



9 February 2017

Mr Bryan de Caires
Chief Executive Officer
Australian Security Industry Association Ltd
41 Hume Street
Crows Nest NSW 2065

By e-mail: ceo@asial.com.au

Dear Mr de Caires

**Australian Security Industry Association Ltd
Financial Report for the year ended 30 June 2016 - FR2016/299**

I acknowledge receipt of the amended financial report for the year ended 30 June 2016 for the Australian Security Industry Association Ltd (ASIAL). The financial report was lodged with the Fair Work Commission (FWC) on 8 February 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

ASIAL FINANCIAL REPORT 2016

DIRECTORS' OPERATING REPORT

Your directors submit this operating report for the year ended 30 June 2016. 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	Brian Foster
John Gellel	Chris Luhrmann
Mike McKinnon	Kevin McDonald
Neil McLean	Rachael Saunders

In July 2015 the Board appointed Rachael Saunders to fill the casual vacancy created following the resignation of Damian Waters in May 2015.

Key objectives of the Association

The Association's key strategic priorities are:

- *To promote a positive image of the industry through an improved consumer awareness of the contribution the industry makes to the Australian economy;*
- *To promote the highest levels of professionalism within the industry through effective enforcement of the Association's Code of Practice, industry certification programs and the development of professional development opportunities;*
- *To provide strong advocacy for the industry by acting as a respected and unified voice for the industry in seeking to influence decision-makers on public policy issues at a local and national level;*
- *Provide value to members regardless of their size and to ensure that membership continues to be viewed as a 'mark of distinction' which is valued by consumers.*

Strategy for achieving these objectives

Through both short and long-term measures, the Association has in place strategies to achieve its strategic priorities. These include:

- *Advocacy for the industry through the lodgment of industry submissions in response to legislative reviews affecting the industry, whether relating to licensing, industrial relations or work, health and safety;*
- *Collaboration and engagement with government agencies and security industry regulators to address issues that affect the industry;*
- *Ongoing consumer awareness campaigns and interaction with the media and other key stakeholders;*
- *Growth and development of professional development opportunities and industry certification schemes;*

- *Ongoing improvements to the Association's IT systems to better serve the needs of members;*
- *A commitment to the continuous improvement of the Association's online communications channels to ensure that they best serve the needs of members and the broader community;*
- *The introduction of practical new member benefits and services, such as the Safe Workplace Management System and ASIAL eLearning platform.*

Measurement of the Association's performance

The Association measures performance through a range of metrics, including member acquisition and retention rates; growth in member subscription and non-subscription revenue; media exposure and profile; and 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 2016 for the purposes of section 254 (2) (f) of the Fair Work (Registered Organisations) Act 2009 was 2,594.

Employees

The company employed 14 employees as at 30 June 2016 (2015:13 employees).

Rights of Members to resign

In accordance with section 174 of the Fair Work (Registered Organisations) Act 2009, a member may resign from membership of the Organisation by written notice addressed and delivered to the Chief Executive Officer as per 11 and 44 of the ASIAL Constitution.

Details of Trustee of Superannuation Entities

No member of the Board was:

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

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Operating Results for the Period and Review of Operations

The Association earned a net profit for the year of \$84,412 (2015: \$118,518). The Association's reserves grew to \$3,435,367. 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 the Association has invested in providing members with access to an eLearning platform and ongoing enhancements to its Customer Relationship Management system.

Significant Changes in the State of Affairs

No significant change in the state of affairs of the Company occurred during the financial year.

Significant Events after Balance Date

No significant events have taken place after the balance date.

Likely Developments and Expected Results

Directors have budgeted for a surplus of \$24,854 for the coming year, which includes a provision for the launch of a security jobs board and additional secretariat personnel. 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 will support initiatives aimed at raising standards and compliance among members.

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 to which the person is a party for the purpose of taking responsibility on behalf of the company for all, or any part of these 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 \$11,266, 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.

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.

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 below. The number of meetings is in brackets.

Directors Attendance at Board meetings

Rod Anderson 4 (5)	Brian Foster 5 (5)
John Gellel 5 (5)	Chris Luhrmann 3 (5)
Kevin McDonald 5 (5)	Mike McKinnon 5 (5)
Neil McLean 5 (5)	Rachael Saunders 4 (4)

Attendance at National Reference Group meetings


Rod Anderson 1 (1)	John Fleming 1 (1)
Janine Hill 1 (1)	Peter Johnson 1 (1)
Chris Luhrmann 1 (1)	Kevin McDonald 1 (1)
Mike McKinnon 1 (1)	Neil McLean 0 (1)
Chevell Millhouse 0 (1)	Derek Hagstrom 1 (1)
Rob Seth 1 (1)	Rachael Saunders 1 (1)
Suzette Po-Williams 1 (1)	

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 18.

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



Kevin McDonald
Director



Chris Luhrmann
Director

Crows Nest, 7 February 2017

ASIAL FINANCIAL REPORT 2016

DIRECTORS' DECLARATION

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

- (a) The financial statements and notes set out on pages 20 to 36 are in accordance with the Guidelines of the General Manager, Fair Work Commission 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 2016 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 RO 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 RO Act; and
 - (v) there has been no order for inspection of financial records made by the Commission under section 273 of the RO Act.
- (d) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

On behalf of the Board



Kevin McDonald
Director



Chris Luhrmann
Director

Crows Nest, 7 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

I declare, to the best of my knowledge and belief that during the year ended 30 June 2016 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
Chartered Accountants
Level 6, 8 West Street
North Sydney NSW 2060



GD Wood, FCA #18237
Holder of a current Public
Practice Certificate
Partner
North Sydney,
7 February 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN SECURITY INDUSTRY ASSOCIATION LIMITED

Scope

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 2016 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.

Director's Responsibility

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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit

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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.

Independence

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

Audit Opinion

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 2016 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*.
- (c) is properly prepared on the going concern basis of accounting.



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



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Partner
North Sydney,
7 February 2017

ASIAL FINANCIAL REPORT 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue – operating	2	2,484,497	2,226,342
– investment	2	108,411	112,101
Expenses directly related to operating activities		(707,940)	(495,005)
Employee expenses	3	(1,273,919)	(1,191,720)
Depreciation	10	(43,961)	(43,573)
Other expenses	4	(482,676)	(489,627)
PROFIT BEFORE INCOME TAX		84,412	118,518
Income tax expense	5	-	-
PROFIT FOR THE YEAR		84,412	118,518
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	16	<u>84,412</u>	<u>118,518</u>

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STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,188,935	2,022,008
Trade and other receivables	7	400,545	183,515
Other current assets	8	106,582	97,099
TOTAL CURRENT ASSETS		<u>2,696,062</u>	<u>2,302,622</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,608,975	2,665,808
TOTAL NON-CURRENT ASSETS		<u>2,608,975</u>	<u>2,665,808</u>
TOTAL ASSETS		<u>5,305,037</u>	<u>4,968,430</u>
CURRENT LIABILITIES			
Trade and other payables	11	1,720,955	1,470,355
Employee provisions	12	128,822	129,001
Centre for Compliance fund	13	17,577	17,577
TOTAL CURRENT LIABILITIES		<u>1,867,354</u>	<u>1,616,933</u>
NON CURRENT LIABILITIES			
Employee provisions	12	2,316	542
TOTAL LIABILITIES		<u>1,869,670</u>	<u>1,617,475</u>
NET ASSETS		<u>3,435,367</u>	<u>3,350,955</u>
EQUITY			
Retained earnings		3,150,325	3,065,913
Reserve	1(0)	285,042	285,042
TOTAL EQUITY		<u>3,435,367</u>	<u>3,350,955</u>

ASIAL FINANCIAL REPORT 2016

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Retained Earnings \$	Property revaluation reserve \$	Total \$
Balance at 1 July 2014	2,947,395	50,658	2,998,053
Comprehensive income for the year	118,518	-	118,518
Property revaluation surplus	-	<u>234,384</u>	<u>234,384</u>
Balance at 30 June 2015	3,065,913	285,042	3,350,955
Comprehensive income for the year	<u>84,412</u>	-	<u>84,412</u>
Balance at 30 June 2016	<u>3,150,325</u>	<u>285,042</u>	<u>3,435,367</u>

ASIAL FINANCIAL REPORT 2016

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		2,539,896	2,249,265
Payments to suppliers and employees		(2,554,984)	(2,224,801)
Interest received	2	54,654	63,987
Net cash generated from operating activities	16	<u>39,566</u>	<u>88,451</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Movement in property, plant & equipment		<u>127,361</u>	<u>(81,507)</u>
Net cash (used in) investing activities		<u>127,361</u>	<u>(81,507)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment from Centre for Compliance Fund	13	—	—
Net cash (used in) financing activities		—	—
NET INCREASE IN CASH HELD			
		166,927	6,944
Cash and cash equivalents at the beginning of the financial year		<u>2,022,008</u>	<u>2,015,064</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	<u>2,188,935</u>	<u>2,022,008</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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), the Fair Work (Registered Organisations) Act 2009 (the RO Act) 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.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The financial statements were authorised for issue on 7 February 2017 by the directors of the company.

Accounting Policies

(a) Revenue Recognition

Members' and other subscriptions or fees are accounted for on an accrual basis when invoiced 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 the revaluation reserve 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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).

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 (i.e. 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2016

(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 24 July, 2015 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 \$234,384 being recognised for the year ended 30 June, 2015. Together with a revaluation of \$50,658 brought forward from 2012, the accumulated reserve came to \$285,042 at 30 June 2015 and 2016.

(p) Economic Dependence

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2. REVENUE

	2016 \$	2015 \$
Revenue from operating activities		
Members' subscriptions	1,601,774	1,572,427
Levies	-	-
Grants and/ or donations	-	-
Exhibition, conference and seminars	105,573	-
Member marketing fee	122,949	94,655
Cabling providers registrations	146,188	144,173
Magazine	82,838	86,554
Breakfast briefings	35,353	35,989
Grading, seminars and workshops	33,764	31,876
Insurance support	47,105	46,502
Special events	70,540	38,548
Consultancy	79,050	15,779
Strategic partnership	68,500	68,500
Technician certification	855	46,738
Statutory compliance	56,097	25,850
WHS income	16,873	8,500
Elearning income	6,317	-
Miscellaneous income	10,721	10,251
Total revenue from operating activities	<u>2,484,497</u>	<u>2,226,342</u>
Revenue from investment activities		
Rental income	53,757	48,114
Interest	54,654	63,987
Total revenue from non-operating activities	108,411	112,101
Total revenue from ordinary activities	<u>2,592,908</u>	<u>2,338,443</u>

3. EMPLOYEE BENEFITS

Office holders		
Wages and salaries	450,531	433,616
Superannuation	42,801	41,194
Leave and other entitlements	1,434	12,305
Separation and redundancies	-	-
Other employee expenses	9,650	7,025
Total	<u>504,416</u>	<u>494,140</u>
Employees other than office holders		
Wages and salaries	664,425	610,186
Superannuation	63,100	57,930
Leave and other entitlements	161	(977)
Separation and redundancies	-	-
Other employee expenses	41,817	30,441
Total	<u>769,503</u>	<u>697,580</u>
Total employee expenses	<u>1,273,919</u>	<u>1,191,720</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. OTHER EXPENSES

	2016 \$	2015 \$
Remuneration of auditors		
Financial statement audit services	24,000	24,000
Other services – interim review	6,000	6,000
Other services – general advices	<u>1,000</u>	<u>-</u>
	<u>31,000</u>	<u>30,000</u>
Administration expenses		
- Allowances for meetings	-	-
- Compulsory levies	-	-
- Consideration to employers for payroll deductions	-	-
- Information communications technology	89,015	110,378
- Meeting expenses	2,698	7,876
- Office expenses	105,318	107,690
- Travel expenses	<u>63,912</u>	<u>50,165</u>
	<u>260,943</u>	<u>276,109</u>
Affiliation fees	-	-
Bad debts written off	5,000	-
Bank charges	10,283	19,848
Capitation fees	-	-
Donations – Total paid that were \$1,000 or less	-	-
Donations – Total paid that exceeded \$1,000	2,500	-
Finance costs	-	-
Grants	-	-
Industry relations service	123,000	120,488
Industry research	-	13,624
Legal costs – litigation	-	-
Legal costs – other legal matters	7,339	9,060
Marketing expenses	20,835	3,697
Miscellaneous expenses	6,872	4,563
Net loss from sale of assets	14,904	12,238
Penalties via RO Act	-	-
Total other expenses	<u>482,676</u>	<u>489,627</u>

5. TAX EXPENSE

The company is 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.

6. CASH AND CASH EQUIVALENTS

Current

Cash at bank and on hand	236,396	382,095
Short-term bank deposits	<u>1,952,539</u>	<u>1,639,913</u>
	<u>2,188,935</u>	<u>2,022,008</u>

\$2,127 (2015 \$4,239) of the short-term bank deposits are bonds paid to the company by tenants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7. TRADE AND OTHER RECEIVABLES

	2016 \$	2015 \$
Current		
Trade receivables	431,788	188,515
Less: provision for doubtful debts	<u>(31,243)</u>	<u>(5,000)</u>
	<u>400,545</u>	<u>183,515</u>
Provision for doubtful debts as at 30 June 2015	5,000	10,600
Charge for year	31,243	-
Written off	<u>(5,000)</u>	<u>(5,600)</u>
Provision for doubtful debts as at 30 June 2016	<u>31,243</u>	<u>5,000</u>

Credit Risk – Trade Receivables

There are no trade receivables in respect of subscriptions prior to 1 July 2015 as they were invoiced only when received. Since 1 July 2015, the revenue from subscriptions changed to an accrual basis when invoiced, hence the increase in trade receivables in the 2016 financial year. The company does not have any material credit risk exposure to any single receivable or group of receivables. 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 \$
2015				
<30 days	173,294	5,000	124,511	43,783
31-60 days	14,526	-	14,526	-
61-90 days	695	-	695	-
>90 days	-	-	-	-
	<u>188,515</u>	<u>5,000</u>	<u>139,732</u>	<u>43,783</u>
2016				
<30 days	22,331	2,295	-	20,036
31-60 days	362,104	1,432	14,488	346,184
61-90 days	16,302	4,417	11,885	-
>90 days	31,052	<u>23,099</u>	<u>7,953</u>	-
	<u>431,789</u>	<u>31,243</u>	<u>34,326</u>	<u>366,220</u>

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 \$31,243.

8. OTHER ASSETS

Current		
Prepayments	<u>106,582</u>	<u>97,099</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. KEY MANAGEMENT PERSONNEL REMUNERATION

	2016 \$	2015 \$
Short-term employee benefits		
Salary	450,531	433,616
Annual leave accrued	57,834	61,463
Total short-term employee benefits	<u>508,365</u>	<u>495,079</u>
Post employment benefits		
Superannuation	42,801	41,194
Total post employment benefits	<u>42,801</u>	<u>41,194</u>
Other long-term benefits		
Long service leave	38,101	32,822
Total other long-term benefits	<u>38,101</u>	<u>32,822</u>
Termination benefits	-	-
	<u>589,267</u>	<u>569,095</u>

10. PROPERTY, PLANT & EQUIPMENT

Freehold land and building- at independent valuation – July 2015	2,500,000	2,500,000
Less: accumulated depreciation	(1,464)	-
	<u>2,498,536</u>	<u>2,500,000</u>
Office equipment, furniture and fittings – at cost	298,751	441,016
Less: accumulated depreciation	(188,312)	(275,208)
	<u>110,439</u>	<u>165,808</u>
Total property, plant and equipment	<u>2,608,975</u>	<u>2,665,808</u>

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 & Building \$	Office Equipment & Software \$	Total \$
2015			
Balance at the beginning of the year	2,267,076	104,000	2,371,076
Additions at cost	-	117,657	117,657
Disposals	-	(13,736)	(13,736)
Revaluation increment	234,384	-	234,384
Depreciation	(1,460)	(42,113)	(43,573)
Carrying amount at end of year	<u>2,500,000</u>	<u>165,808</u>	<u>2,665,808</u>
2016			
Balance at the beginning of the year	2,500,000	165,808	2,665,808
Additions at cost	-	2,181	2,181
Disposals	-	(15,053)	(15,053)
Depreciation	(1,464)	(42,497)	(43,961)
Carrying amount at end of year	<u>2,498,536</u>	<u>110,439</u>	<u>2,608,975</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Fair Value Hierarchy

The following table provides an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Fair value hierarchy at 30 June 2015				
Assets measured at fair value				
Freehold land and building	30 June 2015	<u>2,500,000</u>	—	—
Total		<u>2,500,000</u>	—	—
Liabilities measured at fair value				
Total		—	—	—
Fair value hierarchy at 30 June 2016				
Assets measured at fair value				
Freehold land and building		<u>\$2,498,536</u>	—	—
Total		<u>\$2,498,536</u>	—	—
Liabilities measured at fair value				
Total		—	—	—

11. TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Current		
Trade payables	99,399	66,719
Employee liabilities	32,461	31,100
Other current payables	91,500	71,609
Consideration to employers for payroll deductions	—	—
Legal costs – litigation	—	—
Legal cost – other legal matters	—	—
	<u>223,360</u>	<u>169,428</u>
Unearned income		
Events income	43,414	116,796
Cablers registration	223,137	191,542
Membership subscriptions	1,191,309	939,272
Security Insider advertising	—	14,921
Rental income	<u>39,735</u>	<u>38,396</u>
	<u>1,497,595</u>	<u>1,300,927</u>
	<u>1,720,955</u>	<u>1,470,355</u>
Financial liabilities at amortised cost classified as trade and other payables	<u>223,360</u>	<u>169,428</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

12. EMPLOYEE PROVISIONS

Office holders		
Annual leave	57,834	61,463
Long service leave	38,101	32,822
Separation and redundancies	-	-
Other employee provisions	-	-
Total	<u>95,935</u>	<u>94,285</u>
Employees other than office holders		
Annual leave	17,029	17,650
Long service leave	18,174	17,608
Separation and redundancies	-	-
Other employee provisions	-	-
Total	<u>35,203</u>	<u>35,258</u>
Total employee provisions	<u>131,138</u>	<u>129,543</u>
Current		
Provision for employee benefits	<u>128,822</u>	<u>129,001</u>
Non-current		
Provision for employee benefits	<u>2,316</u>	<u>542</u>
Provision for employee benefits		
Balance at 1 July 2015	129,543	118,215
Additional provision raised during the year	95,474	88,141
Amounts used	<u>(93,879)</u>	<u>(76,813)</u>
Balance at 30 June 2016	<u>131,138</u>	<u>129,543</u>

13. CENTRE FOR COMPLIANCE

Current		
Balance at 1 July 2015	17,577	17,577
Less: expenditure	-	-
Balance at 30 June 2016	<u>17,577</u>	<u>17,577</u>

14. 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.

15. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

16. CASH FLOW INFORMATION

	2016	2015
	\$	\$
Reconciliation of the profit for the year with cash flow from operations:		
Profit after tax	84,412	118,518
Non-cash items		
Depreciation	(85,432)	10,464
Increase / (Decrease) in employee provisions	1,595	11,328
Increase / (Decrease) in doubtful debts	26,243	(5,600)
Changes in assets and liabilities		
(Increase) / decrease in trade receivables	(243,273)	(70,767)
(Increase) / decrease in prepayments	(9,483)	(52,158)
Increase / (decrease) in payables	53,932	3,770
Increase / (decrease) in deferred income	196,668	60,659
(Increase) / decrease in fixed assets	14,904	12,237
Net cash flow from operating activities	<u>39,566</u>	<u>88,451</u>

17. 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.

18. 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		
Financial Assets			
Cash and cash equivalents	6	2,188,935	2,022,008
Receivables	7	400,545	183,515
Total Financial Assets		<u>2,589,480</u>	<u>2,205,523</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables (excluding annual leave and deferred income)	11	<u>223,360</u>	<u>169,428</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 7.

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

	Note	2016 \$	2015 \$
ANZ		380,235	458,980
ING		249,817	385,859
Suncorp		201,157	259,976
Rabo Direct		255,067	246,704
CBA		250,038	-
Bankwest		97,892	175,319
ME Bank		252,445	245,026
Bank of Queensland		250,139	250,144
Westpac		252,145	-
	6	<u>2,188,935</u>	<u>2,022,008</u>

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.

Financial liability and financial asset maturity analysis

Financial liabilities due for payment	Within 1 year		1 to 5 years		Over 5 years		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Trade and other payables	221,233	165,189	2,127	4,239	-	-	223,360	169,428
Total expected outflows	<u>221,233</u>	<u>165,189</u>	<u>2,127</u>	<u>4,239</u>	<u>-</u>	<u>-</u>	<u>223,360</u>	<u>169,428</u>
Financial assets – cash flows realisable								
Cash and cash equivalents	2,188,935	2,022,008	-	-	-	-	2,188,935	2,022,008
Trade receivables	400,545	183,515	-	-	-	-	400,545	183,515
Total anticipated inflows	<u>2,589,480</u>	<u>2,205,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,589,480</u>	<u>2,205,523</u>
Net inflow/(outflow) on financial instruments	<u>2,368,247</u>	<u>2,040,334</u>	<u>(2,127)</u>	<u>(4,239)</u>	<u>-</u>	<u>-</u>	<u>2,366,120</u>	<u>2,036,095</u>

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, Suncorp, ANZ, Bank of Queensland, Westpac, CBA and ME Bank (approximately 78% of cash on deposit) were at fixed interest rates and cash deposited with Rabobank, ING, ANZ, Suncorp and Bankwest was variable rates (approximately 22% of cash on deposit).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Sensitivity Analysis

	2016	2015
	\$	\$
A 2% variation in interest rates during the year would have affected profit before income tax for the year by	<u>38,748</u>	<u>35,841</u>

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.

19. 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 and revaluation reserve. 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.

Total equity	3,435,367	3,350,955
Cash and cash equivalents	2,188,935	2,022,008

20. 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).

21. COMPANY DETAILS

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



**Australian Security Industry
Association Limited**

The peak body for security professionals

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Supporting members, promoting standards
and safeguarding public interests.

