

Notes to the Financial Statements for the year ended 30 June 2008

1. Statement Of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Accounting Standards Board and the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on the accruals basis and in accordance with the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

(a) Revenue Recognition

Members' and other subscriptions or fees are accounted for when invoiced and taken to profit in equal quarterly amounts over the period to which they apply.

Income in respect of the various activities of the company, with the exception of special events / functions, is accounted for when invoiced. Income in respect of special events / functions is accounted for when received.

Income received and expenses incurred in advance of activities are carried in the balance sheet as unearned income and prepayments respectively until the relevant activity is completed, when all the profit is taken up. If a loss is expected, a provision for the likely loss is made as soon as it becomes apparent.

Costs of developing new services are expensed as incurred.

(b) Income Tax

The charge for current income tax expenses is based on the profit from non-mutual activities for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Notes to the Financial Statements for the year ended 30 June 2008 (cont.)

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(e) Office Equipment

Office equipment is valued at its cost and reduced by depreciation.

Depreciation is calculated on the straight line basis over the useful lives of the assets to the company. The rates used are 11.25% to 50%.

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the company are capitalised at the present value of the minimum lease payments and disclosed as assets under lease. A lease liability of equal value is recognised

Capitalised lease assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Income Statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(g) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(h) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(k) Comparative Figures

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

Notes to the Financial Statements for the year ended 30 June 2008 (cont.)

	2008 \$	2007 \$
2. Revenue		
Revenue from operating activities		
Members' subscriptions	1,170,192	1,092,044
Exhibition, conference and seminars	484,886	1,232,359
Cabling providers registrations	126,234	130,292
Magazine	224,478	234,321
Branch meetings	52,956	28,948
Grading, seminars and workshops	47,780	35,549
Insurance support	50,000	45,091
Consultancy	2,800	18,068
Miscellaneous income	38,153	20,163
Total revenue from operating activities	2,197,479	2,836,835
Revenue from investment activities		
Interest	209,596	167,415
Dividend	225	799
Total revenue from non-operating activities	209,821	168,214
Total revenue from ordinary activities	2,407,300	3,005,049
3. Profit Before Income Tax		
Expenses		
Depreciation of equipment	19,416	20,125
Rent expense on operating lease - minimum lease payments	74,138	69,715
Bad and doubtful trade debtors	(2,012)	22,801
4. Tax Expense		
The prima facie tax at 30% (2007: 30%) on profit / (loss) from ordinary activities before income tax differs from the income tax expense as follows:		
Prima facie tax on profit / (loss) from ordinary activities	16,573	480,776
Tax effect of permanent differences:		
Prima facie tax on profit / (loss) from mutual activities	53,771	10,305
Capital profit not subject to income tax	-	(175,241)
Recoupment of prior year losses previously not brought to account	-	(185,193)
Over provision for income tax in prior year	(30,024)	-
Deferred tax asset not recognised	2,372	16,048
Tax expense	42,692	146,695
The components of tax expense comprise:		
Current tax	72,716	331,888
Recoupment of prior year losses	-	(185,193)
Over provision for income tax in prior year	(30,024)	-
	42,692	146,695
A deferred tax asset of \$39,536 (including \$37,164 relating to prior years) has not been recognised as it is not probable that future profits will be available against which temporary deductible differences can be utilised.		
5. Key Management Personnel Compensation		
Short term benefits		
- Salary	219,456	187,235
- Superannuation	19,489	13,837
Total	238,945	201,072

Notes to the Financial Statements for the year ended 30 June 2008 (cont.)

	2008 \$	2007 \$
6. Auditor's Remuneration		
Remuneration of the auditors for:		
- audit of the financial report	14,500	16,800
- review of cabling registrar activity	2,100	2,100
- review of the quarterly management accounts	7,500	7,500
- taxation and other services	11,440	15,530
	<u>35,540</u>	<u>41,930</u>
7. Cash And Cash Equivalents		
Cash at bank and on hand	55,455	30,326
Short-term bank deposits	2,666,473	2,787,919
	<u>2,721,928</u>	<u>2,818,245</u>
The landlord has a lien over a short term bank deposit of \$15,987 (2007: \$15,987) in respect of the premises.		
8. Trade And Other Receivables - Current		
Trade debtors	121,702	130,200
Less: provision for doubtful debts	(30,000)	(30,000)
	<u>91,702</u>	<u>100,200</u>
GST receivable	23,440	17,500
	<u>115,142</u>	<u>117,700</u>
9. Other Assets - Current		
Prepayments	74,403	204,247
10. Office Equipment		
Office equipment - at cost	171,485	153,696
Less: accumulated depreciation	(118,864)	(97,205)
	<u>52,621</u>	<u>56,491</u>
11. Trade And Other Payables - Current		
Unearned income -		
Events income	129,398	338,493
Cablers registration	196,996	197,035
Membership subscriptions	91,605	61,774
Advertising	57,416	26,991
Trade payables	113,351	122,076
Sundry payables and accrued expenses	16,838	21,659
	<u>605,604</u>	<u>768,028</u>
12. Provisions		
Current		
Provision for staff entitlement	46,900	48,814
Provision for income tax	61,468	146,695
	<u>108,368</u>	<u>195,509</u>
Non-Current		
Provision for staff entitlement	48,223	31,907

Notes to the Financial Statements for the year ended 30 June 2008 (cont.)

	2008 \$	2007 \$
13. Centre For Compliance		
Movement in Centre for Compliance fund:		
Balance at 1 July 2007	100,375	200,000
Contribution received	-	-
Less: expenditure	(11,891)	(99,625)
Balance at 30 June 2008	<u>88,484</u>	<u>100,375</u>

14. Share Capital

There are no issued shares. The company is limited by guarantee. The liability of each member in respect of liabilities of the company is limited to \$100.

15. Lease Commitments

Operating lease - premises

Payable - minimum lease payments
- not later than 6 months

35,688	35,688
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The company is required to give 6 months' notice to vacate the premises.

16. Segment Information

Segment locations

The Company operates in one business and geographical segment being a not-for-profit industry association within the Security Industry throughout Australia.

17. Cash Flow Information

Reconciliation of the profit from ordinary activities after tax to the net cash flows from operating activities

Profit / (loss) from ordinary activities after tax	12,551	1,455,891
Investment activity		
Interest and dividend	(209,821)	(168,214)
Sale of assets & shares	(771)	-
Sale of annual exhibition	-	(1,171,689)
Non-cash items		
Depreciation of non-current assets	19,416	20,125
(Decrease) /increase in employee provisions	14,403	(9,506)
(Decrease) /increase in bad debt provision	-	10,000
Changes in assets and liabilities		
Decrease / (increase) in prepayments	129,844	7,822
Increase / (decrease) in receipts in advance	(148,878)	(312,876)
Increase / (decrease) in trade creditors	(13,546)	1,646
Decrease / (increase) in trade receivables	8,498	(55,100)
Decrease / (increase) in other debtors	(5,940)	15,012
Increase / (decrease) in income tax provision	(85,227)	146,695
Net cash flow from operating activities	<u>(279,471)</u>	<u>(60,194)</u>

Notes to the Financial Statements for the year ended 30 June 2008 (cont.)

18. Related Party Disclosures

It is the nature of the organisation to elect directors who are also members of the organisation. These directors deal with the company on the same terms as all other members and do not receive any remuneration.

19. Interest Rate Risk Exposures

The company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised, at the balance date are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in 1 year or less	Non Interest bearing	Total
2008				
(i) Financial assets				
Cash	-	2,666,473	55,455	2,721,928
Trade and Other receivables	-	-	91,702	91,702
	-	2,666,473	147,157	2,813,630
Weighted average Effective interest rate	-	7.2%	N/A	
(ii) Financial liabilities				
Trade creditors	-	-	130,189	130,189
Other creditors	-	-	475,415	475,415
	-	-	605,604	605,604
Weighted average Effective interest rate	-	-	N/A	
2007				
(i) Financial assets				
Cash	-	2,787,919	30,326	2,818,245
Trade and Other receivables	-	-	100,200	100,200
	-	2,787,919	130,526	2,918,445
Weighted average Effective interest rate	-	6.35%	N/A	
(ii) Financial liabilities				
Trade creditors	-	-	140,335	140,335
Other creditors	-	-	624,293	624,293
	-	-	764,628	764,628
Weighted average Effective interest rate	-	-	N/A	

20. Company Details

The registered office and principal place of business of the company is Suite 306, Lawson House, 10-12 Clarke Street, Crows Nest NSW 2065