

# **The Australian Industry Group Financial Report – 30 June 2009**

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**The Australian Industry Group**  
**Income statements**  
For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Revenue from continuing operations</b>	3	<b>63,372,455</b>	63,921,558	<b>43,970,743</b>	44,111,157
Other income	4	<b>(1,880,721)</b>	(2,422,298)	<b>(1,880,721)</b>	(2,422,298)
Employee benefits expense	5	<b>(44,594,865)</b>	(42,318,700)	<b>(27,923,343)</b>	(25,292,400)
Depreciation and amortisation expenses	5	<b>(1,776,246)</b>	(2,072,553)	<b>(1,638,684)</b>	(1,934,667)
Communication expenses	5	<b>(6,480,683)</b>	(6,875,774)	<b>(5,996,385)</b>	(6,443,907)
Other expenses	5	<b>(9,898,965)</b>	(9,398,789)	<b>(9,122,765)</b>	(8,325,480)
<b>Surplus / (Deficit) from continuing operations</b>		<b>(1,259,025)</b>	833,444	<b>(2,591,155)</b>	(307,595)
<b>Transfer of surplus from Manufacturers Training Trust</b>		-	-	<b>1,090,286</b>	1,058,470
<b>Transfer of surplus from Ai Group Legal Unit Trust</b>		-	-	<b>241,844</b>	82,569
<b>Surplus / (Deficit) from continuing operations after transfer of surplus from Manufacturers Training Trust and the Ai Group Legal Unit Trust</b>	20(b)	<b>(1,259,025)</b>	833,444	<b>(1,259,025)</b>	833,444

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

# The Australian Industry Group

## Balance sheets

As at 30 June 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	<b>30,009,692</b>	31,668,469	<b>29,727,196</b>	31,553,806
Trade and other receivables	7	<b>16,780,920</b>	15,674,348	<b>15,340,999</b>	13,861,624
Other financial assets at fair value through profit or loss	8	<b>10,479,312</b>	12,469,311	<b>10,479,312</b>	12,469,311
<b>Total current assets</b>		<b>57,269,924</b>	59,812,128	<b>55,547,507</b>	57,884,741
<b>Non-current assets</b>					
Receivables	9	-	-	-	-
Other financial assets	10	<b>12</b>	12	<b>24</b>	24
Property, plant and equipment	11	<b>21,368,504</b>	23,211,614	<b>20,895,117</b>	22,765,321
Retirement benefit asset	12	-	959,040	-	959,040
<b>Total non-current assets</b>		<b>21,368,516</b>	24,170,666	<b>20,895,141</b>	23,724,385
<b>Total assets</b>		<b>78,638,440</b>	83,982,794	<b>76,442,648</b>	81,609,126
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	<b>7,053,947</b>	7,390,640	<b>6,034,281</b>	6,276,199
Deferred income	14	<b>14,586,313</b>	15,215,241	<b>14,583,725</b>	15,187,836
Provisions	15	<b>2,808,104</b>	2,797,405	<b>1,833,601</b>	1,723,161
<b>Total current liabilities</b>		<b>24,448,364</b>	25,403,286	<b>22,451,607</b>	23,187,196
<b>Non-current liabilities</b>					
Other payables	16	<b>312,224</b>	592,934	<b>312,224</b>	592,934
Provisions	17	<b>2,093,773</b>	1,922,726	<b>1,894,738</b>	1,765,148
Retirement benefit obligation	18	<b>1,458,162</b>	-	<b>1,458,162</b>	-
<b>Total non-current liabilities</b>		<b>3,864,159</b>	2,515,660	<b>3,665,124</b>	2,358,082
<b>Total liabilities</b>		<b>28,312,523</b>	27,918,946	<b>26,116,731</b>	25,545,278
<b>Net assets</b>		<b>50,325,917</b>	56,063,848	<b>50,325,917</b>	56,063,848
<b>MEMBERS' FUNDS</b>					
Reserves	19(a)	<b>8,180,608</b>	9,960,038	<b>8,180,608</b>	9,960,038
Retained profits	19(b)	<b>42,145,309</b>	46,103,810	<b>42,145,309</b>	46,103,810
<b>Total members' funds</b>		<b>50,325,917</b>	56,063,848	<b>50,325,917</b>	56,063,848

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

**The Australian Industry Group**  
**Statement of recognised income and expenses**  
For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$	2008 \$	2009 \$	2008 \$
Gain / (Loss) on revaluation of land and buildings	19	(1,779,430)	944,736	(1,779,430)	944,736
Gain / (Loss) on actuarial assessment of retirement benefit obligation	19	(2,699,476)	(725,175)	(2,699,476)	(725,175)
<b>Net deficit recognised directly in equity</b>		<b>(4,478,906)</b>	219,561	<b>(4,478,906)</b>	219,561
<b>Deficit for the year</b>		<b>(1,259,025)</b>	833,444	<b>(1,259,025)</b>	833,444
<b>Total recognised deficit and expense for the year</b>		<b>(5,737,931)</b>	1,053,005	<b>(5,737,931)</b>	1,053,005

*The above statement of recognised income and expenses should be read in conjunction with the accompanying notes.*

## The Australian Industry Group

### Cash flow statements

For the year ended 30 June 2009

Notes	Consolidated		Parent entity		
	2009 \$	2008 \$	2009 \$	2008 \$	
<b>Cash flows from operating activities</b>					
	Receipts from trading activities (inclusive of goods and services tax)	66,520,368	67,892,318	44,385,137	46,952,797
	Distributions and dividends	(542,149)	1,234,983	(542,149)	1,234,983
	Receipts from investment income	2,339,537	940,830	2,308,689	873,354
		<b>68,317,756</b>	70,068,131	<b>46,151,677</b>	49,061,134
	Payments to suppliers and employees (inclusive of goods and services tax)	(68,294,055)	(62,333,349)	(46,458,330)	(41,248,910)
26	<b>Net cash inflow (outflow) from operating activities</b>	<b>23,701</b>	7,734,782	<b>(306,653)</b>	7,812,224
<b>Cash flows from investing activities</b>					
	Payments for property, plant and equipment	(1,953,773)	(1,580,956)	(1,728,170)	(1,361,716)
	Payments for investments	(2,425,690)	(4,501,688)	(2,425,690)	(4,501,688)
	Proceeds from sale of property, plant and equipment	202,017	127,408	138,935	107,863
	Proceeds from sale of investments	2,494,968	3,481,112	2,494,968	3,481,132
	<b>Net cash (outflow) from investing activities</b>	<b>(1,682,478)</b>	(2,474,124)	<b>(1,519,957)</b>	(2,274,409)
<b>Cash flows from financing activities</b>					
	<b>Net cash (outflow) from financing activities</b>	-	-	-	-
	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,658,777)</b>	5,260,658	<b>(1,826,610)</b>	5,537,815
	Cash and cash equivalents at the beginning of the financial year	31,668,469	26,407,811	31,553,806	26,015,991
6	<b>Cash and cash equivalents at the end of the financial year</b>	<b>30,009,692</b>	31,668,469	<b>29,727,196</b>	31,553,806

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

## **Note 1. Summary of significant accounting policies**

Rules 38, 73 and 80 of the Rules of The Australian Industry Group provide that the funds of the Organisation and its income and property shall be under the control of the National Executive. The assets, liabilities and reserves included in this financial report as at 30 June 2009 are reported in accordance with these Rules. Consequently, the National Executive confirms that the Organisation indemnifies The Manufacturers Training and the Ai Group Legal Unit Trust against any shortfall in the assets of those trusts.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for The Australian Industry Group as an individual entity and the consolidated entity consisting of The Australian Industry Group and its subsidiaries.

### **(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of The Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Workplace Relations Act, 1996.

#### Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

#### 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.

#### Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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.

### **(b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Australian Industry Group ("parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. The Australian Industry Group and its subsidiaries together are referred to in this financial report 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.

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.

## **Note 1. Summary of significant accounting policies (continued)**

*(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 proportion basis using the effective interests method, see note 1(k).

*(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 with an annual CPI review during 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 14. 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 Australian Industry Group (the parent entity), being an organisation of employers registered under the Workplace Relations Act 1996, is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

**(f) Business combinations**

The purchase 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. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the consolidated entities share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after reassessment of the identification and measurement of net assets acquired.

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 a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(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 purposes of the statement of cash flows, cash includes deposits at call, bank bills and enhanced income funds which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

## **Note 1. Summary of significant accounting policies (continued)**

### **(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. Collectibility 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.

### **(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.

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.

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

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
Motor vehicles	5 years
Furniture, fittings & equipment	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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) 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 each reporting date.

## **Note 1. Summary of significant accounting policies (continued)**

*(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 balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) and receivables (note 9) in the balance sheet.

*(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 are 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.

### **(l) 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.

## **Note 1. Summary of significant accounting policies (continued)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 23). 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.

### **(m) 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.

### **(n) 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 reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### **(o) Employee benefits**

#### *(i) Wages and salaries and annual leave*

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

#### *(ii) Long service leave*

The liability for long service leave is 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 reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *(iii) Retirement benefit obligations*

All employees of the consolidated entity are entitled to benefits on retirement, disability or death from the consolidated entity's superannuation plan. The consolidated entity has a defined benefit section and an accumulation contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and average salary. The defined contribution section receives fixed contributions from the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to retained earnings in the period in which they occur.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

**Note 1. Summary of significant accounting policies (continued)**

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

**(p) 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 13).

**(q) Information to be provided to Members or Registrar**

In accordance with the requirements of section 272 (5) of Schedule 1B of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of that section 272, which read as follows:

- (1) "A member of a reporting unit, or a Registrar, 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)."

**(r) Goods and service 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.

**(s) New accounting standards and UIG interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Committee of Management believe that revised AASB 101 *Presentation of Financial Statements* will not have material impact on the financial statements.

**(t) Comparatives**

Some items from the prior year have been reclassified to ensure a consistent disclosure in the financial statements.

## 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 overall 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 Investment Committee. The Investment Committee 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 in order to maximise returns but minimising financial risk. The Investment Committee has provided written principles for overall risk management, which are applied in consultation with the consolidated entity's investment consultant, Goldman Sachs J B Were.

The consolidated entity holds the following financial instruments:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	30,009,692	31,668,469	29,727,196	31,553,806
Trade and other receivables	16,780,920	15,674,348	15,340,999	13,861,624
Other financial assets at fair value through profit or loss	10,479,312	12,469,311	10,479,312	12,469,311
	<b>57,269,924</b>	<b>59,812,128</b>	<b>55,547,507</b>	<b>57,884,741</b>
<b>Financial liabilities</b>				
Trade and other payables	7,368,759	7,983,574	6,346,505	6869,133
	<b>7,368,759</b>	<b>7,983,574</b>	<b>6,346,505</b>	<b>6869,133</b>

### (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. The table below summarises the impact of 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 (24.75%) (2008 – 7.5%) with all other variables held constant and all the consolidated entities equity instruments moved according to the historical correlation with the index.

	Impact on surplus		Impact on equity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>ASX 200</b>	<b>1,393,650</b>	510,592	<b>1,393,650</b>	510,592

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.

**Note 2. Financial Risk Management (continued)**

**(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 reporting date is the carrying amount of the financial assets as summarised on page 12. For some trade receivables the Group 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	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Trade receivables</b>				
<i>Counterparties without external credit rating*</i>				
Group 1	15,868,322	15,212,237	14,527,451	13,501,712
Group 2	530,761	266,025	530,761	266,025
Group 3	381,837	196,086	282,787	93,887
<b>Total trade receivables</b>	<b>16,780,920</b>	<b>15,674,348</b>	<b>15,340,999</b>	<b>13,861,624</b>
<b>Cash at bank and short term bank deposits</b>				
AAA	30,009,692	31,668,469	29,727,196	31,553,806
	<b>30,009,692</b>	<b>31,668,469</b>	<b>29,727,196</b>	<b>31,553,806</b>

\*Group 1 – customers with debt of less than 90 days

Group 2 – customers with debt of greater than 90 days not at risk ie: 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 analyse the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated entity – at 30 June 2009	Less than 6 months \$	Greater than 6 months \$	Total contractual cash flows \$	Carrying Amount (assets/ liabilities) \$
<b>Non-derivatives</b>				
Non-interest bearing	7,056,535	312,224	7,368,759	7,368,759
	<b>7,056,535</b>	<b>312,224</b>	<b>7,368,759</b>	<b>7,368,759</b>

**Note 2. Financial Risk Management (continued)**

<b>Consolidated entity – at 30 June 2008</b>	<b>Less than 6 months \$</b>	<b>Greater than 6 months \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying Amount (assets/ liabilities) \$</b>
<b>Non-derivatives</b>				
Non-interest bearing	7,390,640	592,934	7,983,574	7,983,574
	<b>7,390,640</b>	<b>592,934</b>	<b>7,983,574</b>	<b>7,983,574</b>
<b>Parent entity – at 30 June 2009</b>	<b>Less than 6 months \$</b>	<b>Greater than 6 months \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying Amount (assets/ liabilities) \$</b>
<b>Non-derivatives</b>				
Non-interest bearing	6,034,281	312,224	6,346,505	6,346,505
	<b>6,034,281</b>	<b>312,224</b>	<b>6,346,505</b>	<b>6,346,505</b>
<b>Parent entity – at 30 June 2008</b>	<b>Less than 6 months \$</b>	<b>Greater than 6 months \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying Amount (assets/ liabilities) \$</b>
<b>Non-derivatives</b>				
Non-interest bearing	6,276,199	592,934	6,869,133	6,869,133
	<b>6,276,199</b>	<b>592,934</b>	<b>6,869,133</b>	<b>6,869,133</b>

**(d) Fair value estimation**

The consolidated entity is exposed to interest-bearing assets and therefore the consolidated entity's income and operating cash flows are exposed to changes in market interest rates.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted securities) is determined using valuation techniques performed by Goldman Sachs J B Were and approved by the Investment Committee.

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

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**Note 3. Revenue**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>From continuing operations</b>				
<b>Members' Service Account</b>				
Members' subscriptions	15,771,604	16,096,419	15,771,604	16,096,419
Entrance fees	23,495	34,299	23,495	34,299
Associate fees	2,409,901	1,969,643	2,409,901	1,969,643
Other income	36,704	72,477	36,704	72,477
	<b>18,241,704</b>	18,172,838	<b>18,241,704</b>	18,172,838
<b>General Operations Account</b>				
Consulting and management services	7,120,202	6,236,760	6,616,180	5,924,307
Government contracts	11,981,057	12,459,759	11,981,057	12,459,759
Training and other chargeable services	21,953,717	21,915,799	3,104,887	2,485,327
Publications	1,047,735	1,091,411	1,047,735	1,091,411
Affiliate fees	158,500	149,375	158,500	149,375
Other	423,574	969,112	405,562	969,112
	<b>42,684,785</b>	42,822,216	<b>23,313,921</b>	23,079,291
<b>Other revenue</b>				
<b>General Operations Account</b>				
Rents	648,578	750,691	648,578	750,691
	<b>648,578</b>	750,691	<b>648,578</b>	750,691
<b>Investments</b>				
Interest earned on cash and cash equivalents	2,339,537	940,830	2,308,689	873,354
Distributions and dividends	(542,149)	1,234,983	(542,149)	1,234,983
	<b>1,797,388</b>	2,175,813	<b>1,766,540</b>	2,108,337
Revenue from continuing operations	<b>63,372,455</b>	63,921,558	<b>43,970,743</b>	44,111,157

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**Note 4. Other Income**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Investment Account</b>				
Unrealised fair value gains/ (losses) on other financial assets at fair value through profit or loss	(1,222,865)	(2,075,163)	(1,222,865)	(2,075,163)
Realised net gains/ (losses) on other financial assets at fair value through profit or loss	(697,856)	(396,300)	(697,856)	(396,300)
	<b>(1,920,721)</b>	<b>(2,471,463)</b>	<b>(1,920,721)</b>	<b>(2,471,463)</b>
<b>General Operations Account</b>				
Government contracts (note (a))	40,000	49,165	40,000	49,165
Other income	(1,880,721)	(2,422,298)	(1,880,721)	(2,422,298)

**(a) Government contracts**

Export market development contract of \$40,000 (2008: \$49,165) 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Surplus from continuing operations includes the following specific expenses:</b>				
Salaries	37,208,327	35,303,012	23,274,795	21,008,200
Superannuation	3,172,364	3,204,416	2,060,936	2,123,308
Long service leave	128,257	122,255	120,000	111,110
Annual leave	487,746	297,113	493,415	301,615
Other payroll related costs	3,598,171	3,391,904	1,974,197	1,748,167
Total employee benefit expenses	<b>44,594,865</b>	<b>42,318,700</b>	<b>27,923,343</b>	<b>25,292,400</b>
Depreciation				
Buildings	212,849	203,936	212,849	203,936
Plant and equipment	1,191,709	1,502,995	1,054,147	1,365,109
Total depreciation	<b>1,404,558</b>	<b>1,706,931</b>	<b>1,266,996</b>	<b>1,569,045</b>
Amortisation				
Leasehold improvements	371,688	365,622	371,688	365,622
Total amortisation	<b>371,688</b>	<b>365,622</b>	<b>371,688</b>	<b>365,622</b>
Rental expense relating to operating leases				
Minimum lease payments	1,146,908	1,136,676	1,146,908	1,136,676
Total rental expense relating to operating leases	<b>1,146,908</b>	<b>1,136,676</b>	<b>1,146,908</b>	<b>1,136,676</b>
Affiliation fees	62,271	53,703	37,489	31,281
Net bad and doubtful debts	206,647	35,994	209,796	1,148
Communications	6,480,683	6,875,774	5,996,385	6,443,907
Legal expenses	30,983	72,160	31,083	56,434
Meeting expenses	1,064,528	1,213,214	915,229	866,929
Net loss on disposal of property, plant and equipment	39,190	43,376	41,325	40,139
Other professional services	2,338,833	2,256,697	2,317,408	2,135,044
Other operating expenses	5,009,605	4,586,969	4,423,527	4,057,829
<b>Total expenses from continuing operations</b>	<b>62,750,759</b>	<b>60,665,816</b>	<b>44,681,177</b>	<b>41,996,454</b>

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**Note 6. Current assets – Cash and cash equivalents**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and on hand (note (c))	5,896,761	3,512,951	5,614,265	3,398,288
Cash not available for use (note (d))	62,794	8,182	62,794	8,182
Bank bills (note (e))	-	20,030,842	-	20,030,842
Deposits at call (note (f))	24,050,137	8,116,494	24,050,137	8,116,494
	<b>30,009,692</b>	<b>31,668,469</b>	<b>29,727,196</b>	<b>31,553,806</b>

**(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 \$2,376,219 (2008: \$2,908,385) which are included in the balances above (refer to note 13), 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 a lease agreement. This balance is restricted for use until expiration of the lease on 30th June 2011.

**(e) Bank bills**

The bills are bearing fixed interest rates between 4.00% and 7.75% (2008: 6.34% and 7.75%). These bills have a maturity of between 60-120 days.

**(f) Deposits at call**

The deposits are bearing floating interest rates between 2.38% and 6.90% (2008: 6.25% and 7.09%). Included in this balance is \$22,076,810 (2008: \$5,913,626) that will be utilised for future purchases of growth portfolio and liquidity requirements.

**Note 7. Current assets – Trade and other receivables**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Members' subscriptions outstanding	9,768,184	9,603,355	9,768,184	9,603,355
Provision for doubtful debts	(135,611)	(85,620)	(135,611)	(85,620)
	<b>9,632,573</b>	<b>9,517,735</b>	<b>9,632,573</b>	<b>9,517,735</b>
Accounts receivable	6,469,280	5,793,839	4,372,096	3,625,297
Provision for doubtful debts	(246,226)	(110,466)	(147,176)	(8,267)
	<b>6,223,054</b>	<b>5,683,373</b>	<b>4,224,920</b>	<b>3,617,030</b>
Amounts receivable from related entities	-	-	558,213	253,619
Interest accrued	6,027	33,268	6,027	33,268
Prepayments	919,266	439,972	919,266	439,972
	<b>16,780,920</b>	<b>15,674,348</b>	<b>15,340,999</b>	<b>13,861,624</b>

**(a) Impaired trade receivables**

As at 30 June 2009 current trade receivables of the consolidated entity with a nominal value of \$206,647 (2008: \$35,994) were impaired. These amounts were written off during the year as uncollectible and have been included in 'net bad and doubtful debts' in the income statements.

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

**(b) Past due but not impaired**

As of 30 June 2009, trade receivables of \$1,660,066 (2008: \$1,103,647) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
60 to 90 days	747,468	641,536	647,864	553,814
90 to 120 days	168,285	118,051	132,587	55,018
120 days +	744,313	344,060	680,961	304,894
	<b>1,660,066</b>	<b>1,103,647</b>	<b>1,461,412</b>	<b>913,726</b>

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 receivable is provided in note 2.

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

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Income securities and unsecured convertible notes	1,552,394	756,210	1,552,394	756,210
Managed funds	5,405,183	7,745,001	5,405,183	7,745,001
Australian listed investments	3,521,735	3,968,100	3,521,735	3,968,100
	<b>10,479,312</b>	<b>12,469,311</b>	<b>10,479,312</b>	<b>12,469,311</b>

**(a) Income securities and unsecured convertible notes**

Market value at 1 July 2008	756,210	850,113	756,210	850,113
Interest earned on deposits	176,178	69,282	176,178	69,282
Interest reinvested in cash portfolio	(176,178)	(69,282)	(176,178)	(69,282)
Profit/(Loss) on revaluation at 30 June 2009	796,184	(93,903)	796,184	(93,903)
Market value at 30 June 2009	<b>1,552,394</b>	<b>756,210</b>	<b>1,552,394</b>	<b>756,210</b>

**(b) Managed funds**

Managed fund investments were revalued to market value at 30 June 2009:

Market value 1 July 2008	7,745,001	8,846,371	7,745,001	8,846,371
Purchases at cost	99,600	2,871,584	99,600	2,871,584
Proceeds on redemption	(685,028)	(2,079,563)	(685,028)	(2,079,563)
Net surplus (deficit) on redemption	(361,410)	(353,743)	(361,410)	(353,743)
Retained investments	6,798,163	9,284,649	6,798,163	9,284,649
Revaluation increment/(decrement) at 30 June 2009	(1,392,980)	(1,539,648)	(1,392,980)	(1,539,648)
Market value at 30 June 2009	<b>5,405,183</b>	<b>7,745,001</b>	<b>5,405,183</b>	<b>7,745,001</b>

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

**(c) The Australian listed investments**

A gain was made when all shares were valued at market prices at 30 June 2009:

Market value 1 July 2008	<b>3,968,100</b>	4,223,714	<b>3,968,100</b>	4,223,714
Purchase of shares at cost	<b>2,326,090</b>	1,630,104	<b>2,326,090</b>	1,630,104
Proceeds of sale	<b>(1,809,940)</b>	(1,401,549)	<b>(1,809,940)</b>	(1,401,549)
Net surplus (deficit) on redemption	<b>(336,446)</b>	(42,557)	<b>(336,446)</b>	(42,557)
Revaluation increment/(decrement) at 30 June 2009	<b>(626,069)</b>	(441,612)	<b>(626,069)</b>	(441,612)
Market value at 30 June 2009	<b>3,521,735</b>	3,968,100	<b>3,521,735</b>	3,968,100

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).

**(a) 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 - Receivables**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Other receivables	<b>125,000</b>	187,500	<b>125,000</b>	187,500
Provision for doubtful debts	<b>(125,000)</b>	(187,500)	<b>(125,000)</b>	(187,500)
	-	-	-	-

**(a) Impaired receivables and receivables past due**

On 30 June 2006, the consolidated entity sold the Australian Industry Innovation Xchange Network business to IXC Australia Limited ("IXC") for \$250,000. The receivable was tested for impairment by the Committee of Management. This review resulted in the receivable being fully impaired as IXC is a newly formed entity with no credit history nor security offered to The Australian Industry Group. During the year IXC has repaid \$62,500 of the receivable balance. However the Committee of Management remains uncertain of the recoverability of this receivable.

**(b) Fair values**

The fair values and carrying values of non-current receivables of the consolidated entity are as follows:

	2009		2008	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	\$	\$	\$	\$
Other receivables	<b>125,000</b>	-	187,500	-
	<b>125,000</b>	-	187,500	-

The carrying amount has been fully provided for by way of a provision for doubtful debts.

**(c) Risk Exposure**

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

**Note 10. Non-current assets - Other financial assets**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shares in wholly owned subsidiaries (note (a))	-	-	<b>12</b>	12
Shares in other corporations	<b>12</b>	12	<b>12</b>	12
	<b>12</b>	12	<b>24</b>	24

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**Note 10. Non-current assets - Other financial assets (continued)**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>(a) Shares in Wholly Owned Subsidiaries (note 24)</b>				
Australian Industry Group Training Services Pty Ltd	-	-	2	2
Manufacturers Training Trust	-	-	-	-
Ai Group Legal Unit Trust	-	-	-	-
Ai Group Legal Pty Ltd	-	-	10	10
	-	-	12	12
These financial assets are carried at cost.				
<b>(b) Shares in other Corporations</b>				
AustralianSuper Pty Ltd	6	6	6	6
The Australian Retirement Fund Pty Ltd	6	6	6	6
	12	12	12	12

Investment in the shares of the above companies represent 50% of the issued capital of each company. AustralianSuper Pty Ltd is the Trustee of Superannuation Trust of Australia. Savings Australia Pty Limited changed its name to AustralianSuper Pty Ltd on 1 July 2007. The Australian Retirement Fund Pty Ltd is the Trustee of The Australian Retirement Fund. They did not trade in their own right in the 2009 financial year. An application for voluntary deregistration was lodged with the Australian Securities & Investments Commission on 26 June 2009. The Ai Group does not have a controlling interest in these two entities and as such they are not consolidated into the Ai Group accounts.

**Note 11. Non-current assets – Property, plant and equipment**

Consolidated	Freehold land	Buildings	Leasehold	Plant &	Capital works	Total
			improvements		equipment	
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2007</b>						
Cost or fair value	9,100,000	6,809,408	3,697,584	19,150,177	170,514	38,927,683
Accumulated depreciation	-	(33,451)	(2,316,221)	(13,648,752)	-	(15,998,424)
Net book amount	9,100,000	6,775,957	1,381,363	5,501,425	170,514	22,929,259
<b>Year ended 30 June 2008</b>						
Opening net book amount	9,100,000	6,775,957	1,381,363	5,501,425	170,514	22,929,259
Revaluation surplus	200,000	744,736	-	-	-	944,736
Additions	-	-	30,429	1,040,302	510,225	1,580,956
Disposals	-	-	-	(170,784)	-	(170,784)
Transfers	-	-	4,055	191,534	(195,589)	-
Depreciation/amortisation charge (note 5)	-	(203,936)	(365,622)	(1,502,995)	-	(2,072,553)
Closing net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614
<b>At 30 June 2008</b>						
Cost or fair value	9,300,000	7,353,478	3,732,068	19,956,158	485,150	40,826,854
Accumulated depreciation	-	(36,721)	(2,681,843)	(14,896,676)	-	(17,615,240)
Net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614

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**Note 11. Non-current assets – Property, plant and equipment (continued)**

<b>Consolidated</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant &amp; equipment</b>	<b>Capital works in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2009</b>						
Opening net book amount	9,300,000	7,316,757	1,050,225	5,059,482	485,150	23,211,614
Revaluation surplus/(deficit)	(300,000)	(1,479,430)	-	-	-	(1,779,430)
Additions	-	-	20,220	864,104	1,069,449	1,953,773
Disposals	-	-	-	(241,207)	-	(241,207)
Transfers	-	-	-	1,554,599	(1,554,599)	-
Depreciation/amortisation charge (note 5)	-	(212,849)	(371,688)	(1,191,709)	-	(1,776,246)
Closing net book amount	9,000,000	5,624,478	698,757	6,045,269	-	21,368,504
<b>At 30 June 2009</b>						
Cost or fair value	9,000,000	5,653,772	3,752,288	21,660,390	-	40,066,450
Accumulated depreciation	-	(29,294)	(3,053,531)	(15,615,121)	-	(18,697,946)
Net book amount	9,000,000	5,624,478	698,757	6,045,269	-	21,368,504
<b>Parent entity</b>						
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2007</b>						
Cost or fair value	9,100,000	6,809,408	3,697,584	18,514,163	170,514	38,291,669
Accumulated depreciation	-	(33,451)	(2,316,221)	(13,400,459)	-	(15,750,131)
Net book amount	9,100,000	6,775,957	1,381,363	5,113,704	170,514	22,541,538
<b>Year ended 30 June 2008</b>						
Opening net book amount	9,100,000	6,775,957	1,381,363	5,113,704	170,514	22,541,538
Revaluation surplus	200,000	744,736	-	-	-	944,736
Additions	-	-	30,429	821,062	510,225	1,361,716
Disposals	-	-	-	(148,002)	-	(148,002)
Transfers	-	-	4,055	191,534	(195,589)	-
Depreciation/amortisation charge (note 5)	-	(203,936)	(365,622)	(1,365,109)	-	(1,934,667)
Closing net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321
<b>At 30 June 2008</b>						
Cost or fair value	9,300,000	7,353,478	3,732,068	19,157,633	485,150	40,028,329
Accumulated depreciation	-	(36,721)	(2,681,843)	(14,544,444)	-	(17,263,008)
Net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321

**Note 11. Non-current assets – Property, plant and equipment (continued)**

Parent entity	Freehold land \$	Buildings \$	Leasehold improvements \$	Plant & equipment \$	Capital works in progress \$	Total \$
<b>Year ended 30 June 2009</b>						
Opening net book amount	9,300,000	7,316,757	1,050,225	4,613,189	485,150	22,765,321
Revaluation surplus/(deficit)	(300,000)	(1,479,430)	-	-	-	(1,779,430)
Additions	-	-	20,220	638,501	1,069,449	1,728,170
Disposals	-	-	-	(180,260)	-	(180,260)
Transfers	-	-	-	1,554,599	(1,554,599)	-
Depreciation/amortisation charge (note 5)	-	(212,849)	(371,688)	(1,054,147)	-	(1,638,684)
Closing net book amount	9,000,000	5,624,478	698,757	5,571,882	-	20,895,117
<b>At 30 June 2009</b>						
Cost or fair value	9,000,000	5,653,772	3,752,288	20,853,533	-	39,259,593
Accumulated depreciation	-	(29,294)	(3,053,531)	(15,281,651)	-	(18,364,476)
Net book amount	9,000,000	5,624,478	698,757	5,571,882	-	20,895,117

**(a) Valuations of land and buildings**

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The last independent valuation was conducted in April 2009 based on independent assessments by members of the Australian Property Institute and the carrying values were suitably adjusted. The revaluation surplus was credited to the assets revaluation reserve account.

**Note 12. Non-current assets – Retirement benefit asset**

	Consolidated		Parent entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Retirement benefit asset	-	959,040	-	959,040
	-	959,040	-	959,040

Information about the defined benefit liability and the defined benefit obligation are set out in the retirement benefits liability note (note 18).

**Note 13. Current liabilities – Trade and other payables**

	Consolidated		Parent entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade payables	4,307,400	4,108,871	3,287,734	2,994,430
Unexpended government contracts (note (a))	2,376,219	2,908,385	2,376,219	2,908,385
Affiliation fees (note (b))	361,600	364,656	361,600	364,656
Special contribution for defence of members' interests (note (c))	8,728	8,728	8,728	8,728
	7,053,947	7,390,640	6,034,281	6,276,199

**(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 \$10,997,156 (2008: \$12,674,670) for the consolidated entity. Contract funds unexpended at year end amount to \$2,376,219 (2008: \$2,908,385) 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.

**Note 13. Current liabilities – Trade and other payables (continued)**

**(b) Affiliation fees**

This represents the amount billed to members for subscription income on behalf of the affiliates of the consolidated entity. When the member settles their membership account for the year, payment collected is forwarded to the affiliation organisations, primarily the Engineering Employers' Association, South Australia, Chamber of Commerce and Industry, Western Australia and the Northern Territory Chamber of Commerce and Industry.

**(c) Special contribution for defence of members' interest**

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

**Note 14. Current liabilities – Deferred income**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Deferred income (note (a))	13,780,448	13,985,812	13,777,860	13,958,407
Deferred income – government contracts (note (b))	805,865	1,229,429	805,865	1,229,429
	<b>14,586,313</b>	<b>15,215,241</b>	<b>14,583,725</b>	<b>15,187,836</b>

**(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 yearly subscription billings and income generated from the issue of the six-monthly billings that relate to 1 April 2009 to 30 September 2009.

**(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 15. Current liabilities – Provisions**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Employee benefits - annual leave	2,769,649	2,783,853	1,795,146	1,709,609
Employee benefits - long service leave	38,455	13,552	38,455	13,552
	<b>2,808,104</b>	<b>2,797,405</b>	<b>1,833,601</b>	<b>1,723,161</b>

**Note 16. Non-current liabilities – Other payables**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Lease incentives (note (a))	301,906	553,206	301,906	553,206
Straight lining of fixed increase in lease rental (note (b))	10,318	39,728	10,318	39,728
	<b>312,224</b>	<b>592,934</b>	<b>312,224</b>	<b>592,934</b>

**(a) Lease incentives**

The lease incentives relate to the lease on the South Melbourne premises and are a combination of a fit-out incentive received on commencing at the premises, which is currently recognised over a 10 year period with two additional lease renewal incentives, reduced by the agents' commission, one which is being recognised over a 5 year period and the other over a 4 year period.

**Note 16. Non-current liabilities – Other payables (continued)**

**(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 17. Non-current liabilities – Provisions**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Employee benefits - long service leave	<b>1,883,316</b>	1,723,264	<b>1,684,281</b>	1,565,686
Lease make good provision (note (a))	<b>210,457</b>	199,462	<b>210,457</b>	199,462
	<b>2,093,773</b>	1,922,726	<b>1,894,738</b>	1,765,148

**(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.

**Note 18. Non-current liabilities – Retirement benefit obligations**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Retirement benefit obligations	<b>1,458,162</b>	-	<b>1,458,162</b>	-
	<b>1,458,162</b>	-	<b>1,458,162</b>	-

**(a) Superannuation Plan**

The consolidated entity contributes to a defined benefit employee superannuation plan, The Australian Industry Group Superannuation Plan (a sub-Plan of AustralianSuper). This plan was transferred from Mercers Super Trust to AustralianSuper on 4 December 2006. All employees of the consolidated entity are entitled to benefits from the consolidated entity's superannuation plan on retirement, disability or death. The consolidated entity has one plan with a defined benefit section and a defined contribution section. The defined benefit section provides lump sum benefits based on years of service and average salary. The defined contribution section receives fixed contributions from the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

The following sets out details in respect of the defined benefit section only.

**(b) Balance sheets amounts**

The amounts recognised in the balance sheets are determined as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Present value of the defined benefit obligation	<b>9,684,043</b>	7,332,729	<b>9,684,043</b>	7,332,729
Fair value of defined benefit plan assets	<b>(8,225,881)</b>	(8,291,769)	<b>(8,225,881)</b>	(8,291,769)
	<b>1,458,162</b>	(959,040)	<b>1,458,162</b>	(959,040)
Unrecognised actuarial (losses)/gains	-	-	-	-
Unrecognised past service costs	-	-	-	-
Transfer to asset account	-	959,040	-	959,040
Net liability in the balance sheets	<b>1,458,162</b>	-	<b>1,458,162</b>	-

**Note 18. Non-current liabilities – Retirement benefit obligations (continued)**

**(c) Categories of plan assets**

The major categories of plan assets are as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash	164,518	165,836	164,518	165,836
Equity instruments	4,935,529	5,306,732	4,935,529	5,306,732
Property	987,106	829,177	987,106	829,177
Other assets	2,138,728	1,990,024	2,138,728	1,990,024
	<b>8,225,881</b>	<b>8,291,769</b>	<b>8,225,881</b>	<b>8,291,769</b>

The fair value of the plan assets includes no amount relating to any of the consolidated entity's own financial instruments or any property occupied by, or other assets used by, the consolidated entity.

**(d) Reconciliations**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Reconciliation of the present value of the defined benefit obligation, which is partly funded:</i>				
Balance at the beginning of the year	7,332,729	8,800,000	7,332,729	8,800,000
Current service cost	277,834	342,257	277,834	342,257
Interest cost	381,554	441,117	381,554	441,117
Contributions by plan participants	80,259	78,364	80,259	78,364
Actuarial (gains) and losses	1,276,500	(273,083)	1,276,500	(273,083)
Benefits, taxes, premiums and expenses paid	(111,115)	(2,055,926)	(111,115)	(2,055,926)
Roll-in	446,282	-	446,282	-
Balance at the end of the year	<b>9,684,043</b>	<b>7,332,729</b>	<b>9,684,043</b>	<b>7,332,729</b>
<i>Reconciliation of the fair value of plan assets:</i>				
Balance at the beginning of the year	8,291,769	10,242,000	8,291,769	10,242,000
Expected return on plan assets	564,836	646,397	564,836	646,397
Actuarial gains and (losses)	(1,592,218)	(1,083,816)	(1,592,218)	(1,083,816)
Contributions by plan participants	80,259	78,364	80,259	78,364
Employer contributions	376,827	379,192	376,827	379,192
Benefits, taxes, premiums and expenses paid	58,126	(1,970,368)	58,126	(1,970,368)
Roll-in	446,282	-	446,282	-
Balance at the end of the year	<b>8,225,881</b>	<b>8,291,769</b>	<b>8,225,881</b>	<b>8,291,769</b>

**(e) Amounts recognised in income statements**

The amounts recognised in the income statements are as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current service costs	277,834	342,257	277,834	342,257
Interest costs	381,554	441,117	381,554	441,117
Expected return on plan assets	(564,836)	(646,397)	(564,836)	(646,397)
Total included in employee benefits expense	<b>94,552</b>	<b>136,977</b>	<b>94,552</b>	<b>136,977</b>
Actual return on plan assets	<b>(1,027,382)</b>	<b>(436,620)</b>	<b>(1,027,382)</b>	<b>(436,620)</b>

**Note 18. Non-current liabilities – Retirement benefit obligations (continued)**

**(f) Principal actuarial assumptions**

The principal actuarial assumptions used (expressed as weighted averages) were as follow:

	Consolidated		Parent entity	
	2009	2008	2009	2008
Discount rate	4.70%	5.50%	4.70%	5.50%
Expected return on plan assets	6.50%	6.50%	6.50%	6.50%
Future salary increase	4.50%	4.50%	4.50%	4.50%

The defined benefit obligation includes an allowance for a contributions tax provision, which represents the costs of the tax that is imposed on employer contributions to superannuation funds. There remains some uncertainty as to the most appropriate allowance for the contributions tax, as a result the full allowance for tax of 15% has been assumed.

**(g) Employer contributions**

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made annually, and the last such assessment was made as at 30 June 2009. The plan provides both accumulated benefits and defined benefits (to members admitted prior to 1 March 1994) based on years of service and average salary. The consolidated entity also makes additional contributions to meet the insurance costs and expenses of the plan.

All members at 1 March 1994, prior to restructuring of the plan, were provided with a guarantee that their benefit under the new arrangements would not be less than the benefit which would have been paid if the restructuring had not occurred.

Total employer contributions expected to be paid by consolidated entity for the year ended 30 June 2009 are \$376,827. The economic assumptions used by the actuary to make the funding recommendations were a long-term investment earning rate of 6.50% pa (net of fees and taxes) and a salary increase rate of 4.50% pa.

**(h) Net financial position of plan**

In accordance with AAS 25 *Financial Reporting by Superannuation Plans* the plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as at the date of the most recent financial report of the superannuation fund (1 July 2005) and a surplus of \$152,579 was reported.

The surplus, as at 30 June 2005, under AAS 25 will differ from the net liability of \$1,458,162 recognised in the balance sheets as at 30 June 2009 due to different measurement rules in the relevant accounting standards AAS 25 and AASB 119 *Employee Benefits* and different measurement dates.

**(i) Historic summary**

	2009	2008	2007
	\$	\$	\$
Defined benefit plan obligation	(9,684,043)	(7,332,729)	(8,800,000)
Plan assets	8,225,881	8,291,769	10,242,000
Surplus / (deficit)	(1,458,162)	959,040	1,442,000
Experience adjustments arising on plan liabilities	(780,003)	162,823	309,000
Experience adjustments arising on plan assets	(1,592,218)	(1,083,816)	775,000

## Note 19. Reserves and retained profits

	Consolidated		Parent entity	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>(a) Reserves</b>				
Property, plant and equipment revaluation reserve	<b>8,180,608</b>	9,960,038	<b>8,180,608</b>	9,960,038
<b>Movements:</b>				
<i>Property, plant and equipment revaluation reserve:</i>				
Balance 1 July 2008	<b>9,960,038</b>	9,015,302	<b>9,960,038</b>	9,015,302
Decrement on devaluation of freehold land at the end of the financial year	<b>(300,000)</b>	200,000	<b>(300,000)</b>	200,000
Decrement on devaluation of buildings at the end of the financial year	<b>(1,479,430)</b>	744,736	<b>(1,479,430)</b>	744,736
Transfer to retained profits				
Balance 30 June 2009	<b>8,180,608</b>	9,960,038	<b>8,180,608</b>	9,960,038
<b>(b) Retained profits</b>				
Retained profits at the beginning of the financial year	<b>46,103,810</b>	45,995,541	<b>46,103,810</b>	45,995,541
Transfer from capital profits reserve	-	-	-	-
Net surplus / (deficit) attributable to members of The Australian Industry Group	<b>(1,259,025)</b>	833,444	<b>(1,259,025)</b>	833,444
Gain / (Loss) attributable on actuarial assessment on retirement benefits obligation	<b>(2,699,476)</b>	(725,175)	<b>(2,699,476)</b>	(725,175)
Retained profits at the end of the financial year	<b>42,145,309</b>	46,103,810	<b>42,145,309</b>	46,103,810

### (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(i).

#### (ii) Capital profits reserve

The capital profits reserve is no longer used. The reserve was created at 30 June 1986 upon sale of freehold land and buildings of \$6,949,286 and a further capital profit at 30 June 1999 of \$738,021. It was resolved by the Finance, Audit and Compliance Committee on the 23<sup>rd</sup> of November 2004 that the existing capital profits reserve of \$7,687,307 be transferred to retained profits.

## Note 20. Related party transactions

### (a) Key management personnel

The following persons had authority and responsibility for planning and managing the activities of The Australian Industry Group, directly or indirectly, during the financial year:

#### (i) Chief Executive

H M Ridout

#### (ii) Directors

S A Cullen	Director – Members Advisory Services
M A Goodsell	Director – New South Wales
B E Kerwood	Director – Training Services
A Melville	Director – Public Affairs and Government Relations
P A Nolan	Director – Workplace Relations
T C Piper	Director – Victoria
C Rodwell	Director – Queensland
S T Smith	Director – National Industrial Relations
J Tsimboulas	Director and Chief Financial Officer
I Willox	Director – International and Government Relations (commenced 15 September 2008)

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**Note 20. Related party transactions (continued)**

*(iii) Associate Directors*

J Barrett	Associate Director – Construction & Infrastructure
F Brown	Associate Director – Communications & Marketing
P Burn	Associate Director – Public Policy
D Hargraves	Associate Director – Workplace Relations
M Lilly	Associate Director – Education and Training
T Pensabene	Associate Director – Economics and Research

All the above employees held a senior position at The Australian Industry Group from 1 July 2008 to 30 June 2009 and the preceding financial year.

**(b) Key management personnel compensation**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	<b>5,300,044</b>	5,143,762	<b>5,300,044</b>	5,143,762

**(c) Transactions with related parties**

The following transactions occurred with related parties:

*Other transactions*

Rental revenue paid to The Australian Industry Group	-	-	<b>274,210</b>	224,803
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**(d) Loans to/from related parties**

*Loans to subsidiaries*

Beginning of the year	-	-	<b>253,619</b>	1,188,755
Loans advanced	-	-	<b>5,859,994</b>	4,785,264
Loan repayments received	-	-	<b>(5,535,000)</b>	(5,700,000)
Interest charged	-	-	-	-
Interest received	-	-	<b>(20,400)</b>	(20,400)
End of year	-	-	<b>558,213</b>	253,619

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

**Note 21. 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Assurance services</b>				
<i>Audit services</i>				
PricewaterhouseCoopers Australian firm: Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	<b>186,106</b>	198,882	<b>168,706</b>	175,282
Total remuneration for audit services	<b>186,106</b>	198,882	<b>168,706</b>	175,282
<i>Other assurance services</i>				
PricewaterhouseCoopers Australian firm: Other accounting services	<b>32,474</b>	16,940	<b>32,474</b>	16,940
Non-PricewaterhouseCoopers firm: Other accounting services	<b>16,946</b>	22,907	<b>10,150</b>	9,773
Total remuneration for other assurance services	<b>49,420</b>	39,847	<b>42,624</b>	26,713
Total remuneration for assurance services	<b>235,526</b>	238,729	<b>211,330</b>	201,995

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**Note 22. Contingent liabilities**

The consolidated entity had no contingent liabilities at 30 June 2009.

**Note 23. Commitments**

*(a) Capital commitments*

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Property, plant and equipment:</i>				
Within one year	-	265,000	-	265,000
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	265,000	-	265,000

*(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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>				
Within one year	1,778,344	1,480,875	1,778,344	1,480,725
Later than one year but not later than five years	853,796	1,713,291	853,796	1,713,291
Later than five years	-	-	-	-
	2,632,140	3,194,166	2,632,140	3,194,016
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	303,735	536,707	303,735	536,707

**Note 24. 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 shares	Equity Holding	
			2009	2008
			%	%
Australian Industry Group Training Services Pty Ltd	Australia	Ordinary	100	100
The Manufacturers Training Trust	Australia	Ordinary	100	100
Ai Group Legal Pty Ltd	Australia	Ordinary	100	100
Ai Group Legal Unit Trust	Australia	Ordinary	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; and
- (ii) Australian Industry Group Training Services Pty Ltd which acted as trustee for The Manufacturers Training Trust.

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**Note 25. Events occurring after the balance sheets date**

On 1 July 2009, The Australian Industry Group amalgamated with Engineering Employers Association South Australia (EEASA), another registered organization of employers, under Schedule 1 of the Workplace Relations Act 1996 (which Schedule is now known as Fair Work (Registered Organisations) Act 2009) (the Act). As a result, EEASA was de-registered as an organization of employers with effect from that date and all the assets and liabilities interests rights and obligations of EEASA became by virtue of the Act, the assets, liabilities, interests, rights and obligations of The Australian Industry Group, and the members of EEASA on that date became members of The Australian Industry Group, South Australia Branch. The members of the committee of management (and office-bearers) of EEASA as at 30 June 2009 became the General Councilors (and office-bearers, respectively) of the South Australia Branch Council of The Australian Industry Group on 1 July 2009.

The financial report of The Australian Industry Group for the year ended 30 June 2009 does not have regard to any of the accounts and financial statements and reports for EEASA for the year ending 30 June 2009 which have been prepared by the former Treasurer of EEASA and audited by KPMG in accordance with the reporting guidelines and statutory requirements of the former Act.

**Note 26. Reconciliation of surplus to net cash inflow from operating activities**


	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Surplus/(Deficit) from continuing operations	<b>(1,259,025)</b>	833,444	<b>(1,259,025)</b>	833,444
Depreciation and amortisation	<b>1,776,246</b>	2,072,553	<b>1,638,684</b>	1,934,667
(Profit)/loss on disposal of investments	<b>697,856</b>	396,300	<b>697,856</b>	396,300
(Profit)/loss on revaluation of investments	<b>1,222,865</b>	2,075,163	<b>1,222,865</b>	2,075,163
Net loss on sale of non-current assets	<b>39,190</b>	43,376	<b>41,325</b>	40,139
Change in operating assets and liabilities				
(Increase) / decrease in receivables	<b>(654,519)</b>	(917,768)	<b>(1,202,022)</b>	(1,047,802)
(Increase) / decrease in receivables from related parties	-	-	<b>(304,594)</b>	935,136
(Increase) / decrease in other receivables	<b>(452,053)</b>	112,938	<b>27,241</b>	92,614
Increase / (decrease) in subscriptions in advance	<b>(628,928)</b>	1,167,792	<b>(604,111)</b>	1,140,387
Increase / (decrease) in trade and other payables	<b>(336,693)</b>	2,087,926	<b>(241,918)</b>	1,725,298
Increase / (decrease) in provisions	<b>(381,238)</b>	(136,942)	<b>(322,954)</b>	(313,122)
Net cash inflow from operating activities	<b>23,701</b>	7,734,782	<b>(306,653)</b>	7,812,224

## **The Australian Industry Group Committee of management's statement**

The National Secretary-Treasurer having caused to be prepared the financial and operating reports and other prescribed information for The Australian Industry Group (being the sole reporting unit required to report under Schedule 1 of the Workplace Relations Act 1996 and Regulations relating thereto) for the financial year ending 30 June 2009, and based on the recommendation of the Finance Audit & Compliance Committee (FACC), the National Executive being the committee of management for The Australian Industry Group hereby resolves and declares as follows :

1. The financial reports as presented be approved by the National Executive in accordance with Rule 75 and be submitted to the Auditors of the Organisation for signing and subsequently be presented to the Members at the Annual General Meeting in accordance with the Act and Rule 27.
2. The following statement (the committee of management statement) containing the declarations in relation to the general purpose financial report (GPFR) for the financial year ending 30 June 2009 as required by the Act be approved and signed by the National Secretary-Treasurer as designated officer, namely:
  - (a) the financial statements and notes comply with the Australian Accounting Standards;
  - (b) the financial statements and notes comply with the Reporting Guidelines of the Industrial Registrar;
  - (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of The Australian Industry Group for the financial year to which they relate;
  - (d) there are reasonable grounds to believe that The Australian Industry Group will be able to pay its debts as and when they become due and payable;
  - (e) during the financial year to which the GPFR relates and since the end of that year;
    - (i) meetings of the National Executive (the committee of management) were held in accordance with the Rules of The Australian Industry Group
    - (ii) the financial affairs of The Australian Industry Group have been managed in accordance with the Rules of The Australian Industry Group
    - (iii) the financial records of The Australian Industry Group have been kept and maintained in accordance with Schedule 1 of the Act and its related Regulations; and
    - (iv) no member has requested any information from The Australian Industry Group and the Registrar has not made such a request of The Australian Industry Group under section 272 of Schedule 1; and
    - (v) no orders have been made by the Commission under section 273 of Schedule 1.

For the Committee of Management:



J W Ingram  
National Secretary-Treasurer

Sydney  
1 October 2009

**The Australian Industry Group**  
**Notes to the financial statements**  
30 June 2009

**The Australian Industry Group**  
**Operating Report**

The Committee of Management presents their Operating Report on The Australian Industry Group for the year ended 30 June 2009.

**Committee of Management**

The following persons were members of the Committee of Management of The Australian Industry Group during the financial year and up to the date of this report:

K Bridges  
I Campbell  
T J Carroll (Immediate Past National President)  
A Conte  
N Cornish  
G Battershill (National Vice President - Qld)  
L Di Bartolomeo (Deputy National President)  
J Dixon  
J Gaskell  
W A Hutchinson (Alternate)  
J W Ingram (National Secretary-Treasurer)  
C Isaac (Alternate)  
I D James AO\*  
P J Lancaster (Alternate)  
D C Matthews (National President)  
D McGree  
P J Nicholls (National Vice President - Vic)  
G O'Brien (Alternate)  
C Ogilvy  
S J O'Rourke  
C Raine (National Vice President - NSW)  
D Robinson  
R J Rolls (Alternate)  
G Sedgwick  
M Symes  
R J C Wilson (Alternate)

\* Also Emeritus Councillors

All members held their positions on the Committee of Management from 1 July 2008 to 30 June 2009, with the exception of the following:

C Isaac (20<sup>th</sup> November 2008) was appointed as an Alternate member of the Committee of Management during the financial year and continues in office at the date of this report.

R Leupen did not seek re-election (20<sup>th</sup> November 2008).

Officebearers of the Committee of Management were appointed to their current positions on 20<sup>th</sup> November 2008.

The following persons were appointed by the Engineering Employers' Association, South Australia, an affiliate of The Australian Industry Group, to attend meetings of the Committee of Management:

A S Downs  
B Freeborn (Alternate)  
D B McNeil (Alternate)  
S Richter  
C Stathy

S Richter was appointed on 20<sup>th</sup> November 2008 and G Price was not re-appointed on 20<sup>th</sup> November 2008.

**The Australian Industry Group**  
**Notes to the financial statements**  
30 June 2009

In addition, the following persons were appointed by the Chamber of Commerce and Industry, Western Australia another affiliate of The Australian Industry Group to attend meetings of the Committee of Management:

J Pearson

The following persons have been appointed by the Committee of Management and the Branch Councils as Emeritus Councillors and are entitled to attend meetings of the Committee of Management and respective Branch Councils:

G J Ashton AM  
M A Besley AO  
J M Dowrie OBE  
J A Hale  
R D Hill-Ling AO  
G J Kraehe AO  
F R D Morgan CBE  
Sir William Tyree OBE  
Dr W W J Uhlenbruch AO

**Remuneration of the Committee of Management**

During the financial year, no member of the Committee of Management of the Organisation received, directly or indirectly, any payment or any benefit in exchange for services rendered by the members of the Committee of Management.

**Principal activities**

During the year the principal continuing activities of the consolidated entity 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; environment and energy management; innovation policy and development networks; international trade development and promotion; and business regulation,
- c) conducting comprehensive training workshops, seminars and related programs,
- d) providing nationally accredited training qualifications as a Registered Training Organisation, and
- e) operating a consolidated entity training scheme for apprentices and trainees.

**Review of principal activities**

The Australian Industry Group and subsidiaries reported a deficit from continuing operations of \$(1,259,025) (2008: \$833,444) for the year ending 30 June 2009.

Total income of \$61,491,734 (2008: \$61,499,260) was below the previous year by \$7,526 (0.0%).

Total expenditure of \$62,750,759 (2008: \$60,665,816) was above the previous year by \$2,084,943 (3.4%).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Organisation during the financial year.

**Number of Recorded Members**

The number of persons recorded in the Register of Members of the Organisation as at 30 June 2009 for the purposes of section 254 (2)(f) of the RAO Schedule was 5,814.

**Number of Employees**

The number of persons who were employees in the parent entity (equivalent full time employee basis) as at 30 June 2009 was 283.

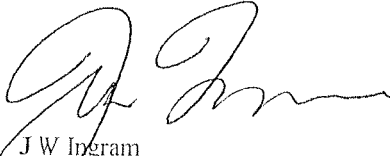
**Rights of members to resign**

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

**Details of Trustee of Superannuation Entities**

No member of the Committee of Management of the Organisation was:

- a) a trustee of a superannuation entity of 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 the criterion for the member being a trustee or director is that the member is an officer or member of a The Australian Industry Group.



J W Ingram  
National Secretary-Treasurer

Sydney  
1 October 2009

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

### **Report on the financial report**

We have audited the accompanying financial report of The Australian Industry Group (Ai Group), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management's statement for both The Australian Industry Group and its consolidated entities. The consolidated entity comprises Ai Group and the entities it controlled at the year's end or from time to time during the financial year.

#### *Committee of Management's responsibility for the financial report*

The Committee of Management of Ai Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and Schedule 1 of the *Workplace Relations Act 1996* (the RAO Schedule). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's report to the members of  
The Australian Industry Group (continued)**

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian Professional accounting bodies and the Workplace Relations Act 1996.

*Auditor's opinion*

In our opinion:

- (a) the general purpose financial report of The Australian Industry Group is presented fairly in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996 as required by the Workplace Relations Act 1996 in Australia, and
- (b) the financial report of the consolidated entities
  - i. presents fairly, as required by the Australian Accounting Standards (including the Australian Accounting Interpretations), of the consolidated entities' financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the RAO Schedule .



PricewaterhouseCoopers

I, Chris Burt, am currently a member of The Institute of Chartered Accountants in Australia and my membership number is 30177.



Chris Burt  
Partner  
Registered Auditor No. 219493

Sydney  
2 October 2009

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AUSTRALIAN INDUSTRY  
GROUP