AUSTRALIAN COMMUNITY SERVICES EMPLOYERS ASSOCIATION
UNION OF EMPLOYERS
Trading as Community Management Solutions
ABN: 68 150 310 815

Community Management Solutions
GUIDANCE • ADVICE • SUPPORT

Annual Financial Statements
for the year ended 31 December 2018

Presented at the Annual General Meeting

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

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Registration:	The Association is registered as an Industrial Union of Employers under the provisions of the Fair Work (Registered Organisations) Act 2009 ("RO").

Australian Community Services Employers Association, Union of Employers

OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Committee of Management presents its operating report on the Association for the financial year ended 31 December 2018.

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

The principal activity of the business is providing guidance, advice and support to our members. There has been no significant change in the nature of these activities during the year. The results of these activities include Industrial relations & human relations services and support activities for our members. A review of the results of these activities shows they have achieved the objectives of the Association.

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Association during 2018.

Right of members to resign

Members may resign from the Association in accordance with R.9 (s.254 (2) (c)).

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee or officer of a registered organisation is a criterion for them holding such position

One board member, Barry Bicknell, held the position of director of Queensland Independence Education and Care Super (QIEC Super), a superannuation entity.

Number of members

The number of members who, at the end of the reporting period, were recorded on the Register of Members of the Association was 622.

Number of employees

The number of full time equivalent employees as at 31 December 2018 was 9.91 employees (2017: 9.75).

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

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

Deborah Ponting	President
Jennifer O'Brien	Vice President -Appointed September 2018 Previously Treasurer -(January to September 2018)
Kim Teague	Secretary -Appointed September 2018 Previously Vice President- (January to September 2018)
Lyanna George	Treasurer -Appointed September 2018 Previously Board member- (January to September 2018)
Allan Fazldeen	Board member -Appointed September 2018 Previously Secretary- (January to September 2018)
Peter Hoens	Board member -Appointed September 2018
Barry Bicknell	Board member- Retired September 2018

Unless otherwise indicated each person held office for the full period of the financial year.

Signature of designated officer: DPonting

Name and title of designated officer: Deborah Ponting, President Dated: 15 May 2019

Australian Community Services Employers Association, Union of Employers

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

On the 15th May 2019 the Committee of Management of the above named Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

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

(d) there are reasonable grounds to believe that the Association 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 Association have been managed in accordance with the rules of the organisation; and
- (iii) the financial records of the Association have been kept and maintained in accordance with the RO Act; and
- (iv) the organisation consists of only one reporting unit;
- (v) no information has been sought in any request by a member of the Association or Commissioner duly made under section 272 of the RO Act; and
- (vi) no order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act.

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

Signature of designated officer: ....

President- Deborah Ponting

Signature of designated officer: ....

Treasurer - Lyanna George

Australian Community Services Employers Association, Union of Employers

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$	$
REVENUE			
Membership subscription		497,557	538,284
Services rendered income		573,231	598,211
Manuals and awards sales income		17,794	23,117
Capitation fees and other revenue from another reporting unit	3a	-	-
Levies	3b	-	-
Interest income	3c	2,666	5,081
Investment income	3f	37,333	22,536
Other revenue		1,527	764
TOTAL REVENUE		**1,130,108**	1,187,993
OTHER INCOME			
Grants and donations	3d	4,129	-
Net gains from sale of assets	3e	311	-
Net proceeds from termination of operating lease		-	28,987
Revenue from recovery of wages activity	3g	-	-
Sundry income		-	164
Net gain/(loss) on disposal of investments		(10,529)	6,613
TOTAL OTHER INCOME		**(6,089)**	35,764
TOTAL INCOME		**1,124,019**	1,223,757
EXPENSES			
Employee expenses	4a	800,929	753,872
Capitation fees and other expense to another reporting unit	4b	-	-
Affiliation fees	4c	-	-
Administration expenses	4d	259,060	190,232
Grants or donations	4e	4,129	-
Depreciation expense	4f	36,875	38,337
Finance costs	4g	12,110	14,207
Legal costs	4h	-	-
Audit fees	14	13,150	13,650
Brokerage & stamp duty		13,579	13,849
Insurance expense		14,584	15,207
Membership, subscriptions & member seminars		18,653	20,986
Unrealised (profit)/loss on financial assets held for trading		61,155	(62,867)
Project & recoverable costs		41,278	62,324
TOTAL EXPENSES		**1,275,502**	1,059,796
(DEFICIT)/SURPLUS FOR THE YEAR		**(151,483)**	163,960
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(151,483)**	163,960

The above statement should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5a	498,600	745,643
Trade and other receivables	5b	100,873	110,499
Financial assets	5c	838,592	910,525
Other current assets	5d	7,262	1,735
TOTAL CURRENT ASSETS		1,445,327	1,768,402
NON-CURRENT ASSETS			
Furniture and equipment	6a	12,829	17,091
Computer equipment	6b	11,369	9,543
Strata Title Office	6c	620,957	638,100
TOTAL NON-CURRENT ASSETS		645,155	664,734
TOTAL ASSETS		**2,090,482**	2,433,136
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	7a	6,196	3,495
Other payables	7b	467,035	580,928
Employee provisions	8	66,399	77,997
Other current liabilities	9	570,390	642,959
TOTAL CURRENT LIABILITIES		1,110,020	1,305,379
NON-CURRENT LIABILITIES			
Employee provisions	8	30,467	26,279
TOTAL NON-CURRENT LIABILITIES		30,467	26,279
TOTAL LIABILITIES		**1,140,487**	1,331,658
NET ASSETS		**949,995**	1,101,478
EQUITY			
Accumulated funds	10	949,995	1,101,478
TOTAL EQUITY		**949,995**	1,101,478

The above statement should be read in conjunction with the notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Accumulated funds $	Total equity $
Balance as at 1 January 2017		**937,517**	**937,517**
Surplus/(deficit)		163,960	163,960
Other comprehensive income		-	-
Closing balance as at 31 December 2017	10	**1,101,478**	**1,101,478**
Surplus/(deficit)		(151,483)	(151,483)
Other comprehensive income		-	-
Closing balance as at 31 December 2018	10	**949,995**	**949,995**

The above statement should be read in conjunction with the notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and clients		1,211,243	1,270,266
Dividends		37,333	22,536
Interest		2,666	5,081
Cash used			
Suppliers		(535,027)	(228,597)
Employees		(808,339)	(743,597)
Finance costs		(11,328)	(13,426)
GST		(76,856)	(82,831)
Net cash from/(used by) operating activities	11a	(180,308)	229,432
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		331	-
Proceeds from sale of investments		460,392	511,836
Cash used			
Purchase of plant & equipment		(17,315)	(9,879)
Payments for investments		(460,143)	(558,195)
Net cash from/(used by) investing activities		(16,735)	(56,238)
FINANCING ACTIVITIES			
Cash used			
Repayment of borrowings		(50,000)	(25,000)
Net cash from/(used by) financing activities		(50,000)	(25,000)
Net (decrease)/increase in cash & cash equivalents held		(247,043)	148,194
Cash & cash equivalents at the beginning of the reporting period		745,643	597,449
Cash & cash equivalents at the end of the reporting period	5a	498,600	745,643

The above statement should be read in conjunction with the notes.

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Community Services Employers Association, Union of Employers (trading as Community Management Solutions) is a not-for-profit entity.

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year except for the following standard and amendments which have been adopted for the first time this financial year.

AASB 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial Instruments :Recognition and Measurement for annual periods beginning after 1 January 2018, bringing together all three aspects of the accounting for financial instruments:classification and measurement ;impairment; and hedge accounting. The transition provisions of AASB 9 allow an entity not to restate comparatives and the Association has elected not to restate as there is no material impact on the financial statement.

a. **Classification and measurement**

The classification and measurement requirements of IFRS 9 did not have any impact on the Association. The Association continued measuring at fair value all financial assets previously held at fair value under IAS 39.

b. Impairment

The adoption of AASB 9 has not materially changed the Association's accounting for impairment losses for financial assets, though it is replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Association to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of AASB 9 , there has been no need to recognizse additional impairment on the Associtaions's Trade receivable as the default rates for its customers is at 0%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.4 New Australian Accounting Standards

Future Australian Accounting Standard Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period on the Association include the following, but the impact of such standards has not yet been fully determined:

AASB 15 Revenue from contracts with customers

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. The give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 16 Leases

Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their balance sheets for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the balance sheet will be required to be capitalised on the balance sheet once AASB 16 is adopted.

AASB 1058 Income of Not-for-profit Entities

Effective for periods beginning on or after 1 January 2019

New standard that largely replaces AASB 1004 *Contributions* by clarifying and simplifying income recognition requirements for not-for-profit (NFP) entities. Whilst AASB 1004 will remain, its scope is limited to certain government entities.

The standard and its extensive guidance establish principles for NFP entities relating to:

a. Transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and

b. The receipt of volunteer services.

The timing of revenue recognition will depend on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to the asset received by the NFP entity.

Where a sufficiently specific enforceable performance obligation exists in an arrangement, the NFP entity is required to apply AASB 15 in relation to the performance obligation.

Whilst the interaction with AASB 15 is certainly the first step in assessing income by a NFP entity, other changes/impacts include:

- Timing of revenue recognition may be delayed to coincide with satisfaction of performance obligations.
- Increased scope of assets acquired for 'significantly less than fair value' from the predecessor requirement to apply only when an asset is acquired for 'nil or nominal value'.
- Leases at lower than market terms (e.g. peppercorn leases) will be recognised at fair value and accounted for under AASB 16 Leases.
- Depreciation expense may increase as a result of peppercorn leases being recognised at fair value.
- Volunteer services received are required to be recognised at fair value by local governments, government departments, general government sectors and whole of governments. Other NFP entities may elect to recognise such services as an asset or expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Association's activities.

Membership revenue

The Association recognises membership revenue on a straight line basis over the year consistent with the delivery of services rendered to members. Members who do not renew their membership are removed from the association's member register.

Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Association has established that it has a right to receive a dividend.

Service revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Gains on disposal of financial assets

Gains from the disposal of financial assets is recognised as other income in the period in which the financial asset is disposed of.

Sales made on credit are included in "Trade Debtors" and are recorded at the balance due less any provision for impairment for amounts estimated to be un-collectable. Trade debtor amounts are due within 30 days of invoice.

The organisation by its nature and location has a concentration of credit risk in that all of its trade debtors are due from customers in Queensland who operate in the education and child care industry.

All revenue is stated net of the amount of goods and services tax (GST).

1.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.7 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.8 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.9 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.11 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

Note 1: Summary of significant accounting policies (continued)

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.13 Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.14 Financial assets

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs except where the instrument is classified at "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Financial assets at Amortised Cost

The Association classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Classification of financial asset at fair value through profit or loss

The Association classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initail recognition at fair value thorugh profit and loss, or financial assets mandatorily required to be measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.14 Financial assets (continued)

Accounts Receivable

Accounts receivable are classified as subsequently measured at amortised cost.

The Association measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 to 60-day terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value.

1.15 Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.16 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.16 Financial Liabilities (continued)

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.17 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.18 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.18 Land, Buildings, Plant and Equipment (continued)

Revaluations—Land and Buildings(continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Class of assets	2018	2017
Furniture and equipment	3 to 10 years	3 to 10 years
Computer equipment	3 to 5 years	3 to 5 years
Strata Title Office	10 to 40 years	10 to 40 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.19 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.21 Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.22 Fair value measurement

The Association measures financial instruments, such as, financial assets as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are considered

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of significant accounting policies (continued)

1.22 Fair value Measurement (continued)

External valuers are involved for valuation of significant assets, such as land and buildings. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.23 Finance costs

All finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Note 2: Events after the reporting period

There were no events that occurred after 31 December 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Association.

		2018 $	2017 $
Note 3:	**Income**		
3(a)	**Capitation fees and other revenue from another reporting unit**		
	Reporting unit	-	-
3(b)	**Levies**		
	Compulsory or voluntary levy or appeal	-	-
3(c)	**Interest**		
	Deposits	2,666	5,081
	Loans	-	-
	Total interest	2,666	5,081
3(d)	**Grants or donations**		
	Grants	4,129	-
	Donations	-	-
	Total grants or donations	4,129	-
3(e)	**Net gains from sale of assets**		
	Plant and equipment	311	-
3(f)	**Dividends**		
	Dividends received	37,333	22,536
3(g)	**Revenue from recovery of wages activity**		
	Amounts recovered from employees in respect of wages	-	-
	Interest received on recovered money	-	-
		-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		$	$
Note 4:	**Expenses**		
4(a)	**Employee expenses**		
	Holders of office:		
	Wages and salaries	-	-
	Superannuation	-	-
	Leave and other entitlements	-	-
	Separation and redundancies	-	-
	Other employee expenses	-	-
	Subtotal employee expenses holders of office	-	-
	Employees other than office holders		
	Wages and salaries	714,357	655,767
	Superannuation	67,400	66,149
	Leave and other entitlements	(7,410)	10,275
	Separation and redundancies	-	-
	Other employee expenses	26,582	21,680
	Subtotal employee expenses other than office holders	800,929	753,872
	Total employee expenses	800,929	753,872
4(b)	**Capitation fees and other expenses to another reporting unit**		
	Reporting unit	-	-
4(c)	**Affiliation fees**		
	The Association	-	-
4(d)	**Administration expenses**		
	Total paid to employers for payroll deductions of membership	-	-
	Compulsory levies	-	-
	Fees/allowances- meeting and conferences	-	-
	Conference and meeting expenses	3,945	2,599
	Contractors/consultants	110,829	62,204
	Property expenses	22,928	24,290
	Office expenses	49,726	40,168
	Information communications technology	28,104	23,356
	Other	18,624	9,478
	Subtotal administration expense	234,156	162,095
	Operating lease rentals:		
	Minimum lease payments -equipment	24,904	28,137
		24,904	28,137
	Total administration expenses	259,060	190,232

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		$	$
Note 4:	**Expenses (continued)**		
4(e)	**Grants or donations**		
	Grants:		
	Total expensed that were $1,000 or less	-	-
	Total expensed that exceeded $1,000	4,129	-
	Donations:		
	Total expensed that were $1,000 or less	-	-
	Total expensed that exceeded $1,000	-	-
	Total grants or donations	4,129	-
4(f)	**Depreciation**		
	Strata title office	24,250	24,201
	Property, plant and equipment	12,625	14,136
	Total depreciation	36,875	38,337
4(g)	**Finance costs**		
	Finance charges - loans	12,110	14,207
	Total finance costs	12,110	14,207
4(h)	**Legal costs**		
	Litigation	-	-
	Other legal costs	-	-
	Total legal costs	-	-
4(i)	**Other expenses**		
	Penalties - via RO Act or the *Fair Work Act 2009*	-	-
	Total other expenses	-	-
Note 5:	**Current assets**		
5(a)	**Cash and cash equivalents**		
	Cash at bank	110,632	291,963
	Cash at bank - held in trust	387,047	452,847
	Cash on hand	921	832
	Total cash and cash equivalents	498,600	745,643

Other comments: The "cash at bank - held in trust" relates to funds received from payroll and/or bookkeeping clients which is held and used on their behalf for their payroll and/or bookkeeping activities. Refer to Note 7b for the corresponding liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		$	$
Note 5:	**Current assets (continued)**		
5(b)	**Trade and other receivables**		
	Receivables from other reporting unit(s)	-	-
	Total receivables from other reporting unit(s)	-	-
	Less provision for doubtful debts	-	-
	Total provision for doubtful debts	-	-
	Receivable from other reporting unit(s)- net	-	-
	Other receivables		
	Trade receivables	33,714	109,637
	Less: Provision for doubtful debts	(2,818)	-
		30,896	109,637
	Other debtors	69,977	861
	Total trade and other receivables- net	100,873	110,499

Credit risk

Refer to Note 15(d) for assessment of credit risk.

		2018	2017
5(c)	**Financial assets**		
	Financial assets held for trading:		
	- shares in listed corporations at market value	838,592	910,525
	Total financial assets	838,592	910,525
5(d)	**Other current assets**		
	Prepayments	7,262	1,735
	Total other current assets	7,262	1,735

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		$	$
Note 6:	**Non-current assets**		
6(a)	**Furniture and equipment**		
	At cost	34,246	34,443
	Accumulated depreciation	(21,417)	(17,352)
	Total furniture and equipment	12,829	17,091
	Reconciliation of opening and closing balances of furniture and		
	As at 1 January		
	Gross book value	34,443	31,652
	Accumulated depreciation and impairment	(17,352)	(11,474)
	Net book value 1 January	17,091	20,178
	Additions:		
	By purchase	1,669	2,791
	Depreciation expense	(5,913)	(5,878)
	Disposals:		
	Other - Write offs and scrapping of assets	(19)	-
	Net book value 31 December	**12,829**	17,091
	Net book value as at 31 December represented by:		
	Gross book value	34,246	34,443
	Accumulated depreciation and impairment	(21,417)	(17,352)
	Net book value 31 December	**12,829**	17,091
6(b)	**Computer equipment**		
	At cost	47,058	41,431
	Accumulated depreciation	(35,689)	(31,888)
	Total computer equipment	11,369	9,543
	Reconciliation of opening and closing balances of computer		
	As at 1 January		
	Gross book value	41,431	34,342
	Accumulated depreciation and impairment	(31,888)	(23,630)
	Net book value 1 January	9,543	10,712
	Additions:		
	By purchase	8,538	7,089
	Depreciation expense	(6,713)	(8,258)
	Disposals:		
	Other - Write offs and scrapping of assets	-	-
	Net book value 31 December	**11,369**	9,543
	Net book value as at 31 December represented by:		
	Gross book value	47,059	41,431
	Accumulated depreciation and impairment	(35,690)	(31,888)
	Net book value 31 December	**11,369**	9,543

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 6: Non-current assets

		2018	2017
		$	$
6(c)	**Strata Title Office**		
	At cost	691,380	684,273
	Accumulated depreciation	(70,423)	(46,173)
	Total strata title office	620,957	638,100
	Reconciliation of the Opening and Closing balances of Strata Title		
	As at 1 January		
	Gross book value	684,273	684,273
	Accumulated depreciation and impairment	(46,173)	(21,972)
	Net book value 1 January	638,100	662,301
	Additions:		
	By purchase	7,107	-
	Depreciation expense	(24,250)	(24,201)
	Net book value 31 December	**620,957**	638,100
	Net book value as at 31 December represented by:		
	Gross book value	691,380	684,273
	Accumulated depreciation and impairment	(70,423)	(46,173)
	Net book value 31 December	**620,957**	638,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 $	2017 $
Note 7:	**Current liabilities**		
7(a)	**Trade payables**		
	Unsecured liabilities:		
	Trade creditors	6,196	3,495
	Subtotal trade creditors	6,196	3,495
	Payables to other reporting unit(s)	-	-
	Total trade payables	6,196	3,495
	Settlement is usually made within 30 days.		
7(b)	**Other payables**		
	Liability - Funds held in trust	386,497	452,701
	Other payables	80,538	128,227
	Payable to employers for making payroll deductions of membership	-	-
	Legal costs		
	Litigation	-	-
	Other legal costs	-	-
	Total other payables	467,035	580,928
	Total other payables are expected to be settled in:		
	No more than 12 months	467,035	580,928
	More than 12 months	-	-
	Total other payables	467,035	580,928
Note 8:	**Provisions**		
8(a)	**Employee Provisions**		
	Office holders:		
	Annual leave	-	-
	Long service leave	-	-
	Separations and redundancies	-	-
	Other	-	-
	Subtotal employee provisions-office holders	-	-
	Employees other than office holders:		
	Annual leave	61,288	68,110
	Long service leave	35,578	36,166
	Separations and redundancies	-	-
	Other	-	-
	Subtotal employee provisions- employees other than office holders	96,866	104,276
	Total employee provisions	96,866	104,276
	Current	66,399	77,997
	Non current	30,467	26,279
	Total employee provisions	96,866	104,276

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 $	2017 $
Note 9:	**Other current and non-current liabilities**		
	Current		
	Membership fees received in advance	345,390	367,959
	Loan	225,000	275,000
		570,390	642,959

The loan is secured by mortgage on the office premises at 5/321 Kelvin Grove Rd, Kelvin Grove . The loan term was due to expire In December 2018 .A loan term extension has been subsequently approved and formalised in January 2019. The new loan term extension expires in January 2024 with a repayment term of principal and interest on a monthly basis.

		2018 $	2017 $
Note 10:	**Equity**		
10(a)	**Accumulated funds**		
	Balance as at start of year	1,101,478	937,517
	Surplus/(deficit) attributable to members	(151,483)	163,960
	Balance as at end of year	949,995	1,101,478
10(b)	**Other specific disclosures- funds**		
	Compulsory levy/voluntary contribution fund- if invested in assets	-	-
	Other fund(s) required by rules		
	Balance as at start of year	-	-
	Transferred to reserve	-	-
	Transferred out of reserve	-	-
	Balance as at end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
Note 11:	**Cash flow**	**2018**	**2017**
11(a)	**Cash flow reconciliation**	**$**	**$**
	Reconciliation of cash and cash equivalents as per Balance Sheet to		
	Cash and cash equivalents as per:		
	Cash flow statement	498,600	745,643
	Balance sheet	498,600	745,643
	Difference	-	-
	Reconciliation of surplus/(deficit) to net cash from operating		
	(Deficit)/Surplus for the year	(151,483)	163,960
	Adjustments for non-cash items		
	Depreciation	36,875	38,337
	Loss/(gain) on sale of investments	10,529	(6,613)
	Gain on sale of PPE	(311)	0
	Unrealised (profit)/loss on financial assets held for trading	61,155	(62,867)
	Changes in assets and liabilities		
	(Increase)/decrease in trade and other receivables	78,741	(68,837)
	(Increase)/decrease in other current assets	(74,643)	29,838
	Increase/(decrease) in trade and other payables	(147,159)	133,406
	GST clearing	13,398	(8,066)
	Increase/(decrease) in provisions	(7,410)	10,274
	Net cash (used by) /from operating activities	**(180,308)**	229,432
11(b)	**Cash flow information**		
	Cash inflows		
	The Association	1,711,965	1,809,718
	Total cash inflows	1,711,965	1,809,718
	Cash outflows		
	The Association	1,959,008	1,661,524
	Total cash outflows	1,959,008	1,661,524

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	$	$

Note 12: Contingent liabilities, assets and commitments

12(a) Commitments and contingencies

Operating lease commitments- as lessee

The operating leases are for office related equipment including a photocopier, telephone system, water dispenser and postal franking machine with lease terms ranging from 2 to 4 years.

Future minimum rentals payable under non-cancellable operating

	2018	2017
- within one year	27,106	29,986
- After one year but not more than five years	54,482	75,132
	81,588	105,119

Other contingent assets or liabilities

There are no contingent assets or contingent liabilities at the date of this report.

Note 13: Related party disclosures

13(a) Key Management Personnel Remuneration for the Reporting Period

	2018	2017
Short-term employee benefits		
Salary (including annual leave taken)	214,898	213,146
Annual leave accrued	28,970	28,600
Performance bonus	-	-
Total short-term employee benefits	243,868	241,746
Post-employment benefits:		
Superannuation	21,408	20,129
Total post-employment benefits	21,408	20,129
Other long-term benefits:		
Long service leave	18,324	19,289
Total other long-term benefits	18,324	19,289
Termination benefits	-	-
Total	283,600	281,165

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 14: Remuneration of Auditors

Value of the services provided		
Financial statement audit services	12,250	12,750
Other services	900	900
Total remuneration of auditors	13,150	13,650

Other services performed by the auditors is the preparation and lodgement of the Annual Fringe Benefits Tax return.

Note 15: Financial instruments

Financial risk management
The Association's financial instruments consist of deposits with banks, accounts receivables and payable, external borrowings and investments in shares in companies listed on the Australian Stock Exchange.

The Association does not have any derivative instruments at 31 December 2018.

Significant accounting policies
Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial risk exposures and management
The main risks the Association is exposed to through its financial assets and liabilities are interest rate risk, The Board of the Association analyses interest rate exposure and evaluates treasury management strategies Risk management is carried out by the board and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 $	2017 $
Note 15:	**Financial instruments (Continued)**		
15(a)	**Categories of Financial Instruments**		
	Financial assets		
	Fair value through profit or loss:		
	- Shares in listed corporations	838,592	910,525
	Loans and receivables:		
	- Trade and other receivables	100,873	110,499
	- Cash and cash equivalents	498,600	745,643
	Total	599,473	856,141
	Carrying amount of financial assets	1,438,065	1,766,666
	Financial liabilities		
	Other Financial liabilities:		
	- Trade and other payables	473,231	584,424
	- Loan	225,000	275,000
	Carrying amount of financial liabilities	698,231	859,424
15(b)	**Net income and expense from Financial Assets**		
	Fair value through profit or loss		
	Held for trading:		
	Change in fair value	(61,155)	62,867
	Dividend revenue	37,333	22,536
	Net gain/(loss) at fair value through profit and loss	**(23,822)**	85,403
	Loans and receivables		
	Interest revenue	2,666	5,081
	Net gain from loans and receivable	**2,666**	5,081
	Net gain/(loss) from financial assets	**(21,156)**	90,483
15(c)	**Net income and expense from Financial Liabilities**		
	At amortised cost		
	Interest expense	12,110	14,207
	Net gain/(loss) from financial liabilities	**12,110**	14,207

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15: Financial instruments (Continued)

15(d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Association's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit

	2018	2017
	$	$
Financial assets		
Trade and other receivables	30,896	109,637
Total	30,896	109,637

Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2018	Past due or impaired 2018	Not past due nor impaired 2017	Past due or impaired 2017
	$	$	$	$
Trade and other receivables	24,133	9,581	77,599	32,038

Ageing of financial assets that were past due but not impaired - 2018

	0 to 30 days	31 to 60 days	60+ days	Total
Trade and other receivables	3,953	3,588	2,039	**9,581**

Ageing of financial assets that were past due but not impaired - 2017

	0 to 30 days	31 to 60 days	60+ days	Total
Trade and other receivables	5,159	24,309	2,570	**32,038**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15: Financial instruments (Continued)

15(e) Liquidity risk

The Association manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and ensuring that adequate funds are maintained.

Trade payables are short-term in nature.
The Association is not exposed to any significant liquidity risk.

The table below analyses the Association's trade and other payables and borrowings 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.

Contractual maturities for financial liabilities- As at 31 December 2018

	On demand	<1 year	1-2 years	2-5 years	>5 years	Total
	$	$	$	$	$	$
Trade and other payables	-	473,231	-	-	-	473,231
Loan	-	225,000	-	-	-	225,000
Total	-	698,231	-	-	-	698,231

Contractual maturities for financial liabilities- As at 31 December 2017

	On demand	<1 year	1-2 years	2-5 years	>5 years	Total
	$	$	$	$	$	$
Trade and other payables	-	584,424	-	-	-	584,424
Interest only loan	-	275,000	-	-		275,000
Total	-	859,424	-	-	-	859,424

15(f) Market risk

Interest rate risk

The Association is exposed to interest rate risk through its variable rate borrowings and through its cash and cash equivalents.

Cash flow sensitivity analysis for variable rate instruments

The Committee of Management have considered the impact of the disclosure requirements of AASB 7 "Financial Instruments Disclosures", most specifically paragraphs 40 – 41 and does not consider that these disclosures are necessary given the impact of any variations in the interest rates and the required disclosure thereof is not considered material.

Price risk

The Association is not exposed to any material commodity price risk.

Foreign currency risk

The Association does not have any exposures to foreign currencies at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15: Financial instruments (Continued)

15(g) Capital risk management

The Association manages its capital to ensure that it will be able to continue as a going concern and maximise the return to the Association to enable it to provide its ongoing services to its members. The maximisation of the return is achieved through the optimisation of its financial assets, debt and equity.

The capital structure consists of cash and cash equivalents, investments in companies listed on the Australian Stock Exchange and accumulated surplus. The Association's board reviews the composition of the capital structure on a regular basis to ensure that an optimal return is generated.

This strategy remains unchanged from 31 December 2017.

Note 16: Fair value measurements

16(a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2018 was assessed to be insignificant.

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

All fair value measurements have been categorised as Level 1 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 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 Commissioner:

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

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

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

Crowe Horwath.
PART OF FINDEX

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Independent Auditor's Report

To the Members of Australian Community Services Employer's Trading as Community Management Solutions

Opinion

We have audited the financial report of Australian Community Services Employer's Association, Union of Employers (the 'Association'), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Association as at 31 December 2018, and of its financial performance and its cash flows for the year ended on that date in accordance with:

(a) The Australian Accounting Standards; and

(b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

Basis for Opinion

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

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

Other Information

The Committee of Management is responsible for the other information. The other information comprises the information contained in the Operating Report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

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- Conclude on the appropriateness of the Committee of Management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We declare that the signing director, Mike McDonald is:

a) an approved auditor

b) a member of the Institute of Chartered Accountants in Australia

c) holds a current public practice certificate.

Crowe Horwath Audit Queensland

Crowe Horwath Audit Queensland

Mike McDonald
Partner

Brisbane, 16 May 2019