FAIR WORK AUSTRALIA

19 March 2010

Mr Roger Gillespie
President
Australian Retailers Association
Level 10, 136 Exhibition Street
MELBOURNE VIC 3000

By email: info@retail.org.au

Dear Mr Gillespie

Fair Work (Registered Organisations) Act 2009 − (RO Act)
Financial report for year ended 30 June 2009 − FR2009/315

I acknowledge receipt of the financial report of the Australian Retailers Association for year ended 30 June 2009. The document was lodged with Fair Work Australia on 15 March 2010.

The financial report has been filed.

Although the report has been filed, there are a few matters to note in the preparation of future financial reports.

1. Legislative references for future financial reports

The *Fair Work (Registered Organisations) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009* both commenced on 1 July 2009. The Act was formerly Schedule 1 of the *Workplace Relations Act 1996* and the Regulations were formerly the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003*. The section numbering and generally the content of the legislation have remained the same with the exception of the Industrial Registrar and the Deputy Industrial Registrar having been replaced by the General Manager and the Delegate to the General Manager, respectively. Financial reports for future years should refer to the new legislation.

2. Auditor's report − auditor's opinion

The auditor's opinion in the report used the accounting term "true and fair view", however this is not the wording prescribed by s257(5) of the RO Act in regards to the auditor's opinion on the general purpose financial report of registered organisations. Section 257(5) provides:

> *"An auditor must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:*
>
> *(a) the Australian Accounting Standards;*
> *(b) any other requirements imposed by this Part*
>
> *If not of that opinion, the auditor's report must say why."*

In future, the auditor's report should adopt the use of the term "presents fairly" in compliance with s257(5). A copy of this letter has been forwarded to your auditor.

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Melbourne VIC 3000
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Melbourne VIC 3001

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3. Operating report − trustee of superannuation entity

Section 254(2)(d) of the RO Act requires the disclosure in the operating report of any officer or member who is a superannuation trustee to a superannuation entity where the criterion for the officer or member being the trustee is that he/she is a member of the registered organisation. If there are no members or officers who is a trustee of a superannuation entity, a statement to that effect should be provided to avoid doubt as to whether s254(2)(d) has been complied with. The preferred wording is:

> *“No officer or member of the reporting unit holds a position as a trustee or 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.”*

If you have any queries please contact me on (03) 8661 7989 (Wednesdays − Fridays) or by email at cynthia.lobooth@fwa.gov.au

Yours sincerely

Cynthia Lo−Booth
Tribunal Services and Organisations

Copy: Mr Jeffrey Luckins
Director
William Buck
Chartered Accountants
info@williambuckvic.com.au

Australian Retailers ASSOCIATION

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Melbourne VIC 3000
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Designated Officers Certificate
Fair Work (Registered Organisations) Act 2009

I Roger Gillespie being the President of the Australian Retailers Association certify:

- That the documents lodged herewith are copies of the full report, referred to in S268 of the Registered Organizations Act;
- That the full report was provided to members on 1 February 2010; and
- That the full report was presented to a general meeting of members of the reporting unit on 1 March, 2010 after no quorum being met at the scheduled meeting of 22 February, 2010 in accordance with section 266 of the Registered Organizations Act.

Roger Gillespie

Roger Gillespie
President

Date 1/3/2010

Australian Retailers Association

ABN *99 064 713 718*

and Controlled Entities

OPERATING REPORT

The Operating Report covers the activities of the Australian Retailers Association ('Association') for the financial year ended 30 June, 2009, the results of those activities and any significant changes in the nature of those activities during the year.

The committee of Management presents its operating report of the Australian Retailers Association for the financial year ended 30 June, 2009.

Principal Activities

The principal activity of the Association during the financial year was to service the needs of its members.

Results and Review of Operations

The deficit of the Association (including former State and National Councils) for the year amounted to $2,936,366 (2008: $701,637).

Significant Changes

The ARA over the last few years has changed its operational structure from a state based structure and focused to a national body. This meant that systems and other operational matters have had to be improved and restructured to accommodate a national approach to member service. A new management team was appointed prior to the end of the 2008 financial year to address issues of revenue and expenditure with the focus of increasing revenue channels. Strategic planning was undertaken and marketing plans produced to promote new products. These actions proved a dismal failure and with a large loss imminent and continuing issues the National Council took action late in the 2009 year to arrest the significant outflows and to contain losses.

Prior to and since year end a significant restructuring of the organisation has occurred including:

- Replacement of a large number of the senior management
- Downsizing of the number of support staff in both Melbourne & Sydney
- A refocus of the Australian Retailers Association value proposition with the aim of supporting current membership and attracting new and old members back to the ARA
- Reduction in office accommodation required in Sydney
- Significant cost cutting measures across the whole organisation
- Placement of the Franklin Street premises on the market

Current budgeting processes indicate that the Association will return to a profitable position by 2011.

Future Developments

Likely developments in the operations of the Association and the expected results of those operations have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Events Subsequent to Balance Date

The following matters have arisen since the end of the financial year which have a bearing on the operations of the Association in future years:

- The Association has obtained further finance from its bankers to enable it to operate until 30 June 2010. These funds have been secured against the Franklin Street property.
- The Franklin Street property was placed on the market in November 2009. Our advisers indicate that the property is readily saleable at its current valuation price of $5.6 million. It is the Association's intention to sell the building and extinguish all debt before 30 June 2010 resulting in significant interest savings into the future.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in the future years.

Members and Staff

All members have a right to resign from the Australian Retailers Association in accordance with Section 174 of Schedule 1B of the Workplace Relations Act 1996. In accordance with Section 171 (1) of the Workplace Relations Act 1996 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Members are encouraged to contact the Association's staff at any time should they have any concerns regarding service or policy or even simply wish to provide input. Members may resign from the Association by written notice addressed to The Membership department, Australian Retailers Association, Level 11, 46 Market Street, Sydney 2000 or Level 10, 136 Exhibition Street, Melbourne, Victoria 3000.

There were 2,500 financial members of the Association as at 30 June, 2009.

The number of staff employed by the Association on a full time equivalent basis at 30 June, 2009 was 24.

Committee of Management

The name of each person who has been a member of the ARA Council at any time during the year or since the end of the year and continuing in the office at the date of this report unless otherwise stated, are as follows:

- Roger Gillespie
- Michael Leask (resigned on 11 December 2008)
- Russell Zimmerman (appointed as a Casual Vacancy on 18 December 2008 and subsequently appointed as CEO in August 2009)
- Vanessa Francis
- Peter Ferne (was appointed as a Casual Vacancy on 23 June 2009)
- John Bailey (resigned 30 June 2009)
- Robert Parker
- Dustin van Roest (resigned 29 April 2009)
- Ray Halliwell (appointed as a Casual Vacancy on 11 December 2008, resigned on 2 March 2009)
- Marion Adler Bishop (appointed as a Casual Vacancy on 18 December 2008, resigned on 22 January 2009)

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

Roger Gillespie

ROGER GILLESPIE
PRESIDENT OF COUNCIL

Vanessa Francis

VANESSA FRANCIS
TREASURER OF COUNCIL

Melbourne

Date: 22 DECEMBER 2009

Australian Retailers Association ***ABN 99 064 713 718*** **and Controlled Entities**

COMMITTEE OF MANAGEMENT'S STATEMENT

On 22 DECEMBER 2009 the Committee of Management of the Australian Retailers Association, passed the following resolution in relation to the general purpose financial report (GPRF) of the Association for the year ended 30 June, 2009.

The Committee of Management declares in relation to the GPFR that in its opinion:

(a) the financial report and notes comply with the Australian Accounting Standards;

(b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;

(c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year ended 30 June, 2009.

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

(e) During the financial year ended 30 June, 2009 and since the end of the financial year:

 (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Association; and

 (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation and the rules of the Association; and

 (iii) the financial record of the Association have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisation) Regulations 2003; and

 (iv) no information has been sought in any request of a member of the Association or a Registrar under section 272 of Schedule 1B to the Workplace Relations Act 1996; and

 (v) no orders have been made by the Commission under section 273 of Schedule 1B to the Workplace Relations Act 1996.

For the Committee of Management

Roger Gillespie

ROGER GILLESPIE
PRESIDENT OF COUNCIL

Melbourne

Date: 22 DECEMBER 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Revenues	3	4,647,684	6,009,638	4,144,338	5,921,281
Employee benefits expense		(2,701,826)	(2,730,242)	(2,641,586)	(2,668,046)
Depreciation & amortisation expense		(196,840)	(136,893)	(165,590)	(99,393)
Other expenses	4	(4,685,384)	(3,844,140)	(4,245,871)	(3,819,509)
Loss before tax		(2,936,366)	(701,637)	(2,908,709)	(665,667)
Income tax expense	1c	-	-	-	-
Loss after tax		(2,936,366)	(701,637)	(2,908,709)	(665,667)

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CURRENT ASSETS					
Cash & Cash equivalents	7	1,029,675	1,317,509	852,466	1,207,294
Trade & other receivables	8	377,459	767,038	392,891	835,761
Inventories	9	5,320	36,088	5,320	36,088
Other Assets	10	194,152	234,598	191,713	234,599
TOTAL CURRENT ASSETS		1,606,606	2,355,233	1,442,390	2,313,742
NON-CURRENT ASSETS					
Property, plant and equipment	12	6,100,445	3,759,730	550,445	425,141
TOTAL NON-CURRENT ASSETS		6,100,445	3,759,730	550,445	425,141
TOTAL ASSETS		7,707,051	6,114,963	1,992,835	2,738,883
CURRENT LIABILITIES					
Trade & other payables	13	774,583	402,076	750,020	389,170
Other Liabilities	14	2,636,121	831,791	2,522,742	819,638
TOTAL CURRENT LIABILITIES		3,410,704	1,233,867	3,272,762	1,208,808
NON-CURRENT PROVISIONS AND LIABILITIES					
Other Non-current Liabilities	14	281,457	182,750	281,457	182,750
TOTAL NON-CURRENT LIABILITIES		281,457	182,750	281,457	182,750
TOTAL LIABILITIES		3,692,161	1,416,617	3,554,219	1,391,558
NET ASSETS / (DEFICIENCY)		4,014,890	4,698,346	(1,561,384)	1,347,325
EQUITY					
Legal Reserve		90,864	90,864	90,864	90,864
General Reserve		413,686	413,686	413,686	413,686
Revaluation Reserve		5,031,156	2,778,244	-	-
Accumulated Funds: Building		3,054,729	3,054,729	3,054,729	3,054,729
Accumulated Funds: General		(4,575,545)	(1,639,177)	(5,120,662)	(2,211,955)
TOTAL EQUITY / (DEFICIENCY)		4,014,890	4,698,346	(1,561,384)	1,347,325

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Accumulated Funds	Reserves	Total
	15	$	$	$
Consolidated Group				
Balance at 1 July 2007		2,117,189	3,282,794	5,399,983
Loss for year		(701,637)	-	(701,637)
Balance at 30 June 2008		1,415,552	3,282,794	4,698,346
Loss for year		(2,936,366)	-	(2,936,366)
Revaluation increment		-	2,252,912	2,252,912
Balance at 30 June 2009		(1,520,814)	5,535,706	4,014,890

	Accumulated Funds	Reserves	Total
	$	$	$
Parent Entity			
Balance at 1 July 2007	1,508,441	504,550	2,012,991
Loss for year	(665,667)	-	(665,667)
Balance at 30 June 2008	842,774	504,550	1,347,325
Loss for year	(2,908,709)	-	(2,908,709)
Balance at 30 June 2009	(2,065,935)	504,550	(1,561,384)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and non-members		4,871,473	6,109,800	4,654,732	5,932,923
Payments to suppliers and employees		(6,398,003)	(7,485,594)	(6,132,111)	(7,413,577)
Interest Received		23,340	175,633	22,746	174,387
Net cash provided by (used in) operating activities	18	(1,503,190)	(1,200,161)	(1,454,633)	(1,306,267)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(284,644)	(106,607)	(299,283)	(106,607)
Proceeds from disposal of assets					-
Net cash provided by (used in) investing activities		(284,644)	(106,607)	(299,283)	(106,607)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease		-	(8,713)	-	(8,713)
Cashflows from Loan		1,500,000	-	1,399,088	-
Net cash provided by (used in) Financing activities		1,500,000	(8,713)	1,399,088	(8,713)
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(287,834)	(1,315,481)	(354,828)	(1,421,587)
Cash and cash equivalents at the Beginning of the financial year		1,317,509	2,632,990	1,207,294	2,628,881
Cash and cash equivalents at end Of the financial year	7	1,029,675	1,317,509	852,466	1,207,294

Note 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers the consolidated financial statements and notes of Australian Retailers Association and controlled entities ('Consolidated Group' or 'Group'). The financial report is in accordance with the Workplace Relations Act 1996. The Australian Retailers Association (the Association) is an organisation registered under the Workplace Relations Act 1996 and, in accordance with this Act, the Association is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Association is not subject to the Corporations Act 2001.

Basis of preparation

The financial report is a general purpose financial report that has been prepared and presented in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Workplace Relations Act, 1996.

Australian Accounting Standards set out accounting policies that result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

As at balance date, being 30 June 2009, ARA and its controlled entities had net assets of $4.0 million (including land and buildings of $5.6 million; refer to Note 12), cash balances of $1.03 million and a deficit in net current assets of $1.8 million. For the year ended 30 June 2009 the group incurred a net loss of $2.9 million, net cash outflow from operating activities of $1.5 million and a net cash decrease of $0.3 million.

The continued viability of the group and its ability to continue as a going concern and meet its debts as and when they fall due is dependent upon it generating sufficient future cash surpluses which in turn depends on its ability to generate sufficient income from it traditional operations and new channels as outlined in page 1 and reduce expenditure to meet current circumstances whilst providing quality services to members.

The Committee of Management believes it will be successful in the above matters, resulting in sufficient improvements to future cash flows, and accordingly have prepared the financial statements on a going concern basis.

a. Principles of Consolidation

A controlled entity is any entity over which Australian Retailers Association has the power to govern the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in note 10 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

b. Revenue

(i) Membership Fees

Membership income is recognised on an accruals basis. As such, income received which related to the following financial year has been deferred as at 30 June 2009.

(ii) Project Services

Project services revenue is only recognised to the extent that project expenses are recognised in the income statement.

(iii) Interest

Revenue recognised as interest accrues using the effective interest rate method. The effective interest rate method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

c. Income Tax

No provision for income tax is necessary, as the Association is exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

d. Inventories

Inventories are measured at the lower of cost and net realisable.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	13-50%
Office Machines	33%
Motor Vehicles	15%
Leasehold Improvements	10%

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

Freehold land and building is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction) based on periodic valuations less subsequent depreciation for the buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. Decreases that offset previous increases of the same assets are charged against the asset revaluation reserve directly in equity. All other decreases are charged as expenses to the Income Statement.

f. Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amount 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.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Lease Incentives

The Association entered into an operating lease regarding its premises at 45 Market Street, Sydney, commencing 1st April 2003. Under the terms of the lease agreement, the Association was entitled to receive the first six months of the lease term free from rent and has received from the lessor a contribution to leasehold improvements.

Rent-Free Period

Rental payments were not required to be made during the first six months of the lease and a lease incentive liability has been raised to record the rental expense payable in relation to the rent-free period. Lease payments are allocated between the rental expense and the reduction of the lease incentive liability.

Leasehold Improvements

The lessor's contribution to the Association's leasehold improvements is recorded by recognising fixed assets acquired and raising a lease incentive liability. The lease incentive liability is amortised to monthly rent expense over the term of the lease.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

h. Financial Instruments

Recognition & Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expenses to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit and loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment
At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

i. Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expenses to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

k. Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

l. Provisions

Provisions are recognised when the group 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.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, over 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.

n. Good 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 Tax 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.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Comparative Figures

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

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

p. Critical Accounting Estimates and Judgments

The committee members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates – impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

q. Going Concern Basis

As at 30 June 2009 the consolidated group had a net working capital deficiency of $1.8 million, a net loss of $2.9 million, net operating cash outflows of $1.5 million and a cash balance of $1.0 million.

For the 12 months from the date of this report, the group expects to continue to meet its financial commitments and obligations principally through the proceeds of sale arising from its Franklin Street property, which has a current indicative market value of $5.6 million (which forms the basis of the asset revaluation in note 12). A plan to actively seek a buyer and sell the property commenced in November 2009. In connection with the intention to the asset, the group has renegotiated its loan funding of $1.5 million to a maturity date of 30 June 2010.

Furthermore, the group expects to reduce its working capital deficiency through the following strategies:

- Generate positive cashflows from memberships, sales of subscriptions, the provision of training and advice to subscribers and the acquittal of government grants;
- Increase its activity and vigilance in collecting its aged receivables and due subscriptions;
- Renegotiate with its existing suppliers extended trading terms of credit;
- Reduction in office accommodation required in Sydney; and
- Implement cost cutting measures generally across the group's operations.

For these reasons, the group considers that the assumption of a going concern basis in the preparation of this financial report is appropriate. The financial report does not include any adjustments in relation to the recoverability or classification of recorded assets nor to the amounts of classification or liabilities that might be necessary should the consolidated group not be able to continue as a going concern.

NOTE 2 : INFORMATION TO BE PROVIDED TO MEMBERS OF AUSTRALIA RETAILERS ASSOCIATION OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of Schedule 1B which read as follows:

(1) A member of a Reporting Unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit be made available to the person making the application.
(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than fourteen days after the application is given to the reporting unit.
(3) A reporting unit must comply with an application made under subsection (1).

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
NOTE 3 : REVENUE					
Continuing Operations					
Admin Fee		141	-	141	-
Advertising & Sponsorship		70,283	118,281	70,283	118,281
BD PPP Projects		123,895	-	123,895	-
Commissions Received		77,194	156,525	77,194	156,525
Diploma/Professional Development		18,450	-	18,450	-
Fee For Service		106,423	135,210	112,423	141,210
Functions		51,463	470,228	51,463	470,228
Interest Received		22,747	175,633	22,747	174,387
Memberships		1,652,492	2,160,954	1,652,492	2,160,954
Merchandise Sales		7,084	22,544	7,084	22,544
Profit on Sale of Assets		10,910	2,400	(222,123)	2,400
Reimbursements		34,543	-	34,543	-
Rental Incomes		318,814	120,709	95,267	132,709
Short Courses		27,032	66,462	27,032	66,462
Special Projects		1,604,639	1,878,960	1,604,639	1,878,960
Sundry Income		72,567	120,805	19,801	15,694
Traineeships		150,941	256,156	150,941	256,156
Training & Consulting		298,066	324,771	298,066	324,771
Total Revenue		**4,647,684**	**6,009,638**	**4,144,338**	**5,921,281**

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 4 : OTHER EXPENSES				
Affiliation & Subscriptions	51,701	63,211	51,701	61,125
Communication Expenses	258,906	193,957	258,906	193,957
Equipment & Software	308,108	297,567	308,108	297,567
Finance Costs	76,961	35,358	39,878	34,731
Functions & Entertainment	199,934	520,034	199,934	519,616
General Expenses	251,769	56,842	219,614	56,628
Insurance	86,982	79,830	86,982	79,830
Loss on Sale of Assets	233,033	-	-	-
Marketing & Promotions	177,836	241,478	176,608	241,478
Merchandise Expenses	-	2,566	-	2,566
Office & Accommodation	729,654	401,999	596,624	404,528
Professional Fees	453,485	248,596	450,501	225,096
Special Project Expenses	1,254,740	954,565	1,254,740	954,565
Training Expenses	475,406	593,368	475,406	593,368
Travel & Accommodation	126,869	154,769	126,869	154,454
Total Expenses	**4,685,384**	**3,844,140**	**4,245,871**	**3,819,509**

NOTE 5 : KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other member of key management personnel of the Association and the Group is set out below:

Short-term employee benefits	206,050	380,480	206,050	380,480
Post-employment benefits	13,950	104,196	13,950	104,196
Total	**220,000**	**484,676**	**220,000**	**484,676**

The Councilors received no remuneration for services.

NOTE 6 : AUDITORS' REMUNERATION

Remuneration of the auditor of the association for:

auditing or reviewing the financial report	15,000	30,000	15,000	30,000
Total	**15,000**	**30,000**	**15,000**	**30,000**

NOTE 7 : CASH AND CASH EQUIVALENTS

Cash on hand	150	2,000	150	2,000
Cash at bank & Short-term bank deposits	1,029,525	1,315,509	852,316	1,205,294
Total	**1,029,675**	**1,317,509**	**852,466**	**1,207,294**

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 8 : TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade Receivables	329,669	693,777	345,101	686,002
Provision for Doubtful Receivables	(138,997)	(19,575)	(138,997)	(19,261)
	190,672	674,202	206,104	666,741
Other Receivables	51,212	19,600	51,212	95,784
GST Receivable	-	73,236	-	73,236
Security Deposit	135,575	-	135,575	-
Total	**377,459**	**767,038**	**392,891**	**835,761**

Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms, with follow up every 7 days thereafter. It has not been found to be necessary to charge interest on trade receivables. By managing trade receivables, those which are in excess of their terms rarely become irrecoverable. Where any trade debtor does become irrecoverable, the amount is written off and is included in Other Expense items.

NOTE 9 : INVENTORIES

	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Stock on hand at cost	5,320	36,088	5,320	36,088
Total	**5,320**	**36,088**	**5,320**	**36,088**

NOTE 10 : OTHER ASSETS

	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Accrued Income	117,525	29,057	117,525	29,057
Other Assets	292	-	292	-
Prepayments	76,335	205,541	73,896	205,542
Total	**194,152**	**234,598**	**191,713**	**234,599**

NOTE 11 : CONTROLLED ENTITIES	Country of Incorporation	Percentage Controlled 2009	Percentage Controlled 2008
Controlled Entities Consolidated			
Parent Entity			
Australian Retailers Association Incorporated	Australia	-	-
Related Entities			
Hardware Association of New South Wales Incorporated	Australia	100%	100%
Victorian Retail Trust	Australia	100%	100%

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 12 : PROPERTY PLANT AND EQUIPMENT				
Furniture, Fittings & Equipment				
At Cost	227,314	359,767	227,314	359,767
Accumulated depreciation	(164,905)	(310,192)	(164,905)	(310,192)
Total Furniture, Fittings & Equipment	62,409	49,575	62,409	49,575
Office Machines				
At cost	-	334,424	-	334,424
Accumulated depreciation	-	(331,248)	-	(331,248)
Total Office Machines	-	3,176	-	3,176
Motor Vehicles				
At cost	43,563	43,563	43,563	43,563
Accumulated depreciation	(43,563)	(43,563)	(43,563)	(43,563)
Total Motor Vehicles	-	-	-	-
Leasehold Improvements				
At cost	531,727	662,046	531,727	662,046
Accumulated depreciation	(75,961)	(289,656)	(75,961)	(289,656)
Total Leasehold Improvements	455,766	372,390	455,766	372,390
Land & Buildings				
At valuation	5,550,000	3,500,000	-	-
Accumulated depreciation	-	(165,411)	-	-
Total Other Depreciable Assets	5,550,000	3,334,589	-	-
Software & Product Development				
At cost	32,870	-	32,870	-
Accumulated depreciation	(600)	-	(600)	-
Total Other Depreciable Assets	32,270	-	32,270	-
Total Property, Plant and Equipment	**6,100,445**	**3,759,730**	**550,445**	**425,141**

The land & buildings at 104 Franklin Street, Melbourne, were independently valued as at 30 June 2009 by Terri McConnell B Bus (Prop), AAPI, Certified Practicing Valuer (API Member No 2802) of Charter Keck Cramer at $5,600,000 and subsequent to year end the building has been placed on the market at this value. As at 30 June 2009 the land and building have been revalued in these financials to reflect that valuation less the expected costs of realisation of $50,000.

The land and buildings are held as security for the $1,500,000 bank loan (refer Note 14).

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 12 : PROPERTY PLANT AND EQUIPMENT (cont.)				
a. **Movement in non-current assets**				
Furniture, Fittings & Equipment				
Balance at the beginning of the year	49,575	61,133	49,575	61,133
Additions	47,310	18,625	47,310	18,625
Disposals	(5,144)	-	(5,144)	-
Depreciation Expense	(29,332)	(30,183)	(29,332)	(30,183)
Balance at the end of the year	62,409	49,575	62,409	49,575
Office Machines				
Balance at the beginning of the year	3,176	14,981	3,176	14,981
Additions	-	-	-	-
Disposals	(886)	-	(886)	-
Depreciation expense	(2,290)	(11,805)	(2,290)	(11,805)
Balance at the end of the year	-	3,176	-	3,176
Leasehold Improvements				
Balance at the beginning of the year	372,390	341,813	372,390	341,813
Additions	443,746	87,982	443,746	87,982
Disposals	(227,002)	-	(227,002)	-
Depreciation expense	(133,368)	(57,405)	(133,368)	(57,405)
Balance at the end of the year	455,766	372,390	455,766	372,390
Land & Buildings				
Balance at the beginning of the year	3,334,589	3,372,089	-	-
Additions	-	-	-	-
Revaluation increment	2,246,661	-	-	-
Disposals	-	-	-	-
Depreciation expense	(31,250)	(37,500)	-	-
Balance at the end of the year	5,550,000	3,334,589	-	-
Software & Product Development				
Balance at the beginning of the year	-	-	-	-
Additions	32,870	-	32,870	-
Depreciation Expense	(600)	-	(600)	-
Accumulated impairment losses	-	-	-	-
Total Other Depreciable Assets	32,270	-	32,270	-
Total balance at the end of the year	**6,100,445**	**3,759,730**	**550,445**	**425,141**

NOTE 13 : TRADE AND OTHER PAYABLES

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT				
Trade Creditors	711,281	273,058	702,110	273,058
Sundry Creditors	26,717	129,018	26,717	116,112
GST payable	36,585	-	21,193	-
Total	**774,583**	**402,076**	**750,020**	**389,170**

The consolidated group, as a policy of financial risk management, ensures that all trade and other payables are paid within the credit terms, in order to avoid any interest being charged.

NOTE 14 : OTHER PROVISIONS AND LIABILITIES

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT				
Provision for Redundancies	155,250	-	155,250	-
Income in Advance - Membership	646,887	178,170	646,887	178,170
Income in Advance - Other	79,930	312,511	79,930	312,511
Accrued expenses	25,114	127,815	25,114	127,815
Provision for Annual Leave	128,894	136,085	116,427	132,218
Provision for Long Service leave	-	56,085	-	47,799
Provision for Fringe Benefits Tax	3,572	1,113	3,572	1,113
Lease Incentives	96,474	20,012	96,474	20,012
Loan from Controlled Entity	-	-	1,399,088	-
Bank Loan	1,500,000	-	-	-
Total	**2,636,121**	**831,791**	**2,522,742**	**819,638**

The bank loan is secured by the land & buildings of the Consolidated Group (refer Note 12).

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NON CURRENT				
Provision for Unutilised Lease Space	90,840	-	90,840	-
Provisions	81,688	107,705	81,688	107,705
Lease Incentives	108,929	75,045	108,929	75,045
Total	**281,457**	**182,750**	**281,457**	**182,750**

NOTE 15 : RESERVES

General Reserve
The purpose of the General Reserve is to take account of, and support the extension of the commercial services of the Association.

Legal Reserve
The Legal Reserve is to be used when necessary for legal advice and argument for protection of retail interest.

Revaluation Reserve
The Revaluation Reserve is used for the revaluation of the land & buildings, which occurred on 9th September 2002 and at 30 June 2009.

NOTE 16 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no known contingent liabilities as at record date.

NOTE 17 : SEGMENT REPORTING

The association operates predominantly in New South Wales and Victoria as a retail industry association to service its members

NOTE 18 : CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of Cash Flow from Operations with net deficit for year				
(Loss) / Profit after Income Tax	(2,936,366)	(701,637)	(2,908,709)	(665,667)
Non-cash flows in profit				
Depreciation and amortisation	196,840	136,893	165,590	99,393
Movement in Provision for Doubtful Debts	119,422	(50,086)	119,422	(50,400)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Decrease/(increase) in trade and other receivables	270,157	280,224	323,449	181,798
Decrease/(increase) in other assets	40,446	110,372	42,885	110,372
Decrease/(increase) in inventories	30,768	(23,381)	30,768	(23,381)
Increase/(decrease) in payables	372,507	(359,433)	360,850	(363,856)
Increase/(decrease) in other liabilities	403,036	(593,113)	411,112	(594,526)
	(1,503,190)	**(1,200,161)**	**(1,454,633)**	**(1,306,267)**

NOTE 19 : EVENTS AFTER THE BALANCE SHEET DATE

There are no known events after the balance sheet date which might have a significant impact on the association.

NOTE 20 : RELATED PARTY TRANSACTIONS

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

NOTE 21 : FINANCIAL INSTRUMENTS

a. **Net fair values of financial assets & liabilities**
The carrying amounts of cash, cash equivalents and no-interest bearing monetary financial assets and liabilities (e.g. accounts receivable and payable) approximate net fair value.

The carrying amounts of all financial assets and liabilities at balance date are measured at cost and approximate net fair value.

b. **Financial risk management objectives**
Risk management objectives are reviewed by the Finance Committee. Any recommendations by the Finance Committee to change objectives are the approved by the Committee of Management. Day-to-day monitoring of financial risks is performed by finance staff, overseen by senior management, and reviewed in regular meetings of the Finance Committee.

c. **Market risk**
The association's activities expose it to the financial risks of changes in interest rates.
There has been no change to the association's exposure to market risks or the manner in which it manages and measures the risk.

NOTE 21 : FINANCIAL INSTRUMENTS (cont.)

d. Interest rate risk management
The association's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for cash deposits at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated group's profit would increase (decrease) by $12,278 (2007: increase / (decrease) by $14,591). This is attributable to the group's exposure to interest rates on cash deposits. The association holds a significant proportion of its assets in cash and is aware that its operating results are sensitive to movement in interest rates for cash deposits. Accordingly, senior management and the Finance Committee maintain a watch on interest rates for cash deposits with the view to maximising interest income.

e. Credit risk management
The balance of trade and other receivables consists predominantly of a large number of members of the parent entity. Ongoing credit evaluation on the financial condition of accounts receivable is performed by senior management and reviewed at regular intervals by the Finance Committee. The credit risk on liquid funds is minimal, as the counterparties are major domestic banking institutions.

Aged Debtors Analysis	**Current**	**30**	**60**	**90+**	**Total**
	$	**$**	**$**	**$**	**$**
Consolidated Group					
Trade Receivables	129,119	64,794	37,502	98,254	329,669
Provision for Doubtful Receivables	-	(3,241)	(37,502)	(98,254)	(138,997)
Total	**129,119**	**61,553**	**-**	**-**	**196,672**
Parent Entity					
Trade Receivables	144,551	64,794	37,502	98,254	345,101
Provision for Doubtful Receivables	-	(3,241)	(37,502)	(98,254)	(138,997)
Total	**144,551**	**61,553**	**-**	**-**	**206,104**

f. Liquid risk management
Ultimate responsibility for the management of liquidity rests with the Committee of Management. Using the skills of the Finance Committee, the Committee of Management has developed appropriate criteria for management of the association's liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves.

The association does not have any derivative financial liabilities or assets.

The following table details the association's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will be paid on those liabilities.

NOTE 21 : FINANCIAL INSTRUMENTS (cont.)

Parent Entity

Financial Liabilities	Weighted Average Effective Interest Rate	Less than 3 months $	3 Months to 1 Year $	1-5 Years $	5+ Years $	Total $
2009						
Non-interest bearing		775,134	1,399,088	-	-	2,174,222
Variable interest rate instruments		-	-	-	-	-
Total		**775,134**	**1,399,088**	-	-	**2,174,222**
2008						
Non-interest bearing	-	516,985	-	-	-	516,985
Variable interest rate instruments	-	-	-	-	-	-
Total		**516,985**	-	-	-	**516,985**

Consolidated Group

Financial Liabilities	Weighted Average Effective Interest Rate	Less than 3 months	3 Months to 1 Year	1-5 Years	5+ Years	Total
2009						
Non-interest bearing		683,270	116,427	-	-	799,697
Variable interest rate instruments	3.17%	1,500,000	-	-	-	1,500,000
Total		**2,183,270**	**116,427**	-	-	**2,299,697**
2008						
Non-interest bearing	-	347,141	-	182,750	-	529,891
Variable interest rate instruments	-	-	-	-	-	-
Total		**347,141**	-	**182,750**	-	**529,891**

NOTE 22 : OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Payable - minimum lease payments				
- not later than 1 year	442,088	537,043	442,088	537,043
- between 1 year and 5 years	1,507,253	1,337,534	311,902	1,337,534
	1,949,341	1,874,577	753,990	1,874,577

NOTE 23 : ASSOCIATION DETAILS

The registered office and principle place of business of the association is:
Level 10, 136 Exhibition Street
Melbourne, Victoria 3000

William Buck
Business Advisors
Chartered Accountants

Australian Retailers Association

ABN 99 064 713 718
& Controlled Entities

Independent Auditor's Report to the members of Australian Retailers Association

Report on financial report

We have audited the attached consolidated financial report, being a general purpose financial report of Australian Retailers Association and its controlled entities (the "consolidated group"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the committee of management's statement.

Committee of management's responsibility for the financial report

The committee of management of the consolidated group is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used, as described in Note 1 to the financial statements, which form part of the report, are appropriate to meet the need of the members. The committee of management's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used as described in Note 1, are appropriate to meet the needs of members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial report, whether due to fraud or error. In making those assessments, the auditor consider internal control relevant to the consolidated group'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 consolidated group's internal control. An audit also includes evaluating the overall presentation of the financial report.

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

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Australian Retailers Association

ABN 99 064 713 718
& Controlled Entities

Independent Auditor's Report to the members of Australian Retailers Association

Independence

In conducting our audit, we followed applicable independence requirements as they apply to associations registered under the Workplace Relations Act 1996 in Australia.

Audit Opinion
In our opinion, the consolidated financial report of Australian Retailers Association and its controlled entities is in accordance with the accounting policies described in Note 1, including:

(a) giving a true and fair view of the Australian Retailers Association and its controlled entities' financial position as at 30 June 2009 and their performance for the year ended on that date;

(b) complying with Australian Accounting Standards and Interpretations to the extent described in Note 1; and

(c) complying with other mandatory reporting requirements as required under the Workplace Relations Act 1996 in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the Going Concern paragraph in Note 1 to the financial statements, there is significant uncertainty whether the consolidated group will be able to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Jeffrey Luckins
Director
William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Dated in Melbourne on this 22nd day of December 2009