FAIR WORK AUSTRALIA

9 February 2012

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 2010 − FR2010/2608

The financial report for the Australian Retailers Association (ARA) for year ended 30 June 2010 was first lodged with Fair Work Australia (FWA) on 10 May 2011. The documents lodged were unsigned and incomplete. Further signed documents were lodged on 30 June and 14 July 2011, however the signed auditor's report was still outstanding. On 9 December 2011, a complete set of new documents all signed on 18 November 2011 which formed part of the full report was lodged. A new designated officer's certificate pertaining to the new documents was subsequently lodged on 20 December 2011. However, the new designated officer's certificate disclosed that the full report was provided to members on 14 November 2011 when documents were only signed off on 18 November 2011. Subsequent correspondence dated 27 January 2012 advised that the signed documents of the full report were uploaded on the ARA website soon after they were signed.

The financial report has now been filed.

Although the report has been filed, there are numerous matters to note when preparing future financial reports. There appears to be a lot of confusion regarding the documents and the procedural requirements to be lodged and fulfilled by the ARA. Please note the following explanations/comments to ensure ARA fulfil their financial reporting obligations. Also, please make the requisite alterations to the financial document templates immediately ready for future use.

1. Provision of 'full report' (signed documents) to members (s.265(1) of the RO Act)

A 'full report' is defined in s.265(1) to consist of:

- Auditor's report (signed);
- Operating Report (signed); and
- General Purpose Financial Report (this includes the statement of comprehensive income; statement of financial position; statement of changes in equity; statement of cash flows; notes to the financial statements and the signed committee of management statement).

Subsection 265(1) further provides that the full report must be provided to the members free of charge. Accordingly, the members MUST be provided SIGNED copies of the auditor's report, committee of management statement and the operating report. Unsigned copies are considered as drafts and the provision of unsigned copies of reports and statements to members will not satisfy the legislative requirement under s.265(1).

In future, you must ensure that only signed documents of the full report are provided to the members, presented to the annual general meeting or lodged with FWA with the expectation that it complies with the ARA's financial reporting obligations under the RO Act.

2. Auditor's report (s.257(5) of the RO Act)

Under s.257(5) the auditor's report must state whether in the auditor's opinion the general purpose financial report is *presented fairly* in accordance with the Australian Accounting Standards and any requirements imposed by Chapter 8, Part 3 of the RO Act. If the auditor is not of that opinion, he or she must say why.

The auditor's report dated 18 November 2011 used the term of 'true and fair view' which I acknowledge is well accepted by the Australian Auditing Standards and the Australian Accounting Standard. However, the financial report has been prepared and lodged under the RO Act and thus the prescribed term of 'presented fairly' must be adopted. Please ensure this is done in future. A copy of this letter has been forwarded to your auditor.

3. Statement of Financial Position - Provisions Note 14 (page 20)

It is a requirement under the Reporting Guidelines (RG) for the reporting unit to disclose in the Notes to the financial statement or on the face of the Statement of Financial Position, <u>separate figures</u> for employee benefits in respect of holders of offices [item 14(c) of the RG] and employee benefits in respect of employees other than holders of offices [item 14(d) of the RG].

Note 14 of the Notes to the financial statements only provide aggregate figures for the provision for annual leave and the provision for long service leave. Each of these provisions should be broken into separate figures for employee benefits in respect of office holders and employee benefits in respect of employees other than officeholders.

4. Operating report − Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires the disclosure in the operating report of any <u>officer or member who is a superannuation trustee to a superannuation entity</u> 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."*

5 Committee of management statement - date of resolution

The committee of management statement is missing the details of the date of passage of the resolution. There is a blank space in the opening paragraph for this detail. Please ensure this date is provided as this is a requirement under item 26(b) of the Reporting Guidelines.

6. Financial reports and Annual returns are separate matters

I note whenever I have requested for a designated officer's certificate I also received an additional declaration pertaining to the annual return of information stating that the ARA kept and maintained its register of members in accordance with ss.230(1)(a) and 230(2).

A designated officer's certificate (single sheet that refers to the full report) pertains to financial reports. Financial reports and annual returns are totally separate matters and a s230 declaration is not required in respect to the financial report.

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

Yours sincerely

Cynthia Lo−Booth
Organisations, Research and Advice

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

Ms Kavitha Syed
Accountant
Australian Retailers Association
Kavitha.syed@retail.org.au

Australian Retailers
ASSOCIATION

Australian Retailers Association

Office - Sydney NSW
Office – Melbourne VIC

Mailing Address
Level 10, 136 Exhibition Street
Melbourne VIC 3000

P: 1300 368 041
F: (03) 8660 3399
info@retail.org.au
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ABN 99 064 713 718

AUSTRALIAN RETAILERS ASSOCIATION

ANNUAL RETURN OF INFORMATION – 2011
DECLARATION

I, Russell Zimmerman being the Executive Director of the Australian Retailers Association declare that:

1) The Association has throughout the calendar year immediately preceding this statement, kept and maintained its register of members in accordance with subsections 230(1)(a) and 230(2).

2) The attached statement is a true and correct copy of the information contained in the records of the Association showing:

   List of Offices;
   List of Office;
   List of Office-holders;
   List of Branches;
   New Branches;
   Old Branches;
   Addresses of Organisation and Branches
   Elections in Organisation and Branches; and
   Number of members on 30 November 2011

Roger Gillespie

Roger Gillespie
President, ARA

Date: 14 Dec 2011

Australian Retailers
ASSOCIATION

Australian Retailers Association
Office - Sydney NSW
Office - Melbourne VIC
Mailing Address
Level 10, 136 Exhibition Street
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 ate copies of the full report, referred to in S268 of the Registered Organisations Act;
- That the full report was provided to members on 14 November 2011; and
- That the full report was presented to a Annual general meeting of members of the reporting unit on 06th December 2011 in accordance with section 266 of the Registered Organisations Act.

Roger Gillespie
President
Australian Retailers Association

Date 14/12/11

Australian Retailers Association

ABN *99 064 713 718*

and Controlled Entities

2010 Financial Report

OPERATING REPORT

The Operating Report covers the activities of the Australian Retailers Association ('Association') for the financial year ended 30 June, 2010, 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, 2010.

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 loss of the Association (including former State and National Councils) for the year amounted to $254,947 (2009: loss of $2,936,366).

Significant Changes

As reported in the 2009 Operational Report the National Council of the Association took action to reduce the high operating losses of the previous two years. Whilst there continued to be an operating loss for 2010 this has been significantly less than 2009.

During 2010 the Council undertook the following actions:

- Replacement and/or retrenchment 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 which has been most successful
- Reduction in office accommodation required in Sydney
- Significant cost cutting measures across the whole organisation
- Sale of the Franklin Street premises
- Repayment of external debt financing
- Upgrade of the internal management systems to provide better member management information

The Council has implemented a strong budget for the year ending June 2011 and expects a modest operating surplus to be achieved.

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

No 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 Chapter 6 of the Fair Work (Registered Organisations) Act 2009. In accordance with Section 174 (1) of the Fair Work (Registered Organisations) Act 2009 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, 45 Market Street, Sydney 2000 or Level 10, 136 Exhibition Street, Melbourne, Victoria 3000.

There were 3,200 financial members of the Association as at 30 June, 2010 (2009 - 2,500).

The number of staff employed by the Association on a full time equivalent basis at 30 June, 2010 was 16 (2009 - 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 - President
- Vanessa Francis
- Peter Ferne
- Robert Parker
- Graeme Holman (Appointed to fill a casual vacancy on 11 December 2009)
- Russell Zimmerman (Appointed as CEO in August 2009, Resigned as a Councillor on 22 February 2010.)

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

Roger Gillespie

ROGER GILLESPIE
PRESIDENT OF COUNCIL

GRAEME HOLMAN
TREASURER OF COUNCIL

Melbourne

Dated this 18th November 2011

COMMITTEE OF MANAGEMENT'S STATEMENT

On 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, 2010.

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 General Manager;

(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, 2010.

(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, 2010 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 Division 3 to the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
- (iv) no information has been sought in any request of a member of the Association or the General Manager under section 272 of Division 7 to the Fair Work (Registered Organisations) Act 2009; and
- (v) no orders have been made by the Commission under section 273 of Division 7 to the Fair Work (Registered Organisations) Act 2009.

For the Committee of Management

Roger Gillespie

ROGER GILLESPIE
PRESIDENT OF COUNCIL

Melbourne

Dated this 18th November 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
Revenues	3	4,650,109	4,647,684	4,380,125	4,144,338
Employee benefits expense		(1,283,811)	(2,701,826)	(1,283,811)	(2,641,586)
Depreciation & amortisation expense		(174,425)	(196,840)	(137,758)	(165,590)
Other expenses	4	(4,430,147)	(4,685,384)	(4,095,479)	(4,245,871)
Profit / (Loss) before income tax		(1,238,274)	(2,936,366)	(1,136,923)	(2,908,709)
Income tax expense	1c	-	-	-	-
Profit / (Loss) for the year		**(1,238,274)**	**(2,936,366)**	**(1,136,923)**	**(2,908,709)**
Other Comprehensive Income:					
Net gain on sale of land and buildings		983,327	-	-	-
Other Comprehensive Income for the year, net of tax		983,327	-	-	-
Total Comprehensive Income for the year		**(254,947)**	**(2,936,366)**	**(1,136,923)**	**(2,908,709)**
Profit attributable to:					
Members of the parent entity		(1,238,274)	(2,936,366)	(1,136,923)	(2,908,709)
Total Comprehensive Income attributable to:					
Members of the parent entity		(254,947)	(2,936,366)	(1,136,923)	(2,908,709)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
CURRENT ASSETS					
Cash & Cash equivalents	7	2,619,248	1,029,675	2,600,017	852,466
Trade & other receivables	8	426,279	377,459	425,214	392,891
Inventories	9	26,246	5,320	26,246	5,320
Other Assets	10	82,539	194,152	82,539	191,713
TOTAL CURRENT ASSETS		3,154,312	1,606,606	3,134,016	1,442,390
NON-CURRENT ASSETS					
Property, plant and equipment	12	513,233	6,100,445	513,233	550,445
TOTAL NON-CURRENT ASSETS		513,233	6,100,445	513,233	550,445
TOTAL ASSETS		3,667,545	7,707,051	3,647,249	1,992,835
CURRENT LIABILITIES					
Trade & other payables	13	650,856	774,583	651,752	750,020
Other Current Liabilities	14	1,244,414	2,636,121	5,453,804	2,522,742
TOTAL CURRENT LIABILITIES		1,895,270	3,410,704	6,105,556	3,272,762
NON-CURRENT PROVISIONS AND LIABILITIES					
Trade & other payables	13	240,000	-	240,000	-
Other Non-current Liabilities	14	-	281,457	-	281,457
TOTAL NON-CURRENT LIABILITIES		240,000	281,457	240,000	281,457
TOTAL LIABILITIES		2,135,270	3,692,161	6,345,556	3,554,219
NET ASSETS / (DEFICIENCY)		**1,532,275**	**4,014,890**	**(2,698,307)**	**(1,561,384)**
EQUITY					
Legal Reserve		-	90,864	-	90,864
General Reserve		-	413,686	-	413,686
Revaluation Reserve		-	5,031,156	-	-
Accumulated Funds: Building		-	3,054,729	-	3,054,729
Accumulated Funds: General		1,532,275	(4,575,545)	(2,698,307)	(5,120,662)
TOTAL EQUITY / (DEFICIENCY)		**1,532,275**	**4,014,890**	**(2,698,307)**	**(1,561,384)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Accumulated Funds	Reserves	Total
	15	$	$	$
Consolidated Group				
Balance at 1 July 2008		1,415,552	3,282,794	4,698,346
Profit attributable to the members of the parent entity		(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**
Profit attributable to the members of the parent entity		(1,238,274)	-	(1,238,274)
Total other comprehensive income for the year		983,327	-	983,327
Revaluation decrement			(2,227,670)	(2,227,670)
Transfers from reserves to accumulated funds		3,308,036	(3,308,036)	-
Balance at 30 June 2010		**1,532,275**	**-**	**1,532,275**

	Accumulated Funds	Reserves	Total
	$	$	$
Parent Entity			
Balance at 1 July 2008	842,775	504,550	1,347,325
Profit attributable to the members of the parent entity	(2,908,709)	-	(2,908,709)
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2009	**(2,065,934)**	**504,550**	**(1,561,384)**
Profit attributable to the members of the parent entity	(1,136,923)	-	(1,136,923)
Revaluation Increment	-	-	-
Transfers from reserves to accumulated funds	504,550	(504,550)	-
Balance at 30 June 2010	**(2,698,307)**	**-**	**(2,698,307)**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and non-members		5,568,050	4,871,473	4,331,921	4,654,732
Payments to suppliers and employees		(6,638,114)	(6,398,003)	(2,499,704)	(6,132,111)
Interest Received		16,566	23,340	15,880	22,746
Net cash provided by (used in) operating activities	18	(1,053,498)	(1,503,190)	1,848,097	(1,454,633)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(110,898)	(284,644)	(110,898)	(299,283)
Proceeds from disposal of assets		4,253,969	-	10,352	-
Net cash provided by (used in) investing activities		4,143,071	(284,644)	(100,546)	(299,283)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Loan		(1,500,000)	-	-	-
Cashflows from Loan		-	1,500,000	-	1,399,088
Net cash provided by (used in) financing activities		(1,500,000)	1,500,000	-	1,399,088
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		1,589,573	(287,834)	1,747,551	(354,828)
Cash and cash equivalents at the Beginning of the financial year		1,029,675	1,317,509	852,466	1,207,294
Cash and cash equivalents at end of the financial year	7	2,619,248	1,029,675	2,600,017	852,466

The accompanying notes form part of these financial statements.

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 Fair Work (Registered Organisations) Act 2009. The Australian Retailers Association (the Association) is an organisation registered under the Fair Work (Registered Organisations) Act 2009 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 Fair Work (Registered Organisations) Act 2009.

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 2010, the ARA and its controlled entities had net assets of $1.53 million, cash balances of $2.61 million and a surplus in net current assets of $1.26 million. For the year ended 30 June 2010 the group incurred a net operating loss of $1.24 million, net cash outflow from operating activities of $1.05 million. After the sale of the Franklin Street building the group showed a net loss overall of $0.26 million and a net cash increase of $1.59 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 its traditional operations and reduce expenditure to meet current circumstances whilst providing quality services to its 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.

For the year ending 30 June 2011 the Council has implemented a budget which should result in a modest operating surplus.

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

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 11 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.

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 2010.

(ii) Project Services
Project services revenue is only recognised to the extent that project expenses are recognised in the consolidated statement of comprehensive income.

(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 probable 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 consolidated statement of comprehensive income during the financial period in which they are incurred.

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

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%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 consolidated statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Freehold land and buildings 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 consolidated statement of comprehensive income.

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.

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

g. **Lease Incentives**
The Association entered into an operating lease regarding its premises at 45 Market Street, Sydney, commencing 1 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.

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.

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

(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 consolidated statement of comprehensive income.

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 consolidated statement of comprehensive income.

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 consolidated statement of comprehensive income, 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 consolidated statement of comprehensive income.

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 cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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.

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

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 statement of financial position.

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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows 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.

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

The 2009 financial statements noted that there was a significant working capital deficiency as at 30 June 2009. With the sale of the Franklin Street property during the year the Association held $2.61 million in cash as at 30 June 2010 and has budgeted for a modest operating surplus for the year ending 30 June 2011.

As at 30 June 2010 the consolidated group had a working capital surplus of $1.26 million, a net loss of $0.25 million, net operating cash outflows of $1.05 million and a cash balance of $2.61 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 generating a surplus from its operations and if required, use of its extensive cash resources.

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 GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of Division 7 which read as follows:

(1) A member of a Reporting Unit, or the General Manager, 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	
		2010	2009	2010	2009
		$	$	$	$
NOTE 3 : REVENUE					
Continuing Operations					
Admin Fee		-	141	-	141
Advertising & Sponsorship		72,142	70,283	72,142	70,283
BD PPP Projects		35,843	123,895	35,843	123,895
Commissions Received		53,365	77,194	53,365	77,194
Diploma/Professional Development		37,353	18,450	37,353	18,450
Fee for Service		52,318	106,423	52,318	112,423
Functions		-	51,463	-	51,463
Interest Received		16,566	22,747	15,880	22,747
Memberships		1,645,602	1,652,492	1,645,602	1,652,492
Merchandise Sales		11,371	7,084	11,371	7,084
Profit on Sale of Assets		(19,600)	10,910	(19,600)	(222,123)
Reimbursements		37,071	34,543	37,071	34,543
Rental Incomes		270,198	318,814	900	95,267
Short Courses		17,061	27,032	17,061	27,032
Special Projects		1,167,221	1,604,639	1,167,221	1,604,639
Sundry Income		155,838	72,567	155,838	19,801
Traineeships		233,254	150,941	233,254	150,941
Training & Consulting		864,505	298,066	864,505	298,066
Total Revenue		**4,650,109**	**4,647,684**	**4,380,125**	**4,144,338**

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
NOTE 4 : OTHER EXPENSES				
Affiliation & Subscriptions	31,191	51,701	31,191	51,701
Communication Expenses	173,167	258,906	173,167	258,906
Equipment & Software	272,196	308,108	272,196	308,108
Finance Costs	148,831	76,961	6,486	39,878
Functions & Entertainment	19,134	199,934	19,134	199,934
General Expenses	99,401	251,769	28,546	219,614
Insurance	36,000	86,982	34,502	86,982
Loss on Sale of Assets	-	233,033	-	-
Marketing & Promotions	130,059	177,836	130,059	176,608
Merchandise Expenses	-	-	-	-
Office & Accommodation	279,233	729,654	186,358	596,624
Professional Fees	1,251,190	453,485	1,224,094	450,501
Special Project Expenses	1,080,871	1,254,740	1,080,871	1,254,740
Training Expenses	822,614	475,406	822,614	475,406
Travel & Accommodation	86,259	126,869	86,259	126,869
Total Expenses	**4,430,147**	**4,685,384**	**4,095,479**	**4,245,871**

NOTE 5 : KEY MANAGEMENT PERSONNEL COMPENSATION

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

Short-term employee benefits	106,374	206,050	106,374	206,050
Post-employment benefits	-	13,950	-	13,950
Total	**106,374**	**220,000**	**106,374**	**220,000**

The Councillors 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	15,000	15,000	15,000
Total	**15,000**	**15,000**	**15,000**	**15,000**

NOTE 7 : CASH AND CASH EQUIVALENTS

Cash on hand	300	150	300	150
Cash at bank & Short-term bank deposits	2,618,948	1,029,525	2,599,717	852,316
Total	**2,619,248**	**1,029,675**	**2,600,017**	**852,466**

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
NOTE 8 : TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade Receivables	312,760	329,669	312,238	345,101
Provision for Doubtful Receivables	(30,000)	(138,997)	(30,000)	(138,997)
	282,759	190,672	282,238	206,104
Other Receivables	2,543	51,212	1,999	51,212
GST Receivable	-	-	-	-
Security Deposit	140,977	135,575	140,977	135,575
Total	426,279	377,459	425,214	392,891

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 2010	Consolidated 2009	Parent 2010	Parent 2009
Stock on hand at cost	26,246	5,320	26,246	5,320
Total	26,246	5,320	26,246	5,320

NOTE 10 : OTHER ASSETS

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Accrued Income	-	117,525	-	117,525
Other Assets	12,540	292	12,540	292
Prepayments	69,999	76,335	69,999	73,896
Total	82,539	194,152	82,539	191,713

NOTE 11: CONTROLLED ENTITIES	Country of	Percentage Controlled	
Controlled Entities Consolidated	Incorporation	2010	2009
Parent Entity			
Australian Retailers Association Incorporated	Australia	-	-
Related Entities			
Hardware Association of New South Wales Incorporated	Australia	-	100%
Victorian Retail Trust	Australia	100%	100%

The Hardware Association of New South Wales has ceased to operate as a separate entity and was absorbed in to the Australian Retailers Association as from 1 July 2009.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
NOTE 12 : PROPERTY PLANT AND EQUIPMENT	$	$	$	$
Furniture, Fittings & Equipment				
At Cost	262,384	227,314	262,384	227,314
Accumulated depreciation	(195,969)	(164,905)	(195,969)	(164,905)
Total Furniture, Fittings & Equipment	66,415	62,409	66,415	62,409
Office Machines				
At cost	8,189	-	8,189	-
Accumulated depreciation	(1,077)	-	(1,077)	-
Total Office Machines	7,111	-	7,111	-
Motor Vehicles				
At cost	-	43,563	-	45,563
Accumulated depreciation	-	(43,563)	-	(45,563)
Total Motor Vehicles	-	-	-	-
Leasehold Improvements				
At cost	553,963	531,727	553,963	531,727
Accumulated depreciation	(153,016)	(75,961)	(153,016)	(75,961)
Total Leasehold Improvements	400,947	455,766	400,947	455,766
Land & Buildings				
At valuation	-	5,550,000	-	-
Accumulated depreciation	-	-	-	-
Total Other Depreciable Assets	-	5,550,000	-	-
Software & Product Development				
At cost	74,304	32,870	74,304	32,870
Accumulated depreciation	(35,544)	(600)	(35,544)	(600)
Total Other Depreciable Assets	38,759	32,270	38,759	32,270
Total Property, Plant and Equipment	513,233	6,100,445	513,233	550,445

The land and buildings at 104 Franklin Street, Melbourne, were sold on 20 June 2010 for $4,250,000. The sale has the effect of reducing the Buildings Revaluation Reserve to nil and any profit or loss on sale of the land and buildings in excess of this reserve has been recorded on the consolidated statement of comprehensive income.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
NOTE 12 : PROPERTY PLANT AND EQUIPMENT (cont.)	$	$	$	$
a. **Movement in non-current assets**				
Furniture, Fittings & Equipment				
Balance at the beginning of the year	62,409	49,575	62,409	49,575
Additions	39,039	47,310	39,039	47,310
Disposals	(3,969)	(5,144)	(3,969)	(5,144)
Depreciation Expense	(31,064)	(29,332)	(31,064)	(29,332)
Balance at the end of the year	66,415	62,409	66,415	62,409
Office Machines				
Balance at the beginning of the year	-	3,176	-	3,176
Additions	8,189	-	8,189	-
Disposals	-	(886)	-	(886)
Depreciation expense	(1,077)	(2,290)	(1,077)	(2,290)
Balance at the end of the year	7,111	-	7,111	-
Motor Vehicles				
Balance at the beginning of the year	-	-	-	-
Balance at the end of the year	-	-	-	-
Leasehold Improvements				
Balance at the beginning of the year	455,766	372,390	455,766	372,390
Additions	22,236	443,746	22,236	443,746
Disposals	-	(227,002)	-	(227,002)
Depreciation expense	(77,055)	(133,368)	(77,055)	(133,368)
Balance at the end of the year	400,947	455,766	400,947	455,766
Land & Buildings				
Balance at the beginning of the year	5,550,000	3,334,589	-	-
Revaluation increment	-	2,246,661	-	-
Disposals	(5,316,672)	-	-	-
Depreciation expense	(233,328)	(31,250)	-	-
Balance at the end of the year	-	5,550,000	-	-
Software & Product Development				
Balance at the beginning of the year	32,270	-	32,270	-
Additions	41,434	32,870	41,434	32,870
Depreciation Expense	(34,944)	(600)	(34,944)	(600)
Total Other Depreciable Assets	38,760	32,270	38,760	32,270
Total balance at the end of the year	**513,233**	**6,100,445**	**513,233**	**550,445**

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
NOTE 13 : TRADE AND OTHER PAYABLES				
CURRENT				
Trade Creditors	590,014	711,281	583,930	702,110
Sundry Creditors	45,897	26,717	45,897	26,717
GST payable	14,945	36,585	21,925	21,193
Total	650,856	774,583	651,752	750,020
NON CURRENT				
Trade Creditors	240,000	-	240,000	-
Total	240,000	-	240,000	-

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.

The ARA entered into a contract for supply of services for $1,200,000 during the years ended 30 June 2010 and year ending 30 June 2011, however the supplier has agreed to defer payment over five years commencing from 1 July 2009. The amount attributable to the year ended 30 June 2010 which remains payable is $240,000 which has been shown as a non current trade creditor.

NOTE 14 : OTHER LIABILITIES

	Consolidated Group 2010	Consolidated Group 2009	Parent Entity 2010	Parent Entity 2009
CURRENT				
Provision for Redundancies	34,681	155,250	34,681	155,250
Income in Advance - Membership	824,091	646,887	824,091	646,887
Income in Advance - Other	45,896	79,930	45,896	79,930
Accrued expenses	116,857	25,114	111,620	25,114
Provision for Annual Leave	49,483	128,894	49,483	116,427
Provision for Long Service leave	11,872	-	11,872	-
Provision for Fringe Benefits Tax	-	3,572	-	3,572
Provision for RI Profit Share	52,606	-	52,606	-
Lease Incentives	108,929	96,474	108,929	96,474
Loan from Controlled Entity	-	-	4,214,626	1,399,088
Bank Loan	-	1,500,000	-	-
Total	1,244,414	2,636,121	5,453,804	2,522,742
NON CURRENT				
Provisions	-	90,840	-	90,840
Lease Incentives	-	81,688	-	81,688
Inter Entity Loan	-	108,929	-	108,929
Total	-	281,457	-	281,457

NOTE 15 : RESERVES

With the sale of the Melbourne building and the restructure of the Association over the last twelve months it became apparent that the amounts held as reserves no longer were held for any particular purpose. In compliance with accounting standards the reserves have been reallocated back to retained earnings representing the retention of earnings over time as members funds.

NOTE 16 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no known contingent liabilities or assets as at record date.

NOTE 17 : SEGMENT REPORTING

The Association operates as a retail industry association to service its members throughout Australia.

NOTE 18 : CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
Reconciliation of Cash Flow from Operations with net deficit for year				
(Loss) / Profit after Income Tax	(254,947)	(2,936,366)	(1,136,923)	(2,908,709)
Non-cash flows in profit				
Depreciation and amortisation	174,425	196,840	137,758	165,590
Gain on disposal of assets	(957,952)	-	-	-
Movement in Provision for Doubtful Debts	(108,996)	119,422	(108,996)	119,422
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Decrease/(increase) in trade and other receivables	60,176	270,157	76,673	323,449
Decrease/(increase) in other assets	111,613	40,446	109,174	42,885
Decrease/(increase) in inventories	(20,926)	30,768	(20,926)	30,768
Increase/(decrease) in payables	130,879	372,507	156,338	360,850
Increase/(decrease) in other liabilities	(187,770)	403,036	2,634,999	411,112
	(1,053,498)	(1,503,190)	1,848,097	(1,454,633)

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)

The carrying amounts of all financial assets and liabilities at balance date are measured at cost and approximate 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 then approved by the Committee of Management. Day-to-day monitoring of financial risks is performed by the 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 (refer note 22d). There has been no change to the Association's exposure to market risks of the manner in which it manages and measures the risk.

d. Interest rate risk management
The Association does not borrow funds. 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 net profit would increase (decrease) by $0 (2009: increase / (decrease) by $12,278). This is attributable to the group having no exposure to variable interest rates at 30 June 2010. 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.

NOTE 21: FINANCIAL INSTRUMENTS (cont.)

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	190,593	40,771	38,976	42,420	312,760
Provision for Doubtful Receivables	(1,375)	(7,425)	(4,220)	(16,980)	(30,000)
Total	**189,218**	**33,346**	**34,756**	**25,440**	**282,760**
Parent Entity					
Trade Receivables	190,071	40,771	38,976	42,420	312,238
Provision for Doubtful Receivables	(1,375)	(7,425)	(4,220)	(16,980)	(30,000)
Total	**188,696**	**33,346**	**34,756**	**25,440**	**282,238**

f. Liquidity risk management

Ultimate responsibility for the management of liquidity risk 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 assets and liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities, including interest that will be earned or paid on those assets or liabilities, except where the Association anticipates that the cash flow will occur in a different period.

NOTE 21: FINANCIAL INSTRUMENTS (cont.)

Consolidated Group

	Weighted Average Effective Interest Rate	Less than 3 months	3 Months to 1 Year	1-5 Years	5+ Years	Total
		$	$	$	$	$
Financial Assets						
2010						
Non-interest bearing	-	3,102,626	25,440	-	-	3,128,066
Variable interest rate instruments	-	-	-	-	-	-
Total		3,102,626	25,440	-	-	3,128,066
2009						
Non-interest bearing	-	1,601,286	-	-	-	1,601,286
Variable interest rate instruments	-	-	-	-	-	-
Total		1,601,286	-	-	-	1,601,286

	Weighted Average Effective Interest Rate	Less than 3 months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Financial Liabilities						
2010						
Non-interest bearing	-	737,712	-	-	-	737,712
Variable interest rate instruments	-	-	-	-	-	-
Total		737,712	-	-	-	737,712
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

NOTE 21: FINANCIAL INSTRUMENTS (cont.)

Parent Entity

	Weighted Average Effective Interest Rate	Less than 3 months	3 Months to 1 Year	1-5 Years	5+ Years	Total
		$	$	$	$	$
Financial Assets						
2010						
Non-interest bearing	-	3,082,331	25,440	-	-	3,107,771
Variable interest rate instruments	-	-	-	-	-	-
Total		**3,082,331**	**25,440**	**-**	**-**	**3,107,771**
2009						
Non-interest bearing	-	1,437,070	-	-	-	1,437,070
Variable interest rate instruments	-	-	-	-	-	-
Total		**1,437,070**	**-**	**-**	**-**	**1,437,070**

	Weighted Average Effective Interest Rate	Less than 3 months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Financial Liabilities						
2010						
Non-interest bearing	-	733,373	4,214,626	-	-	4,947,999
Variable interest rate instruments	-	-	-	-	-	-
Total		**733,373**	**4,214,626**	**-**	**-**	**4,947,999**
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**

NOTE 22 : OPERATING LEASE COMMITMENTS

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

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
Payable - minimum lease payments				
- not later than 1 year	876,132	442,088	876,132	442,088
- between 1 year and 5 years	1,698,937	1,507,253	1,698,937	311,902
	2,575,069	1,949,341	2,575,069	753,990

NOTE 23 : ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

Level 10, 136 Exhibition Street
Melbourne, Victoria 3000

William Buck

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 accompanying consolidated financial report, being a general purpose financial report of Australian Retailers Association and its controlled entities (the "consolidated group"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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. Those 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 risks of material misstatement of the financial report, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the consolidated group's preparation of the financial report that gives a true and fair view 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, 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.

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William Buck

Australian Retailers Association
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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 Fair Work (Registered Organisations) Act 2009 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 2010 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 Fair Work (Registered Organisations) Act 2009 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Jeffrey Luckins
Director

Dated this 18th day of November 2011

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