



21 December 2017

Mr Bryan de Caires
Chief Executive Officer & Secretary
Australian Security Industry Association Ltd

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

Dear Mr de Caires

Australian Security Industry Association Ltd
Financial Report for the year ended 30 June 2017 - FR2017/244

I acknowledge receipt of the financial report for the year ended 30 June 2017 for the Australian Security Industry Association Ltd (ASIAL). The financial report was lodged with the Registered Organisations Commission (ROC) on 30 November 2017.

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

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of Management statement

Date of resolution

Item 36 of the Reporting Guidelines requires that the Committee of Management statement be made in accordance with such resolution as is passed by the Committee of Management. Such statement must also specify the date of passage of the resolution. I note that the date of the resolution was not provided.

2. General Purpose Financial Report (GPFR)

Future Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30 requires that the entity disclose Australian Accounting Standards issued but not yet effective with an assessment of the future impact on the entity. This information was not provided.

Reference to legislation

Note 20 to the financial statements refers to outdated wording in the *Fair Work (Registered Organisations) Act 2009*. The reference to 'General Manager' should be to 'Commissioner'.

3. Auditor's Statement

Doesn't address all parts of GPFR

The Auditor's Statement lists the elements of the GPFR as per Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* paragraph 24c. The Auditor's Statement referred to the 'Directors' Operating Report' however it did not mention the Directors' Declaration (Committee of Management Statement).

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) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', written in a cursive style.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

Directors' Operating Report

Your directors submit this operating report for the year ended 30 June 2017. 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 16 and 17 of this Annual and Financial Report.

Director

Rod Anderson	Brian Foster
John Gellel (part)	John Hadden (part)
Chris Luhrmann (part)	Kevin McDonald
Mike McKinnon (part)	Neil McLean (part)
Rachael Saunders	Michael Smith (part)
Robin Stenzel (part)	

Following Board elections conducted by the Australian Electoral Commission in November 2016, John Hadden, Michael Smith and Robin Stenzel were elected (replacing Mike McKinnon, Neil McLean and John Gellel). In February 2017 Chris Luhrmann resigned as Vice President of the Association.

Key objectives of the Association

- *To promote a positive image of the industry;*
- *To promote the highest levels of professionalism and standards in the industry;*
- *To provide strong advocacy acting as a respected and unified voice for the industry;*
- *To provide value to members to ensure that membership continues to be viewed as a 'mark of distinction' 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:

- *Providing advocacy through engagement with regulators and through industry submissions;*
- *Providing media comment on topical industry issues;*
- *Providing member services as an approved security industry association in the ACT, QLD and VIC;*
- *Performing the role as a cabling registrar under the Australian Communications and Media Authority's Cabling Provider Rules;*
- *Promoting the use of ASIAL members through consumer awareness campaigns;*
- *Providing professional development opportunities and industry certification schemes;*
- *Ongoing development of the Association's Customer Relationship Management system to ensure member needs are fully serviced;*

- *Continuous development of the Association's communications channels to ensure that they best serve the needs of members and the broader community;*
- *Offering practical member benefits and services.*

Measurement of the Association's performance

The Association measures performance through member acquisition and retention rates; growth in member subscription and non-subscription revenue; event attendance; 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 2017 for the purposes of section 254 (2) (f) of the *Fair Work (Registered Organisations) Act 2009* was 2,623.

Employees

The company employed 14 employees as at 30 June 2017 (2016: 14 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 rule 11 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.

Operating Results for the Period and Review of Operations

The Association earned a net profit for the year of \$77,479 (2016: \$84,412). The Association's reserves grew to \$3,512,846.

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 \$3,760 for the coming year, which includes a provision for 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

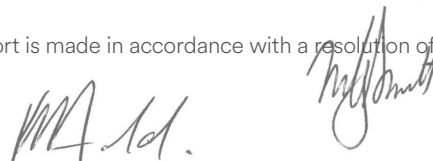
Rod Anderson (5/5)	Brian Foster (4/5)
John Gellel (2/2)	John Hadden (3/3)
Chris Luhrmann (3/3)	Kevin McDonald (5/5)
Mike McKinnon (2/2)	Neil McLean (0/2)
Rachael Saunders (5/5)	Michael Smith (2/3)
Robin Stenzel (3/3)	

Attendance at National Reference Group meeting

Rod Anderson (1/1)	Brian Foster (1/1)
John Gellel (1/1)	Chris Luhrmann (1/1)
Mike McKinnon (1/1)	Kevin McDonald (1/1)
Neil McLean (0/1)	Rachael Saunders (1/1)
John Fleming (0/1)	Peter Johnson (0/1)
Rob Seth (1/1)	Suzette Po-Williams (1/1)
Chris Delaney (1/1)	Chevelle Millhouse (1)
Darryl Milling – representing Derek Hagstrom (1/1)	
Arthur Barker (guest)	

A copy of the auditors' independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 21.

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



Kevin McDonald
Director

Michael Smith
Director

Crows Nest, 6 September 2017

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 24 to 39 are in accordance with the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 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 2017 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



Michael Smith
Director

Crows Nest, 6 September 2017

Auditor's Independence Declaration

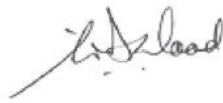
I declare, to the best of my knowledge and belief that during the year ended 30 June 2017 there have been:

- (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,
6 September 2017

Independent Audit Report to the Members of Australian Security Industry Association Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Security Industry Association Limited (the reporting unit), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies; and the directors' operating report.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the reporting unit as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of the Board for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare that we are an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the statement of comprehensive income and note 3 of the financial report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of the company for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Board is responsible for the preparation and presentation of the remuneration report in accordance with the reporting guidelines of the reporting unit. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



Foster Raffan



GD Wood, FCA

Partner

AA2017/31

Level 6, 8 West Street, North Sydney NSW 2060

6 September 2017

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue – operating	2	2,396,522	2,484,497
– investment	2	115,773	108,411
Expenses directly related to operating activities		(639,698)	(707,940)
Employee expenses	3	(1,307,202)	(1,273,919)
Depreciation	10	(26,423)	(43,961)
Other expenses	4	(461,493)	(482,676)
PROFIT BEFORE INCOME TAX		77,479	84,412
Income tax expense	5	–	–
PROFIT FOR THE YEAR		77,479	84,412
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	16	77,479	84,412

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,380,022	2,188,935
Trade and other receivables	7	460,630	400,545
Other current assets	8	98,580	106,582
TOTAL CURRENT ASSETS		<u>2,939,232</u>	<u>2,696,062</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,582,552	2,608,975
TOTAL NON-CURRENT ASSETS		<u>2,582,552</u>	<u>2,608,975</u>
TOTAL ASSETS		<u>5,521,784</u>	<u>5,305,037</u>
CURRENT LIABILITIES			
Trade and other payables	11	1,830,683	1,720,955
Employee provisions	12	129,524	128,822
Centre for Compliance fund	13	17,577	17,577
TOTAL CURRENT LIABILITIES		<u>1,977,784</u>	<u>1,867,354</u>
NON-CURRENT LIABILITIES			
Employee provisions	12	31,154	2,316
TOTAL LIABILITIES		<u>2,008,938</u>	<u>1,869,670</u>
NET ASSETS		<u>3,512,846</u>	<u>3,435,367</u>
EQUITY			
Retained earnings		3,227,804	3,150,325
Reserve	1(0)	285,042	285,042
TOTAL EQUITY		<u>3,512,846</u>	<u>3,435,367</u>

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings	Property revaluation reserve	Total
	\$	\$	\$
Balance at 1 July 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	3,150,325	285,042	3,435,367
Comprehensive income for the year	<u>77,479</u>	–	<u>77,479</u>
Balance at 30 June 2017	<u>3,227,804</u>	<u>285,042</u>	<u>3,512,846</u>

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		2,523,453	2,539,896
Payments to suppliers and employees		(2,387,571)	(2,554,984)
Interest received	2	<u>55,205</u>	<u>54,654</u>
Net cash generated from operating activities	16	<u>191,087</u>	<u>39,566</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Movement in property, plant & equipment		<u>—</u>	<u>127,361</u>
Net cash (used in) investing activities		<u>—</u>	<u>127,361</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment from Centre for Compliance Fund	13	<u>—</u>	<u>—</u>
Net cash (used in) financing activities		<u>—</u>	<u>—</u>
NET INCREASE IN CASH HELD		191,087	166,927
Cash and cash equivalents at the beginning of the financial year		<u>2,188,935</u>	<u>2,022,008</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	<u><u>2,380,022</u></u>	<u><u>2,188,935</u></u>

Notes to the Financial Statements

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 2016 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 6 September 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 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 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.

(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 through to 2017.

(p) Economic Dependence

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

2 REVENUE

	2017 \$	2016 \$
Revenue from operating activities		
Members' subscriptions	1,524,307	1,601,774
Levies	–	–
Grants and/or donations	–	–
Exhibition, conference and seminars	112,180	105,573
Member marketing fee	122,065	122,949
Cabling providers registrations	150,780	146,188
Magazine	106,206	82,838
Breakfast briefings	38,645	35,353
Grading, seminars and workshops	34,996	33,764
Insurance support	47,578	47,105
Special events	78,571	70,540
Consultancy	9,300	79,050
Strategic partnership	82,309	68,500
Technician certification	–	855
Statutory compliance	58,025	56,097
WHS income	21,225	16,873
ELearning income	5,891	6,317
Miscellaneous income	4,444	10,721
Total revenue from operating activities	<u>2,396,522</u>	<u>2,484,497</u>
Revenue from investment activities		
Rental income	60,568	53,757
Interest	55,205	54,654
Total revenue from non-operating activities	<u>115,773</u>	<u>108,411</u>
Total revenue from ordinary activities	<u>2,512,295</u>	<u>2,592,908</u>

3. EMPLOYEE BENEFITS

Office holders		
Wages and salaries	464,211	450,531
Superannuation	44,100	42,801
Leave and other entitlements	25,543	1,434
Separation and redundancies	–	–
Other employee expenses	9,600	9,650
Total	<u>543,454</u>	<u>504,416</u>
Employees other than office holders		
Wages and salaries	656,501	664,425
Superannuation	61,648	63,100
Leave and other entitlements	3,997	161
Separation and redundancies	–	–
Other employee expenses	41,602	41,817
Total	<u>763,748</u>	<u>769,503</u>
Total employee expenses	<u>1,307,202</u>	<u>1,273,919</u>

4. OTHER EXPENSES

	2017 \$	2016 \$
Remuneration of auditors		
Financial statement audit services	25,000	24,000
Other services – interim review	6,500	6,000
Other services – general advices	–	1,000
	<u>31,500</u>	<u>31,000</u>
Administration expenses		
– Allowances for meetings	–	–
-- Compulsory levies	–	–
-- Consideration to employers for payroll deductions	–	–
– Information communications technology	95,653	89,015
– Meeting expenses	7,410	2,698
– Office expenses	103,135	105,318
– Travel expenses	<u>65,627</u>	<u>63,912</u>
	271,825	260,943
Affiliation fees	–	–
Bad debts written off	–	5,000
Bank charges	2,148	10,283
Capitation fees	–	–
Donations – Total paid that were \$1,000 or less	–	–
Donations – Total paid that exceeded \$1,000	–	2,500
Finance costs	–	–
Grants – Total paid that were \$1,000 or less	–	–
Grants – Total paid that exceeded \$1,000	–	–
Industry relations service	127,451	123,000
Industry research	–	–
Legal costs – litigation	–	–
Legal costs – other legal matters	14,096	7,339
Marketing expenses	7,815	20,835
Miscellaneous expenses	6,658	6,872
Net loss from sale of assets	–	14,904
Penalties via RO Act	–	–
Total other expenses	<u>461,493</u>	<u>482,676</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	511,030	236,396
Short-term bank deposits	<u>1,868,992</u>	<u>1,952,539</u>
	<u>2,380,022</u>	<u>2,188,935</u>

\$5,531 (2016 \$2,127) of the short-term bank deposits are bonds paid to the company by tenants.

7. TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
Current		
Trade receivables	470,630	431,788
Less: provision for doubtful debts	<u>(10,000)</u>	<u>(31,243)</u>
	<u>460,630</u>	<u>400,545</u>
Provision for doubtful debts as at 30 June 2016	31,243	5,000
Charge for year	–	31,243
Written off	<u>(21,243)</u>	<u>(5,000)</u>
Provision for doubtful debts as at 30 June 2017	<u>10,000</u>	<u>31,243</u>

Credit Risk – Trade Receivables

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 \$
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	<u>31,052</u>	<u>23,099</u>	<u>7,953</u>	<u>–</u>
	<u>431,789</u>	<u>31,243</u>	<u>34,326</u>	<u>366,220</u>
2017				
<30 days	41,634	–	–	41,634
31-60 days	384,288	–	34,893	349,395
61-90 days	27,502	366	27,136	–
>90 days	<u>17,206</u>	<u>9,442</u>	<u>7,764</u>	<u>–</u>
	<u>470,630</u>	<u>9,808</u>	<u>69,793</u>	<u>391,029</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 \$10,000.

8. OTHER ASSETS

	2017 \$	2016 \$
Current		
Prepayments	<u>98,580</u>	<u>106,582</u>

9. KEY MANAGEMENT PERSONNEL REMUNERATION

	2017	2016
	\$	\$
Short-term employee benefits		
Salary	464,211	450,531
Annual leave accrued	<u>55,914</u>	<u>57,834</u>
Total short-term employee benefits	<u>520,125</u>	<u>508,365</u>
Post employment benefits		
Superannuation	<u>44,100</u>	<u>42,801</u>
Total post employment benefits	<u>44,100</u>	<u>42,801</u>
Other long-term benefits		
Long service leave	<u>51,957</u>	<u>38,101</u>
Total other long-term benefits	<u>51,957</u>	<u>38,101</u>
Termination benefits	<u>–</u>	<u>–</u>
	<u>616,182</u>	<u>589,267</u>

10. PROPERTY, PLANT & EQUIPMENT

Freehold land and building – at independent valuation – July 2016	2,500,000	2,500,000
Less: accumulated depreciation	<u>(2,924)</u>	<u>(1,464)</u>
	<u>2,497,076</u>	<u>2,498,536</u>
Office equipment, furniture and fittings – at cost	298,751	298,751
Less: accumulated depreciation	<u>(213,275)</u>	<u>(188,312)</u>
	<u>85,476</u>	<u>110,439</u>
Total property, plant and equipment	<u>2,582,552</u>	<u>2,608,975</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
	\$	\$	\$
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	<u>(1,464)</u>	<u>(42,497)</u>	<u>(43,961)</u>
Carrying amount at end of year	<u>2,498,536</u>	<u>110,439</u>	<u>2,608,975</u>
2017			
Balance at the beginning of the year	2,498,536	110,439	2,608,975
Additions at cost	–	–	–
Disposals	–	–	–
Depreciation	<u>(1,460)</u>	<u>(24,963)</u>	<u>(26,423)</u>
Carrying amount at end of year	<u>2,497,076</u>	<u>85,476</u>	<u>2,582,552</u>

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 2016				
Assets measured at fair value				
Freehold land and building		2,498,536	—	—
Total		2,498,536	—	—
Liabilities measured at fair value				
Total		—	—	—
Fair value hierarchy at 30 June 2017				
Assets measured at fair value				
Freehold land and building		\$2,497,076	—	—
Total		\$2,497,076	—	—
Liabilities measured at fair value				
Total		—	—	—

11. TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Current		
Trade payables	75,198	99,399
Employee liabilities	35,212	32,461
Other current payables	97,066	91,500
Consideration to employers for payroll deductions	—	—
Legal costs – litigation	—	—
Legal cost – other legal matters	—	—
	<u>207,476</u>	<u>223,360</u>
Unearned income		
Events income	34,127	43,414
Cablers registration	241,425	223,137
Membership subscriptions	1,307,722	1,191,309
Security Insider advertising	1,819	—
Industry briefing	1,895	—
Rental income	<u>36,219</u>	<u>39,735</u>
	<u>1,623,207</u>	<u>1,497,595</u>
	<u>1,830,683</u>	<u>1,720,955</u>
Financial liabilities at amortised cost classified as trade and other payables	<u>207,476</u>	<u>223,360</u>

12. EMPLOYEE PROVISIONS

	2017	2016
	\$	\$
Office holders		
Annual leave	55,914	57,834
Long service leave	51,957	38,101
Separation and redundancies	—	—
Other employee provisions	—	—
Total	<u>107,871</u>	<u>95,935</u>
Employees other than office holders		
Annual leave	19,134	17,029
Long service leave	33,673	18,174
Separation and redundancies	—	—
Other employee provisions	—	—
Total	<u>52,807</u>	<u>35,203</u>
Total employee provisions	<u>160,678</u>	<u>131,138</u>
Current		
Provision for employee benefits	<u>129,524</u>	<u>128,822</u>
Non-current		
Provision for employee benefits	<u>31,154</u>	<u>2,316</u>
Provision for employee benefits		
Balance at 1 July 2016	131,138	129,543
Additional provision raised during the year	112,111	95,474
Amounts used	<u>(82,571)</u>	<u>(93,879)</u>
Balance at 30 June 2017	<u>160,678</u>	<u>131,138</u>

13. CENTRE FOR COMPLIANCE

Current		
Balance at 1 July 2016	17,577	17,577
Less: expenditure	—	—
Balance at 30 June 2017	<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.

16 CASH FLOW INFORMATION

Reconciliation of the profit for the year with cash flow from operations:	2017	2016
	\$	\$
Profit after tax	77,478	84,412
Non-cash items		
Depreciation	26,424	(85,432)
Increase/(Decrease) in employee provisions	29,540	1,595
Increase/(Decrease) in doubtful debts	(21,243)	26,243
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	(38,842)	(243,273)
(Increase)/decrease in prepayments	8,001	(9,483)
Increase/(decrease) in payables	(15,884)	53,932
Increase/(decrease) in deferred income	125,613	196,668
(Increase)/decrease in fixed assets	–	14,904
Net cash flow from operating activities	<u>191,087</u>	<u>39,566</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	2,380,022	2,188,935
Receivables	7	<u>460,630</u>	<u>400,545</u>
Total Financial Assets		<u>2,840,652</u>	<u>2,589,480</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables (excluding annual leave and deferred income)	11	<u>207,476</u>	<u>223,360</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.

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	2017 \$	2016 \$
ANZ		615,865	380,235
ING		358,846	249,817
Suncorp		252,858	201,157
Rabo Direct		262,696	255,067
CBA		–	250,038
Bankwest		128,873	97,892
ME Bank		252,384	252,445
Bank of Queensland		253,384	250,139
Westpac		255,116	252,145
	6	<u>2,380,022</u>	<u>2,188,935</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

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Financial liabilities due for payment								
Trade and other payables	<u>200,618</u>	<u>221,233</u>	<u>6,858</u>	<u>2,127</u>	–	–	<u>207,476</u>	<u>223,360</u>
Total expected outflows	<u>200,618</u>	<u>221,233</u>	<u>6,858</u>	<u>2,127</u>	–	–	<u>207,476</u>	<u>223,360</u>
Financial assets – cash flows realisable								
Cash and cash equivalents	2,380,022	2,188,935	–	–	–	–	2,380,022	2,188,935
Trade receivables	<u>460,630</u>	<u>400,545</u>	–	–	–	–	<u>460,630</u>	<u>400,545</u>
Total anticipated inflows	<u>2,840,652</u>	<u>2,589,480</u>	–	–	–	–	<u>2,840,652</u>	<u>2,589,480</u>
Net inflow/(outflow) on financial instruments	<u>2,640,034</u>	<u>2,368,247</u>	<u>(6,858)</u>	<u>(2,127)</u>	–	–	<u>2,633,176</u>	<u>2,366,120</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, ING and ME Bank (approximately 79% of cash on deposit) were at fixed interest rates and cash deposited with Rabobank, ING, ANZ and Bankwest was variable rates (approximately 21% of cash on deposit).

Sensitivity Analysis

A 2% variation in interest rates during the year would have affected profit before income tax for the year by

	2017 \$	2016 \$
	<u>40,739</u>	<u>38,748</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	3,512,846	3,435,367
Cash and cash equivalents	2,380,022	2,188,935

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.

