guidelines issued in accordance with section 255 of the Fair Work (Registered Organisations) Act 2009 (the Act) and is signed by the Designated Officer within the meaning of section 243 of the Act and is dated as at the date the Designated Officer signs this Statement:

The National Executive declared on the date of passage of the 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 2018 (the reporting period) that in the opinion of the committee of management:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the Reporting Guidelines issued pursuant to section 255 of the Act;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) no revenue has been derived from undertaking recovery of wages activity during the reporting period; and
- (f) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
  - (i) meetings of the National Executive were held in accordance with the Rules of the reporting unit 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 the Act and its related Regulations; and
- (iv) no information from the reporting unit has been requested or sought under or pursuant to section 272 of the Act; and
- (v) no orders for inspection of financial records of the reporting unit have been made by the Fair Work Commission under section 273 of the Act.

This statement is signed by the National Secretary-Treasurer being the authorised Designated Officer under the Rules within the meaning of section 243 of the Act; and is dated the date on which the Designated Officer signs this statement.

For the Committee of Management By its Designated Officer



R Rolls  
National Secretary-Treasurer

Melbourne  
20 September 2018

## **The Australian Industry Group Officer Declaration Statement**

I, Russell Rolls, being the National Secretary-Treasurer of The Australian Industry Group, declare that the following activities did not occur during the reporting period ending 30<sup>th</sup> June 2018.

The reporting unit did not -

- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- Pay to a person fees or allowances to attend conferences or meeting as a representative of the reporting unit
- Have a payable with another reporting unit
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- Have a balance within a general fund
- Provide cashflows to another reporting unit
- Have another entity administer the financial affairs of the reporting unit

For the Committee of Management By its Designated Officer



R Rolls  
National Secretary-Treasurer

Melbourne  
20 September 2018

## **The Australian Industry Group Operating Report**

The Committee of Management (National Executive) presents their Operating Report on The Australian Industry Group for the financial year ended 30 June 2018 (the reporting period).

### **Committee of Management**

On 31 December 2016, the members of the Committee of Management for the ensuing 2 years were elected as follows, and will, subject to resignation or retirement, be entitled to remain as the Officers on the National Executive until 31 December 2018:

Chris Jenkins (National President)  
John Dixon (Deputy National President)  
Russell Rolls (National Secretary-Treasurer)  
Alexander Kachellek (National Vice President SA) resigned 30/9/2017  
Anthony Kittel (National Vice President SA) appointed 13/11/2017  
Martin Monro (National Vice President QLD)  
Jeff Connolly (National Vice President VIC)  
Tony Warren (National Vice President NSW) resigned 22/9/2017  
Ashley Mason (National Vice President NSW) appointed 17/10/2017

### **Remuneration of the Committee of Management**

During the financial year, no member of the Committee of Management of the reporting unit received, directly or indirectly, any payment or any benefit in exchange for services rendered.

### **Principal activities**

During the financial year, the principal continuing activities of the reporting unit as a registered employer organisation consisted of:

- a) representing its 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; innovation, policy and development networks; international trade development and promotion; and business regulation,
- c) conducting comprehensive training workshops, seminars and related programs.

There have been no significant changes to the nature of the principal activities of the reporting unit during the financial year.

### **Results of principal activities**

The Organisation continued to represent its members' and industries' interests in respect to workplace relations and other matters. This included representational activities to Government and Opposition parties on key policy issues affecting our membership, regulatory submissions and appearances before the Fair Work Commission, and involvement in numerous industry or regulatory inquiries. Ai Group continued to deliver quality workplace relations and other services to its membership with strategic new services being developed to meet their needs. The Organisation remains an effective and financially strong representative body for industry. No changes to the principal activities for 2017 are anticipated for 2018.

### **Review of principal activities**

The Australian Industry Group and subsidiaries reported a consolidated deficit from continuing operations of \$5,183,878 (2017: surplus of \$1,288,238) for the year ending 30 June 2018.

Total income of \$66,394,420 (2017: \$75,002,810) was less than the previous year by \$8,608,390 (11.5%). Total expenditure of \$71,602,253 (2017: \$73,761,496) was less than the previous year by \$2,159,243 (2.9%).

### **Significant changes in the financial state of affairs**

There were no significant changes in the financial affairs of the reporting unit during the financial year.

**Number of Recorded Members**

The number of persons recorded in the Membership Register of the Organisation as at 30 June 2018 for the purposes of section 254 (2) (f) of the Act was 4,022 (2017: 4,155).

**Number of Employees**

The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2018 was 228 (2017: 209).

**Rights of Members to resign**

In accordance with section 174 of the Act, 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 Officer or Member of the Organisation was:

- a) a trustee of a superannuation entity or 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 a criterion for the Officer or Member being a trustee or director is that the Officer or Member is an officer or member of a registered organisation under the Act.

**Other relevant Information of the reporting unit**

There is no other information which the committee of management of the reporting unit considers relevant under section 254 of the Act.



R Rolls  
National Secretary-Treasurer  
On behalf of the National Executive

Melbourne  
20 September 2018

**The Australian Industry Group**  
**Report Required Under Subsection 255(2A)**  
**For the year ended 30 June 2018**

The Committee of Management of The Australian Industry Group (the National Executive) presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30<sup>th</sup> June 2018.

<b>Categories of expenditures</b>	<b>2018 \$</b>	<b>2017 \$</b>
Remuneration and other employment-related costs and expenses - employees	29,373,869	28,933,075
Advertising	-	-
Operating costs	16,267,948	11,300,099
Donations to political parties	-	-
Legal costs	149,734	78,000
Total Expenses from continuing operations for the Reporting Unit	45,791,551	40,311,174

This statement is signed by the National Secretary-Treasurer being the authorised Designated Officer under the Rules within the meaning of section 243 of the Act; and is dated the date on which the Designated Officer signs this statement.

For the Committee of Management By its Designated Officer



R Rolls  
National Secretary-Treasurer

Melbourne  
20 September 2018



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

### **Report on the Audit of the Financial Report**

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#### *Our opinion*

I have audited the financial report of The Australian Industry Group and its controlled entities (the Reporting Unit), which comprises the balance sheets as at 30 June 2018, income statements, the statements of comprehensive income, statements of changes in members' funds and statements of cash flows for the year ended 30 June 2018 for both the Australian Industry Group (Parent entity) and for the Reporting Unit (Consolidated), notes to the financial statements, including a summary of significant accounting policies, Report required under subsection 255 (2A), Officer Declaration Statement and the Committee of Management's Statement.

In my opinion, in all material aspects,

- the accompanying financial report presents fairly, the financial positions of the Australian Industry Group (Parent entity) and of the Reporting Unit (Consolidated) as at 30 June 2018, and their financial performance and their cash flows for the year ended on that date in accordance with:
  - a) the Australian Accounting Standards;
  - b) the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act); and
- the committee of management's use of the going concern basis of accounting in the preparation of the Reporting Unit's financial statements is appropriate.

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#### *Basis for opinion*

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Independence**

I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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### *Information Other than the Financial Report and Auditor's Report Thereon*

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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### *Responsibilities of Committee of Management for the Financial Report*

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the Audit of the Financial Report*

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand, with membership number 27668, and hold a current Public Practice Certificate.



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*Report on the Recovery of Wages Activity Financial report*

The Australian Industry Group and its controlled entities have not undertaken any recovery of wages activity during the year ended 30 June 2018 as referred to in point (e) of the Committee of Management's Statement. As a result, no opinion can be provided in relation to recovery of wages activity.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*DN Kelly*

DN Kelly  
Partner

Sydney  
20 September 2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/171

