Australian Government

Registered Organisations Commission

21 December 2017

Mr Thomas McRobert
President
Civil Air Operations Officers' Association of Australia, The
PO Box 394
Port Melbourne VIC 3207
civilair@civilair.asn.au

CC: DAVID_STANFORD@UNITE.COM.AU

Dear Mr McRobert,

Civil Air Operations Officers' Association of Australia, The
Financial Report for the year ended 30 June 2017 - [FR2017/185]

I acknowledge receipt of the financial report of The Civil Air Operations Officers' Association of Australia. The documents were lodged with the Registered Organisations Commission (the ROC) on 11 December 2017.

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

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

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the subscription service.

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

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

Yours faithfully

David Vale
Registered Organisations Commission

ASSOCIATION FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STATEMENT

I, Tom McRobert, being the President of The Civil Air Operations Officers' Association of Australia certify:

- that the documents attached and lodged herewith are copies of the full report referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on 6 November 2017 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 6 December 2017; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009.*

Signed:

Tom McRobert
President

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

CIVIL AIR
AIR TRAFFIC
CONTROL
AUSTRALIA

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

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These financial statements cover both Civil Air Officers Association of Australia as an individual entity (parent entity) and the consolidated financial statements for the consolidated entity consisting of Civil Air Officers Association of Australia and its controlled entity. The financial report is presented in the Australian currency.

Civil Air Officers Association of Australia is the association advocating for the professional, technical and industrial needs of Australian Air Traffic Controllers and Air Traffic Control Support Staff. The association is registered under the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

The principal place of business is:
1st Floor
214 Graham Street
PORT MELBOURNE VIC 3207

The financial report was authorised for issue by the committee of management on the 2nd day of November 2017.

CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY
OPERATING REPORT

Your committee of management present their report on the Civil Air Operations Officers Association of Australia (The Association) and its controlled entity for the financial year ended 30 June 2017.

Members of the committee of management:

The names of the committee of management in office at any time during or since the end of the financial year are:

President	Mr. Tom McRobert	
Vice President Technical	Mr. Geoff Williams	
Vice President Professional	Mr. Matthew Buckham	Resigned 1 May 2017
Vice President Professional	Mr. Timothy John Kerr	Appointed 1 May 2017
Vice President Finance	Mr. Stuart Brades	
Vice President Communication	Mr. Scott Shallies	
Vice President Administrative	Ms. Cheryl Lund	

The Committee of management have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of the Association during the financial year were the protection and improvement of employment conditions for its members. No significant change in the nature of these activities occurred during the year.

A review of the operations of the association indicate that it continued to engage in its principal activity of advocating for the professional, technical and industrial needs of Australian Air Traffic Controllers and Air Traffic Control Support Staff. In pursuing these activities, the association has sought to protect and enhance the profession of air traffic controllers and support staff through representation of individuals in grievances and disputes and by representing air traffic controllers and support staff in collective bargaining.

Union details

The number of full time equivalents employees at 30 June 2017 was 5.6 (2016: 4.6)

The number of members at 30 June 2017 was 1,042 (2016: 1,093).

OPERATING REPORT (Continued)

Right of members to resign

In accordance with Rule 14 of the Association:

(a) A member may resign from membership by written notice addressed and delivered to the President.

(b) A notice of resignation from membership takes effect:

  (i) where the member ceases to be eligible to become a member of the Association:

    (a) on the day on which the notice is received by the Association; or

    (b) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

  whichever is the later; or

  (ii) in any other case

    (a) at the end of 14 days after the notice is received by the Association; or

    (b) on the day specified in the notice

  whichever is the later

(c) Any dues payable but not paid by a former member in relation to a period before the members resignation took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association

(d) A notice delivered to the President shall be taken to have been received by the Association when it was delivered.

(e) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (a).

(f) A resignation from membership is valid even if it is not affected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted."

Directorships of Superannuation Fund

To the best of our knowledge and belief, the following officers and employees of the Association are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

Officer/ Employee	Position	Trustee Company	Name of Superfund	Other
George Fishlock	Director	AvSuper Pty Ltd	Av Superannuation Trust	Position held as nominee of the ACTU

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer:

Name and title of designated officer: Stuart Brades
Vice President Finance

Dated: 2nd of November 2017

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated		Parent entity	
		2017	**2016**	**2017**	**2016**
		$	$	**$**	$
Revenue from continuing operations	4	**2,196,099**	2,036,031	**2,074,509**	1,929,599
Other income	5	**163,102**	185,917	**192,268**	186,018
Expenses					
Administration and office expenses		**(38,618)**	(38,022)	**(38,618)**	(38,022)
Affiliation and capitation fees	7	**(40,993)**	(53,392)	**(40,993)**	(53,392)
Computer expenses		**(20,253)**	(22,437)	**(20,253)**	(22,437)
Depreciation	8	**(51,283)**	(56,469)	**(8,228)**	(12,434)
Grants and donations	9	**-**	(532)	**-**	(532)
Insurances		**(27,085)**	(25,620)	**(27,085)**	(25,620)
Legal and professional	10	**(145,521)**	(144,076)	**(143,311)**	(142,116)
Loss on disposal of assets		**(2,322)**	(16,768)	**(2,322)**	(16,768)
Member expenses		**(1,400)**	(6,661)	**(1,400)**	(6,661)
Meeting and conference expenses		**(177,701)**	(201,884)	**(177,701)**	(201,884)
NCF and death benefits paid	11	**(564,365)**	(459,016)	**(564,365)**	(459,016)
Property expenses		**(99,252)**	(112,429)	**-**	-
Rent and occupancy		**(434)**	(1,290)	**(52,527)**	(53,383)
Employee expenses	12	**(860,016)**	(772,069)	**(860,016)**	(772,069)
Telephone and internet		**(20,333)**	(20,315)	**(20,333)**	(20,315)
		(2,049,576)	(1,930,980)	**(1,957,152)**	(1,824,649)
Surplus attributable to members		**309,625**	290,968	**309,625**	290,968
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year attributable to the members		**309,625**	290,968	**309,625**	290,968

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

BALANCE SHEETS
AS AT 30 JUNE 2017

	Note	Consolidated		Parent entity	
		2017	2016	2017	2016
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	13	**8,163,109**	7,841,764	**5,550,018**	5,311,291
Trade and other receivables	14	**58,550**	60,623	**30,796**	34,135
Total current assets		**8,221,659**	7,902,387	**5,580,814**	5,345,426
Non-current assets					
Receivables	15	-	-	**3,900,304**	3,862,589
Property, plant and equipment	16	**1,023,076**	1,037,515	**17,333**	15,997
Intangibles	17	**4,352**	-	**4,352**	-
Investment properties	18	**1,508,615**	1,532,276	-	-
Total non-current assets		**2,536,043**	2,569,791	**3,921,989**	3,878,586
Total assets		**10,757,702**	10,472,178	**9,502,803**	9,224,012
LIABILITIES					
Current liabilities					
Trade and other payables	19	**179,418**	223,744	**143,184**	194,243
Employee benefit obligations	20	**296,482**	277,488	**296,482**	277,488
Total current liabilities		**475,900**	501,232	**439,666**	471,731
Non-current liabilities					
Employee benefit obligations	20	**1,231**	-	**1,231**	-
Total non-current liabilities		**1,231**	-	**1,231**	-
Total liabilities		**477,131**	501,232	**440,897**	471,731
Net assets		**10,280,571**	9,970,946	**9,061,906**	8,752,281
MEMBERS FUNDS					
Reserves	21	**5,834,640**	5,447,964	**4,615,975**	4,229,299
Accumulated surplus	22	**4,445,931**	4,522,982	**4,445,931**	4,522,982
Total members funds		**10,280,571**	9,970,946	**9,061,906**	8,752,281

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

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Reserves $	Accumulated surplus $	Total $
Balance at 1 July 2015	5,001,510	4,678,468	9,679,978
Total comprehensive income for the year	-	290,968	290,968
Transfers to and from reserve	446,454	(446,454)	-
Balance at 30 June 2016	5,447,964	4,522,982	9,970,946
Balance at 1 July 2016	**5,447,964**	**4,522,982**	**9,970,946**
Total comprehensive income for the year	**-**	**309,625**	**309,625**
Transfers to and from reserve	**386,676**	**(386,676)**	**-**
Balance at 30 June 2017	**5,834,640**	**4,445,931**	**10,280,571**
Parent Entity			
Balance at 1 July 2015	3,782,845	4,678,468	8,461,313
Total comprehensive income for the year	-	290,968	290,968
Transfers to and from reserve	446,454	(446,454)	-
Balance at 30 June 2016	4,229,299	4,522,982	8,752,281
Balance at 1 July 2016	**4,229,299**	**4,522,982**	**8,752,281**
Total comprehensive income for the year	**-**	**309,625**	**309,625**
Transfers to and from reserve	**386,676**	**(386,676)**	**-**
Balance at 30 June 2017	**4,615,975**	**4,445,931**	**9,061,906**

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated		Parent Entity	
		2017	2016	2017	2016
		$	$	$	$
Cash flows from operating activities					
Membership fees received (inclusive of GST)		**2,270,625**	2,293,743	**2,270,625**	2,293,743
Receipts from tenants (inclusive of GST)		**133,749**	120,552	**-**	-
Receipts from other reporting units		**-**	-	**-**	-
Receipts from controlled entities		**-**	-	**-**	-
Distributions received		**-**	-	**96,112**	71,227
Payments to suppliers and employees (inclusive of GST)		**(2,219,048)**	(2,056,021)	**(2,162,987)**	(1,975,621)
Payments to controlled entities		**-**	-	**-**	-
Payments to other reporting units		**-**	-	**-**	-
Interest received		**155,876**	177,832	**88,930**	106,706
Net cash inflow from operating activities	27	**341,202**	536,106	**292,680**	496,055
Cash flows from investing activities					
Payment for investment property improvements		**(2,172)**	(1,595)	**-**	-
Payment for intangible assets		**(6,414)**	-	**(6,414)**	-
Payment for property, plant and equipment		**(11,271)**	(5,777)	**(9,824)**	(4,713)
Net cash (outflow) from investing activities		**(19,857)**	(7,372)	**(16,238)**	(4,713)
Cash flows from financing activities					
Loan repayments received from controlled entity		**-**	-	**58,397**	57,303
Loans made to controlled entity		**-**	-	**(96,112)**	(71,227)
Net cash (outflow) from financing activities		**-**	-	**(37,715)**	(13,924)
Net increase in cash and cash equivalents		**321,345**	528,734	**238,727**	477,418
Cash and cash equivalents at beginning of financial year		**7,841,764**	7,313,030	**5,311,291**	4,833,873
Cash and cash equivalents at end of financial year	13	**8,163,109**	7,841,764	**5,550,018**	5,311,291

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

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes separate financial statements for Civil Air Officers Association of Australia as an individual entity (parent entity) and the consolidated entity consisting of Civil Air Officers Association of Australia and its controlled entity.

(a) Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements, the Civil Air Officers Association of Australia (the Association) is a not-for-profit entity. Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards have been applied in the preparation of this report as required under the Reporting Guidelines for the purpose of section 253 of the *Fair Work (Registered Organisations) Act 2009*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of full compliance with IFRS cannot be made due to the association applying the not for profit sector requirements contained in AIFRS

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

New and amended standards adopted by the Association

The Association adopts all of the new and revised Standards and Interpretations issued by the Australian Accounting Board (AASB) that are relevant to the operations and effective for the current annual reporting period.

The Association has assessed the impact of other new and amended standards that came into effect for the first time for the annual reporting period commencing 1 July 2016. These standards did not result in changes to the Association's accounting policies and had no effect on the amounts reported for current or prior year financial statements

1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Civil Air Officers Association of Australia ("company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Civil Air Officers Association of Australia and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of Civil Air Officers Association of Australia.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1: Summary of significant accounting policies (Continued)

(c) Revenue recognition (Continued)

Revenue is recognised for the major operating activities net of the amount of goods and services tax (GST) as follows:

Membership fees
Membership fees revenue is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

Other revenue
Other revenue is recognised when the right to receive the revenue has been established.

(d) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) Income tax

No provision for income tax has been raised as the association is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. The Group still has obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

(f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

1: Summary of significant accounting policies (Continued)

(g) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollected are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of profit and loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Investment in other financial assets

Classification
The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting period.

The group does not hold any investments in the following categories: financial assets at fair value through profit or loss and held-to-maturity investments.

(i) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities which include shares and unit holdings, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

1: Summary of significant accounting policies (Continued)

(i) Investment in other financial asset (Continued)

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Recognition and derecognition
Regular purchases and sales of investments are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are carried at fair value through profit and loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the group's right to receive payments is established.

Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

1: Summary of significant accounting policies (Continued)

(j) Property, plant and equipment

Property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of asset	Depreciation rate	Depreciation basis
Land and buildings	2.5%	Diminishing Value
Building improvements	3% to 20%	Diminishing Value
Computer equipment	33%	Diminishing Value
Motor vehicles	18.75%	Diminishing Value
Furniture and fittings	33%	Diminishing Value

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss and other comprehensive income.

(k) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the association. Investment property is carried at deemed cost as is allowed by AASB 140. Cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of asset	Depreciation rate	Depreciation basis
Buildings	2.5%	Diminishing Value

1: Summary of significant accounting policies (Continued)

(l) Intangible assets

Costs incurred in developing the website and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to either the software or website intangible assets. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Costs are amortised at the point at which the asset is ready for use. Amortisation is calculated on a straight-line basis over a period of 3 years

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense

Receivables and payables in the balance sheet are stated inclusive 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 balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow. Commitments and contingencies are disclosed inclusive of GST.

1: Summary of significant accounting policies (Continued)

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefits obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the association recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(q) Comparative figures

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

(r) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the association operates ('the functional currency'). The financial report is presented in Australian dollars, which is the Association's functional and presentation currency.

1: Summary of significant accounting policies (Continued)

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The association's assessment of the impact of these new standards and interpretations is set out below.

<table>
<tr><td>Title of Standard</td><td>AASB 9 Financial Instruments</td></tr>
<tr><td>Nature of change</td><td>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.
These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:
a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
• the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
• the remaining change is presented in profit or loss
If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.
• Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
• classification and measurement of financial liabilities; and
• derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.
Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Application date</td><td>Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.</td></tr>
</table>

1: Summary of significant accounting policies (Continued)

(s) New accounting standards and interpretations (Continued)

Title of Standard	**AASB 15 Revenue from Contracts with Customers**
Nature of change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the entity does not intend to adopt the standard before its effective date.
Title of Standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

1: Summary of significant accounting policies (Continued)

(s) New accounting standards and interpretations (Continued)

Title of Standard	**AASB 1058 Income of Not-for-Profit Entities**
Nature of change	AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as: a Contributions by owners; b Revenue, or a contract liability arising from a contract with a customer; c A lease liability; d A financial instrument; or e A provision. These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard. The entity is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted.
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgments in applying the association's accounting policies

Employee entitlements
Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at the balance date:
- future increases in wages and salaries
- future on-cost rates; and
- experience of employee departures and period of service.

3: Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the Commissioner:

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

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

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

4: Revenue from continuing operations

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Membership fees	**2,074,509**	1,929,599	**2,074,509**	1,929,599
Capitation fees	-	-	-	-
Levies and contributions	-	-	-	-
Rent	**121,590**	106,432	-	-
	2,196,099	2,036,031	**2,074,509**	1,929,599

5: Other income

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Interest	**155,876**	177,832	**88,930**	106,706
Grants and donations received	-	-	-	-
Distributions received	-	-	**96,112**	71,227
Financial support from another reporting unit	-	-	-	-
Other revenue	**7,226**	8,085	**7,226**	8,085
	163,102	185,917	**192,268**	186,018

6: Expenses

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
The surplus for the year includes the following specific expenses:				
Defined contribution superannuation expense	**111,750**	94,641	**111,750**	94,641
Rental expenses relating to operating leases				
Minimum lease payments	-	-	**52,093**	52,093
Consideration to employers for payroll deductions	-	-	-	-
Penalties - (RO Act or RO Regulations)	-	-	-	-
Fees and allowances - Meeting and Conferences	-	-	-	-

7: Affiliation and capitation fees

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Affiliation fees:				
Australian Council of Trade Unions	**6,170**	7,251	**6,170**	7,251
Victorian Trades Hall Council	**3,012**	2,420	**3,012**	2,420
IFATCA	**27,416**	39,442	**27,416**	39,442
International Transport Workers' Federation	**3,092**	2,897	**3,092**	2,897
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Other associations				
Union Shopper	**1,303**	1,382	**1,303**	1,382
	40,993	53,392	**40,993**	53,392

8: Depreciation & amortisation

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Depreciation				
Investment property	**25,833**	26,421	-	-
Buildings	**12,500**	12,500	-	-
Building improvements	**4,722**	5,114	-	-
Motor vehicles	-	5,967	-	5,967
Furniture and fixtures	**1,225**	1,864	**1,225**	1,864
Computers	**4,941**	4,603	**4,941**	4,603
Amortisation:				
Website	**2,062**	-	**2,062**	-
	51,283	56,469	**8,228**	12,434

9: Grants and donations

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Grants – less than $ 1,000	-	-	-	-
Grants – more than $ 1,000	-	-	-	-
Donations – less than $ 1,000	-	532	-	532
Donations – more than $ 1,000	-	-	-	-
	-	532	-	532

10: Legal and professional fees

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Legal costs				
Litigation	-	-	-	-
Other legal matters	72,781	42,076	72,781	42,076
	72,781	42,076	72,781	42,076
Auditors remuneration				
Audit or review of the financial report	6,650	7,160	5,250	5,200
Other audit services	-	-	-	-
	6,650	7,160	5,250	5,200
Other professional fees	66,090	94,840	65,280	94,840
	145,521	144,076	143,311	142,116

11: Necessitous circumstances fund and death benefit payments

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
NCF payments	554,365	459,016	554,365	459,016
Death benefits paid	10,000	-	10,000	-
	564,365	459,016	564,365	459,016

12: Employee expenses

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Holders of office:				
Wages, salaries and allowances	**17,373**	19,027	**17,373**	19,027
Superannuation	**6,470**	6,658	**6,470**	6,658
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
	23,843	25,685	**23,843**	25,685
Employees other than holders of office:				
Wages, salaries and allowances	**669,285**	564,796	**669,285**	564,796
Superannuation	**105,280**	87,986	**105,280**	87,986
Leave and other entitlements	**20,225**	23,760	**20,225**	23,760
Separation and redundancies		-		-
Other employee expenses (a)	**41,383**	69,842	**41,383**	69,842
	836,173	746,384	**836,173**	746,384
	860,016	772,069	**860,016**	772,069

(a) Other employee expenses consists primarily of FBT, payroll tax, training and recruitment expenses.

(b) No other fees or allowances have been paid to persons in respect of their attendance as a representative of the reporting unit at a conference or other meeting.

13: Current assets - Cash and cash equivalents

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Cash in hand	**200**	200	**200**	200
Cash at bank	**1,061,523**	1,192,548	**933,843**	1,081,792
Cash at bank – NCF account	**2,146,448**	1,825,079	**2,146,448**	1,825,079
Term deposit	**2,485,411**	2,419,717	-	-
Term deposit – NCF account	**2,469,527**	2,404,220	**2,469,527**	2,404,220
	8,163,109	7,841,764	**5,550,018**	5,311,291

13: Current assets - Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Balances as above	**8,163,109**	7,841,764	**5,550,018**	5,311,291
Bank overdrafts	**-**	-	**-**	-
Balances per statements of cash flows	**8,163,109**	7,841,764	**5,550,018**	5,311,291

14: Current assets - Trade and other receivables

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Receivables from other reporting units	**-**	-	**-**	-
Prepayments	**41,113**	43,886	**28,696**	32,735
Other receivables	**2,100**	1,400	**2,100**	1,400
Security deposits held by agent	**15,337**	15,337	**-**	-
	58,550	60,623	**30,796**	34,135

15: Non-current assets – Receivables

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Loans to related parties	**-**	-	**3,900,304**	**3,862,589**
	-	-	**3,900,304**	**3,862,589**

(a) Impaired trade receivables

None of the non-current receivables are impaired.

16: Non-current assets - Property, plant and equipment

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Land and buildings				
At cost or fair value	**1,162,000**	1,162,000	-	-
Less accumulated depreciation	**(222,568)**	(210,068)	-	-
	939,432	951,932	-	-
Building improvements				
At cost	**142,139**	140,692	-	-
Less accumulated depreciation	**(75,828)**	(71,106)	-	-
	66,311	69,586	-	-
Total property	**1,005,743**	1,021,518	-	-
Computers and equipment				
At cost	**30,144**	42,571	**30,144**	42,571
Less accumulated depreciation	**(15,210)**	(30,250)	**(15,210)**	(30,250)
	14,934	12,321	**14,934**	12,321
Furniture and fittings				
At cost	**51,980**	52,564	**51,980**	52,564
Less accumulated depreciation	**(49,581)**	(48,888)	**(49,581)**	(48,888)
	2,399	3,676	**2,399**	3,676
Total plant and equipment	**17,333**	15,997	**17,333**	15,997
Total property, plant and equipment	**1,023,076**	1,037,515	**17,333**	15,997

16: Non-current assets - Property, plant and equipment (Continued)

Movements - Group	Land and buildings	Building improve-ments	Computers and equipment	Motor vehicles	Furniture and fittings	Total
	$	$	$	$	$	$
Year ended 30 June 2016						
Opening net book amount	964,432	73,636	12,211	31,827	5,540	1,087,646
Additions – acquisitions	-	1,064	4,713	-	-	5,777
Disposals	-	-	-	(25,860)	-	(25,860)
Depreciation charge	(12,500)	(5,114)	(4,603)	(5,967)	(1,864)	(30,048)
Closing net book amount	951,932	69,586	12,321	-	3,676	1,037,515
Year ended 30 June 2017						
Opening net book amount	**951,932**	**69,586**	**12,321**	**-**	**3,676**	**1,037,515**
Additions – acquisitions	**-**	**1,447**	**9,824**	**-**	**-**	**11,271**
Disposal	**-**	**-**	**(2,270)**	**-**	**(52)**	**(2,322)**
Depreciation charge	**(12,500)**	**(4,722)**	**(4,941)**	**-**	**(1,225)**	**(23,388)**
Closing net book amount	**939,432**	**66,311**	**14,934**	**-**	**2,399**	**1,023,076**

Movements - Parent	Computers and equipment	Motor vehicles	Furniture and fittings	Total
	$	$	$	$
Year ended 30 June 2016				
Opening net book amount	12,211	31,827	5,540	49,578
Additions – acquisitions	4,713	-	-	4,713
Disposal	-	(25,860)	-	(25,860)
Depreciation charge	(4,603)	(5,967)	(1,864)	(12,434)
Closing net book amount	12,321	-	3,676	15,997
Year ended 30 June 2017				
Opening net book amount	**12,321**	**-**	**3,676**	**15,997**
Additions – acquisitions	**9,824**	**-**	**-**	**9,824**
Disposal	**(2,270)**	**-**	**(52)**	**(2,322)**
Depreciation charge	**(4,941)**	**-**	**(1,225)**	**(6,166)**
Closing net book amount	**14,934**	**-**	**2,399**	**17,333**

(a) Measurement of Land and Buildings

Land and buildings consist of the portion of the property owned by the group that is occupied by the group. These are measured on a historical cost basis. Refer note 18 for the fair value of the total land and buildings owned by the group.

17: Non-current assets – Intangible assets

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Website				
At cost	6,414	-	6,414	-
Less accumulated amortisation	(2,062)	-	(2,062)	-
	4,352	-	4,352	-
Total intangibles	4.352	-	4.352	-

Movements in carrying amounts

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Year ended 30 June 2017				
Website				
Opening book value	-	-	-	-
Additions	6,414	-	6,414	-
Amortisation	(2,062)	-	(2,062)	-
Closing net book value	4,352	-	4,352	-

18: Non-current assets – Investment property

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
At cost or fair value	1,956,209	1,954,037	-	-
Less accumulated depreciation	(447,594)	(421,761)	-	-
	1,508,615	1,532,276	-	-

18: Non-current assets – Investment property (Continued)

	Consolidated		Parent entity	
(a) Amounts recognised in the statement of profit and loss and other comprehensive income for investment properties	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Rental income	**121,590**	106,432	-	-
Direct operating expenses from property that generated rental income.	**(99,252)**	(112,429)	-	-
Direct operating expenses from property that did not generate rental income	**-**	-	-	-
Net surplus/(loss)	**22,388**	(5,997)	-	-
(b) Leasing arrangements				
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within one year	**54,500**	67,261	-	-
Later than one year but not later than five years	**11,875**	66,375	-	-
Later than five years	**-**	-	-	-
	66,375	133,636	-	-
(c) Movements				
Opening net book amount	**1,532,276**	1,557,102	-	-
Additions – acquisitions	**2,172**	1,595	-	-
Depreciation charge	**(25,833)**	(26,421)	-	
Closing net book amount	**1,508,615**	1,532,276	-	-

(d) Measurement of Investment property

Land and buildings consisting of the portion of the property owned by the group that is not occupied by the group is considered to be an investment property. Investment property is measured on a cost basis and is depreciated over its useful life.

(e) Fair value of land and buildings

Property which consists of land and buildings partly for own use and partly as an investment property was last valued on 15th of June 2016 by Australian Valuation Group Pty Ltd who have determined that the market value at that date was $4,370.000. Based on this valuation the committee of management is satisfied that there has been no permanent diminution in the value of the land and buildings.

19: Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Payables – other reporting units	-	-	-	-
Payables – employees for payroll deductions	-	-	-	-
Payables – legal expenses	-	-	-	-
Trade payables	**50,608**	53,148	**45,190**	45,124
Other payables	**45,522**	68,724	**33,559**	66,100
Security deposits refundable	**18,853**	18,853	-	-
Membership fees in advance	**64,435**	83,019	**64,435**	83,019
	179,418	223,744	**143,184**	194,243

20: Employee benefit obligations

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Employees other than office holders:				
Annual leave	**78,193**	70,903	**78,193**	70,903
Long service leave	**219,520**	206,585	**219,520**	206,585
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Total employee provisions	**297,713**	277,488	**297,713**	277,488
Current	**296,482**	277,488	**296,482**	277,488
Non-current	**1,231**	-	**1,231**	-
Total employee provisions	**297,713**	277,488	**297,713**	277,488

(a) Employee benefits - long service leave

A provision has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

20: Employee benefit obligations (Continued)

(a) Employee benefits - long service leave (continued)

Amounts not expected to be settled within the next 12 months.
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to prorate payments in certain circumstances. The entire obligation is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued long service leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Long service leave obligation expected to be settled after 12 months	**218,289**	206,585	**218,589**	205,585

21: Reserves

		Consolidated		Parent entity	
		2017	2016	2017	2016
		$	$	$	$
Asset revaluation reserve	(i)	**1,218,665**	1,218,665	**-**	-
Necessitous fund reserve	(ii)	**4,615,975**	4,229,299	**4,615,975**	4,229,299
		5,834,640	5,447,964	**4,615,975**	4,229,299

(a) Movement in reserves:

	Consolidated 2017	Consolidated 2016	Parent entity 2017	Parent entity 2016
(i) Asset revaluation reserve				
Balance at beginning of year	**1,218,865**	1,218,665	**-**	-
Transfers to/from reserves	**-**	-	**-**	-
Balance at end of year	**1,218,865**	1,218,665	**-**	-
(ii) Necessitous fund (NCF) reserve				
Balance at beginning of year	**4,229,299**	3,782,845	**4,229,299**	3,782,845
Net transfer for the year				
Contributions for year	**871,840**	822,320	**871,840**	822,320
Interest earned for year	**78,392**	91,374	**78,392**	91,374
Expenses paid during year	**(8,282)**	(8,224)	**(8,282)**	(8,224)
Benefits paid during year	**(555,274)**	(459,016)	**(555,274)**	(459,016)
Net transfer from accumulated surplus	**386,676**	446,454	**386,676**	446,454
Balance at end of year	**4,615,975**	4,229,299	**4,615,975**	4,229,299

21: Reserves (continued)

(b) Nature and purpose of the reserves:

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments on the revaluation of non-current assets.

(ii) Necessitous fund reserve

The necessitous fund reserve is a separate fund established by the rules of the Association. The sole purpose of the fund is to provide benefits to individual members upon cancellation of the members licence as a direct result of an inability to satisfy the medical requirements of the licence. These funds are maintained in designated bank accounts and term deposits (refer Note 13 for more details). The amounts paid from the fund during the year consist of benefit payments and expenses which consist of an administration charge transferred to the accumulated surplus.

22: Accumulated surplus

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Movements in accumulated surplus were as follows:				
Balance 1 July	**4,522,982**	4,678,468	**4,522,982**	4,678,468
Net surplus for the year	**309,625**	290,968	**309,625**	290,968
Net transfer to necessitous fund reserve	**(386,676)**	(446,454)	**(386,676)**	(446,454)
Balance 30 June	**4,445,931**	4,522,982	**4,445,931**	4,522,982

23: Commitments

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Non-cancellable operating leases The parent entity leases office space under a non-cancellable operating lease with its controlled entity. The agreement commenced on 3 September 2009 for a period of 3 years with a further 3 terms of 3 years each. It is expected that on renewal, the terms of the leases will be renegotiated.				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**4,128**	6,507	**4,128**	6,507
Later than one year and not later than five years	**12,728**	16,856	**12,728**	16,856
Later than five years	**-**	-	**-**	-
	16,856	23,363	**16,856**	23,363

24: Contingencies

There are no other known contingent assets or liabilities at 30 June 2017 other than discussed elsewhere in this report.

25: Events occurring after the reporting date

There were no events that occurred after 30 June 2017, or prior to signing of the financial statements, that would affect the ongoing structure and financial activities of the group.

26: Related party transactions

(a) Parent entity

The parent entity within the group is the Civil Air Officers Association of Australia.

(b) Controlled entity

The consolidated financial statements incorporate the assets, liabilities and results of the following entity in accordance with the accounting policy described in note 1 and which is controlled by the parent entity.

Name of entity	Country	Activity
Air Officers Trust	Australia	Discretionary property trust

(c) Transactions with related parties

The following transactions occurred with related parties:	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Purchases of goods and services				
Rent	-	-	**52,093**	52,093
Receipt of income				
Distribution received	-	-	**96,112**	71,227

26: Related party transactions (continued)

(d) Loan to controlled entity

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Loan to controlled entity				
Beginning of the year	-	-	**3,862,589**	3,848,665
Loans advanced	-	-	**96,112**	71,227
Loan repayments received	-	-	**(58,397)**	(57,303)
End of year	-	-	**3,900,304**	3,862,589

(i) This loan is interest free

(ii) No provision is considered necessary for non-recovery from the related party of the full amount of any outstanding balances, and no expense has been recognised in respect of this.

(e) Key management personnel remuneration for the reporting period

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
The aggregate compensation made to key management personnel of the group is as follows:				
Short-term employee benefits:				
Salary (including annual leave taken)	**233,911**	256,674	**233,911**	256,674
Movement on annual leave accrual	**(1,664)**	12,296	**(1,664)**	12,296
	232,247	268,970	**232,247**	268,970
Post-employment benefits:				
Superannuation	**30,214**	38,360	**30,214**	38,360
	30,214	38,360	**30,214**	38,360
Other long-term benefits:				
Long service leave	**7,602**	4,657	**7,602**	4,657
	7,602	4,657	**7,602**	4,657
Total	**270,063**	311,987	**270,063**	311,987

27: Cash flow information

	Consolidated		Parent entity	
	2017	2016	2017	2016
	$	$	$	$
Reconciliation of cash flow from operations with surplus for the year				
Surplus for the year	**309,625**	290,968	**309,625**	290,968
Non-cash flows in surplus				
Depreciation and amortisation	**51,283**	56,469	**8,228**	12,434
Loss on disposal of assets	**2,322**	16,768	**2,322**	16,768
Changes in assets and liabilities				
(Increase)/decrease in receivables	**2,073**	(2,631)	**3,339**	182,172
Increase/(decrease) in payables	**(44,326)**	150,773	**(51,059)**	(30,046)
(Decrease)/increase in provisions	**20,225**	23,759	**20,225**	23,759
Net cash flows from operating activities	**341,202**	536,106	**292,680**	496,055

28: Other information

(i) Going Concern

The Association 's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The Association did not acquire any asset or liability during the financial year as a result of:
- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the Commissioner under s245(1) of the RO Act;
- a revocation by the Commissioner under s249(1) of the RO Act;

(iv) Acquisition of assets and liabilities as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

29: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The Association has not derived any revenue in respect of these activities.

30: Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee of Management ensure that the overall risk management strategy is in line with this objective.

The capital structure of the entity consists of cash and cash equivalents, listed securities and members' funds, comprising reserves and retained earnings.

The Committee of Management effectively manages the Group's capital by assessing the Group's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee of Management to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

31: Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by the Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk
(i) Foreign exchange risk
The group is not exposed to foreign exchange risk.

(ii) Price risk
The group is not exposed to equity securities price.

(iii) Cash flow and fair value interest rate risk

The group has no borrowings and is therefore not exposed to interest rate risk on liabilities. The Group has investments in a variety of interest-bearing assets which have fixed interest rates and therefore are not subject to interest rate volatility.

31: Financial risk management (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks.

The group has no significant concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Cash at bank				
AA- Rating	**3,207,971**	3,017,627	**3,080,291**	2,906,871
Deposits at call				
AA- Rating	**4,954,938**	4,823,937	**2,469,527**	2,404,220

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

(d) Sensitivity analysis

As at 30 June the effect on the (deficit)/surplus as a result of changes in interest rates, with all other variables remaining constant would be as follows:

	Consolidated		Parent entity	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Effect on results:				
Increase of interest rates by 2%	**163,262**	156,831	**110,996**	106,221
Decrease of interest rates by 2%	**(163,262)**	(156,831)	**(110,996)**	(106,221)

31: Financial risk management (Continued)

(e) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

CONSOLIDATED

2017

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non-Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	0.5	3,207,971	-	-	-	-	-	3,207,971
Deposits at bank	2.5	-	4,954,938	-	-	-	-	4,954,938
Other receivables		-	-	-	-	-	17,437	17,437
		3,207,971	4,954,938	-	-	-	17,637	8,180,546
Financial Liabilities								
Trade payables		-	-	-	-	-	50,608	50,608
Other payables		-	-	-	-	-	64,375	64,375
		-	-	-	-	-	114,938	114,938
Net Financial Assets (Liabilities)		3,207,971	4,954,938	-	-	-	(97,301)	8,065,608

2016

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non-Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	0.5	3,017,627	-	-	-	-	-	3,017,627
Deposits at bank	3.0	-	4,823,937	-	-	-	-	4,823,937
Other receivables		-	-	-	-	-	16,737	16,737
		3,017,627	4,823,937	-	-	-	16,937	7,858,501
Financial Liabilities								
Trade payables		-	-	-	-	-	53,148	53,148
Other payables		-	-	-	-	-	87,577	87,577
		-	-	-	-	-	140,725	140,725
Net Financial Assets (Liabilities)		3,017,627	4,823,937	-	-	-	(123,788)	7,717,776

31: Financial risk management (Continued)

e) Maturity profile of financial instruments (continued)

PARENT ENTITY
2017

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non-Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	0.5	3,080,291		-	-	-	-	3,080,291
Deposits at bank	2.5	-	2,469,527	-	-	-	-	2,469,527
Other receivables		-	-	-	-	-	2,100	2,100
		3,080,291	2,469,527	-	-	-	2,300	5,552,118
Financial Liabilities								
Trade payables		-	-	-	-	-	45,190	45,190
Other payables		-	-	-	-	-	33,559	33,559
		-	-	-	-	-	78,749	78,749
Net Financial Assets (Liabilities)		3,080,291	2,469,527	-	-	-	(76,449)	5,473,369

2016

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non-Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash on hand		-	-	-	-	-	200	200
Cash at bank	0.5	2,906,871	-	-	-	-	-	2,906,871
Deposits at bank	3.0	-	2,404,220	-	-	-	-	2,404,220
Other receivables		-	-	-	-	-	1,400	1,400
		2,906,871	2,404,220	-	-	-	1,600	5,312,691
Financial Liabilities								
Trade payables		-	-	-	-	-	45,122	45,122
Other payables		-	-	-	-	-	66,100	66,100
		-	-	-	-	-	111,222	111,222
Net Financial Assets (Liabilities)		2,906,871	2,404,220	-	-	-	(109,622)	5,201,469

31: Financial risk management (Continued)

(f) Fair value estimation

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

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The Group does not have any financial instruments that need to be disclosed by level.

The fair value of financial assets available-for-sale is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These are included in level 1.

32: Rule 41 – Disclosure

In terms of the Rule 41 of the Association the following disclosures are required to be made to members of the Association:

(i) Rule 41A – Disclosure of officer's relevant remuneration and non-cash benefits

In terms of rule 41A(c), the Association must disclose the identity of the five highest paid officers as well as the amount of the remuneration and value or form of relevant non-cash benefits:

	$
Committee of Management allowances paid	
Scott Shallies	**1,000**
Stuart Brades	**1,000**
Geoffrey Williams	**1,000**
Cheryl Lund	**1,000**
Thomas McRobert	**970**

Officers are reimbursed for reasonable business expenses as incurred when carrying out business on behalf of the Association.

No officers have received non-cash benefits in terms of this rule for the year ended 30 June 2017.

32: Rule 41 – Disclosure(Continued)

(ii) Rule 41B - Disclosure of officer's material personal interests

In terms of rule 41B, the Association must disclose any material personal interests in a matter that an officer or a relative of the officer has or acquires that relates to the affairs of the Association which has been disclosed to it by any officer.

- No officers have made any disclosures to the Association required in terms of this rule.

(iii) Rule 41C - Disclosure of payments

In terms of rule 41C, the Association must declare payments made to each related party or to each declared persons or body of the Association

- Any such related party transactions are recorded in note 26 above.
- No payments have been made to any person who may be a declared person.

CIVIL AIR OFFICERS ASSOCIATION OF AUSTRALIA
ABN 86 220 435 463
AND CONTROLLED ENTITY

COMMITTEE OF MANAGEMENT STATEMENT

On the 2nd of November 2017 the Committee of Management of the Civil Air Officers Association of Australia (the Association) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;

2. the financial statements and notes comply with 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);

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

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

5. during the financial year to which the GPFR relates and since the end of that year:

   (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

   (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

   (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

   (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and.

   (v1) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance

6. no revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer: ______________________

Name and title of designated officer: Stuart Brades, Vice President Finance

Dated: 2nd of November 2017

D. PENMAN & CO.
CHARTERED ACCOUNTANT

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CIVIL AIR OPERATIONS OFFICERS ASSOCIATION OF AUSTRALIA AND CONTROLLED ENTITY

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Civil Air Operations Officers Association of Australia and Controlled Entity (the Reporting Unit) which comprises the balance sheets as at 30 June 2017, the statements of comprehensive income, statements of changes in equity and statements of cashflows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Civil Air Operations Officers Association of Australia and Controlled Entity a 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 are appropriate.

Basis for Opinion

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

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

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

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

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatements 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

I declare that I am an approved auditor, a member of Chartered Accountants ANZ and hold a current Public Practice Certificate.

I note that as stated at Item 6 in the Committee of Management's Statement at page 40 of this Annual Financial Report, the Association did not undertake any recovery of wages activity during the reporting period.

D. Penman & Co.

David Penman
Level 10, 420 St Kilda Road
Melbourne Vic 3004

2 November 2017

Registration number AA 2017/130