FAIR WORK COMMISSION

16 January 2013

Mr Bryan de Caires
Secretary
Australian Security Industry Association Limited
PO Box 1338
CROWS NEST NSW 1585

Dear Mr de Caires

Re: Lodgment of Financial Accounts and Statements – Australian Security Industry Association Ltd – for year ending 30 June 2012 (FR2012/449)

I refer to the above financial statements and accounts lodged with Fair Work Australia (now known as the Fair Work Commission) on 11 December 2012.

My examination of the documents identified the following area where future reports will more correctly comply with the legislative requirements.

Note 1 "Summary of Significant Accounting Policies" on page 25 stated that the financial statements were prepared in accordance with.....the Corporations Act 2001."

Sub-section 253(1) provides that general purpose financial reports must be "in accordance with the Australian Accounting Standards". In the context of a report prepared for the purposes of the Fair Work (Registered Organisations) Act 2009 ('the RO Act') this does not comply with Australian Accounting Standard (AASB)1054 which states, at paragraph 8, that "an entity shall disclose in the notes (a) the statutory basis or other reporting framework....under which the financial statements are prepared".

I would ask you to draw this to the attention to the Auditor, so that an appropriate reference to the RO Act is included in the notes in accordance with this Standard.

There is no further action required in respect of this report. The documents have been filed.

Yours sincerely,

Stephen Kellett

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch
Fair Work Commission

Terrace Towers
80 William Street
East Sydney NSW 2011
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Australian Security Industry Association Limited
The peak body for security professionals

10th December 2012

Stephen Kellett
Statutory Services Branch
Fair Work Australia
Terrace Towers
80 William Street
Sydney NSW 2011

Dear Mr. Kellett,

Certificate of Secretary

I, Bryan de Caires, being the Secretary of the Australian Security Industry Association Limited, certify:

1. That the documents lodged herewith, being the 2012 Annual & Financial Report of the Australian Security Industry Association Limited incorporating the General Purpose Financial Report, Operating Report and Committee of Management's Statement together with the Independent Auditor's Report for the year ended 30 June 2012, are copies of the full report referred to in *s268* of the *Fair Work (Registered Organisations) Act 2009*; and

2. That notification was provided to Members on 11th September 2012 by mail, and subsequently by email and on the Association's web site, that the 2012 Annual & Financial Report was available for their perusal; and

3. That the full report was presented to the 43rd Annual General Meeting of members held on the 28th November 2012, in accordance with *s266* of the *Fair Work (Registered Organisations) Act 2009; and*

4. As noted in the 2012 Annual & Financial Report no loans, grants or political donations were made over the past year.

Yours faithfully,

BdeCaires

Bryan de Caires
Secretary

Attach.

Security Industry House PO Box 1338 Crows Nest NSW 1585 ABN 91 000 813 365
Phone: 02 8425 4300 **Fax:** 02 8425 4343 **Email:** security@asial.com.au **Web:** www.asial.com.au

Financial report

Directors operating report

Your directors submit this operating report for the year ended 30 June 2012. The names of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated. Their qualifications, experience and special responsibilities are set out on pages 14 and 15 of this Annual and Financial Report.

Director

Rod Anderson	Robert Bruce*
Ged Byrnes	Antony Elliott
Mike McKinnon	Kevin McDonald
Thomas Roche	Leo Silver
Damian Waters*	

** In February 2012 Bob Bruce resigned from the ASIAL Board following his retirement from Armaguard. The Board appointed Damian Waters to fill the casual vacancy in February 2012.*

Key objectives of the Association

The Association regularly reviews its key strategic priorities. The Association's key objectives include:

- Awareness – to raise the profile of the Association in the minds of key stakeholders and lay a platform to allow appreciation of the differentiated service offerings it provides;
- Influence – to be in a position to shape regulatory policy and impact on public and media opinion on issues relating to security;
- Quality – to establish programs, accreditation and assessment that set appropriate quality standards for members, which in turn become the benchmark for the industry.

Strategy for achieving these objectives

Through both short and long-term measures, the Association strives to achieve its strategic objectives. Among the initiatives implemented or in the process of implementation include:

- Development of a certification program for security technicians;
- Lodgement of numerous industry submissions to state and federal governments;
- Collaboration with a variety of agencies across the country, including the Australasian Fire and Emergency Service Authorities Council and NSW Police to improve the level of service provided by the industry;
- Ongoing consumer awareness campaigns and interaction with the media and other key stakeholders;
- Provision of professional development opportunities, such as the Security Industry Leadership Program;
- Ongoing enhancements to the advice and service provided to members through improvements to the Association's Customer Relationship Management system and membership procedures.

Measurement of the Association's performance

The Association measures performance through a number of metrics. These include member acquisition and retention rates; growth in member subscription and non-subscription revenue; media coverage and profile; financial performance against budget.

Corporate Structure

The Company is limited by guarantee. The liability of each member in respect of liabilities of the company, as specified in the Constitution, is limited to $100.

Nature of operations and principal activities

The principal activity of the Company during the financial year was as an Industry Association serving the needs of employers and members within the Australian Security Industry. No significant change in the nature of this activity occurred during the year.

Number of recorded Members

The number of Members recorded in the Register of Members of the Organisation as at 30 June 2012 for the purposes of section 254 (2) (f) of the RAO Schedule was 3,212.

Employees

The company employed 13 employees as at 30 June 2012 (2011: 11 employees).

Rights of Members to resign

In accordance with section 174 of the RAO Schedule, a member may resign from membership of the Organisation by written notice addressed and delivered to the Chief Executive Officer as per 11.1 of the ASIAL Constitution.

Details of Trustee of Superannuation Entities

No member of the Board was:

i. A trustee of a superannuation entity of an exempt public sector superannuation scheme or

ii. A director of a company that is a trustee of a superannuation entity or exempt public sector superannuation scheme where the criterion for the member being a trustee or director is that the member is an officer or member of ASIAL.

Directors operating report

Operating Results for the Period and Review of Operations

The Association earned a net profit for the year of $250,170 (2011: $208,098). The Association's reserves rose to $2,701,284. The Association remains committed to its policy of reinvesting a significant proportion of prior year surpluses into maintaining and improving services to members, whilst using the balance to build sufficient reserves for when they are needed. Over the past year continued improvements have been made to the Association's customer management database and further resources have been directed towards the development of new member services. Total revenue from ordinary activities was down slightly for the year.

Significant Changes in the State of Affairs

Since gaining approval as a Registered Organisation of Employers, the Association now performs a more proactive role in the area of industrial relations. In June 2012, the Security Industry Amendment Bill was passed by the NSW parliament. Among the changes that will come into effect as of 1 November 2012, includes the removal of the co-regulatory partnership with industry. It is uncertain exactly what impact the removal of the mandatory membership requirement will have on the Association's membership base.

Significant Events After Balance Date

No significant events have taken place after the balance date.

Likely Developments and Expected Results

Directors have budgeted on a loss of $74,270 for the coming year, which includes a provision for the potential loss of members with the removal of the mandatory membership requirement in NSW. The Association's consumer awareness campaign will continue through funding from the member marketing fee. The Association has in place a number of ongoing strategic partnerships which support initiatives aimed at raising standards and compliance among members. It is hoped the Association's security technician certification program will succeed in raising skill levels among security technicians.

Loans, grants and political donations

The Association has made no loans, grants or political donations over the past year.

Proceedings on Behalf of The Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Indemnification and Insurance of Directors and Officers

During the year, the company has paid a premium in respect of a contract insuring directors and officers against: (a) liability arising from wrongful acts committed in their capacity as directors and officers of the company, but excluding dishonesty, fraud, malicious conduct or wilful breach of duty; and (b) the costs of legal representation in relation to such liabilities. The premium paid was $11,511, which also includes cover for the company in respect of loss it suffers as a result of wrongful, wilful or fraudulent acts of its directors, officers and employees. This contract complies with Section 199B of the Corporations Act 2001.

Auditors

Foster Raffan continues to act as auditors in accordance with Section 327 of the Corporations Act 2001.

Directors' Emoluments and Transactions

No emoluments have been received or are due and receivable by Directors from the company or any related body corporate.

Directors Meetings

Attendance by each director at board and board committee meetings, held during the period each director held office this year, is shown on page 19. The number of meetings is in brackets.

Directors operating report

Directors Attendance at Board meetings

Rod Anderson 4 (5)
Ged Byrnes 5 (5)
Kevin McDonald 4 (5)
Thomas Roche 4 (5)
Damian Waters 2 (2)
Bob Bruce 2 (2)*
Antony Elliott 5 (5)
Mike McKinnon 5 (5)
Leo Silver 5 (5)

**Following Bob Bruce's resignation in February 2012, Damian Waters was appointed as a casual vacancy to the Board in February 2012.*

Attendance at National Reference Group meetings

Rod Anderson 1 (2)
Ged Byrnes 2 (2)
Antony Elliott 2 (2)
Peter Johnson 2 (2)
Chris Luhrmann 2 (2)
Mike McKinnon 2 (2)
Darryl Milling 1 (2)
Tania Tomuli 2 (2)
Suzette Po-Williams 2 (2)
Damian Waters 1 (1)
Bob Bruce 1 (1)
Paul Corson 1 (1)
Peter Georgiou 0 (1)
Neville Kiely 2 (2)
Kevin McDonald 2 (2)
Neil McLean 1 (2)
Thomas Roche 2 (2)
Damian Waters 1 (1)
Leo Silver 2 (2)

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 20.

This report is made in accordance with a resolution of the Directors.

Ged Byrnes
Director

Kevin McDonald
Director

Crows Nest, 27 August 2012.

Directors declaration

In accordance with a resolution of the directors of the Australian Security Industry Association Limited, we state that:

(a) The financial statements and notes set out on pages 22 to 34 are in accordance with the Guidelines of the General Manager, Fair Work Australia and:

(i) comply with Accounting Standards and the Corporations Regulations 2001; and

(ii) give a true and fair view of the company's financial performance, financial position and cash flow as at 30 June 2012 and of its performance for the year ended on that date;

(b) in the opinion of the directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

(i) meetings of the committee of management (the Board) were held in accordance with the Rules of the reporting unit (ASIAL);

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

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

(iv No member of the Association or a Registrar has made a request for information under section 272 of the RAO Schedule; and

(v) there has been no order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

On behalf of the Board

Ged Byrnes
Director
Crows Nest, 27 August 2012.

Kevin McDonald
Director
Crows Nest, 27 August 2012.

Auditor's independence declaration

I declare, to the best of my knowledge and belief that during the year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Foster Raffan

Foster Raffan
Chartered Accountants
Level 6, 8 West Street
North Sydney NSW 2060

GD Wood, FCA
Partner
North Sydney
27 August 2012

Independent audit report to members

We have audited the accompanying financial report of Australian Security Industry Association Limited (the company) which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

In our opinion the financial report of Australian Security Industry Association Limited

(a) is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) complies with the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Foster Raffan
Chartered Accountants

GD Wood, FCA
Partner
North Sydney
27 August 2012

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$	$
Revenue- operating	2	2,369,716	2,387,770
- investment	2	119,832	121,334
Expenses directly related to operating activities		(695,348)	(747,077)
Employee benefits		(997,412)	(880,681)
Depreciation		(41,928)	(52,843)
Finance costs		-	(32,011)
Other expenses	3	(504,690)	(588,394)
PROFIT BEFORE INCOME TAX		250,170	208,098
Income tax expense	4	-	-
PROFIT FOR THE YEAR		250,170	208,098
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14	250,170	208,098

The accompanying notes form part of these financial statements

Statement of financial position

AS AT 30 JUNE 2011

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	1,765,291	1,483,692
Trade and other receivables	6	41,580	66,782
Other current assets	7	80,345	57,157
TOTAL CURRENT ASSETS		1,887,216	1,607,631
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,422,345	2,404,585
TOTAL ASSETS		4,309,561	4,012,216
CURRENT LIABILITIES			
Trade and other payables	9	1,482,333	1,474,605
Provisions	10	62,152	52,156
Centre for Compliance fund	11	21,532	30,704
TOTAL CURRENT LIABILITIES		1,566,017	1,557,465
NON CURRENT LIABILITIES			
Provisions	10	42,260	54,295
TOTAL LIABILITIES		1,608,277	1,611,760
NET ASSETS		**2,701,284**	**2,400,456**
EQUITY			
Retained earnings		2,650,626	2,400,456
Reserve	8	50,658	-
TOTAL EQUITY		**2,701,284**	**2,400,456**

The accompanying notes form part of these financial statements

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2012

	$
RETAINED EARNINGS AT 1 JULY 2010	2,192,358
Comprehensive income	208,098
RETAINED EARNINGS AT 30 JUNE 2011	2,400,456
Comprehensive income	250,170
RETAINED EARNINGS AT 30 JUNE 2012	2,650,626

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		2,430,966	2,514,280
Payments to suppliers and employees		(2,199,589)	(2,285,493)
Interest received		70,066	68,238
Finance costs paid		-	(32,011)
Income tax paid		-	(12,756)
Net cash generated from operating activities	14	301,443	252,258
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		(10,674)	(57,815)
Net cash used in investing activities		(10,674)	(57,815)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment from Centre for Compliance Fund		(9,170)	(15,803)
Repayment of bank loan		-	(491,715)
Net cash used in financing activities		(9,170)	(507,518)
NET INCREASE/ (DECREASE) IN CASH HELD		281,599	(313,075)
Cash and cash equivalents at the beginning of the financial year		1,483,692	1,796,767
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	1,765,291	1,483,692

The accompanying notes form part of these financial statements

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

The financial statements are for Australian Security Industry Association Limited (the company) as an individual entity incorporated and domiciled in Australia. The company is limited by guarantee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 27 August, 2012 by the directors of the company.

Accounting Policies

(a) **Revenue Recognition**

Members' and other subscriptions or fees are accounted for when received and recognised as income in equal monthly amounts over the period to which they apply.

Income in respect of the various activities of the company, with the exception of special events / functions, is recognised when invoiced. Income in respect of special events / functions is recognised when received.

Income received and expenses incurred in advance of activities are recognised when the activity is completed. If a loss is expected, a provision for the likely loss is made as soon as it becomes apparent.

All revenue is stated net of Goods and Services Tax (GST).

(b) **Development of New Services**

Costs of developing new services are expensed as incurred.

(c) **Income Tax**

The company is exempt from income tax as a result of being registered as an employer organisation under the Fair Work (Registered Organisation) Act 2009.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) **Trade and Other Receivables**

Trade receivables are recognised and carried at the original invoiced amount. A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(f) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and any impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets are recognised in other comprehensive income and reduce the revaluation surplus in equity. All other decreases are charged to the statement of comprehensive income.

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.

Office Equipment

Office equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of office equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings – straight line basis	2.5%
Office equipment – diminishing value basis	10% - 66.7%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (ie gains or losses) being recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to employee's superannuation funds and are charged as expenses when incurred.

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

(n) **Comparative Figures**

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

(o) **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Impairment

The freehold land and buildings were independently valued at 21 May, 2012 by AON Valuation Services. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $50,658 being recognised for the year ended 30 June, 2012 (note 8).

At 30 June, 2012, the directors reviewed the key assumptions made by the valuers at 30 June 2012. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and buildings at 30 June, 2012.

(p) **Economic Dependence**

The company is dependent on being recognised as the peak national body representing the interests of the security industry.

2. REVENUE

	2012 $	2011 $
Revenue from operating activities		
Members' subscriptions	1,530,788	1,409,671
Exhibition, conference and seminars	255,356	218,320
Member marketing fee	111,084	101,628
Cabling providers registrations	135,092	128,810
Magazine	117,040	169,995
Breakfast briefings	41,365	44,775
Grading, seminars and workshops	50,066	52,265
Insurance support	45,000	45,000
Special events	35,460	46,764
Consultancy	6,569	7,860
Strategic partnership	30,000	27,937
Fairwork Ombudsman project grant	-	103,011
Miscellaneous income	11,896	31,734
Total revenue from operating activities	2,369,716	2,387,770
Revenue from investment activities		
Rental income	49,766	53,096
Interest and dividend	70,066	68,238
Total revenue from non-operating activities	119,832	121,334
Total revenue from ordinary activities	**2,489,548**	**2,509,104**

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

3. OTHER EXPENSES

Include:

Bad debts	-	915
Auditor's remuneration - audit	21,000	18,000
Auditor's remuneration - other services	6,675	22,660
	27,675	40,660
Public relations - government	6,000	98,176
Industrial relations service	115,804	110,882
Donations	-	5,400
Legal	19,045	12,830
Meetings- members, directors and reference groups	52,697	51,227
Website	32,301	41,240
Computer support service	62,441	40,814
Loss on disposal of assets	1,642	-
Other	187,085	186,250
	504,690	**588,394**

4. TAX EXPENSE

The company was exempt from income tax from 1 July 2010 as a result of being registered as an employer organisation under the Fair Work (Registered Organisation) Act 2009.

5. CASH AND CASH EQUIVALENTS

	2012	2011
Current	$	$
Cash at bank and on hand	255,289	199,484
Short-term bank deposits	1,510,002	1,284,208
	1,765,291	**1,483,692**

$13,162 (2011 $13,592) of the short-term bank deposits are bonds paid to the company by tenants.

6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	61,580	86,782
Less: provision for doubtful debts	(20,000)	(20,000)
	41,580	66,782
Provision for doubtful debts as at 30 June 2011	20,000	30,000
Charge for year	-	(10,915)
Written off	-	915
Provision for doubtful debts as at 30 June 2012	20,000	20,000

Credit Risk – Trade Receivables

There are no trade receivables in respect of subscriptions as they are invoiced only when received. The company's credit terms in respect of services and activities are 30 days. Overdue debts are pursued and monitored by management. They are assessed for impairment and provided for where specific circumstances indicate that the debt may not be paid in full to the company.

The company does not have any material credit risk exposure to any single receivable or group of receivables.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

The following table details the company's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon.

The balances of receivables that remain within the initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due not impaired	Not due not impaired
	$	$	$	$
2012				
<30 days	32,574	-	-	32,574
31-60 days	21,156	12,150	9,006	-
61-90 days	100	100	-	-
>90 days	7,750	7,750	-	-
	61,580	**20,000**	**9,006**	**32,574**
2011				
<30 days	22,622	-	-	22,622
31-60 days	40,084	-	-	40,084
61-90 days	13,051	8,975	4,076	-
>90 days	11,025	11,025	-	-
	86,782	**20,000**	**4,076**	**62,706**

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Receivables that are overdue and impaired are covered by the provision for doubtful debts of $20,000.

7. OTHER ASSETS

	2012	2011
	$	$
Current		
Prepayments	80,345	57,157

8. PROPERTY, PLANT & EQUIPMENT

	2012	2011
	$	$
Freehold land and building- at independent valuation	2,270,000	2,224,559
Less: accumulated depreciation	-	(3,655)
	2,270,000	2,220,904
Office equipment, furniture and fittings- at cost	353,881	355,635
Less: accumulated depreciation	(201,536)	(171,954)
	152,345	183,681
Total property, plant and equipment	**2,422,345**	**2,404,585**

FOR THE YEAR ENDED 30 JUNE 2012

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Building	Office Equipment and Software	Total
	$	$	$
2011			
Balance at the beginning of the year	2,222,462	177,149	2,399,611
Additions at cost	-	57,817	57,817
Disposals	-	-	-
Depreciation	(1,558)	(51,285)	(52,843)
Carrying amount at end of year	**2,220,904**	**183,681**	**2,404,585**
2012			
Balance at the beginning of the year	2,220,904	183,681	2,404,585
Additions at cost	-	10,674	10,674
Disposals	-	(1,642)	(1,642)
Revaluation increment	50,658	-	50,658
Depreciation	(1,562)	(40,368)	(41,930)
Carrying amount at end of year	**2,270,000**	**152,345**	**2,422,345**

Asset revaluations

The freehold land and buildings were independently valued at 21 May, 2012 by AON Valuation Services. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $50,658 being recognised in the revaluation surplus for the year ended 30 June, 2012.

9. TRADE AND OTHER PAYABLES

	2012	2011
	$	$
Current		
Trade payables	123,478	104,904
Employee benefits (other than office holders)	30,762	27,460
Other current payables	83,607	79,119
	237,847	211,483
Unearned income		
Events income	78,977	71,763
Cablers registration	174,754	209,965
Membership subscriptions	986,119	980,576
Advertising	4,636	818
	1,244,486	1,263,122
	1,482,333	**1,474,605**
Financial liabilities at amortised cost classified as trade and other payables.	**237,847**	**211,483**

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

10. PROVISIONS

Current		
Provision for employee benefits	62,152	52,156
Non-current		
Provision for employee benefits	42,260	54,295
Provision for employee benefits		
Balance at 1 July 2011	106,451	97,788
Additional provision raised during the year	-	8,663
Amounts used	(2,039)	-
Balance at 30 June 2012	**104,412**	**106,451**

11. CENTRE FOR COMPLIANCE

Current		
Movement in Centre for Compliance fund:		
Balance at 1 July 2011	30,704	46,506
Less: expenditure	(9,172)	(15,802)
Balance at 30 June 2012	**21,532**	**30,704**

12. SHARE CAPITAL

There are no issued shares. The company is limited by guarantee. The liability of each member in respect of liabilities of the company is limited to $100.

13. SEGMENT INFORMATION

Segment locations

The Company operates in one business and geographical segment being a not-for-profit industry association within the Security Industry throughout Australia.

14. CASH FLOW INFORMATION

	2012	**2011**
Reconciliation of the profit for the year with cash flow from operations:		
	$	**$**
Profit after tax	250,170	208,099
Non-cash items		
Depreciation	41,930	52,843
(Decrease) / increase in employee provisions	(2,039)	8,666
Loss on disposal of fixed assets	1,642	-
Changes in assets and liabilities		
Decrease / (increase) in trade receivables	25,202	433,064
Decrease / (increase) in prepayments	(23,188)	4,506
Increase / (decrease) in payables	26,362	(116,765)
Increase / (decrease) in deferred income	(18,636)	(325,395)
Increase / (decrease) in income tax payable	-	(12,760)
Net cash flow from operating activities	**301,443**	**252,258**

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 JUNE 2012

15. RELATED PARTY TRANSACTIONS

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

The directors do not receive any compensation from the company other than reimbursement of their travel expenses incurred as directors. Directors who are members of the company deal with the company on the same terms as all other members unless otherwise stated.

16. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks and accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies in Note 1, are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	5	1,765,291	1,483,692
Receivables	6	41,580	66,782
Total Financial Assets		**1,806,871**	**1,550,474**
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables (excluding annual leave and deferred income)	9	237,847	211,483

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company's material credit risk exposures are trade receivables and cash deposited with banks.

The company's exposure to credit risk arising from trade receivables is dealt with in Note 6.

The company deposits cash only with government guaranteed Australian banks. Cash was with the following banks at the year end:

		2012 $	2011 $
ANZ		455,097	199,484
ING		523,382	725,978
Citibank		243,375	279,130
Rabo Direct		295,742	279,100
CBA		247,695	-
	5	**1,765,291**	**1,483,692**

b. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk by preparing regular cash flow forecasts and managing credit risks.

The table below reflects undiscounted financial liabilities and cash flows from financial assets that reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2012

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
Financial liabilities due for payment	**2012 $**	**2011 $**	**2012 $**	**2011 $**	**2012 $**	**2011 $**	**2012 $**	**2011 $**
Trade and other payables	224,684	197,891	13,162	13,592	-	-	237,846	211,483
Total expected outflows	224,684	197,891	13,162	13,592	-	-	237,846	211,483
Financial assets-cash flows realisable								
Cash and cash equivalents	765,708	912,071	999,583	571,622	-	-	1,765,291	1,483,693
Trade receivables	41,580	66,782	-	-	-	-	41,580	66,782
Total anticipated inflows	807,288	978,853	999,583	571,622	-	-	1,806,871	1,550,475
Net inflow on financial instruments	**582,604**	**780,962**	**986,421**	**558,030**	-	-	**1,569,025**	**1,338,992**

c. Market Risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At the year end all cash deposited as term deposits with Rabobank, CBA, ANZ and Citibank (approximately 56% of cash on deposit) were at fixed interest rates and cash deposited with Rabobank and ING was variable rates (approximately 44% of cash on deposit).

Sensitivity Analysis

	Note	2012 $	2011 $
A 2% variation in interest rates during the year would have affected profit before income tax for the year by		23,039	24,479

Net Fair Value

Fair value estimation

The fair values of financial assets and financial liabilities are considered to be equal to their carrying values as presented in the statement of financial position.

17. CAPITAL MANAGEMENT

The directors control the capital of the entity to ensure that adequate cash flows are generated to fund its objectives.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of retained earnings. A significant portion of the company's net assets consists of cash and cash equivalents. The directors aim to maintain sufficient cash and readily realisable assets to be able to cover 2 years' operating expenses.

	Note	2012	2011
	$	$	
Retained earnings		2,701,284	2,400,456
Cash and cash equivalents	5	1,765,291	1,483,692

18. INFORMATION TO BE PROVIDED TO MEMBERS

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 which reads as follows:

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

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

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

19. COMPANY DETAILS

The registered office and principal place of business of the company is 41 Hume Street, Crows Nest NSW 2065.

FAIR WORK AUSTRALIA

16 July 2012

Mr Bryan de Caires
Chief Executive Officer/Secretary
Australian Security Industry Association Ltd
PO Box 1338
CROWS NEST NSW 1585

Dear Mr de Caires

Lodgement of Financial Documents for year ended 30 June 2012 - Fair Work (Registered Organisations) Act 2009 ("the FW(RO) Act") - Australian Security Industry Association Ltd (FR2012/449)

The financial year of Australian Security Industry Association Ltd (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within the prescribed time period of 6 months and 14 days of the end of the financial year.

The FW(RO) Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

In addition, financial reporting fact sheets and sample documents can be found on the Fair Work Australia website. The information can be viewed at FWA Registered Organisations Fact Sheets. This site also contains the General Manager's Reporting Guidelines which set out mandatory financial disclosures.

I draw your particular attention to section 237 of the FW(RO) Act which provides that where the reporting unit makes individual loans, grants or donations exceeding $1,000, a separate statement containing prescribed particulars must be lodged within 90 days of the end of the financial year, i.e. by 30 September.

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) [redacted] or by email at stephen.kellett@fwa.gov.au
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Yours sincerely,

Stephen Kellett
Organisations, Research & Advice
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	30/ 06 /2012

Step	Date	Timing
1. Prepare financial statements and Operating Report.		*As soon as practicable after end of financial year*
1(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement. 1(b) A #designated officer must sign the Committee of Management Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	*This step must be completed and the Statement signed at a first meeting*
2. Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	*Within a reasonable time of having received the GPFR* *(<u>NB</u>: Auditor's report <u>must</u> be dated on or after date of Committee of Management Statement*
3. Provide full report free of charge to members – s265 The full report must include: • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report.	/ /	*(a) if the report is to be presented to a General Meeting the report must be provided to members 21 days before the General Meeting,* *or* *(b) if the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*
4. Present full report to second meeting: (a) General Meeting of Members - s266 (1),(2); OR	/ /	*Presentation occurs at a 'second' Meeting* *A second meeting which is a General Meeting must take place within 6 months of end of financial year*
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	*A second meeting which is a meeting of the Committee must take place within 6 months of end of financial year*
5. Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate++ – s268	/ /	*Within 14 days of presentation at second meeting*

** the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

 # The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.