AUSTRALIAN MINES AND METALS ASSOCIATION (INC.)

ABN 32 004 078 237

GENERAL PURPOSE FINANCIAL REPORT
For the year ended 31 December 2014

Contents

Notice of annual general meeting of members

Notice is hereby given that the 2015 Annual General Meeting of members of the above named Association will be held at level 14/55 Collins Street, Melbourne VIC 3000 at 2.00 pm on Friday, 17 April 2015.

Business:

To receive, consider and adopt the financial report of the Association for the year ended 31 December 2014, and the reports by directors and auditors thereon.

By Order of the Board

S. P. Knott
Secretary

Date: 12 March 2015

Directors' report

Your directors submit their report for the year ended 31 December 2014.

DIRECTORS
The names and details of the Association's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr. I. Smith (President)	Managing Director and Chief Executive Officer Orica Ltd
Mr. J. Dimech	Chief Executive Officer Sodexo Australia
Mr. G. Hunt	Managing Director and Chief Executive Officer Transfield Services (effective 31 March 2014)
Mr. R. Weston	Executive Vice President - Head of Australasia Region Goldfields of Australia Pty Ltd (effective 12 June 2014)
Mr. M. Utsler	Chief Operating Officer Woodside Energy (effective 1 September 2014)
Mr. R. Owen	Chairman ExxonMobil Australia (effective 4 February 2015)
Mr. U. Yiannis (Vice President)	Human Resources Manager Asia Pacific South, Australia, Indonesia, Malaysia, New Zealand & Pacific Islands Esso Australia Pty Ltd (resigned 4 February 2015)
Mr. S. French	Chief Executive Officer Anglo American Metallurgical Coal Pty Ltd (resigned 28 May 2014)

PRINCIPAL ACTIVITY
The principal activity of the Association during the year was to advise and represent members in all aspects of employee relations.

There were no significant changes in the nature of this activity during the year.

OPERATING AND FINANCIAL REVIEW
The operating surplus of the Association for the year ended 31 December 2014 was $415,926 (2013: $705,687).

As of 31 December 2014, the Association maintained member's equity of $4,399,326 (2013: $3,983,520).

Directors' report (continued)

REVIEW OF OPERATIONS
During the year, the Association continued to represent and protect the interests of member companies and the industry in national policy issues, represent members' interests in Fair Work Australia proceedings, provided consultancy services to members in employee relations matters, migration services, legal services, training services including RTO programs and delivered Government funded projects on the workforce participation and skills development.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
In the opinion of the directors, there were no significant changes in the state of affairs of the Association that occurred during the year under review not otherwise disclosed in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE
At the date of this report, the directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Association.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS
Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

ENVIRONMENTAL REGULATION AND PERFORMANCE
The Association is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS
The Association has made an agreement to indemnify all directors for any breach of the Trade Practices Act or discrimination laws by the Association, for which they may be held personally liable. The agreement provides for the Association to pay an amount not exceeding $10,000,000 where:

(i) the liability does not arise out of conduct involving a lack of good faith; or
(ii) the liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgement is given in their favour or in which they are acquitted.

INDEMNIFICATION OF AUDITORS
To the extent permitted by law, the Association has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of the directors.

I. Smith
Director

J. Dimech
Director

12 March 2015

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Notes	*2014* *$*	*2013* *$*
Subscription revenue		**4,647,316**	5,134,266
Non-subscription revenue	5(a)	**11,503,499**	9,422,720
Other income	5(b)	**232,527**	258,011
Total revenue and income		**16,383,342**	14,814,997
Depreciation and amortisation expense	5(c)	**(271,944)**	(218,664)
Rent and outgoings expenses	5(d)	**(990,379)**	(1,035,279)
Salaries and employment related expenses		**(9,245,091)**	(9,148,621)
Conferences and travel related expenses	5(e)	**(1,111,229)**	(1,151,056)
Other expenses	5(f)	**(4,348,773)**	(2,555,690)
Surplus before tax		**415,926**	705,687
Income tax expense		**-**	-
Surplus for the year	14(a)	**415,926**	705,687
Other comprehensive income			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Net fair value loss on available-for-sale financial assets	14(b)	**(120)**	(5,161)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(120)**	(5,161)
Other comprehensive loss for the year		**(120)**	(5,161)
Total comprehensive income for the year		**415,806**	700,526
Total comprehensive income for the year attributable to the members of the Australian Mines and Metals Association (Inc.)		**415,806**	700,526

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	**1,148,682**	1,936,257
Trade receivables	7	**1,664,289**	1,635,543
Prepayments		**187,281**	7,791
Other assets	8	**5,674,623**	5,264,502
Total current assets		**8,674,875**	8,844,093
Non-current assets			
Plant and equipment	9	**484,670**	594,398
Intangible assets	10	**147,940**	89,614
Other assets	8	**3,007**	5,869
Total noncurrent assets		**635,617**	689,881
Total assets		**9,310,492**	9,533,974
Current liabilities			
Trade and other payables	11	**1,367,448**	1,269,379
Provisions	12	**1,152,870**	1,222,014
Other liabilities	13	**2,258,861**	2,974,415
Total current liabilities		**4,779,179**	5,465,808
Non-current liabilities			
Provision	12	**131,987**	84,646
Total noncurrent liabilities		**131,987**	84,646
Total liabilities		**4,911,166**	5,550,454
Net assets		**4,399,326**	3,983,520
Members' equity			
Reserves	14(b)	**(11,362)**	(11,242)
Retained surplus	14(a)	**4,410,688**	3,994,762
Total members' equity		**4,399,326**	3,983,520

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

Statement of changes in equity

For the year ended 31 December 2014

	Retained surplus (Note 14(a)) $	*Reserves (Note 14(b))* $	*Total* $
At 1 January 2014	**3,994,762**	**(11,242)**	**3,983,520**
Surplus for the year	**415,926**	**-**	**415,926**
Other comprehensive loss	**-**	**(120)**	**(120)**
Total comprehensive income	**415,926**	**(120)**	**415,806**
At 31 December 2014	**4,410,688**	**(11,362)**	**4,399,326**
At 1 January 2013	3,289,075	(6,081)	3,282,994
Surplus for the year	705,687	-	705,687
Other comprehensive loss	-	(5,161)	(5,161)
Total comprehensive income	705,687	(5,161)	700,526
At 31 December 2013	3,994,762	(11,242)	3,983,520

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

Statement of cash flows

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Operating activities			
Receipts from members		**16,586,801**	12,578,607
Payments to suppliers and employees		**(16,891,089)**	(13,617,075)
Interest received		**235,367**	260,554
Net cash flows used in operating activities	6	**(68,921)**	(777,914)
Investing activities			
Proceeds from sale of plant and equipment		**38,242**	700
Payment for plant and equipment and intangibles		**(343,935)**	(333,891)
(Payments to)/proceeds from term deposits		**(412,961)**	2,171,752
Net cash flows (used in)/from investing activities		**(718,654)**	1,838,561
Financing activities			
Net cash flows from financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents		**(787,575)**	1,060,647
Cash and cash equivalents at beginning of year		**1,936,257**	875,610
Cash and cash equivalents at end of year	6	**1,148,682**	1,936,257

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

Notes to the financial statements

For the year ended 31 December 2014

1 CORPORATE INFORMATION

The financial report of Australian Mines and Metals Association (Inc.) ('Association') for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 12 March 2015.

The Association is an Australian not-for-profit public company limited by guarantee, incorporated and domiciled in Australia.

The registered office of the Association is Level 10, 607 Bourke Street, Melbourne, 3000.

The nature of the operations and principal activities of the Association are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Associations Incorporations Reform Act 2012,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale ("AFS") financial assets, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

(c) Changes in accounting policy, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

Several and other amendments apply for the first time in 2014. However, these do not materially impact the annual financial statements of the Association.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been early adopted by the Association for the annual reporting period ended 31 December 2014. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations most relevant to the Association are set out below.

AASB 9 Financial Instruments - Classification and Measurement (effective from 1 January 2018)

The amending standard specifies new recognition and measurement requirements for financial assets within the scope of AASB 139 requiring financial assets to be measured at fair value through profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. The Association will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Association.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(ii) Accounting Standards and Interpretations issued but not yet effective(continued)
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The Association will adopt this standard from 1 January 2016 but the impact of its adoption is yet to be assessed by the Association.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017)
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.The Association will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the Association.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Current versus non-current classification

The Association presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Association's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Association classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in the Association's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Association classifies all other liabilities as non-current.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Association will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date (i.e., the date that the Association commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are recorded at the redemption value per unit as reported by the manager of the unit trust.

(h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a diminishing balance basis over the estimated useful life of the specific assets as follows:

Plant and equipment - 4 to 10 years
Motor vehicles - 6 to 8 years
Furniture and fittings - 7 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Costs capitalised include external costs of services. Amortisation is calculated on a straight line basis over the useful life, ranging from 3 to 11 years.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Association as a lessee

Finance leases, which transfer to the Association substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Association will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(k) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Association prior to the end of the year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions and employee benefits

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Association expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(l) Provisions and employee benefits (continued)

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(m) Subscriptions in advance

Subscriptions in advance represent advance payments for subscriptions received during the year and not brought to account as revenue until the period to which they relate.

(n) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured.

Revenue from government grants is recognised at the fair value of the contribution when the Association obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits will flow to the Association and the amount of the can be measured reliably.

Government grants have been included in non-subscription revenue in the statement of profit or loss and other comprehensive income.

(o) Taxes

Income tax

The Association is a not for profit making body and therefore exempt from income tax.

Goods and services tax (GST)

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

- When the GST incurred on a sale or a purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense item or as a part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority, if any.

Cash flows are included in the statement of cash flows 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 part of operating cash flows.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Fair value measurement

The Association measures financial intruments such as AFS financial assets at fair value at each reporting date. Fair value related disclosures for financial instruments measured at fair value are set out in Note 4.

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.

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 at fair value 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.

The Association determines the policies and procedures for recurring fair value measurement, such as unquoted AFS financial assets.

At each reporting date, the Association analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Association's accounting policies. For this analysis, the Association verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Association also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Association has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the financial statements (continued)

For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Valuation of investments
The Association has decided to classify investments in listed securities as "available-for-sale" investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. For investments with no active market, fair values are recorded at the redemption value per unit as reported by the manager of the unit trust.

Estimation of useful lives
The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Fair value of financial instruments
When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise receivables, payables, available-for-sale investments and cash and short-term deposits.

Risk exposures and responses

The Association manages its exposure to key financial risks in accordance with the Association's financial risk management policy. The objective of the policy is to support the delivery of the Association's financial targets while protecting future financial security.

The main risks arising from the Association's financial instruments are interest rate risk, credit risk and liquidity risk. The Association uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Interest rate risk

The Association's exposure to interest rate risks at reporting date, are as follows:

Financial Instruments	Floating interest rate		Fixed Interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the reporting date		Weighted average effective interest rate	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$		
(i) Financial assets														
Cash and cash equivalents	1,126,311	1,487,796	-	-	-	-	-	-	22,371	448,461	1,148,682	1,936,257	**2.79%**	2.46%
Trade and other receivables	-	-	-	-	-	-	-	-	1,664,289	1,635,543	1,664,289	1,635,543	-	-
Term deposits	-	-	5,621,583	5,208,622	-	-	-	-	-	-	5,621,583	5,208,622	**3.57%**	4.15%
Available for sale financial assets	-	-	-	-	-	-	-	-	3,007	5,869	3,007	5,869	-	-
Total financial assets	**1,126,311**	**1,487,796**	**5,621,583**	**5,208,622**	-	-	-	-	**1,689,667**	**2,089,873**	**8,437,561**	**8,786,291**	-	-
(ii) Financial liabilities														
Trade and other payables	-	-	-	-	-	-	-	-	1,367,448	1,269,379	1,367,448	1,269,379	-	-
Total financial liabilities	-	-	-	-	-	-	-	-	**1,367,448**	**1,269,379**	**1,367,448**	**1,269,379**	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Fair value

The Association uses various methods in estimating the fair value of a financial instrument.

The methods comprise:

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

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised below.

The fair value of the Association's financial assets and liabilities for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as the relevant fund manager.

The following tables provides the fair value measurement heirarychy of the Association's financial assets:

Year ended 31 December 2014

	Quoted market price (Level 1) $	Valuation technique- market observable inputs (Level 2) $	Valuation technique- non market observable inputs (Level 3) $	Total $
Available-for-sale investments				
Unlisted investments	-	-	3,007	**3,007**
	-	-	3,007	**3,007**

Year ended 31 December 2013

	Quoted market price (Level 1) $	Valuation technique- market observable inputs (Level 2) $	Valuation technique- non market observable inputs (Level 3) $	Total $
Available-for-sale investments				
Unlisted investments	-	-	5,869	**5,869**
	-	-	5,869	**5,869**

The fair values of the Association's financial assets for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as the relevant fund manager.

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted the policy of only dealing with creditworthy counterparts along with payment terms of 30 days, as a means of mitigating the risk of financial losses from defaults.

The Association does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics.

The carrying amount of financial assets recorded in the statement of financial position, net of any provision for losses, represents the Association's maximum exposure to credit risk, without taking account of the value of any collateral or other security obtained.

d) Price risk

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values. The investment portfolio is managed professionally and the Association does not rely on investment income to fund its operational activities. The Association has minimal exposure to price risk.

e) Liquidity risk

The Association's objective is to maintain an adequate cash balance position throughout the year to meet short term obligations. Trade payables are normally settled on 30 day terms. Trade receivables are generally on 30 day terms. Liquidity risk is low for the Association due to the active monitoring and management of all the Association's cash and investments.

f) Foreign exchange risk

The Association has no exposure to foreign exchange risk.

Notes to the financial statements (continued)

For the year ended 31 December 2014

5 REVENUE AND EXPENSES

		2014 $	2013 $
(a)	**Non-subscription revenue**		
	Non-subscription revenue from services	**8,528,999**	7,907,821
	Non-subscription revenue from government funding	**599,450**	771,609
	Non-subscription revenue from expense recoveries	**2,375,050**	743,290
		11,503,499	9,422,720
(b)	**Other income**		
	Interest income	**232,527**	258,011
		232,527	258,011
(c)	**Depreciation and amortisation expense**		
	Plant and equipment	**(44,321)**	(61,467)
	Motor vehicles	**(9,443)**	(12,952)
	Furniture and fitting	**(125,574)**	(84,108)
	Intangible assets	**(92,606)**	(60,137)
		(271,944)	(218,664)
(d)	**Rent and outgoings expenses**		
	Office equipment lease	**(31,782)**	(37,356)
	Rent and outgoings	**(958,597)**	(997,923)
		(990,379)	(1,035,279)
(e)	**Conferences and travel related expenses**		
	Travel expenses	**(609,300)**	(584,125)
	Meetings and conferences	**(501,929)**	(566,931)
		(1,111,229)	(1,151,056)
(f)	**Other expenses**		
	Communication expenses	**(211,130)**	(226,883)
	Computer and printing expenses	**(424,296)**	(407,137)
	Business development subscriptions	**(211,565)**	(186,782)
	Loss on the disposal of plant and equipment	**(87,891)**	(108,878)
	Advertising and promotion	**(226,942)**	(179,227)
	Consultants and contractor fees	**(2,804,267)**	(1,177,567)
	Training and recruitment expenses	**(179,637)**	(68,186)
	Other expenses	**(203,045)**	(201,030)
		(4,348,773)	(2,555,690)

Notes to the financial statements (continued)

For the year ended 31 December 2014

6 CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank	**1,148,682**	1,936,257
	1,148,682	1,936,257

	2014 $	2013 $
Reconciliation of surplus to net cash flows from operations		
Operating surplus	**415,926**	705,687
Adjustment to reconcile operating surplus to net cash flows:		
Depreciation and amortisation expense	**271,944**	218,664
Loss on sale and write-off of plant and equipment	**87,891**	108,878
Changes in assets and liabilities		
(Increase)/Decrease in trade receivables	**(28,746)**	(323,202)
(Increase)/Decrease in prepayments	**(176,748)**	96,627
(Increase)/Decrease in other assets	**2,840**	2,542
Increase/(Decrease) in trade and other payables and other liabilities	**(620,225)**	(1,613,586)
Increase/(Decrease) in current provisions	**(69,144)**	26,310
Increase/(Decrease) in non-current provisions	**47,341**	166
Net cash used in operating activities	**(68,921)**	(777,914)

7 TRADE RECEIVABLES

	2014 $	2013 $
Current		
Trade receivables	**1,689,888**	1,636,738
Allowance for impairment loss (a)	**(25,599)**	(1,195)
	1,664,289	1,635,543

(a) Allowance for impairment loss

The receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Notes to the financial statements (continued)

For the year ended 31 December 2014

7 TRADE RECEIVABLES (continued)

(b) Aging of trade receivables

	Total	Neither past due nor impaired	<30 days	30<60 days	60<90 days	>90 days
	$	$	$	$	$	$
2014	1,689,888	**885,161**	**-**	**520,178**	**117,868**	**166,681**
2013	1,636,738	1,077,641	-	412,820	102,074	44,203

Receivables past due but not considered impaired are $779,128 (2013: $559,097). Each operating unit has been in direct contact with the relevant receivable and is satisfied that payment will be received in full.

8 OTHER ASSETS

	2014	*2013*
	$	*$*
Current		
Term deposits	**5,621,583**	5,208,622
Other assets	**53,040**	55,880
	5,674,623	5,264,502
Non-current		
Deutsche Bank investment at market value (a)	**3,007**	5,869
	3,007	5,869

(a) Deutsche Bank investment at market value

This investment portfolio is managed by Deutsche Bank and consists of one security, AMP Capital Structured High Yield Fund. AMP has imposed a restriction on the immediate redemption of this security. As a result this investment has been recognised as non-current.

9 PLANT AND EQUIPMENT

	2014	*2013*
	$	*$*
Plant and equipment		
At cost	**389,547**	429,578
Accumulated depreciation	**(302,155)**	(321,150)
Net carrying amount	**87,392**	108,428
Motor vehicles		
At cost	**44,356**	119,422
Accumulated depreciation	**(4,852)**	(63,640)
Net carrying amount	**39,504**	55,782

Notes to the financial statements (continued)

For the year ended 31 December 2014

9 PLANT AND EQUIPMENT (continued)

	2014	2013
	$	$
Furniture and fittings		
At cost	**553,564**	671,429
Accumulated depreciation	**(195,790)**	(241,241)
Net carrying amount	**357,774**	430,188
Total plant and equipment		
At cost	**987,467**	1,220,429
Accumulated depreciation	**(502,797)**	(626,031)
Net carrying amount	**484,670**	594,398

Reconciliation of carrying amounts at the beginning and end of the year

	2014	2013
	$	$
Plant and equipment		
At 1 January	**108,428**	153,808
Additions	**30,767**	29,835
Disposals		
- Cost	**-**	(114,574)
- Accumulated depreciation	**-**	100,826
Write-off	**(7,482)**	-
Depreciation expense	**(44,321)**	(61,467)
Net book value at 31 December	**87,392**	108,428
Motor vehicles		
At 1 January	**55,782**	68,734
Additions	**44,355**	-
Disposals		
- Cost	**(86,207)**	-
- Accumulated depreciation	**36,087**	-
Write-off	**(1,070)**	-
Depreciation expense	**(9,443)**	(12,952)
Net book value at 31 December	**39,504**	55,782
Furniture and fittings		
At 1 January	**430,188**	302,767
Additions	**111,120**	261,632
Disposals		
- Cost	**-**	(138,088)
- Accumulated depreciation	**-**	87,985
Write-off	**(57,960)**	-
Depreciation expense	**(125,574)**	(84,108)
Net book value at 31 December	**357,774**	430,188

Notes to the financial statements (continued)

For the year ended 31 December 2014

9 PLANT AND EQUIPMENT (continued)

	2014	*2013*
	$	*$*
Total plant and equipment		
At 1 January	**594,398**	525,309
Additions	**186,242**	291,467
Disposals		
- Cost	**(86,207)**	(252,662)
- Accumulated depreciation	**36,087**	188,811
Write-off	**(66,512)**	-
Depreciation expense	**(179,338)**	(158,527)
Net book value at 31 December	**484,670**	594,398

10 INTANGIBLE ASSET

	2014	*2013*
	$	*$*
Software and information technology system		
At cost (gross carrying amount)	**315,684**	169,541
Accumulated amortisation	**(167,744)**	(79,927)
Net carrying amount	**147,940**	89,614

Reconciliation of carrying amount at the beginning and end of the year

	2014	*2013*
	$	*$*
Software and information technology system		
At 1 January	**89,614**	153,054
Additions	**157,693**	42,424
Disposals		
- Cost	**-**	(220,180)
- Accumulated amortisation	**-**	174,453
Write off	**(6,761)**	-
Amortisation expense	**(92,606)**	(60,137)
Net carrying amount at 31 December	**147,940**	89,614

11 TRADE AND OTHER PAYABLES

	2014	*2013*
	$	*$*
Current		
Trade payables	**1,255,813**	737,345
Other payables	**111,635**	532,034
	1,367,448	1,269,379

Fair value

Due to short term nature of payables, the carrying value is assumed to approximate their fair value. Trade payables are normally settled on 30 days terms.

Notes to the financial statements (continued)

For the year ended 31 December 2014

12 PROVISIONS

	2014 $	2013 $
Current		
Provision for long service leave	**339,738**	423,208
Provision for annual leave	**475,105**	363,124
Provision for bonuses	**338,027**	435,682
	1,152,870	1,222,014
Non-current		
Provision for long service leave	**131,987**	84,646
	131,987	84,646

13 OTHER LIABILITIES

	2014 $	2013 $
Current		
Straight-line lease liability	**212,118**	231,001
Subscriptions in advance	**2,046,743**	2,743,414
	2,258,861	2,974,415

14 MEMBERS' EQUITY

	2014 $	2013 $
(a) Retained surplus		
Balance at the beginning of the year	**3,994,762**	3,289,075
Net surplus for the year	**415,926**	705,687
Balance at end of year	**4,410,688**	3,994,762
(b) Reserves		
Available-fror-sale reserve		
Balance at the beginning of the year	**(11,242)**	(6,081)
Unrealised loss on available for sale financial assets	**(120)**	(5,161)
Balance at end of year	**(11,362)**	(11,242)

This reserve records movements in the fair value of available-for-sale financial assets.

15 COMMITMENTS

	2014 $	2013 $
Operating leases:		
Within one year	**838,080**	742,334
After one year but more than five years	**2,334,072**	1,769,975
More than five years	**-**	-
	3,172,152	2,512,309

Notes to the financial statements (continued)

For the year ended 31 December 2014

16 MEMBERS' LIABILITY

The Association is an incorporated body limited by guarantee of members, to the extent of $2 per member, in the event of winding up the Association.

17 RELATED PARTY DISCLOSURES

The directors of Australian Mines and Metals Association (Inc.) in office during the financial year and until the date of this report were:

Mr. I. Smith (President)	Managing Director and Chief Executive Officer Orica Ltd
Mr. J. Dimech	Chief Executive Officer Sodexo Australia
Mr. G. Hunt	Managing Director and Chief Executive Officer Transfield Services (effective 31 March 2014)
Mr. R. Weston	Executive Vice President - Head of Goldfields of Australia Pty Ltd (effective 12 June 2014)
Mr. M. Utsler	Chief Operating Officer Woodside Energy (effective 1 September 2014)
Mr. R. Owen	Chairman ExxonMobil Australia (effective 4 February 2015)
Mr. U. Yiannis (Vice President)	Human Resources Manager Asia Pacific South, Australia, Indonesia, Malaysia, New Zealand & Pacific Islands Esso Australia Pty Ltd (resigned 4 February 2015)
Mr. S. French	Chief Executive Officer Anglo American Metallurgical Coal Pty Ltd (resigned 28 May 2014)

All membership subscriptions levied upon the director companies were based on normal terms and conditions.

There were no related party transactions during the year (2013: none).

Notes to the financial statements (continued)

For the year ended 31 December 2014

18 REMUNERATION OF DIRECTORS/KEY MANAGEMENT PERSONNEL

Remuneration of Directors

No Directors were remunerated during the year (2013: none).

Key management and personnel compensation

Key management personnel compensation for the years ended 31 December 2014 and 31 December 2013 are set out below. The key management personnel are all the officers in the Association that hold the authority for the strategic direction and management of the Association.

Name	Position
Mr. S Knott	Chief Executive
Ms. F Chong	Chief Financial Officer
Mr. R Berriman	Executive Director, Commercial Services
Mr. S Barklamb	Executive Director, Policy & Public Affairs
Ms. T Diamond	Executive Director, Industry Services
Mr. S Dunstan	Director, Consulting West Coast
Mr. I Turner	Director, Consulting East Coast (retired 4 July 2014)
Ms. A Mansini	Director, Legal & Migration Services
Ms. J Temple	Director, Training & Development

	Short term benefits $	Other long term benefits $	Post employment benefits $	Total $
2014	**2,699,464**	**-**	**-**	**2,699,464**
2013	2,851,006	-	-	2,851,006

19 SIGNIFICANT EVENTS AFTER BALANCE DATE

At the date of this report, the directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Association.

20 AUDITORS' REMUNERATION

The auditor of Australian Mines and Metal Association (Inc) is Ernst & Young Australia.

	2014 *$*	*2013* *$*
Amounts received or due and receivable by Ernst & Young Australia for:		
- An audit of the financial statement	37,080	36,050
- Compilation services	5,150	-
	42,230	36,050

Directors' declaration

In accordance with a resolution of the directors of Australian Mines and Metals Association (Inc.), I state that:

In the opinion of the directors:

(a) The financial statements and notes of Australian Mines and Metals Association (Inc.) for the financial year ended 31 December 2014 are in accordance with the *Associations Incorporation Reform Act 2012,* including:

(i) giving a true and fair view of the Association's financial position as at 31 December 2014 and its performance for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations); and

(b) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the Board

I. Smith
Director

J. Dimech
Director

12 March 2015

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Independent auditor's report to the members of Australian Mines & Metals Association (Inc.)

We have audited the accompanying financial report of Australian Mines & Metals Association (Inc.) ("the Association"), which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Australian Mines & Metals Association (Inc.) as of 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012*.

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
12 March 2015