



AUSTRALIAN BUSINESS INDUSTRIAL
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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The financial report was authorised by the Councillors on 18 September 2013.
Australian Business Industrial has the power to amend and re-issue the financial report.

President's report 2013

“ABI, represented by Australian Business Lawyers and Advisors, appeared in all full bench matters as well as proceedings involving any of the 67 modern awards serviced for members.”

Two year review of modern awards

The year's biggest issue

Industrially 2012-2013 was dominated by the two year review of modern awards which started in early 2012. Required under the fair work transitional legislation this review was mainly to check whether the modern awards which had been made during 2008-2009 were operating properly.

Sounds simple but the review proved to be much bigger. The review has required a great deal of time, money and work and it was a standing item on the Council's agenda. The clear lesson was that the fair work system has not only reinstated awards as a key determinant of employment conditions but also the Commission as a central industrial force. It is less clear that the modern award system and a reinvigorated “umpire” have assisted Australian employers to navigate the dynamic environment in which they operate.

The Commission decided to review awards by considering applications to vary. This required a party which felt that the award was not operating in accordance with statutory requirements to apply to vary it. Although each modern award is reviewed individually, some applications affected multiple awards and many of these were separated off and sent to a full bench to be heard simultaneously.

Australian Business Industrial (ABI), represented by Australian Business Lawyers and Advisors, appeared in all full bench matters as well as proceedings involving any of the 67 modern awards serviced for members.

The review meant that ABI and the NSW Business Chamber needed to better connect with members to identify the real problems in particular provisions and to build the necessary evidence. We tried using a variety of channels including on-line, circulars and regional consultations.

Reviewing awards – not finished when it's over

It is fair to say that our communication efforts were not as successful as we would have liked. This is more than a lesson learned about the year that's finished because award reviews will continue into the future.

The current two year review of modern awards will probably be completed quite late in the second half of 2013. That's not the end of things however. The Fair Work Act requires a regular four year review of modern awards and this is due to start in January 2014. Unlike the two year review, which was essentially a check on modernisation, the four year review is intended to provide the opportunity to “update” modern award conditions to meet contemporary circumstances. Several of the normal requirements for varying awards are suspended.

It is clear that unions will wish to run a number of major test cases in the four year review. Employers, too, might have test cases of their own. We need to clearly identify what's important and to support it with evidence. We need our members to be informed and involved.

The four year review also means that we need to work to produce a consistent national approach to these cases. Working within the ACCI network and beyond ABI has been a driving force to build on the collective approach which has grown up during the two year review but needs further development.

Award review – some key cases

I would like to briefly mention a couple of the significant review cases which ABI was involved in during the reporting year. ABI joined with the Restaurant and Catering Association to mount a major case in the Restaurant Industry Award. We applied to remove the late night penalties, change the Saturday and Sunday

“The NSW Business Chamber had been instrumental in persuading the NSW government that a premium increase would not address scheme problems and would damage employment. To its credit the government changed course in early 2012.”

penalties to penalties for working a 6th and 7th successive day and to provide a single non-trade and a trade rate for small cafés and restaurants.

A full bench heard a number of penalties application cases and this decision is yet to be handed down. The restaurants application was heard separately, with more than 12 days of proceedings, and the decision has not been handed down yet. It was supported by extensive witness evidence and a great deal of commissioned expert evidence about the industry, so should not be unsuccessful on that account.

Another major case was prompted by a number of applications (mainly union) seeking extensive new provisions for apprentices and a year one commencement rate of 60% of the trade rate. This case gathered momentum as time went on and there were eventually nearly 20 days of proceedings. Although quite a number of the claims were rejected the bench awarded increased starting rates and changes to fees, books and tools provisions in apprenticeship provisions in its 22 August decision. The “apprentices, trainees and juniors” bench is yet to hand down its decision in an application for adult rates for 20 year olds covered by the General Retail Award, which if granted, could set a precedent for many other awards with junior rates.

Annual wage review

This year’s annual wage review increase of 2.6% which was handed down on 3 June was slightly less disappointing than last year’s 2.9%, but it was against a backdrop of increasing evidence that mining and the associated construction boom had passed its peak. ABI had recommended no more than a 1.2% increase (1.8% last year), in part arguing that previous increases had yielded higher than expected real increases because forecast inflation had not been met.

Council remains of the view that ABI’s wage submissions should engage with the criteria which the wage panel has to address so as to maximise the persuasiveness of our recommendations.

Council also continues to believe that the statutory criteria require recognising classification wage relativities in awards and that ABI should argue for percentage increases rather than a dollar amount. Although proposing a dollar figure provides a convenient headline, dollar increases compress relativities with the real risk that relativities restoration will be addressed sometime in the future outside the annual review process resulting in additional increases. Indeed, it seems likely that in the four year review there will be claims for increases to higher classification rates in one or more awards.

In the meantime, the Workplace Policy Unit is working with ACCI to start developing evidence for next year’s wage review.

Road Safety Remuneration Tribunal

The Road Safety Remuneration Tribunal started on 1 July 2012 and set about establishing its annual work programme. The Tribunal can make “Road Safety Remuneration Orders” which are designed to regulate road transport participants so as to avoid remuneration related incentives for drivers to work in an unsafe manner. The Tribunal’s annual work programme flags the issues or sectors that it intends to focus upon over the following year.

Orders sit on top of awards, agreements and state WHS legislation and ABI was concerned that the Tribunal should not move to regulate without gaining a proper understanding of how participants in the transport chain currently manage their WHS obligations and the web of regulation they operate within.

“The 2013 amendments were rightly and roundly criticised for being totally unbalanced.” “

The work programme identified five sectors of interest, but in early July the tribunal issued a single draft Remuneration Order covering all five sectors for comment.

Work health, safety and injury management

Council keeps a close eye on both work health and safety matters and workers' compensation because of their importance in the workplace. ABI works closely with the NSW Business Chamber's WHS committee and its chair has a standing invitation to attend council meetings. I also attend WHS committee meetings under a similar standing arrangement.

Injury management was a major focus in 2012-2013 because of the reforms to the NSW workers' compensation system. The amending legislation passed in June 2012 but full implementation started on 1 October. The NSW Business Chamber had been instrumental in persuading the NSW government that a premium increase would not address scheme problems and would damage employment. To its credit the government changed course in early 2012. Its reform legislation was based on the twin tracks of motivating return to work and better support for the very seriously injured.

Already this approach has borne fruit and allowed room for an average 7.5% premium reduction in this year's order.

Another standing agenda item was the ongoing implementation of the work health and safety legislation. In NSW, WorkCover has continued to emphasise assistance rather than penalty and continues to respond positively to matters which the NSW Business Chamber raises. The NSW Business Chamber has been very active in assisting ACCI to develop its responses to draft codes, including the draft bullying code, and Greg Pattison has represented ACCI on a number of Safe Work Australia committees and working parties. ABI council has provided a second sounding board on these matters.

The fate of the draft bullying code, and whether it is issued as a code or guidance material, is unclear at the time of writing. What is clear is that a lot of work

remains to be done to persuade Safe Work Australia of the difference between codes and guidance material, and also how to present information and requirements in a usable form.

Legislation

2012-2013 was not a good year for legislation. Despite our best efforts and the efforts of the wider employer movement, the federal government went ahead with a series of increasingly unbalanced amendments to workplace legislation.

We were successful in preventing the introduction of new consolidated federal anti-discrimination legislation, but not much else. The principle of consistent national anti-discrimination legislation is a good one and is supported, but it needs to be balanced and to provide a single jurisdiction for actions, not add to the number of avenues for forum shopping.

Workplace

The Fair Work Act was amended in late 2012 and again in mid-2013. Neither bill was subject to regulatory impact analysis. ABI was very active in putting its views to the committees examining the bills, as well as to the government. The Workplace Policy Unit also worked with ACCI in its submissions.

Generally the 2012 amendments brought minor improvements but did not address some of the more contentious parts of the act. The government used this amendment to introduce its response to the Productivity Commission's recommendations about the award treatment of superannuation. The result is a complicated two-step process which further embeds superannuation in awards.

The 2013 amendments were rightly and roundly criticised for being totally unbalanced. The bill was hastily constructed and not one amendment had regard to the circumstances of Australian employers - all were directed towards enhancing employee rights and union rights. For example, the anti-bullying provisions were introduced without consultation with the states and their WHS regulators and before there was any agreed approach to bullying.

“... the Workplace Policy Unit is working with ACCI to start developing evidence for next year’s wage review.” “

Superannuation

ABI was very active in superannuation this year and Dick Grozier represented ACCI in a number of superannuation reform committees, as well as drafting submissions for it.

In late 2011 we were successful in having a bill imposing personal liability on directors for unpaid superannuation guarantee charge withdrawn, but in May 2012 the government tabled a modified version which subsequently passed.

Legislation requiring payslips to report the superannuation contribution made in the period covered by the payslip came into operation but the necessary regulation has not been made. The new pay slip requirements were to be phased in on 1 January and 1 July, but the government decided to not proceed. This was a welcome change because the new requirements should be introduced as part of the general changes being made to superannuation contributions.

Also during the year significant amounts of new legislation dealing with MySuper and SuperStream came into operation and both will impact employers in the coming year. Unlike in the fair work policy area, here the employers’ view has generally received a good hearing from the government.

Council business

ABI’s council is elected for a period of two years and its elections are conducted by the Australian Electoral Commission. The new council is elected and then elects its office holders from the councillors. However there were only 13 valid nominations when the AEC declared the election on 2 November which necessitated a second round of nominations.

Setting up a new nomination round is a time consuming process and by that time a casual vacancy had arisen. (Casual vacancies which occur in the first 6 months of a council’s life must be elected, those occurring after 6 months can be filled by council.) The AEC declared the final three councillors elected on 25 June.

By this time the AEC had completed the elections for officers and declared the positions on 15 April 2013. (Until that time the officers from the former council who had been re-elected to council in November continued in those roles.) The AEC declarations and reports can be found on the ABI web page at <http://www.nswbusinesschamber.com.au/Lobbying/Policy/Australian-Business-Industrial>

Casual vacancies are generally triggered by job changes and there have been some of these again this year. I would like to thank Roxanne Tanne – resigned 3 April, Sally Hole – resigned 17 June and Jack Goluzd – resigned 19 June for their contributions. Our thanks must go to Jack who was President from 24 March 2010 until the AEC declaration on 15 April for his time and dedication to his role in ABI spanning 12 years and we wish him well for the future.

As well, Bill Fisher returned as a councillor when Roxanne Tanne resigned and David Long returned after changing jobs to another member.

Last, but certainly not least, I would like to thank councillors, advisory councillors and the NSW Business Chamber staff for their support and contribution.



Roger Hood
President
18 September 2013

Australian Business Industrial Operating Report 30 June 2013

The Committee of Management of Australian Business Industrial ("the Organisation") presents its report for the year ended 30 June 2013.

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

The Organisation represents the interests of its members in the Federal Industrial Relations jurisdiction.

The Organisation is an Organisation of Employers and was registered under the *Fair Work (Registered Organisations) Act 2009* on 19 October 2009.

Membership of Australian Business Industrial includes members of NSW Business Chamber Limited and a formal affiliation agreement exists between the organisations.

The Organisation is exempt from Income Tax under S6-20 of the *Income Tax Assessment Act 1997*.

The net profit of the Organisation was \$4,343 for the year (2012: loss of \$46,809).

The main area of activities during the year was the representation of members in matters such as the annual wage review and those affecting modern awards, including the two year review. In the first half of the financial year the Organisation devoted significant effort to the application for an equal remuneration order in the social, community and disability services sector. It also made a number of representations to the Minister and Department.

There was expenditure on legal costs associated with Australian Business Industrial's cancellation of registration under the *New South Wales Industrial*

Relations Act 1996 and the subsequent winding up of the former state-registered entity. There were no other significant changes in the Organisation's financial affairs during the year.

There were no significant changes in the nature of the organisation's activities during the year, other than the deregistration of the state organisation on 3 December 2012 and its winding-up.

Significant changes in financial affairs

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

Right of Members to Resign

Rule 17 provides a right for members to resign from the Organisation and members may resign in accordance with section 174 of the *Fair Work (Registered Organisations) Act 2009*.

Officers and members who are superannuation fund trustee(s) or directors of a company that is a superannuation fund trustee

No officer or member of the Organisation is:
i) a trustee of a superannuation entity or an exempt public sector superannuation scheme;
or
ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Number of Members

The number of persons that were, at the end of the financial reporting year, recorded in the register of members is 3,917 (2012: 3,408).

Number of Employees

There were no employees during or at the end of the financial year.

Names of Committee of Management members and period positions held during the year

The name of each person who has been a member of the committee of management at any time during the reporting period is:

Name	Position
Roger Hood	President (Elected 15/04/13)
Lynette Ainsworth	Vice President (Elected 15/04/2013)
Tom Bowers	Vice President (Re-elected 15/04/2013)
Colin Bosworth	Secretary/Treasurer (Re-elected 15/04/2013)
David Long	Councillor (Re-elected 25/06/2013)
David Long	Councillor (Resigned 24/05/2013)
David Long	Vice President (Until 15/04/2013)
Brad Gething	Councillor
Jessica Liley	Councillor
Jennifer Schembri	Councillor
Brian Eichhorn	Councillor
Michael Smith	Councillor
Alvan Freeman	Councillor (Re-elected 25/06/2013)
Alvan Freeman	Councillor (Resigned 05/12/2012)
Bill Fisher	Councillor (Re-elected 25/06/2013)
Bill Fisher	Councillor (Resigned 28/03/2012)
Jack Goluzd	Councillor (Resigned 19/06/2013)
Jack Goluzd	President (Until 15/04/2013)
Sally Hole	Councillor (Resigned 17/06/2013)
Roxanne Tanne	Councillor (Resigned 03/04/2013)
Roxanne Tanne	Councillor (Appointed 28/03/2012)

Committee members have been in office for the full reporting period unless otherwise stated.

Matters subsequent to the end of the financial year

In the opinion of the Councillors, no matter, circumstance or event of a material and unusual nature has arisen since the end of the financial year and the date of this report which is likely to affect significantly the operations of the Organisation.

This report is made in accordance with a resolution of Councillors.



Roger Hood
Councillor

North Sydney
18 September 2013



Colin Bosworth
Councillor

Australian Business Industrial
Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	2013	2012
		\$	\$
Revenue from continuing activities	3	257,117	237,308
Consulting costs		(200,000)	(200,000)
Travel and entertainment		(10,043)	(7,120)
Legal costs		(17,004)	(41,626)
Printing and stationery		(8,345)	(16,761)
Council meeting costs		(5,118)	(4,787)
Other expenses		(12,264)	(13,823)
Total expenditure		<u>(252,774)</u>	<u>(284,117)</u>
Profit / (loss) before income tax		4,343	(46,809)
Income tax expense		-	-
Profit / (loss) after income tax		<u>4,343</u>	<u>(46,809)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		<u>4,343</u>	<u>(46,809)</u>
Total comprehensive income / (loss) for the year attributable to:			
Members of Australian Business Industrial		<u>4,343</u>	<u>(46,809)</u>

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

Australian Business Industrial
Statement of Financial Position as at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	144,275	85,923
Trade and other receivables	5	279,180	306,523
Total current assets		<u>423,455</u>	<u>392,446</u>
Total assets		<u>423,455</u>	<u>392,446</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	290,939	264,273
Total current liabilities		<u>290,939</u>	<u>264,273</u>
Total liabilities		<u>290,939</u>	<u>264,273</u>
Net assets		<u>132,516</u>	<u>128,173</u>
EQUITY			
Retained profits	7	132,516	128,173
Total equity		<u>132,516</u>	<u>128,173</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Australian Business Industrial
Statement of Changes in Equity for the year ended 30 June 2013

	Notes	2013	2012
		\$	\$
Total equity at the beginning of the financial year		128,173	174,982
Total comprehensive income / (loss) for the year		4,343	(46,809)
Total equity at the end of the financial year	7	<u>132,516</u>	<u>128,173</u>

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

Australian Business Industrial
Statement of Cash Flows for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers (including GST)		230,309	50,217
Cash paid to suppliers and employees (including GST)		(175,224)	(219,607)
Interest received		3,267	8,808
Net cash inflow / (outflow) from operating activities	9	58,352	(160,582)
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		58,352	(160,582)
Cash and cash equivalents at the beginning of period		85,923	246,505
Cash and cash equivalents at the end of the period		144,275	85,923

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Australian Business Industrial ("the Organisation").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*.

Compliance with IFRS

The financial statements of the Organisation also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements are prepared under the historical cost convention, except for investments, which are at fair value through profit or loss. Unless stated otherwise the accounting policies described below are consistent with those applied in the prior year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Foreign currency

The financial statements are presented in Australian dollars, which is the Organisation's functional and presentation currency.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- (i) Membership subscriptions comprise annual subscriptions for the year and are recognised as revenue on a monthly basis over the period of the membership
- (ii) Sponsorship income is brought to account when control is obtained over sponsorship funds
- (iii) Interest income is recognised when earned.

(d) Cash and cash equivalents

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

(e) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying

amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

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

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. 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 Australian Taxation Office 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 Australian Taxation Office, are presented as operating cash flows.

(h) Income tax

Australian Business Industrial is a not for profit employers' association and hence is exempt from Income Tax under the *Income Tax Assessment Act 1997*.

2 Financial risk management

The Organisation's activities expose it to credit risk and liquidity risk. The Organisation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Organisation. The Organisation uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk.

(a) Market Risk

Interest rate risk

The Organisation has no substantial financial assets or liabilities that are exposed to interest rate risk.

(b) Credit Risk

Credit risk arises from the risk that counterparties will not meet their contractual obligations with the

Organisation. The Organisation's exposure to credit risk arises from its trade receivables.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Organisation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Organisation.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

	2013	2012
	\$	\$
CREDIT QUALITY OF FINANCIAL ASSETS HELD AT BALANCE DATE		
Trade receivables		
(Counterparties without external credit rating)	279,180	298,389
Trade receivables	<u>279,180</u>	<u>298,389</u>
Cash at bank		
- Westpac (Rated AA2 by Moody's Investors Service, Inc)	144,275	85,923
	<u>144,275</u>	<u>85,923</u>

(c) Liquidity Risk

The Organisation's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Organisation manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The table below shows the contractual maturity of the Organisation's financial liabilities.

Financial Liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2013							
Trade and other payables	290,939	-	-	-	-	290,939	290,939
	<u>290,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,939</u>	<u>290,939</u>
As at 30 June 2012							
Trade and other payables	264,273	-	-	-	-	264,273	264,273
	<u>264,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,273</u>	<u>264,273</u>

	2013	2012
	\$	\$
3 Revenue from continuing operations		
Sales revenue		
Membership subscription	195,850	170,500
Sponsorship income	58,000	58,000
	<u>253,850</u>	<u>228,500</u>
Other revenue		
Interest	3,267	8,808
	<u>257,117</u>	<u>237,308</u>
4 Current assets - cash and cash equivalents		
Cash at bank and in hand	<u>144,275</u>	<u>85,923</u>
5 Current assets - trade and other receivables		
Trade receivables	279,180	298,389
GST receivable (net)	-	8,134
	<u>279,180</u>	<u>306,523</u>

	2013	2012
	\$	\$
6 Current liabilities - trade and other payables		
Trade payables	220,000	221,310
GST payable (net)	2,326	-
Workcover funds held on behalf of NSW Business Chamber Limited	60,148	42,963
Other payables	8,465	-
	<u>290,939</u>	<u>264,273</u>

7 Retained profit

Movement in retained profits was as follows:

Balance at 1 July	128,173	174,982
Net profit / (loss) for the year	4,343	(46,809)
Balance at 30 June	<u>132,516</u>	<u>128,173</u>

8 Remuneration of auditors

Audit services

PricewaterhouseCoopers Australian firm:

Audit of financial statements	<u>5,004</u>	<u>5,000</u>
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9 Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

Operating profit / (loss)	4,343	(46,809)
(Decrease) / increase in trade creditors	(1,310)	221,274
Increase / (decrease) in other payables	27,976	(31,714)
Decrease / (increase) in trade debtors	19,209	(295,199)
Decrease / (increase) in other receivables	8,134	(8,134)
Net cash from operating activities	<u>58,352</u>	<u>(160,582)</u>

10 Related party transactions

There were no related party transactions during the year.

11 Organisation's details

The registered office and principal place of business is Level 15, 140 Arthur Street, North Sydney, NSW Australia.

12 On-going support

The Organisation receives on-going financial support from NSW Business Chamber Limited. An affiliation deed between the two entities confirms NSW Business Chamber Limited's commitment to the Organisation.

13 Administration of financial affairs by an external organisation

NSW Business Chamber Limited provides accounting services to the Organisation at no cost. The services provided are: accounts payable, accounts receivable, general accounting (including the preparation of budgets, monthly financial reporting and the Annual Report).

14 Donations and grants

The Organisation did not receive or pay any donations or grants during the year.

15 Recovery of wages

The Organisation did not have to engage in the recovery of wages during the year.

16 Compulsory levies

The Organisation does not raise compulsory levies and as such did not derive any income. No compulsory levies were imposed on the Organisation during the year.

17 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the General Manager of Fair Work Australia:

- (1) A member of the Organisation, or the General Manager of Fair Work Australia, may apply to the Organisation for specified prescribed information in relation to the Organisation 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 Organisation.
- (3) The Organisation must comply with an application made under subsection (1).

Committee of Management Statement

On 18 September 2013 the members of the committee of management of Australian Business Industrial ("the Organisation") passed the following resolution in relation to the general purpose financial report (GPFR) for the period ended 30 June 2013.

The committee of management declares that in its opinion:

- (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 General Manager of the Fair Work Commission;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Organisation for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the Organisation; and
 - (ii) the financial affairs of the Organisation have been managed in accordance with the rules of the Organisation; and
 - (iii) the financial records of the Organisation have been kept and maintained in accordance with the RO Act ; and
 - (iv) where information has been sought in any request by a member of the Organisation or General Manager duly made under section 272 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act), this has been provided to the member or General Manager; and
 - (v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance
- (f) The Organisation has not had to engage in the recovery of wages.

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



Roger Hood
Councillor

North Sydney
18 September 2013



Colin Bosworth
Councillor



Independent auditor's report to the members of Australian Business Industrial

Report on the financial report

We have audited the accompanying financial report of Australian Business Industrial (the organisation), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the councillors' declaration.

Councillors responsibility for the financial report

The councillors of the organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisation) Act 2009*, and for such internal control as the councillors of the organisation determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 councillors of the organisation, as well as evaluating the overall presentation of the financial report.

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

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Auditor's opinion

In our opinion, the financial report of Australian Business Industrial:

- (a) presents fairly, in all material respects, the organisation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complies with Australian Accounting Standards including the Australian Accounting Interpretations to the extent described in Note 1 and complying with the *Fair Work (Registered Organisations) Act 2009*.

Basis of Accounting and restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the councillors' financial reporting responsibilities under the *Fair Work (Registered Organisation) Act 2009*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Australian business Industrial and should not be distributed to any other parties.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to be 'Manoj Santiago'.

Manoj Santiago
Partner

Sydney
24 September 2013

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