The Baking Industry Association of Queensland

ABN 42 742 317 256

Financial Statements

For the Year Ended 31 December 2017

The Baking Industry Association of Queensland

ABN 42 742 317 256

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Report on the Audit of the Financial Report

Opinion

I have audited the financial report of The Baking Industry Association of Queensland (the Reporting Unit) and its subsidiaries (together the Group), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other 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 my opinion, the accompanying financial report presents fairly, in all material respects, the financial position of The Baking Industry Association of Queensland and its subsidiaries as at 31 December 2017 and of its financial performance and its cash flows for the year ended on that date in accordance with:

(i) the Australian Accounting Standards; and

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

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

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

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

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

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

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

Responsibilities of Committee of Management for the Financial Report

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

In preparing the financial report, the Committee of Managements are responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Managements either intend to liquidate the Reporting Unit or to cease

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operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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

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

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

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

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

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

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

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Report on other legal and regulatory requirement

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Nothing has come to my attention to indicate that there are any material deficiencies, failures or shortcomings in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Report on the Recovery of Wages Activity financial report

The Reporting Unit has not undertaken any recovery of wages activity. Refer to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

SAAS Audit Pty Ltd

James Kenward
Director

Suite 4, 118 Vulture Street
South Brisbane, QLD 4101

Dated: 8/5/2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/215

The Baking Industry Association of Queensland

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Certificate By Prescribed Designated Officer

I, Brett Noy being the President of The Baking Industry Association of Queensland, certify:

- that the documents lodged herewith are copies of the full report for The Baking Industry Association of Queensland for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 8 May 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on 19 June 2018 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

....

Brett Noy (President)

Prescribed designated officer

Dated:

The Baking Industry Association of Queensland

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Operating Report

For the Year Ended 31 December 2017

The Committee of Management presents its operating report on the Group, being the Association (the 'Reporting Unit') and its controlled entities, for the year ended 31 December 2017.

1. Operating results and review of operations for the year

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

The principal activities of the Reporting Unit were:

- To act as an advocate for Queensland bakers and the industry in general.
- To provided advise to members on staffing and employment issues.

The principal activities of the Reporting Unit's controlled entities were:

- National Baking Industry Association Pty Ltd published 'Baker Magazine' for members (now ceased to reduce costs) and holds events and competitions.
- Baking Industry Group Limited is a membership based organisation, operating at a national level, lobbying government on behalf of members.
- Baking Industry Training Australia Pty Ltd is a fully registered training organisation that delivers nationally accredited training for the baking industry.
- Bread House Pty Ltd is an asset holding entity within the Group, providing training facilities and the Group's head office in addition to owning an investment property.

There have been no significant changes to the principal activities of the organisation.

The profit from ordinary activities of the Group after tax was $42,018 (2016: loss $351,708). The improvement in the result for the year was influenced by the following key matters:

- an increase in revenues from training courses of $66K.
- efforts by the Committee of Management to reduce costs which included review of current staffing levels and operating with more efficient procedures in place, review of all operating costs and identifying savings where possible, review of salary packaging for employees including motor vehicles with the view to reduce Fringe Benefits Tax. This review resulted in a reduction in employee benefit expenses of $192K and other expenses of $164K.
- there was a reduction in accounting fees compared to 2016, a year in which accounting fees were higher than normal due to the resolution of the tax status of certain entities within the group.
- the crediting back of $34K interest previously charged by the Australian Tax Office on tax debt which as since been fully settled.
- the Committee of Management has also investigated the opportunity to restructure the group to ensure the current structure fulfils its rules and provides the best benefit to its members. As part of the restructure the Committee of Management is keen to refine and minimise any doubling up of administration time and excessive compliance costs for the group as well as streamline general operations. These future savings are expected to occur in the next financial year.

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Operating Report

For the Year Ended 31 December 2017

1. Operating results and review of operations for the year

Significant changes in financial affairs

There have been no significant changes to the financial affairs of the organisation.

Right of members to resign

Members of the organisation have the right to resign from the organisation under s174 of the *Fair Work (Registered Organisations) Act 2009* and rule 8(1) of the rules of the organisation.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

No officer or member of the Reporting Unit holds a position as a trustee of director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

The number of members of the Reporting Unit at 31 December 2017 was 97 (2016: 108).

Number of employees

The Reporting Unit has 5 full time equivalent employees at 31 December 2017.

2. General information

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

The names of each person who has been a member of the Committee of Management during the year and to the date of this report are:

Brett Noy	
Scott Cureton	
Mark Dennion	(appointed 28 January 2017)
John Dabrowski	(appointed 14 March 2017)
Christopher Hurford	(appointed 14 March 2017)
Myles Morris	(appointed 14 March 2017)
John Kennedy	(resigned 9 March 2017)
Holger Schinz	(resigned 27 January 2017)
Kevin Kielly	(resigned 23 January 2017)
Ewan Walker	(resigned 23 January 2017)

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

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Operating Report

For the Year Ended 31 December 2017

Signed in accordance with a resolution of the Committee of Management:

President: ....

Brett Noy

Dated: 8 May 2018

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Committee of Management Statement

For the Year Ended 31 December 2017

On 30th April 2018 the Committee of Management of The Baking Industry Association of Queensland passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2017.

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 reporting unit 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 including the rules of a branch concerned; and
- ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
- iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
- iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
- v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
- vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.

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

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

President ....

Brett Noy

Dated: 8 May 2018

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$	$	$	$
Revenue					
Member subscriptions		**38,146**	54,914	**26,187**	45,566
Training courses		**670,857**	604,889	**-**	729
Rental revenue (property)		**291,393**	283,005	**-**	-
Rental income (bakery equipment)		**-**	(1,856)	**14,080**	18,000
Administration and management fees		**-**	-	**104,505**	174,817
Australian Baker Magazine income		**27,978**	62,369	**-**	-
Functions and promotions		**26,917**	3,911	**-**	991
Commissions		**22,143**	20,992	**22,143**	20,992
Interest		**48,100**	15,628	**989**	77
Total revenue		**1,125,534**	1,043,852	**167,904**	261,172
Other Income					
Operating grants		**14,770**	9,275	**-**	-
Donations		**-**	21,095	**-**	21,095
Gain on disposal of assets		**24,809**	-	**24,809**	-
Increase in fair value of investments		**12,055**	5,829	**-**	-
Sundry income		**10,020**	1,694	**157**	720
Total other income		**61,654**	37,893	**24,966**	21,815
Total income		**1,187,188**	1,081,745	**192,870**	282,987
Expenses					
Employee benefits expense	4	**(408,871)**	(601,338)	**(120,034)**	(215,649)
Depreciation and amortisation expense		**(228,732)**	(238,976)	**(14,583)**	(22,046)
Other expenses	5	**(402,508)**	(566,691)	**(64,468)**	(88,982)
Loss on disposal of assets		**(4,238)**	-	**-**	-
Finance costs	4	**(53,444)**	(69,071)	**(1,313)**	(1,595)
Total expenses		**(1,097,793)**	(1,476,076)	**(200,398)**	(328,272)
Profit/(loss) before income tax		**89,395**	(394,331)	**(7,528)**	(45,285)
Income tax (expense)/credit	6	**(47,377)**	42,623	**-**	-
Profit/(loss) from continuing operations		**42,018**	(351,708)	**(7,528)**	(45,285)
Profit/(loss) for the year		**42,018**	(351,708)	**(7,528)**	(45,285)
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**42,018**	(351,708)	**(7,528)**	(45,285)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 31 December 2017

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	**498,288**	209,647	**117,711**	144,288
Trade and other receivables	8	**83,746**	37,712	**-**	11,621
Other assets	9	**63,922**	82,981	**3,110**	5,037
TOTAL CURRENT ASSETS		**645,956**	330,340	**120,821**	160,946
NON-CURRENT ASSETS					
Trade and other receivables	8	**-**	-	**572,155**	545,365
Investments in associates		**25,000**	25,000	**-**	-
Other financial assets	11	**152,587**	129,901	**-**	-
Property, plant and equipment	12	**1,070,742**	1,116,711	**14,573**	75,318
Investment property	13	**2,529,508**	2,662,640	**-**	-
Intangible assets		**2,960**	6,762	**-**	200
TOTAL NON-CURRENT ASSETS		**3,780,797**	3,941,014	**586,728**	620,883
TOTAL ASSETS		**4,426,753**	4,271,354	**707,549**	781,829
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	14	**49,053**	112,902	**18,938**	39,954
Borrowings	15	**846,896**	594,063	**-**	6,505
Current tax liabilities	16	**39,601**	169,186	**-**	-
Employee benefits	17	**14,540**	24,295	**2,116**	7,910
Other financial liabilities	18	**74,573**	76,750	**-**	36,960
Other liabilities	19	**375**	375	**-**	-
TOTAL CURRENT LIABILITIES		**1,025,038**	977,571	**21,054**	91,329
NON-CURRENT LIABILITIES					
Borrowings	15	**93,578**	27,664	**1,347,508**	1,343,985
TOTAL NON-CURRENT LIABILITIES		**93,578**	27,664	**1,347,508**	1,343,985
TOTAL LIABILITIES		**1,118,616**	1,005,235	**1,368,562**	1,435,314
NET ASSETS		**3,308,137**	3,266,119	**(661,013)**	(653,485)
EQUITY					
Reserves		**78,203**	78,203	**78,203**	78,203
Retained earnings		**3,229,934**	3,187,916	**(739,216)**	(731,688)
TOTAL EQUITY		**3,308,137**	3,266,119	**(661,013)**	(653,485)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2017

2017

	Consolidated		
	Retained Earnings	General Reserve	Total
	$	$	$
Balance at 1 January 2017	3,187,916	78,203	3,266,119
Profit for the year	42,018	-	42,018
Balance at 31 December 2017	3,229,934	78,203	3,308,137

2016

	Consolidated		
	Retained Earnings	General Reserve	Total
	$	$	$
Balance at 1 January 2016	3,539,624	78,203	3,617,827
Loss for the year	(351,708)	-	(351,708)
Balance at 31 December 2016	3,187,916	78,203	3,266,119

2017

	Parent		
	Retained Earnings	General Reserve	Total
	$	$	$
Balance at 1 January 2017	(731,688)	78,203	(653,485)
Loss for the year	(7,528)	-	(7,528)
Balance at 31 December 2017	(739,216)	78,203	(661,013)

2016

	Parent		
	Retained Earnings	General Reserve	Total
	$	$	$
Balance at 1 January 2016	(686,402)	78,203	(608,199)
Loss for the year	(45,286)	-	(45,286)
Balance at 31 December 2016	(731,688)	78,203	(653,485)

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Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**1,114,888**	1,171,462	**149,982**	276,076
Payments to suppliers and employees		**(937,430)**	(1,198,246)	**(217,434)**	(314,195)
Interest received		**48,100**	15,628	**989**	77
Interest paid		**(46,213)**	(36,658)	**(1,313)**	(1,595)
Income taxes paid		**(176,962)**	(22,068)	**-**	-
Net cash provided by/(used in) operating activities	28	**2,383**	(69,882)	**(67,776)**	(39,637)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		**97,432**	-	**70,971**	-
Proceeds from sale of investment		**-**	150,000	**-**	-
Payment for intangible asset		**(3,429)**	-	**-**	-
Purchase of property, plant and equipment		**(2,451)**	(13,146)	**-**	(11,840)
Loans to related parties - payments made	28	**-**	-	**(26,790)**	(57,441)
Net cash provided by/(used in) investing activities		**91,552**	136,854	**44,181**	(69,281)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net (payments of)/proceeds from related party loans	28	**-**	-	**17,378**	236,338
Proceeds from borrowings		**341,729**	-	**-**	-
Repayment of borrowings		**(85,482)**	(87,768)	**-**	-
Payment of finance lease liabilities		**(61,541)**	(19,032)	**(20,360)**	(6,141)
Net cash provided by/(used in) financing activities		**194,706**	(106,800)	**(2,982)**	230,197
Net increase/(decrease) in cash and cash equivalents held		**288,641**	(39,828)	**(26,577)**	121,279
Cash and cash equivalents at beginning of year		**209,647**	249,475	**144,288**	23,009
Cash and cash equivalents at end of financial year	7	**498,288**	209,647	**117,711**	144,288

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

The financial report covers The Baking Industry Association of Queensland and its controlled entities ('the Group'). The Baking Industry Association of Queensland is a not-for-profit Association, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

Amounts in the financial statements and Operating Report have been rounded to the nearest dollar.

1 Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009.*

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected financial assets.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

A list of controlled entities is contained in Note 25 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures.* Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

2 Summary of Significant Accounting Policies

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets have not been recognised in relation to tax losses at the year end as there is not sufficient probability that taxable profits will be available in the future against which the losses can be utilised.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Fixed asset class	Depreciation rate
Motor Vehicles	25%
Office Equipment	25-37.5%
Skills centre equipment	25-35%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment properties are depreciated on a diminishing value basis at 5% per annum.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated by the entity to be carried at fair value through profit or loss upon initial recognition.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(i) Intangible Assets

The Association has capitalised borrowing costs which are being amortised over a period of five years, this amortisation is included within finance costs.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(l) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 31 December 2017, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	31/12/18	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	The Committee have not made a formal assessment of the new standard at this time but do not believe it will have a material impact on reported revenue.
AASB 16 Leases	31/12/19	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Given that the entity currently does not pay any rent under operating leases, the Committee believes there will be no impact.

3 Critical Accounting Estimates and Judgments

The committee members make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

3 Critical Accounting Estimates and Judgments

Key estimates - useful lives of property, plant and equipment

The members of the committee determine the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - taxes

The Association estimates its tax liabilities based on the Committee's understanding of tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact tax liabilities in which such determination is made.

4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Finance Costs				
- Interest on finance leases	**6,493**	3,974	**1,113**	1,360
- Interest on bank loans and overdrafts	**29,637**	30,924	**-**	3
- Other borrowing costs including amortisation	**8,842**	6,151	**200**	96
- Other interest expense	**8,472**	28,022	**-**	137
Total finance costs	**53,444**	69,071	**1,313**	1,596

Notes to the Financial Statements
For the Year Ended 31 December 2017

4 Result for the Year

The result for the year includes the following specific income and expenses:

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Income				
Capitation fees*	-	-	-	-
Levies*	-	-	-	-
Expenses				
Employee benefit expenses (employees other than office holders):				
Wages and salaries	**383,128**	549,006	**115,172**	202,800
Leave and other entitlements	**(8,909)**	3,859	**(5,291)**	(5,096)
Superannuation contributions	**34,652**	48,474	**10,152**	17,946
Employee benefit expenses	**408,871**	601,339	**120,033**	215,650
Impairment of receivables:				
- Trade receivables	**(6,100)**	(10,545)	**(10,000)**	(4,470)
Total impairment of receivables	**(6,100)**	(10,545)	**(10,000)**	(4,470)
Affiliation fees*	-	-	-	-
Consideration to employers for payroll deductions*	-	-	-	-
Compulsory levies*	-	-	-	-
Grants paid*	-	-	-	-
Penalties - via RO Act or RO Regulations*	-	-	-	-

* the above items are disclosed as a requirement of the RO Act reporting regulations even if 'nil'.

Notes to the Financial Statements
For the Year Ended 31 December 2017

5 Other expenses

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Accounting fees	**10,566**	63,440	**3,087**	1,366
Apprenticeship training cost	**6,007**	15,134	**-**	-
Advertising	**807**	976	**421**	487
Audit fees	**15,000**	15,000	**4,500**	4,500
Bad debts	**(6,100)**	(10,545)	**(10,000)**	(4,470)
Bank charges	**2,259**	2,589	**540**	657
Cleaning	**7,132**	7,172	**14**	-
Magazine costs	**24,054**	102,759	**-**	-
Computer expenses	**17,086**	11,168	**3,253**	3,050
Consulting and professional fees	**11,081**	15,720	**450**	525
Body corporate & management fees	**7,045**	7,600	**-**	-
Contract trainers	**6,696**	18,533	**-**	-
Donations and sponsorship	**5,222**	2,570	**3,150**	8,944
Electricity and gas	**14,795**	13,732	**-**	-
Filing fees	**1,346**	756	**-**	125
Fringe benefits tax	**(7,970)**	24,955	**270**	4,101
Insurance	**27,420**	10,960	**7,049**	4,002
Investment manager's fees	**1,909**	3,479	**-**	-
Industrial relations support costs	**11,752**	24,545	**9,805**	21,097
Land tax	**23,651**	23,368	**-**	-
Management fees	**-**	-	**2,848**	-
Meetings	**374**	1,247	**364**	444
Motor vehicle expenses	**25,172**	39,597	**750**	5,314
Office expenses	**3,434**	2,327	**786**	434
Pest control	**495**	-	**-**	-
Payroll expenses	**1,892**	2,180	**929**	1,017
Postage	**3,770**	5,931	**1,323**	2,383
Pre-apprenticeship program costs	**-**	4,886	**-**	-
Printing and stationery	**28,418**	27,490	**2,277**	3,137
Event expenses	**38,872**	25,973	**2,078**	4,702
Rates and taxes	**26,761**	25,422	**-**	-
Registration fees	**11,385**	11,734	**480**	970
Rent	**-**	-	**17,742**	17,742
Repairs and maintenance	**31,956**	13,072	**611**	3,043
Staff recruitment and training	**369**	1,793	**-**	270
Subscriptions	**-**	699	**-**	283
Telephone and fax	**11,875**	13,039	**4,050**	3,967
Travel	**28,535**	34,041	**1,031**	532
Uniforms	**351**	-	**-**	-
Waste disposal	**2,031**	2,213	**-**	-
Website expenses	**7,060**	1,136	**6,660**	360
	402,508	566,691	**64,468**	88,982

6 Income Tax Expense/(Credit)

(a) The major components of tax expense (income) comprise:

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Current tax expense				
Local income tax - current period	**49,071**	25,066	-	-
Over provision in respect of prior years	**(1,694)**	(67,689)	-	-
	47,377	(42,623)	-	-

(b) Reconciliation of income tax to accounting profit:

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Profit	**89,395**	(394,331)	**(7,528)**	(45,285)
Tax	**27.50 %**	28.50 %	**- %**	- %
	24,584	(112,384)	-	-
Add:				
Tax effect of:				
- non-deductible depreciation and amortisation	**26,969**	29,550	-	-
- other non-allowable items	-	11,261	-	-
- losses carried forward to future periods	**7,243**	85,394	-	-
- results of reporting unit not taxable	**2,070**	12,906	-	-
	60,866	26,727	-	-
Less:				
Tax effect of:				
- unrealised gain not subject to income tax	**3,315**	1,661	-	-
- tax losses from prior years utilised	**4,822**	-	-	-
- over provision for income tax in prior year	**1,694**	67,689	-	-
- other non-taxable items	**3,658**	-	-	-
Income tax expense/(credit)	**47,377**	(42,623)	-	-
Weighted average effective tax rate	**14 %**	11 %	**- %**	- %

The increase in the weighted average effective consolidated tax rate for 2017 is principally as a result of the impact of a reversal of an overprovision for tax in the prior year.

Notes to the Financial Statements
For the Year Ended 31 December 2017

7 Cash and Cash Equivalents

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Cash at bank and in hand	**498,288**	209,647	**117,711**	144,288
	498,288	209,647	**117,711**	144,288

8 Trade and Other Receivables

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
CURRENT					
Trade receivables		**92,146**	52,212	**-**	21,621
Provision for impairment	(a)	**(10,900)**	(17,000)	**-**	(10,000)
		81,246	35,212	**-**	11,621
Deposits		**1,000**	1,000	**-**	-
Amount due from Associate	10	**1,500**	1,500	**-**	-
Total current trade and other receivables		**83,746**	37,712	**-**	11,621
NON-CURRENT					
Related party receivables	27	**-**	-	**572,155**	545,365
Total non-current trade and other receivables		**-**	-	**572,155**	545,365

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Balance at beginning of the year	**17,000**	27,545	**10,000**	14,470
Additional impairment loss recognised	**5,500**	-	**-**	-
Provision used	**-**	-	**-**	(4,470)
Reversal of impairment	**(11,600)**	(10,545)	**(10,000)**	-
Balance at end of the year	**10,900**	17,000	**-**	10,000

(b) Collateral held as security

The Group does not hold any collateral over any receivables balances.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

9 Other Assets

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
CURRENT				
Prepayments	**32,141**	37,153	**3,110**	5,037
Accrued income	**31,781**	45,828	**-**	-
	63,922	82,981	**3,110**	5,037

10 Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Associates:			
National Pie Council Pty Ltd	Australia	**25**	25

*The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

The Association's interest in National Pie Council Pty Ltd, which the Committee of management do not consider material, is recorded at its cost of $25,000. The Committee believe this cost is not materially different from the fair value of the holding based the June 2017 financial report of National Pie Council Pty Ltd which disclosed net assets of $116,952.

An amount of $1,500 (2016: $1,500) was owed to the Association by National Pie Council Pty Ltd at the year end. This balance is interest free with no fixed date of repayment.

11 Other Financial Assets

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
NON-CURRENT				
Managed fund investment at fair value through profit or loss	**152,587**	129,901	**-**	-
Total	**152,587**	129,901	**-**	-

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Property, plant and equipment

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Buildings				
At cost	**1,162,573**	1,162,573	-	-
Accumulated depreciation	**(246,140)**	(197,906)	-	-
Total buildings	**916,433**	964,667	-	-
Total land and buildings	**916,433**	964,667	-	-
PLANT AND EQUIPMENT				
Furniture, fixtures and fittings				
At cost	**74,552**	74,552	-	-
Accumulated depreciation	**(46,561)**	(39,563)	-	-
Total furniture, fixtures and fittings	**27,991**	34,989	-	-
Motor vehicles				
At cost	**97,250**	122,711	-	28,468
Accumulated depreciation	**(13,455)**	(72,118)	-	(12,031)
Total motor vehicles	**83,795**	50,593	-	16,437
Office equipment				
At cost	**110,445**	141,832	**52,188**	98,922
Accumulated depreciation	**(85,457)**	(129,016)	**(51,204)**	(93,687)
Total office equipment	**24,988**	12,816	**984**	5,235
Skills centre				
At cost	**64,114**	157,592	**59,999**	157,592
Accumulated depreciation	**(46,579)**	(103,946)	**(46,410)**	(103,946)
Total skills centre	**17,535**	53,646	**13,589**	53,646
Total plant and equipment	**154,309**	152,044	**14,573**	75,318
Total property, plant and equipment	**1,070,742**	1,116,711	**14,573**	75,318

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year:

Parent	Motor Vehicles $	Office Equipment $	Skill Centre Equipment $	Total $
Year ended 31 December 2017				
Balance at the beginning of year	16,437	5,235	53,646	75,318
Disposals - written down value	(15,075)	(2,774)	(28,313)	(46,162)
Depreciation expense	(1,362)	(1,477)	(11,744)	(14,583)
Balance at the end of the year	-	984	13,589	14,573

Parent	Motor Vehicles $	Office Equipment $	Skill Centre Equipment $	Total $
Year ended 31 December 2016				
Balance at the beginning of year	21,916	7,347	56,261	85,524
Additions				
Additions	-	-	11,840	11,840
Depreciation expense	(5,479)	(2,112)	(14,455)	(22,046)
Balance at the end of the year	16,437	5,235	53,646	75,318

Consolidated	Buildings $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Office Equipment $	Skill Centre Equipment $	Total $
Year ended 31 December 2017						
Balance at the beginning of year	964,667	34,989	50,593	12,816	53,646	1,116,711
Additions	-	-	97,250	25,126	4,115	126,491
Disposals - written down value	-	-	(45,394)	(3,153)	(28,313)	(76,860)
Depreciation expense	(48,234)	(6,998)	(18,654)	(9,801)	(11,913)	(95,600)
Balance at the end of the year	916,433	27,991	83,795	24,988	17,535	1,070,742

Consolidated	Buildings $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Office Equipment $	Skill Centre Equipment $	Total $
Year ended 31 December 2016						
Balance at the beginning of year	1,015,437	43,736	67,457	19,501	56,261	1,202,392
Additions	-	-	-	1,306	11,840	13,146
Depreciation expense	(50,770)	(8,747)	(16,864)	(7,991)	(14,455)	(98,827)
Balance at the end of the year	964,667	34,989	50,593	12,816	53,646	1,116,711

Notes to the Financial Statements

For the Year Ended 31 December 2017

13 Investment Properties

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Balance at beginning of the period	**2,662,640**	2,803,036	-	-
Disposals	-	(247)	-	-
Depreciation	**(133,132)**	(140,149)	-	-
Balance at end of the period	**2,529,508**	2,662,640	-	-
Total Investment Properties	**2,529,508**	2,662,640	-	-

The Association's investment property is a commercial property in Milton, it is recorded at its cost of $2,885,398 (2016: $2,885,398) less accumulated depreciation of $355,890 (2016: $222,758).

Rental income from the property was $290,523 (2016: $281,223), direct operating expenses (including repairs and maintenance but excluding depreciation) for the property were $51,437 (2016: $45,360)

The fair value of the investment property is $ 2,745,000.0. This value is based upon a bank valuation obtained in May 2015.

14 Trade and Other Payables

Current				
Trade payables	**20,362**	35,526	-	6,647
GST payable	**4,607**	5,901	**1,881**	756
Sundry payables and accrued expenses	**14,994**	58,178	**14,994**	26,528
Consideration to employers for payroll deductions	-	-	-	-
Other payables	**9,090**	13,297	**2,063**	6,023
	49,053	112,902	**18,938**	39,954

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

15 Borrowings

CURRENT					
Secured liabilities:					
Lease liability secured	21	**20,685**	24,099	-	6,505
Bank loans		**826,211**	569,964	-	-
Total current borrowings		**846,896**	594,063	-	6,505

Notes to the Financial Statements

For the Year Ended 31 December 2017

15 Borrowings

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
NON-CURRENT					
Unsecured liabilities:					
Related party payables	27	-	-	**1,347,508**	1,330,130
		-	-	**1,347,508**	1,330,130
Secured liabilities:					
Lease liability secured	21	**93,578**	27,664	-	13,855
		93,578	27,664	-	13,855
Total non-current borrowings		**93,578**	27,664	**1,347,508**	1,343,985
Total borrowings		**940,474**	621,727	**1,347,508**	1,350,490

(a) The carrying amounts of non-current assets pledged as collateral for liabilities are:

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
- freehold land and buildings	**2,529,508**	2,662,640	-	-
- leased plant and equipment	**93,529**	43,281	-	16,437
	2,623,037	2,705,921	-	16,437

The bank debt is secured by a first registered mortgage over freehold property owned by the Group and a general security of the assets of the subsidiary that holds this property.

Lease liabilities are secured by the related leased assets.

(b) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

16 Tax assets and liabilities

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Income tax payable	**39,601**	169,186	-	-
Current tax liabilities	**39,601**	169,186	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Tax losses	**159,756**	216,952	-	-
Temporary differences	**7,214**	15,787	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

Notes to the Financial Statements

For the Year Ended 31 December 2017

17 Employee Benefits

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Current liabilities				
Provision for annual leave	**14,540**	24,295	**2,116**	7,910
	14,540	24,295	**2,116**	7,910

18 Other Financial Liabilities

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
CURRENT				
Deferred income	**74,573**	76,750	-	36,960
Total	**74,573**	76,750	-	36,960

19 Other Liabilities

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
CURRENT				
Liability for members shares	**375**	375	-	-
	375	375	-	-

The liability for members shares of $375 represents members shares issued by Baking Industry Group, an entity controlled by the association. This share capital meets the definition of a financial liability in accordance with Accounting Standards.

20 General reserve

The general reserve records funds set aside for future expansion of the Association.The Association does not maintain a compulsory levy/voluntary contribution fund or any other funds referred to in the RO reporting guidelines.

21 Capital and Leasing Commitments

	Consolidated 2017 $	Consolidated 2016 $	Parent 2017 $	Parent 2016 $
Finance Leases				
Minimum lease payments:				
- not later than one year	**27,167**	23,006	-	7,500
- between one year and five years	**105,572**	32,508	-	14,506
Minimum lease payments	**132,739**	55,514	-	22,006
Less: finance changes	**(18,476)**	(3,751)	-	(1,646)
Present value of minimum lease payments	**114,263**	51,763	-	20,360

Finance leases are in place for plant & equipment and normally have a term between 3 and 5 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

22 Financial Risk Management

The Group's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group's borrowings are refinanced when necessary to ensure the adequacy of cash reserves.

Credit risk

The Group is not exposed to any significant credit risk.

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

The company's main interest rate risk arises from bank borrowings. Borrowings obtained at variable rates expose the company to interest rate risk. The members of the Committee of management periodically review borrowing facilities to ensure they represent the lowest cost of finance available to the Group. Finance leases to acquire certain assets are on fixed interest terms.

The Group's bank loan outstanding, totaling $826,211 (2016: $569,964), is a principal and interest payment loan. Monthly cash outlays of approximately $8,894 (2016: $9,910) per month are required to service the interest and capital payments. An official increase/decrease in interest rates of 100 (2016: 100) basis points would have an adverse/favourable effect on profit before tax of $8,262 (2016: $5,700) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Investments in managed funds
- Trade and other payables (including finance leases)
- Floating rate bank loans

22 Financial Risk Management

		Consolidated		Parent	
		2017	2016	2017	2016
		$	$	$	$
Financial assets					
Cash and cash equivalents	7	**498,288**	209,647	**117,711**	144,289
Trade and other receivables	8	**83,746**	37,712	**-**	11,621
Investments in managed funds	11	**152,587**	129,901	**-**	-
		734,621	377,260	**117,711**	155,910
Financial liabilities					
Trade and other payables	14	**49,054**	112,901	**18,938**	39,954
Finance lease obligation	15	**114,263**	51,763	**-**	20,360
Floating rate bank loan	15	**826,211**	569,964	**-**	-
		989,528	734,628	**18,938**	60,314

Remaining contractual maturities of financial liabilities

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below:

Consolidated	1 year or less		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Bank loans	**106,483**	118,920	**106,483**	118,920	**319,449**	356,760	**514,668**	59,460
Finance lease obligations	**27,167**	23,006	**27,167**	23,006	**78,405**	9,502	**-**	-
Trade and other payables	**83,746**	37,712	**-**	-	**-**	-	**-**	-
Total	**217,396**	179,638	**133,650**	141,926	**397,854**	366,262	**514,668**	59,460

Parent	1 year or less		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Finance lease obligations	**-**	7,500	**-**	7,500	**-**	7,006	**-**	-
Trade and other payables	**18,938**	39,954	**-**	-	**-**	-	**-**	-
Total	**18,938**	47,454	**-**	7,500	**-**	7,006	**-**	-

Notes to the Financial Statements

For the Year Ended 31 December 2017

23 Key Management Personnel Remuneration

The members of the committee of management are considered Key management personnel of the Association. The members of the committee did not received any remuneration for their services as committee members in the current or preceding year.

24 Auditors' Remuneration

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
- auditing or reviewing the financial statements	**15,000**	15,000	**4,500**	4,500
- other services	**-**	-	**-**	-
Total	**15,000**	15,000	**4,500**	4,500

25 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Subsidiaries:			
National Baking Industry Association Pty Ltd	Australia	**100**	100
Baking Industry Group Limited	Australia	**-**	-
Baking Industry Training Australia Pty Ltd	Australia	**100**	100
Bread House Pty Ltd	Australia	**-**	-

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Controlled entities with ownership interest of 50% or less

Baking Industry Group Limited is a company limited by guarantee and as such does not have any share capital. The company is a controlled entity as the board of directors of Baking Industry Group Limited mirrors the Committee of management of Baking Industry Association of Queensland. All financial and operating decisions of Baking Industry Group Limited are consistent with the policies of the Group.

Shares in Bread House Pty Ltd are held by four individuals who are current or former committee members. These individuals hold the shares in trust for Baking Industry Association of Queensland. The company is a controlled entity as the board of directors of Bread House Pty Ltd mirrors the Committee of management of Baking Industry Association of Queensland. All financial and operating decisions of Bread House Pty Ltd are consistent with the policies of the Group.

26 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 December 2017 (31 December 2016:None).

Notes to the Financial Statements

For the Year Ended 31 December 2017

27 Related Parties

(a) The Group's main related parties are as follows:

Key management personnel - refer to Note 23 and below.

Associates - refer to Note 10.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions between the Group and related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2017	2016
KMP related parties		
Property, plant and equipment donated to the group by a committee member	-	12,560

(c) Transactions between the Reporting Unit and controlled entities

Charges made between entities within the Group are determined on a commercial basis. Such charges are booked to intercompany accounts rather than being settled in cash. Balances between entities within the Group are interest free and have no fixed date of repayment.

	2017	2016
Balances due from controlled entities to the Reporting Unit		
National Baking Industry Association Pty Ltd	475,483	466,733
Baking Industry Group Limited	96,673	78,631
Balances due to controlled entities by the Reporting Unit		
Baking Industry Training Australia Pty Ltd	244,494	222,375
Bread House Pty Ltd	1,103,013	1,107,756
Other transactions		
Management and other fees charged to controlled entities by the Reporting Unit	118,585	194,673
Charges for office space by controlled entity to the Reporting Unit	17,742	17,742

Notes to the Financial Statements

For the Year Ended 31 December 2017

28 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	Consolidated		Parent	
	2017	2016	2017	2016
	$	$	$	$
Profit/(loss) for the year	**42,018**	(351,708)	**(7,528)**	(45,285)
Non-cash flows in profit:				
- amortisation	**7,231**	5,911	**200**	96
- depreciation	**228,732**	238,976	**14,583**	22,046
- gain on disposal of property, plant and equipment	**(24,809)**	-	**(24,809)**	-
- net loss on disposal of property, plant and equipment	**4,238**	-	**-**	-
- impairment of receivables	**(6,100)**	(10,545)	**(10,000)**	(4,470)
- fair value movements on investments	**(22,686)**	(15,906)	**-**	-
Changes in assets and liabilities:				
- (increase)/decrease in trade and other receivables	**(39,934)**	56,749	**21,621**	(1,961)
- (increase)/decrease in other assets	**14,047**	29,375	**-**	-
- (increase)/decrease in prepayments	**5,012**	(2,818)	**1,927**	(2,034)
- increase/(decrease) in income in advance	**(2,177)**	(16,367)	**(36,960)**	(6,430)
- increase/(decrease) in trade and other payables	**(63,849)**	42,823	**(21,016)**	4,505
- increase/(decrease) in income taxes payable	**(129,585)**	(38,189)	**-**	-
- increase/(decrease) in employee benefits	**(9,755)**	(8,183)	**(5,794)**	(6,104)
Net cashflows from operating activities	**2,383**	(69,882)	**(67,776)**	(39,637)

Notes to the Financial Statements

For the Year Ended 31 December 2017

28 Cash Flow Information

(b) Changes in liabilities arising from financing activities

	2016	Cash flows	Non-cash changes Acquisition	2017
Consolidated	**$**	**$**	**$**	**$**
Bank loan	569,964	256,247	-	826,211
Lease liabilities	51,763	(61,541)	124,041	114,263
Total liabilities from financing activities	621,727	194,706	124,041	940,474

Parent	**$**	**$**	**$**	**$**
Lease liabilities	20,360	(20,360)	-	-
Related party creditors	1,330,130	17,378	-	1,347,508
Total liabilities from financing activities	1,350,490	(2,982)	-	1,347,508

(c) Information required by RO Act Reporting Guidelines

	Parent 2017	Parent 2016
	$	**$**
Net cash inflow from loans from controlled entities of Reporting Unit		
Baking Industry Training Australia Pty Ltd	22,120	(152,163)
Bread House Pty Ltd	(4,742)	388,502
	17,378	236,339
Cash outflows from balances due from controlled entities of Reporting Unit		
National Baking Industry Association Pty Ltd	8,748	44,798
Baking Industry Group Limited	18,042	12,643
	26,790	57,441

29 Events Occurring After the Reporting Date

The Committee of Management has investigated the opportunity to restructure the group to ensure the current structure fulfils its rules and provides the best benefit to its members. During 2018, operations undertaken by the Reporting Unit, The Baking Industry Association of Queensland, have been moved into Baking Industry Group Limited. The Committee are hopeful that this restructuring will be completed in the 2018 financial year.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.