The Australian Industry Group
Financial statements – 30 June 2017

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

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

The Australian Industry Group 51 Walker Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the operating report on pages 39 to 41, which is not part of these financial statements.

The financial statements were authorised for issue by the committee of management on 21 August 2017. The committee of management has the power to amend and reissue the financial statements.

The Australian Industry Group

Income statements

For the year ended 30 June 2017

	Notes	Consolidated		Parent entity	
		2017	2016	**2017**	2016
		$	$	**$**	$
Revenue from continuing operations	3	**75,002,810**	68,714,092	**40,397,247**	44,504,715
Other income	4	**46,924**	44,687	**46,924**	44,687
Employee benefits expense	5	**(59,146,357)**	(53,365,030)	**(28,933,075)**	(32,275,455)
Depreciation and amortisation expenses	5	**(1,902,495)**	(1,482,406)	**(1,708,706)**	(1,348,223)
Communication expenses	5	**(5,391,531)**	(5,487,721)	**(4,982,739)**	(5,087,961)
Other expenses	5	**(7,321,114)**	(10,284,243)	**(4,686,654)**	(8,874,566)
Surplus/(Deficit) from continuing operations		**1,288,238**	(1,860,621)	**132,997**	(3,036,803)
Transfer of surplus from Australian Industry Group Training Services Trust				**992,736**	561,664
Transfer of surplus from Ai Group Legal Unit Trust				**647,670**	466,019
Transfer of surplus from Ai Group Graduate Employment Unit Trust				**-**	148,499
Surplus/(Deficit) from continuing operations after transfer of surplus from Australian Industry Group Training Services Trust and the Ai Group Legal Unit Trust	16(b)	**1,288,238**	(1,860,621)	**1,773,402**	(1,860,621)

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

The Australian Industry Group

Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $	Parent entity 2017 $	Parent entity 2016 $
Surplus/(deficit) from continuing operations after transfer of surplus from Australian Industry Group Training Services Trust, Ai Group Graduate Employment Unit Trust and the Ai Group Legal Unit Trust	16(b)	**1,288,238**	(1,860,621)	**1,773,402**	(1,860,621)
Other Comprehensive income					
Gain / (Loss) on revaluation of land and buildings	16(a)	**4,176,992**	1,756,851	**4,176,992**	1,756,851
Other comprehensive income for the year		**4,176,992**	1,756,851	**4,176,992**	1,756,851
Total comprehensive income for the year		5,465,230	(103,770)	5,950,394	(103,770)

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

The Australian Industry Group
Balance Sheets
As at 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $	Parent entity 2017 $	Parent entity 2016 $
ASSETS					
Current assets					
Cash and cash equivalents	6	**15,690,920**	13,081,029	**14,670,773**	**12,588,319**
Trade and other receivables	7	**16,406,616**	11,404,925	**15,053,868**	**8,326,215**
Other financial assets at fair value through profit or loss	8	**32,299,931**	33,438,387	**32,299,931**	**33,438,387**
Total current assets		**64,397,467**	57,924,341	**62,024,572**	**54,352,921**
Non-current assets					
Other financial assets	9	**6**	6	**119**	**119**
Property, plant and equipment	10(a)	**26,533,187**	23,323,914	**26,247,938**	**23,000,815**
Intangible assets	10(b)	**5,361,245**	4,129,211	**5,361,245**	**4,129,211**
Total non-current assets		**31,894,438**	27,453,131	**31,609,302**	**27,130,145**
Total assets		**96,291,905**	85,377,472	**93,633,874**	**81,483,066**
LIABILITIES					
Current liabilities					
Trade and other payables	11	**11,865,809**	6,457,103	**10,207,985**	**3,945,292**
Deferred income	12	**4,325,323**	4,177,467	**4,157,362**	**4,037,522**
Provisions	13	**4,945,677**	5,073,541	**3,687,093**	**3,903,778**
Total current liabilities		**21,136,808**	15,708,111	**18,052,440**	**11,886,592**
Non-current liabilities					
Other payables	14	**243,135**	169,614	**243,135**	**169,614**
Provisions	15	**748,871**	801,887	**690,044**	**729,000**
Total non-current liabilities		**992,006**	971,501	**933,179**	**898,614**
Total liabilities		**22,128,815**	16,679,612	**18,985,619**	**12,785,206**
Net assets		**74,163,091**	68,697,860	**74,648,255**	**68,697,860**
MEMBERS' FUNDS					
Reserves	16(a)	**18,260,320**	14,083,328	**18,260,320**	**14,083,328**
Retained earnings	16(b)	**55,902,770**	54,614,532	**56,387,934**	**54,614,532**
Total members' funds		**74,163,090**	68,697,860	**74,648,254**	**68,697,860**

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

The Australian Industry Group

Statements of changes in members' funds

For the year ended 30 June 2017

Consolidated	Notes	Reserves	Retained earnings	Total
		$	$	$
Balance at 1 July 2015		**12,326,477**	**56,475,153**	**68,801,630**
Deficit for the year	16(b)	-	(1,860,621)	(1,860,621)
Other comprehensive income	16(a), 16(b)	1,756,851	-	1,756,851
Total comprehensive income for the year		1,756,851	(1,860,621)	(103,770)
Balance at 30 June 2016		**14,083,328**	**54,614,532**	**68,697,860**
Surplus for the year	16(b)		1,288,238	1,288,238
Other comprehensive income	16(a), 16(b)	4,176,992		4,176,992
Total comprehensive income for the year		4,176,992	1,288,238	5,465,230
Balance at 30 June 2017		**18,260,320**	**55,902,770**	**74,163,090**

Parent entity	Notes	Reserves	Retained earnings	Total
		$	$	$
Balance at 1 July 2015		**12,326,477**	**56,475,153**	**68,801,630**
Deficit for the year	16(b)	-	(1,860,621)	(1,860,621)
Other comprehensive income	16(a), 16(b)	1,756,851	-	1,756,851
Total comprehensive income for the year		1,756,851	(1,860,621)	(103,770)
Balance at 30 June 2016		**14,083,328**	**54,614,532**	**68,697,860**
Surplus for the year	16(b)		1,773,402	1,773,402
Other comprehensive income	16(a), 16(b)	4,176,992		4,176,992
Total comprehensive income for the year		4,176,992	1,773,402	5,950,394
Balance at 30 June 2017		**18,260,320**	**56,387,934**	**74,648,254**

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

The Australian Industry Group

Statements of Cash Flows

For the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $	Parent entity 2017 $	Parent entity 2016 $
Cash flows from operating activities					
Receipts from trading activities (inclusive of goods and services tax)		**75,405,942**	68,071,414	**35,621,613**	42,773,141
Distributions and dividends		**1,337,668**	1,470,407	**1,337,668**	1,470,407
Receipts from investment income		**581,622**	676,407	**575,946**	669,969
		77,325,232	70,218,228	**37,535,226**	44,913,517
Payments to suppliers and employees (inclusive of goods and services tax)		**(74,495,253)**	(75,824,088)	**(36,388,920)**	(50,378,988)
Net cash inflow/(outflow) from operating activities	23	**1,829,979**	(5,605,860)	**1,146,306**	(5,465,471)
Cash flows from investing activities					
Payments for property, plant and equipment and intangibles		**(2,206,767)**	(2,629,188)	**(2,033,329)**	(2,377,725)
Payments for investments		**(7,714,342)**	(3,916,126)	**(7,714,342)**	(3,916,126)
Proceeds from sale of property, plant and equipment and intangibles		**39,663**	185,200	**22,459**	125,131
Proceeds from sale of investments		**10,661,360**	4,309,085	**10,661,360**	4,309,085
Net cash inflow/(outflow) from investing activities		**779,913**	(2,051,029)	**936,147**	(1,859,635)
Cash flows from financing activities					
Net cash inflow/(outflow) from financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		**2,609,891**	(7,656,889)	**2,082,454**	(7,325,106)
Cash and cash equivalents at the beginning of the financial year		**13,081,029**	20,737,918	**12,588,319**	19,913,425
Cash and cash equivalents at the end of the financial year	6	**15,690,920**	13,081,029	**14,670,773**	12,588,319

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

Note 1. Summary of significant accounting policies

The Australian Industry Group is a Tier 1 reporting entity and not for profit organisation incorporated and governed by the Fair Work (Registered Organisations) Act 2009. Rule 37 of the Rules of The Australian Industry Group (the reporting unit) provides that the funds of The Australian Industry Group and its income and property shall be under the control of the National Executive as the reporting unit's committee of management. The assets, liabilities and reserves included in these financial statements as at 30 June 2017 are reported in accordance with the Rules and the reporting unit's governing legislation – the Fair Work (Registered Organisations) Act 2009 (the Act).

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for The Australian Industry Group as the parent entity and sole reporting unit and the consolidated entity consisting of The Australian Industry **Group and its subsidiaries ("the consolidated entity").**

(a) Basis of preparation

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

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Australian Industry Group ("parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. The parent entity and its subsidiaries together are referred to in this financial statement as the consolidated entity.

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

Note 1. Summary of significant accounting policies (continued)

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

(c) Revenue recognition

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

(i) Membership subscription income

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

(ii) Chargeable services and consulting income

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

(iii) Interest income

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

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(v) Lease income

Lease income from operating leases is recognised in income over the period of the lease term.

(d) Government contracts

Contracts from government are recognised at their fair value where there is a reasonable assurance that the contract will be received and the consolidated entity will comply with all attached conditions.

Government contracts relating to costs are deferred and recognised in the income statements over the period necessary to match them with the costs that they are intended to compensate as disclosed in note 11 & note 12. Contracts and related costs are accounted for in the income statement at the respective gross amounts.

(e) Income tax

No provision for income tax is made as the parent entity, being an organisation of employers registered under the Act, is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the parent entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on acquisition date. On an acquisition-by-acquisition basis, the parent entity recognises any non-controlling interest in the acquiree either at fair value or at the non- controlling interest’s proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the parent entity’s share of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

If it is determined that the combination results in mutual benefit to both the members of the acquirer and the acquiree, the surplus of the fair value of the net identifiable assets acquired over the consideration paid will be recognised in members’ funds as a business combination reserve.

Note 1. Summary of significant accounting policies (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Impairment of assets

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) Cash and cash equivalents

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

(i) Trade receivables

All trade debtors are recognised at the amounts receivable, as they are generally due for settlement no more than 30 days from the date of invoice. Collectability of trade receivables is reviewed on an ongoing basis. Non-recoverable subscriptions are written off against Members' Subscriptions income account. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement and deferred income as applicable.

(j) Property, plant and equipment

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Effective date of revaluation is 30 April 2017.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in members' fund. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Note 1. Summary of significant accounting policies (continued)

Land is not depreciated. Depreciation on the following assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	33-42 years
Computer hardware	3-5 years
Leasehold improvements	5-10 years
Motor vehicles	4 years
Furniture, fittings & equipment	2-10 years

Depreciation on the following assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Property equipment	4-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is consolidated entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Intangible assets

IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.
Costs capitalised include external direct costs of materials and service and employee costs. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

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

IT development and software	3-10 years

(l) Investments and other financial assets

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

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7).

Note 1. Summary of significant accounting policies (continued)

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheets date.

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

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

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement within other income or expenses in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

(m) Leases
Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. The consolidated entity currently has no finance lease arrangements.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

(n) Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Summary of significant accounting policies (continued)

(o) Provisions

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

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

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of each reporting period are recognised in other payables in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

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

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

(iii) Retirement benefit obligations

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

(q) Voluntary member contributions

Voluntary contributions collected from members are brought to account as income in the year of receipt but are deferred as a liability to the extent that planned expenditure is to be incurred in future periods (refer note 11).

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 1. Summary of significant accounting policies (continued)

(s) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2017 reporting period. The Committee of Management has not yet assessed the impact of these new standards and interpretations.

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

(t) New and amended standards adopted

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

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

Note 2. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks; market risk (including interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Financial risk management for the consolidated entity's investments is carried out by the National Executive. The National Executive identifies, evaluates and hedges financial risks in close co-operation with the consolidated entity's external portfolio manager. It has agreed on strategic asset allocations with that external portfolio manager to maximise returns but minimising financial risk. The National Executive has provided written principles for overall risk management, which are applied in consultation with the consolidated entity's investment consultant, J B Were.

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	$	$
Financial assets				
Cash and cash equivalents	**15,690,920**	13,081,029	**14,670,773**	12,588,319
Trade and other receivables	**16,406,616**	11,404,925	**15,053,868**	8,326,215
Other financial assets at fair value through profit or loss	**32,299,931**	33,438,387	**32,299,931**	33,438,387
	64,397,467	57,924,341	**62,024,572**	54,352,921
Financial liabilities				
Trade and other payables	**12,108,944**	6,626,717	**10,451,120**	4,114,906
	12,108,944	6,626,717	**10,451,120**	4,114,906

(a) Market risk

(i) Price risk

The consolidated entity is exposed to equity securities' price risk. This arises from investments held by the consolidated entity and classified on the balance sheets as fair value through profit or loss. The consolidated entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the consolidated entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee.

The majority of the consolidated entities equity investments are publicly traded and are included in the ASX 200 Index and MSCI World ex Australia Index. The table below summarises the impact of the increase/decrease of this index on the consolidated entity's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% and 10% respectively (2016 – 10% to 10%) with all other variables held constant and all the consolidated entity equity instruments moved according to the historical correlation with the index.

Note 2. Financial Risk Management (continued)

	Impact on surplus		Impact on equity	
	2017	2016	**2017**	2016
	$	$	**$**	$
ASX 200	**1,556,547**	1,532,483	**1,556,547**	1,532,483
MSCI World ex Australia Index	**863,599**	814,105	**863,599**	814,105

Surplus for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(ii) Cash flow and interest rate risk
The consolidated entity's interest rate risk arises mainly from its cash enhanced portfolio, which is managed by the consolidated entity's external portfolio manager, under the guidelines set out by the Investment Committee.

(b) Credit risk
The consolidated entity has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to the sales of services to members and customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The consolidated entity has procedures in place to ensure that sales of services are made to members and customers with an appropriate credit history. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets as summarised on page 14. For some trade receivables, the consolidated entity may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Trade receivables				
*Counterparties without external credit rating**				
Group 1	**14,849,468**	8,197,053	**14,232,212**	6,360,909
Group 2	**971,821**	2,001,412	**535,208**	1,288,984
Group 3	**585,327**	1,206,460	**286,448**	676,322
Total trade receivables	**16,406,616**	11,404,925	**15,053,868**	8,326,215
Cash at bank and short term bank deposits	**15,690,920**	13,081,029	**14,670,773**	12,588,319
AAA	**15,690,920**	13,081,029	**14,670,773**	12,588,319

*Group 1 – customers with debt of less than 90 days
Group 2 – customers with debt of greater than 90 days not at risk i.e.: customer has confirmed payment will be made Group 3 – customers with debt of greater than 90 days at risk

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities available for use. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Maturities of financial liabilities
The tables below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Note 2. Financial Risk Management (continued)

Consolidated entity - at 30 June 2017	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/ liabilities)
	$	$	$	$
Non-derivatives				
Non-interest bearing	11,865,809	243,135	12,108,944	12,108,944
	11,865,809	**243,135**	**12,108,944**	**12,108,944**

Consolidated entity - at 30 June 2016	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/ liabilities)
	$	$	$	$
Non-derivatives				
Non-interest bearing	6,457,103	169,614	6,626,717	6,626,717
	6,457,103	**169,614**	**6,626,717**	**6,626,717**

Parent entity - at 30 June 2017	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/ liabilities)
	$	$	$	$
Non-derivatives				
Non-interest bearing	10,207,985	243,135	10,451,120	10,451,120
	10,207,985	**243,135**	**10,451,120**	**10,451,120**

Parent entity - at 30 June 2016	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount (assets/ liabilities)
	$	$	$	$
Non-derivatives				
Non-interest bearing	3,945,292	169,614	4,114,906	4,114,906
	3,945,292	169,614	4,114,906	4,114,906

(d) Fair value estimation

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

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

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 Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following tables present the consolidated and the parent entity's assets and liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016.

Note 2. Financial Risk Management (continued)

Consolidated entity - at 30 June 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
Trading securities - equity	8,632,787		-	8,632,787
Managed Funds - equity	-	17,163,501	-	17,163,501
Bonds and managed fund - fixed income	6,503,643		-	6,503,643
Total assets	**15,136,430**	**17,163,501**	**-**	**32,299,931**

Consolidated entity - at 30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
Trading securities - equity	7,515,224	-	-	7,515,224
Managed Funds - equity	-	17,150,907	-	17,150,907
Bonds and managed fund - fixed income	8,772,256	-	-	8,772,256
Total assets	**16,287,480**	**17,150,907**	**-**	**33,438,387**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available- for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

There were no level 3 instruments for the year ended 30 June 2017.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Note 3. Revenue

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
From continuing operations				
Members' service account				
Members' subscriptions	**15,412,646**	16,683,034	**15,412,646**	16,686,034
Entrance fees	**7,750**	16,250	**7,750**	16,250
Associate fees	-	-	-	-
	15,420,396	16,699,284	**15,420,396**	16,699,284
General operations account				
Consulting and management services	**11,405,381**	10,548,105	**8,657,569**	7,713,896
Government contracts	**11,752,856**	15,449,924	**11,752,856**	15,449,924
Training and other chargeable services	**20,992,942**	18,597,038	**259,509**	310,316
Publications	**10,278,211**	2,475,607	**530,815**	739,083
Affiliate fees	-	64,450	**-**	64,450
Other	**2,747,364**	2,270,210	**1,376,118**	924,725
	57,176,754	49,405,334	**22,576,867**	25,202,394
Other revenue				
General operations account				
Rents	**486,369**	462,661	**486,369**	462,661
	486,369	462,661	**486,369**	462,661
Investments				
Interest earned on cash and cash equivalents & fixed income securities	**581,622**	676,407	**575,946**	669,969
Distributions and dividends	**1,337,668**	1,470,407	**1,337,668**	1,470,407
	1,919,290	2,146,814	**1,913,614**	2,140,376
Revenue from continuing operations	**75,002,810**	68,714,093	**40,397,247**	44,504,715

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

Note 4. Other Income

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
General operations account				
Government contracts (note (a))	**46,924**	44,687	**46,924**	44,687
Other income	**46,924**	**44,687**	**46,924**	**44,687**

(a) Government contracts

Export market development contract of $46,924 (2016: $44,687) was recognised as consulting and management services income by the consolidated entity during the financial year. There are no unfulfilled conditions or other contingencies attaching to this contract.

Note 5. Expenses

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Surplus from continuing operations includes the following specific expenses:				
Salaries	**48,837,422**	42,948,547	**25,418,177**	27,618,282
Superannuation	**4,482,670**	4,098,366	**2,560,358**	2,807,737
Long service leave	**34,847**	28,883	-	-
Annual leave	**(236,576)**	(39,213)	**(262,167)**	(37,120)
Redundancies	**155,260**	471,508	**155,260**	433,328
Other payroll related costs	**5,872,734**	5,856,939	**1,061,447**	1,453,228
Total employee benefit expenses	**59,146,357**	53,365,030	**28,933,075**	32,275,455
As stated in note 17(a), no employee benefit expenses were paid to Officers of the Group.				
Depreciation				
Buildings	**394,456**	362,185	**394,456**	362,185
Plant and equipment	**908,405**	1,014,136	**714,616**	879,953
Total depreciation	**1,302,860**	1,376,321	**1,109,071**	1,242,138
Amortisation				
Leasehold improvements	**36,616**	51,835	**36,616**	51,835
Computer Software	**563,018**	54,250	**563,018**	54,250
Total amortisation	**599,635**	106,085	**599,635**	106,085
Rental expense relating to operating leases				
Minimum lease payments	**1,170,236**	1,238,495	**1,170,236**	1,238,495
Total rental expense relating to operating leases	**1,170,236**	1,238,495	**1,170,236**	1,238,495
Affiliation fees	**98,716**	60,995	**44,553**	41,915
Net bad and doubtful debts	**(599,050)**	269,961	**(322,979)**	253,235
Communications	**5,391,531**	5,487,721	**4,982,739**	5,087,961
Legal expenses - litigation	-	-	-	-
Legal expenses - Other legal matters	**86,000**	(94,501)	**78,000**	(94,501)
Meeting expenses	**582,569**	561,611	**506,009**	524,592
Net gain/loss on disposal of property, plant & equipment	**(43,828)**	22,621	**(15,587)**	47,528
Other professional services	**3,437,785**	2,961,063	**2,240,146**	2,368,051
Grants:		2,551		2,551
Total paid that were $1,000 or less	-	-	-	-
Total paid that exceeded $1,000	-	-	-	-
Donations:				
Total paid that were $1,000 or less	**200**	50	**200**	50
Total paid that exceeded $1,000	**2,500**	2,501	**2,500**	2,501
Total grants or donations	**2,700**	2,551	**2,700**	2,551
Other operating expenses	**4,394,550**	4,544,933	**2,792,139**	3,776,186
Unrealised loss on other financial assets at fair value through profit or loss	**(2,114,884)**	474,732	**(2,114,884)**	474,732
Realised net loss on other financial assets at fair value through profit or loss	**306,321**	241,782	**306,321**	241,782
Total expenses from continuing operations	**73,761,498**	70,619,400	**40,311,174**	47,586,205

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

Note 5. Expenses (continued)

There were also no fees or periodic subscriptions paid to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters, except for an annual subscription to the Council of European Employers of Metal, Engineering & Technology.

Note 6. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Cash at bank and on hand (note (c))	**4,647,051**	3,843,919	**3,626,903**	3,351,209
Cash not available for use (note (d))	**635,245**	656,046	**635,245**	656,046
Deposits at call (note (e))	**10,408,625**	8,581,064	**10,408,625**	8,581,064
	15,690,920	13,081,029	**14,670,773**	12,588,319

(a) Reconciliation to cash at the end of the year
The above figures reconcile to cash at the end of the financial year as shown in the statement of cash flows.

(b) Interest rate risk exposure
The consolidated entity's exposure to interest rate risk is discussed in note 2.

(c) Cash at bank and on hand
Contract funds unexpended at year end amounting to $1,510,757 (2016: $1,590,679) which are included in the balances above (refer to notes 11 & 12), can only be used for the purposes of the contract.

(d) Cash not available for use
The above figures represent a security deposit relating to three lease agreements. This balance is restricted for use until expiration of the leases.

(e) Deposits at call
The deposits are bearing floating interest rates between 2.48% and 2.55% (2016: 2.95% and 3.09%). Included in this balance is $6,407,104 (2016: $1,058,049) that will be utilised for future purchases of growth portfolio and liquidity requirements.

(f) Recovery of wages
No recovery of wages activities has occurred in the reporting period.

Note 7. Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Members' subscriptions outstanding	**3,212,228**	492,624	**3,212,228**	492,624
Provision for doubtful debts	**(122,363)**	(309,113)	**(122,363)**	(309,311)
Provision for credit notes	**-**	-	**-**	-
	3,089,865	183,511	**3,089,865**	183,511
Accounts receivable	**13,049,795**	11,256,745	**8,671,107**	4,953,733
Provision for doubtful debuts	**(462,964)**	(897,347)	**(164,085)**	(367,209)
	12,586,830	10,359,398	**8,507,022**	4,586,524
Amounts receivable from related entities	**-**	-	**2,744,183**	2,740,811
Interest accrued	**-**	-	**-**	-
Prepayments	**729,921**	862,016	**712,798**	815,369
	16,406,616	11,404,925	**15,053,868**	8,326,215

Note 7. Current assets – Trade and other receivables (continued)

(a) Impaired trade receivables

As at 30 June 2017 current trade receivables of the consolidated entity with a nominal value of $585,327 (2016: $1,206,460) were impaired. These amounts were provided during the year as uncollectible and have been included in 'net bad and doubtful debts' in the income statements.

(b) Past due but not impaired

As of 30 June 2017, trade receivables of $1,613,740 (2016: $2,556,469) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
60 to 90 days	**641,918**	555,057	**200,621**	291,923
90 to 120 days	**242,994**	445,442	**92,618**	242,172
120 days +	**728,827**	1,555,970	**442,591**	1,046,813
	1,613,740	2,556,469	**735,830**	1,580,908

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Amounts receivable from related entities

These amounts arise from transactions between the parent entity and its subsidiaries and are eliminated on consolidation.

(d) Effective interest rate and credit risk

Information about the consolidated entity's exposure to interest rate risk in relation to trade and other receivables is provided in note 2.

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

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	$	$
Managed funds - equity	**17,163,501**	17,150,907	**17,163,501**	17,150,907
Trading securities - equity	**8,632,787**	7,515,224	**8,632,787**	7,515,224
Bonds and managed funds - fixed income	**6,503,643**	8,772,256	**6,503,643**	8,772,256
	32,299,931	33,438,387	**32,299,931**	33,438,387

(a) Managed funds - equity

Managed fund investments were revalued to market value at 30 June 2017:				
Market value 1 July 2016	**17,150,907**	18,795,761	**17,150,907**	18,795,761
Purchases at cost	**700,000**	948,476	**700,000**	948,476
Proceeds on redemption	**(1,430,488)**	(1,440,483)	**(1,430,488)**	(1,440,483)
Net surplus on redemption	**(23,741)**	(165,444)	**(23,741)**	(165,444)
Revaluation increment at 30 June 2017	**766,823**	(987,403)	**766,823**	(987,403)
Market value at 30 June 2017	**17,163,500**	17,150,907	**17,163,500**	17,150,907

(b) Managed funds - equity

A gain was made when all shares were valued at market value at 30 June 2017:				
Market value 1 July 2016	**7,515,224**	6,190,813	**7,515,224**	6,190,813
Purchases at cost	**4,492,826**	2,468,720	**4,492,826**	2,468,720
Proceeds on redemption	**(4,440,743)**	(1,580,641)	**(4,440,743)**	(1,580,641)
Net surplus on redemption	**(282,580)**	(76,339)	**(282,580)**	(76,339)
Revaluation increment at 30 June 2017	**1,348,060**	512,671	**1,348,060**	512,671
Market value at 30 June 2017	**8,632,787**	7,515,224	**8,632,787**	7,515,224

Note 8. Current assets – Other financial assets at fair value through profit or loss (continued)

		Consolidated		Parent entity	
		2017	2016	**2017**	2016
		$	$	**$**	$
(c)	**Bonds and managed funds – fixed income**				
	Market value 1 July 2016	**8,772,256**	9,561,287	**8,772,256**	9,561,287
	Purchases at cost	**1,906,036**	1,004,195	**1,906,036**	1,004,195
	Proceeds of sale (net surplus on redemption)	**(4,174,649)**	(1,793,226)	**(4,174,649)**	(1,793,226)
	Market value at 30 June 2017	**6,503,644**	8,772,256	**6,503,644**	8,772,256

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income in the income statement (note 4).

(d) Risk exposure

Information about the consolidated entity's exposure to credit risk and price risk is provided in note 2.

Note 9. Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Shares in wholly owned subsidiaries (note (a))	5	5	5	5
Shares in other corporations (note (b))	6	6	6	6
Units in unit trust (note (c))	201	201	101	101
	212	212	**112**	112

These financial assets are carried at cost.

(a)	**Shares in wholly owned subsidiaries (note 22)**				
	Australian Industry Group Training Services Pty Ltd	**2**	2	**2**	2
	Ai Group Legal Pty Ltd	**1**	1	**1**	1
	Confectionery BTW Pty Ltd	**1**	1	**1**	1
	Australian Industry Group Graduate Employment Pty Ltd	**1**	1	**1**	1
		5	5	**5**	5
(b)	**Shares in other corporations**				
	Australian Super Pty Ltd	**6**	6	**6**	6
		6	6	**6**	6
(c)	**Units in unit trust**				
	Ai Group Legal Unit Trust	**1**	1	**1**	1
	Australian Industry Group Graduate Employment Unit Trust	**200**	200	**100**	100
		201	201	**101**	101

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

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

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

Consolidated	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
At 1 July 2015						
Cost or fair value	8,600,000	8,964,502	4,093,260	13,454,157	439,915	35,551,834
Accumulated depreciation	-	(54,038)	(3,848,980)	(9,441,479)	-	(13,344,497)
Net book amount	**8,600,000**	**8,910,464**	**244,280**	**4,012,678**	**439,915**	**22,207,337**
Year ended 30 June 2016						
Opening net book amount	8,600,000	8,910,464	244,280	4,012,678	439,915	22,207,337
Revaluation increment	850,000	906,851	-	-	-	1,756,851
Additions	-	-	15,361	894,090	63,631	973,082
Disposals	-	-	-	(185,200)	-	(185,200)
Transfers in/(out)	-	-	125,672	-	(125,672)	-
Depreciation/amortisation charge (note 5)	-	(362,185)	(51,835)	(1,014,136)	-	(1,428,156)
Adjustments	-	-	-	294	2	296
Closing net book amount	**9,450,000**	**9,455,130**	**333,478**	**3,707,432**	**377,874**	**23,323,913**
At 30 June 2016						
Cost or fair value	9,450,000	9,520,103	4,225,379	12,182,586	377,874	35,755,942
Accumulated depreciation	-	(64,973)	(3,891,901)	(8,475,154)	-	(12,432,028)
Net book amount	**9,450,000**	**9,455,130**	**333,478**	**3,707,432**	**377,874**	**23,323,914**

Consolidated	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
Year ended 30 June 2017						
Opening net book amount	9,450,000	9,455,130	333,478	3,707,432	377,874	23,323,914
Revaluation increment	3,650,000	526,992	-	-	-	4,176,992
Additions	-	-	44,088	378,196	47,888	470,172
Disposals	-	-	-	(39,663)	-	(39,663)
Transfers in/(out)	-	-	-	-	(53,868)	(53,868)
Depreciation/amortisation charge (note 5)	-	(394,456)	(36,616)	(908,699)	-	(1,339,771)
Adjustments	-	-	-	-	(4,590)	(4,590)
Closing net book amount	**13,100,000**	**9,587,667**	**340,949**	**3,137,267**	**367,304**	**26,533,187**
At 30 June 2017						
Cost or fair value	13,100,000	9,657,257	4,278,381	12,287,856	367,304	39,690,798
Accumulated depreciation	-	(69,590)	(3,937,431)	(9,150,589)	-	(13,157,610)
Net book amount	**13,100,000**	**9,587,667**	**340,949**	**3,137,267**	**367,304**	**26,533,187**

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

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
At 1 July 2015						
Cost or fair value	8,600,000	8,964,502	4,093,260	12,743,904	439,915	34,841,581
Accumulated depreciation	-	(54,038)	(3,848,980)	(8,997,114)	-	(12,900,132)
Net book amount	**8,600,000**	**8,910,464**	**244,280**	**3,746,790**	**439,915**	**21,941,449**
Year ended 30 June 2016						
Opening net book amount	8,600,000	8,910,464	244,280	3,746,790	439,915	21,941,449
Revaluation increment	850,000	906,851	-	-	-	1,756,851
Additions	-	-	19,952	642,627	59,040	721,619
Disposals	-	-	-	(125,131)	-	(125,131)
Transfers in/(out)	-	-	125,672	-	(125,672)	-
Depreciation/amortisation charge (note 5)	-	(362,185)	(51,835)	(879,953)	-	(1,293,973)
Adjustments	-	-	-	294	2	296
Closing net book amount	**9,450,000**	**9,455,130**	**338,069**	**3,384,333**	**373,283**	**23,000,815**
At 30 June 2016						
Cost or fair value	9,450,000	9,520,103	4,229,970	11,518,333	373,283	35,091,689
Accumulated depreciation	-	(64,973)	(3,891,901)	(8,134,000)	-	(12,090,874)
Net book amount	**9,450,000**	**9,455,130**	**338,069**	**3,384,333**	**373,283**	**23,000,815**

Parent entity	Freehold land	Buildings	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	$	$	$	$	$	$
Year ended 30 June 2017						
Opening net book amount	9,450,000	9,455,130	338,069	3,384,333	373,283	23,000,815
Revaluation increment / (decrement)	3,650,000	526,992	-	-	-	4,176,992
Additions	-	-	48,411	205,053	47,888	301,352
Disposals	-	-	-	(22,459)	-	(22,459)
Transfers in/(out)	-	-	-	-	(53,868)	(53,868)
Depreciation/amortisation charge (note 5)	-	(394,456)	(36,616)	(714,616)	-	(1,145,688)
Adjustments	-	-	(8,914)	(294)	-	(9,208)
Closing net book amount	**13,100,000**	**9,587,667**	**340,949**	**2,852,018**	**367,303**	**26,247,938**
At 30 June 2017						
Cost or fair value	13,100,000	9,657,257	4,278,381	11,598,931	367,303	39,001,872
Accumulated depreciation	-	(69,590)	(3,937,431)	(8,746,913)	-	(12,753,935)
Net book amount	**13,100,000**	**9,587,667**	**340,949**	**2,852,018**	**367,303**	**26,247,938**

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

Valuations of land and buildings

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

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

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

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

	2017	2016
Discount rate	7.50%	8.50%
Terminal yield	7.50%	8.50%
Capitalisation rate	7.25%-7.75%	7.25%-8.0%
Expected vacancy rate	0	0
Rental growth rate	3.92%	3.82%

All of the above key assumptions have been taken from the last independent valuations report for the assets in the portfolio. The fair value of land and buildings, which are the only non-financial assets held at fair value, have been classified in both 2017 and 2016 in level 3 using the categories explained in note 2(d)

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

Consolidated	**Computer Software**	**Capital works in progress**	**Total**
	$	**$**	**$**
At 1 July 2015			
Cost or fair value	1,370,855	2,438,715	3,809,570
Accumulated depreciation	(1,282,215)	-	(1,282,215)
Net book amount	**88,640**	**2,438,715**	**2,527,355**
Year ended 30 June 2016			
Opening net book amount	88,640	2,438,715	2,527,355
Revaluation increment / (decrement)	-	-	-
Additions	9,634	1,646,472	1,656,106
Disposals	-	-	-
Prior year adjustment	-	-	-
Transfers in/(out)	-	-	-
Amortisation charge (note 5)	(54,250)	-	(54,250)
Closing net book amount	**44,024**	**4,085,187**	**4,129,211**
At 30 June 2016			
Cost or fair value	1,380,489	4,085,186	5,465,676
Accumulated depreciation	(1,336,465)	-	(1,336,465)
Net book amount	**44,024**	**4,085,186**	**4,129,211**

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

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

Parent entity	**Computer Software** $	**Capital works in progress** $	**Total** $
At 1 July 2015			
Cost or fair value	1,370,855	2,438,715	3,809,570
Accumulated depreciation	(1,282,215)	-	(1,282,215)
Net book amount	**88,640**	**2,438,715**	**2,527,355**
Year ended 30 June 2016			
Opening net book amount	88,640	2,438,715	2,527,355
Revaluation increment / (decrement)	-	-	-
Additions	9,634	1,646,472	1,656,106
Disposals	-	-	-
Prior year adjustment	-	-	-
Transfers in/(out)	-	-	-
Amortisation charge (note 5)	(54,250)	-	(54,250)
Closing net book amount	**44,024**	**4,085,187**	**4,129,211**
At 30 June 2016			
Cost or fair value	1,380,489	4,085,186	5,465,676
Accumulated depreciation	(1,336,465)	-	(1,336,465)
Net book amount	**44,024**	**4,085,186**	**4,129,211**

Parent entity	**Computer Software** $	**Capital works in progress** $	**Total** $
Year ended 30 June 2017			
Opening net book amount	44,024	4,085,186	4,129,211
Revaluation increment	-	-	-
Additions	-	2,000,605	2,000,605
Disposals	-	-	-
Transfers in/(out)	5,209,075	(5,414,627)	(205,552)
Amortisation charge (note 5)	(563,018)	-	(563,018)
Closing net book amount	**4,690,081**	**671,164**	**5,361,245**

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

	Computer Software	Capital works in progress	Total
	$	$	$
At 30 June 2017			
Cost or fair value	6,589,564	671,164	7,260,728
Accumulated depreciation	(1,899,483)	-	(1,899,483)
Net book amount	4,690,081	671,164	5,361,245

Note 11. Current liabilities – Trade and other payables

	Consolidated		**Parent entity**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Trade payables	**3,584,466**	4,681,682	**1,926,642**	2,169,871
Unexpended government contracts (note (a))	**8,272,615**	1,766,693	**8,272,615**	1,766,693
Special contribution for defence of members' interests (note (b))	**8,728**	8,728	**8,728**	8,728
	11,865,809	6,457,103	**10,207,985**	3,945,292

(a) Unexpended government contracts

Under arrangements with the Commonwealth and various State Governments the consolidated entity was either given, or acted as custodian of, various contracts earmarked for specific purposes in the Manufacturing, Engineering, Construction, Information Technology and Telecommunications Industry. Total government contracts received during the year amounts to $11,349,593 (2016: $12,728,151) for the consolidated entity. Any contract funds not expended at the completion of the contract for the purposes of the contract are repayable to the appropriate government body.

(b) Special contribution for defence of members' interest

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

Note 12. Current liabilities – Deferred income

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	$	$
Deferred income (note (a))	**4,325,323**	3,797,797	**4,157,362**	3,797,797
Deferred income - government contracts (note (b))	-	379,670	-	239,725
	4,325,323	4,177,467	**4,157,362**	4,037,522

(a) Deferred income

Membership subscription income is brought to account on a pro-rata basis over the period to which it relates. The deferred income account contains income generated from the early issue of the three-monthly, six-monthly and yearly subscription billings in June 2017.

(b) Deferred income – government contracts

Government contract income is brought to account on a pro-rata basis over the period to which it relates as per the contract (refer note 1(d)).

Note 13. Current liabilities – Provisions

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Employee benefits - annual leave	**2,609,633**	2,973,223	**1,660,836**	2,064,341
Employee benefits - long service leave	**2,336,045**	2,100,318	**2,026,257**	1,839,437
	4,945,677	5,073,541	**3,687,093**	3,903,778

There are no employee benefit provisions in respect of officeholders of the reporting unit. There were no provisions in relation to separation and redundancy and other employee provisions at the end of the reporting period.

Amounts not expected to be settled within the next 12 months

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

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Current leave obligations not expected to be settled after 12 months	**2,256,900**	1,988,318	**1,947,112**	1,727,437

Note 14. Non-current liabilities – Other payables

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	$	$
Lease related payables	**243,135**	169,614	**243,135**	169,614
	243,135	169,614	**243,135**	169,614

These lease related payables comprise:

(a) Lease incentives

The Consolidated Entity has provided tenants at the Adelaide and North Sydney premises with lease incentives, which are currently recognised over a 5 years period.

(b) Straight lining of fixed increase in lease rental

The consolidated entity has entered into some operating property leases that have fixed annual rental increase in the lease contracts. A liability is recognised in the provision for straight lining of fixed increases in lease rentals.

Note 15. Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Employee benefits - long service leave	**650,269**	710,426	**591,442**	637,539
Lease make good provision (note (a))	**98,602**	91,461	**98,602**	91,461
	748,871	801,887	**690,044**	729,000

There are no employee benefit provisions in respect of officeholders of the reporting unit. There was no provision in relation to separation and redundancy and other employee provisions at the end of the reporting period.

(a) Lease make good provision

The consolidated entity is required to restore the leased premises of its offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Movements in provisions

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

2017	**Lease make good**
Carrying amount at the beginning of the financial year	**91,461**
Charged to profit or loss	
- additional provisions recognised	**7,141**
- unused amounts reversed	-
Amounts used during the year	-
Carrying amount at the end of the financial year	**98,602**

Note 16. Reserves and retained earnings

		Consolidated		Parent entity	
		2017	2016	**2017**	2016
		$	$	**$**	$
(a)	**Reserves**				
	Property, plant and equipment revaluation reserve	**10,855,303**	6,678,311	**10,855,303**	6,678,311
	Business combination reserve	**7,405,017**	7,405,017	**7,405,017**	7,405,017
		18,260,320	14,083,328	**18,260,320**	14,083,328
	Movements				
	Property, plant and equipment revaluation reserve:				
	Balance 1 July 2016	**6,678,311**	4,921,460	**6,678,311**	4,921,460
	Increment on revaluation of freehold land at the end of the financial year	**3,650,000**	850,000	**3,650,000**	850,000
	Increment/(decrement) on revaluation of buildings at the end of the financial year	**526,992**	906,851	**526,992**	906,851
	Balance 30 June 2017	**10,855,303**	6,678,311	**10,855,303**	6,678,311

	Consolidated		Parent entity	
	2017	**2016**	**2017**	**2016**
Movements	**$**	$	**$**	$
Business combination reserve:				
Balance 1 July 2016	**7,405,017**	7,405,017	**7,405,017**	7,405,017
Balance 30 June 2016	**7,405,017**	7,405,017	**7,405,017**	7,405,017

(b)	**Retained earnings**				
	Retained earnings at the beginning of the financial year	**54,614,532**	56,475,153	**54,614,532**	56,475,153
	Net surplus attributable to members of The Australian Industry Group (i)	**1,288,238**	(1,860,621)	**1,773,402**	(1,860,621)
	Retained earnings at the end of the financial year	**55,902,770**	54,614,532	**56,387,934**	54,614,532

(i) Net Surplus attributable to members includes the Net deficit of $485,164 from Australian Industry Group Graduate Employment Pty Ltd

(c) Nature and purpose of reserves

(i) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(j).

(ii) Business combination reserve

On 1 July 2009, the parent entity amalgamated with Engineering Employers Association, South Australia (EEASA) resulting in the creation of this reserve.

There were no such amalgamations, restructures or business combinations during the current financial year.

Note 17. Related party transactions

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

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

(i) Related Party Transactions Under the Standard

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

(a) Officers of Ai Group

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

(b) Executive Management

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

Peter Burn, Jemina Dunn, Mark Goodsell, Megan Lilly, Kristen Makin, Michael McConnell, Michael Mead, Anthony Melville, Stephen Myatt, John O'Callaghan, Tim Piper, Stephen Smith, John Tsimboulas, Helen Waldron and Innes Willox.

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

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

Key management personnel compensation:

	Consolidated		**Parent entity**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Short-term employee benefits	**5,679,173**	5,984,104	**5,679,173**	5,984,104

(c) Transactions with other related parties

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

	Consolidated		**Parent entity**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Other transactions				
Rental revenue paid to The Australian Industry Group	-	-	**554,018**	551,818

(d) Loans to/from related parties

	Consolidated		**Parent entity**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Loans to subsidiaries				
Beginning of the year	-	-	2,740,811	2,893,918
Loans advanced	-	-	9,708,372	7,488,893
Loan repayments received	-	-	(9,705,000)	(7,642,000)
Interest paid	-	-	-	-
End of year	**-**	**-**	**2,744,183**	**2,740,811**

Note 17. Related party transactions (continued)

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

Under the Act Ai Group (the reporting unit under the Act) is required to disclose to its members all payments made by it to its related parties during the financial year 2016-17. A related party to Ai Group under the Act includes the following:

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

Ai Group has an exemption for the relevant reporting 2016-17 financial year which limits the disclosure requirements to

a. payments in excess of $5,464 (cumulative) over the 2016-17 financial year; and
b. made only to Ai Group’s National Officers and their spouses, parents, children and declared persons; and
c. to entities controlled by Ai Group or entities controlled by any person in paragraph b (Remuneration paid to National Officers and reasonable expense reimbursement in the course of them performing their duties as National Officers are excluded under the Act.).

Ai Group has not made any payments (which cumulate to $5,464 or more) in paragraph (a) to any of the bodies or persons in paragraph (b) or entities in paragraph (c) as required to be disclosed under section 148C and Rule 30 for the reporting period.

For the purposes of the Act, it is also noted that none of the branches of Ai Group has any power or authority to make payments and none maintains any bank accounts for this purpose. Accordingly, under the exemption referred to in this paragraph, there are no disclosures of any payments made by any of the NSW Branch, Victorian Branch, Queensland Branch or South Australian Branch for the financial year 2016-17 to any related parties or declared persons of those branches.

Note 18. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm: Audit and review of financial statements and other audit work under the Fair Work (Registered Organisations) Act 2009	**171,529**	179,167	**130,487**	142,602
Total remuneration for audit services	**171,529**	179,167	**130,487**	142,602
Other assurance services				
PricewaterhouseCoopers Australian firm: Other accounting services	**29,837**	58,000	**29,837**	58,000
Total remuneration for other assurance services	**29,837**	58,000	**29,837**	58,000
Total remuneration for assurance services	**201,366**	237,167	**160,324**	200,602

Note 19. Contingent liabilities

(i) Claims
The consolidated entity had no contingent liabilities in respect of claims at 30 June 2017.

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

(iii) Bank Guarantees
The consolidated entity has a bank guarantee of $635,245 relating to three lease agreements.

Note 20. Commitments

(a) Capital commitments

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

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Property, plant and equipment:				
Within one year	**73,743**	409,149	**73,743**	409,149
Later than one year but not later than five years	**214,611**	341,398	**214,611**	341,398
Later than five years	**66,956**	66,956	**66,956**	66,956
	355,310	817,503	**355,310**	817,503

(b) Lease commitments: consolidated entity as lessee

Non-cancellable operating leases
The consolidated entity leases various offices under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Commitments for minimum lease payments in relation to non- cancellable operating leases are payable as follows:				
Within one year	**1,675,414**	1,725,661	**1,675,414**	1,725,661
Later than one year but not later than five years	**6,243,233**	5,808,919	**6,243,233**	5,808,919
Later than five years	**3,295,242**	4,457,634	**3,295,242**	4,457,634
	11,213,889	11,992,214	**11,213,889**	11,992,214
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	-	-	-	-

Note 21. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of security	Equity Holding	
			2017 %	2016 %
Australian Industry Group Training Services Pty Ltd	Australia	Ordinary shares	100	100
Ai Group Legal Pty Ltd	Australia	Ordinary shares	100	100
Confectionery BTW Pty Ltd	Australia	Ordinary shares	100	100
Australian Industry Group Graduate Employment Pty Ltd	Australia	Ordinary shares	100	100

During the year, The Australian Industry Group continued to operate these trustee entities:

(i) Ai Group Legal Pty Ltd which acted as trustee for Ai Group Legal Unit Trust (the whole of the issued units in which are held beneficially and legally by Ai Group) which unit trust provides legal services under the various Legal Profession Acts;

(ii) Australian Industry Group Training Services Pty Ltd which acted as trustee for The Australian Industry Group Training Services Trust (formerly known as Manufacturers Training Trust), a discretionary trust in which Ai Group is a member of the class of beneficiaries, which trust provides registered training organisation (VET accredited training) services and group training services for apprentices and trainees.

(iii) Confectionery BTW Pty Ltd which acted as trustee for The Confectionery Trust, which trust is a unit trust owned by external parties for a special purpose and none of the income or assets of which is held beneficially by or on behalf of Ai Group.

(iv) Australian Industry Group Graduate Employment Pty Ltd acted only as the trustee of the Australian Industry Group Graduate Employment Unit Trust. There are two classes of units – A class held exclusively by Ai Group who controls income and capital distributions and B class units held by Australian Industry Group Training Trust which entitle AiGTS to a discretionary distribution of income. The Trust operates a recruitment and employment service and incidental labour hire business.

Note 22. Events occurring after the balance sheets date

At the date of signing this report, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the consolidated entity's state of affairs in future financial years.

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

	Consolidated		Parent entity	
	2017	2016	**2017**	2016
	$	$	**$**	$
Surplus / (deficit) from continuing operations	**1,288,238**	(1,860,621)	**1,773,402**	(1,860,621)
Depreciation and amortisation	**1,902,789**	1,482,406	**1,708,706**	1,348,223
(Profit) / loss on disposal of investments	**306,321**	241,783	**306,321**	241,783
(Profit) / loss on revaluation of investments	**(2,114,883)**	474,731	**(2,114,884)**	474,731
Share of profits of associates	**-**	-	**-**	-
Net gain on sale of non-current assets	**-**	-	**-**	-
Change in operating assets and liabilities				
Decrease / (increase) in receivables	**(5,133,786)**	(3,247,874)	**(6,826,852)**	(1,427,149)
Decrease / (increase) in receivables from related parties	**-**	-	**(3,372)**	153,107
Decrease / (increase) in other receivables	**132,095**	(259,889)	**102,571**	(222,580)
Increase/(decrease) in deferred income	**147,856**	(1,904,718)	**119,840**	(2,044,663)
Decrease in trade and other payables	**5,408,706**	(625,765)	**6,262,693**	(2,164,521)
(Decrease) in provisions	**(107,358)**	94,087	**(182,120)**	36,219
Net cash inflow from operating activities	**1,829,978**	(5,605,860)	**1,146,306**	(5,465,471)

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

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

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

Information to be provided to members or Commissioner[24A]:

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

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

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

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

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

For the purposes of
Reporting Guideline 13: none of the activities in RGs 10, 11 or 12 has occurred during the financial year ending 30 June 2017 (the ‘reporting period’);
Reporting Guideline 15: none of the activities in paragraphs (b) or (e) of RG 14 occurred in the reporting period;
Reporting Guideline 17: none of the activities in paragraphs (a) (b) (d) (f) (h) or (k) of RG 16 occurred in the reporting period;
Reporting Guideline 19: none of the activities in RG 18 occurred during the reporting period;
Reporting Guideline 21: none of the activities in paragraph (a) or (c) of RG 20 occurred in the reporting period;
Reporting Guideline 23: none of the activities in paragraphs (b) or (c) of RG 22 occurred during the reporting period;

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

The Australian Industry Group
Committee of management's statement

This Statement is made by the Committee of Management of The Australian Industry Group (the National Executive) pursuant to a resolution passed by the National Executive on 21 August 2017 (the date of passage of the resolution) in relation to the matters requiring declaration under the Reporting Guidelines issued in accordance with section 255 of the Fair Work (Registered Organisations) Act 2009 (the Act) and is signed by the Designated Officer within the meaning of section 243 of the Act and is dated as at the date the Designated Officer signs this Statement:

The National Executive declared on the date of passage of the resolution in relation to the financial and operating reports and other prescribed information of The Australian Industry Group (the reporting unit) for the financial year ending 30 June 2017 (the reporting period) that in the opinion of the committee of management:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the Reporting Guidelines issued pursuant to section 255 of the Act;

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

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

(e) no revenue has been derived from undertaking recovery of wages activity during the reporting period; and

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

(i) meetings of the National Executive were held in accordance with the Rules of the reporting unit and

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

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

(iv) no information from the reporting unit has been requested or sought under or pursuant to section 272 of the Act; and

(v) no orders for inspection of financial records of the reporting unit have been made by the Fair Work Commission under section 273 of the Act.

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

For the Committee of Management By its Designated Officer

R Rolls
National Secretary-Treasurer

Sydney
21 August 2017

The Australian Industry Group
Operating Report

The Committee of Management (National Executive) presents their Operating Report on The Australian Industry Group for the financial year ended 30 June 2017 (the reporting period).

Committee of Management
The following persons were members of the National Executive of The Australian Industry Group during the reporting period: and held their positions from the beginning of the reporting period until 31 December 2016 (unless otherwise noted) when they all retired.

Aga Blana appointed 11/16
Philip Binns
Murray Brabrook appointed 11/16
Ken Bridges
David Buttner appointed 07/16
Jeff Connolly (Deputy National President)
Noel Cornish (National President)
Lucio Di Bartolomeo (Immediate Past National President)
John Dixon (National Vice President VIC)
Andrew Downs
Hakan Eriksson
Nic Fairbank
Peter Harvey (Alternate)
David Heaslip
William Hutchinson
John Ingram (National Secretary/Treasurer)
Chris Jenkins (National Vice President NSW)
Alexander Kachellek (National Vice President SA)
Anthony Kittel appointed 11/16
Axel Kuhr (Alternate) resigned 09/16
Ashley Mason
Don Matthews
David McNeil
Martin Monro (National Vice President QLD)
Jeff Phillips
Stephen Richter (Alternate)resigned 11/16
Russell Rolls (Alternate)
Michael Slobe (Alternate)
Jon Stretch (Alternate)
Michael Tamasi (Alternate) resigned 11/16
Mary Thompson
Rex Vegt
Peter Voorhoeve
Tony Warren
Robert Wilson (Alternate)

On 31 December 2016, the members of the Committee of Management for the ensuing 2 years were elected as follows and held their offices during the balance of the reporting period (financial year) and will, subject to resignation or retirement, be entitled to remain as the Officers on the National Executive until 31 December 2018:

Chris Jenkins (National President)
John Dixon (Deputy National President)
Russell Rolls (National Secretary-Treasurer)
Alexander Kachellek (National Vice President SA)
Martin Monro (National Vice President QLD)
Jeff Connolly (National Vice Presdient VIC)
Tony Warren (National Vice President NSW)

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

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

a) representing its membership in manufacturing, construction, engineering, automotive, telecommunications, IT, transport, labour hire and other industries,
b) providing assistance, advice and information to its membership in the areas of workplace relations and human resource management; OHS and workers' compensation management; innovation, policy and development networks; international trade development and promotion; and business regulation,
c) conducting comprehensive training workshops, seminars and related programs.

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

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

Review of principal activities
The Australian Industry Group and subsidiaries reported a consolidated surplus/ (deficit) from continuing operations of $1,288,238 (2016: ($1,860,621)) for the year ending 30 June 2017.

Total income of $75,002,810 (2016: $68,714,092) was above the previous year by $6,288,718 (9.2%). Total expenditure of $73,761,496 (2016: $70,619,400) was above the previous year by $3,142,096 (4.4%).

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

Number of Recorded Members
The number of persons recorded in the Membership Register of the Organisation as at 30 June 2017 for the purposes of section 254 (2) (f) of the Act was 4,155 (2016: 5,519).

Number of Employees
The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2017 was 209 (2016: 254).

Rights of Members to resign
In accordance with section 174 of the Act, a Member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary-Treasurer of any Branch of the Organisation to which such Member belongs.

Details of Trustee of Superannuation Entities
No Officer or Member of the Organisation was:

a) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme

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

Other relevant Information of the reporting unit

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

R Rolls National Secretary-Treasurer On behalf of the National Executive	Sydney 21 August 2017

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

Report on the Audit of the Financial Report

Our opinion

I have audited the financial report of The Australian Industry Group and its controlled entities (the Reporting Unit), which comprises the balance sheets as at 30 June 2017, income statements, the statements of comprehensive income, statements of changes in members' funds and statements of cash flows for the year ended 30 June 2017 for both the Australian Industry Group (Parent entity) and for the Reporting Unit (Consolidated), notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management's Statement.

In my opinion, in all material aspects,

- the accompanying financial report presents fairly, the financial positions of the Australian Industry Group (Parent entity) and of the Reporting Unit (Consolidated) as at 30 June 2017, and their financial performance and their cash flows for the year ended on that date in accordance with:

  a) the Australian Accounting Standards;
  b) the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act); and

- the committee of management's use of the going concern basis of accounting in the preparation of the Reporting Unit's financial statements is appropriate.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

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

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

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

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

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

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

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 users taken on the basis of the financial report.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

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

Report on the Recovery of Wages Activity Financial report

The Australian Industry Group and its controlled entities have not undertaken any recovery of wages activity during the year ended 30 June 2017 as referred to in point e of the Committee of Management's Statement. As a result, no opinion can be provided in relation to recovery of wages activity.

PricewaterhouseCoopers

PricewaterhouseCoopers

DN Kelly
Partner

Sydney
21 August 2017

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

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