



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 2011 – FR2011/2622**

The financial report for the Australian Retailers Association (ARA) for year ended 30 June 2011 was lodged with Fair Work Australia (FWA) on 8 December 2011. The designated officer's certificate dated 9 January 2012 was lodged on 24 January. However, the 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 for members 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. These matters are the same as those that appeared in the financial report for year ended 30 June 2010 (FR2010/2608) and therefore you should refer to our letter to you dated 9 February 2012 regarding FR2010/2608.

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
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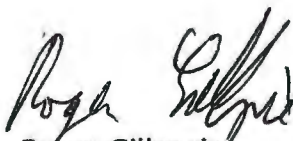
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**Designated Officers Certificate
Fair Work (Registered Organisations) Act 2009**

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 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 09/1/12

AUSTRALIAN RETAILERS ASSOCIATION

**ANNUAL RETURN OF INFORMATION – 2010
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
President, ARA

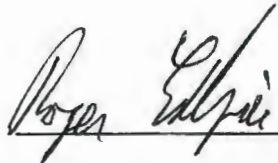
Date: 9 Jan 2012

AUSTRALIAN RETAILERS ASSOCIATION

**CHANGE OF INFORMATION
DECLARATION**

I, Roger Gillespie being the President of the Australian Retailers Association declare that:

The Association was advised on 11th April, 2011 that Peter Ferne and Venessa Francis would be resigning from their positions as Secretary and Treasurer of the Australian Retailers Association.



Roger Gillespie

Date: 09/1/2012

Australian Retailers Association and Controlled Entities

Financial Report

For the year ended 30 June 2011

Australian Retailers Association and Controlled Entities

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Australian Retailers Association and Controlled Entities

OPERATING REPORT

The Operating Report covers the activities of the Australian Retailers Association ('Association') for the financial year ended 30 June 2011, 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 2011.

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 \$304,327 (2010: loss of \$1,238,274).

Significant Changes

As reported in the 2010 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 2011 this has been significantly less than 2010.

During 2011 the Council undertook the following actions:

- Restructuring 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 and is ongoing
- Call centre being terminated and a receptionist employed
- Significant cost cutting measures across the whole organisation, will continue to cost cut when contracts expire and aim to reduce our costs further
- Repayment of external debt financing

The Council has implemented a strong budget for the year ending 30 June 2012 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.

Australian Retailers Association and Controlled Entities

OPERATING REPORT (continued)

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, Suite 102, Level 1, 64-76 Kippax Street, Surry Hills, New South Wales 2010, or Level 10, 136 Exhibition Street, Melbourne, Victoria 3000.

There were 3,001 financial members of the Association as at 30 June 2011 (2010 - 3,200).

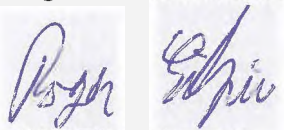
The number of staff employed by the Association on a full time equivalent basis at 30 June 2011 was 16 (2010 - 16).

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:

Name	Date Appointed	Date Resigned (if applicable)
• Roger Gillespie - President	11 April 2011	
• Ivor North - Vice President	11 April 2011	
• Colin Scott - Vice President	11 April 2011	
• Judith McDonald - Secretary	11 April 2011	
• Graeme Holman - Treasurer	11 April 2011	
• Robert Parker	11 April 2011	
• Andrew Nock	11 April 2011	
• Amanda Bajada	11 April 2011	
• Alla Buinowicz	11 April 2011	
• Vanessa Francis	1 July 2010	11 April 2011
• Peter Ferne	1 July 2010	11 April 2011

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



ROGER GILLESPIE
PRESIDENT OF COUNCIL



GRAEME HOLMAN
TREASURER OF COUNCIL

Melbourne

Dated this 18TH day of November 2011

Australian Retailers Association and Controlled Entities

COMMITTEE OF MANAGEMENT'S STATEMENT

On 2011 the Committee of Management of the Australian Retailers Association, passed the following resolution in relation to the general purpose financial report (GPFR) of the Association for the year ended 30 June 2011.

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 2011.
- (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;
- (e) During the financial year the Committee of Management became aware that it had been operating for some time with less than the required number of Councillors on its Committee of Management. Fair Work Australia was advised of the anomaly and with their concurrence, the Committee of Management arranged for elections to be held for their postponed Annual General Meeting in February 2011. Following the Annual General Meeting, a new Committee of Management was established in compliance with the rules of the Association and the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
- (f) During the financial year ended 30 June 2011 and since the end of the financial year:
 - (i) the financial affairs of the Association have been managed in accordance with the rules of the organisation and the rules of the Association; and
 - (ii) the financial records 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
 - (iii) 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
 - (iv) 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
PRESIDENT OF COUNCIL

Melbourne

Dated this

18th day of November 2011

Australian Retailers Association and Controlled Entities

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Revenues	3	5,391,969	4,650,109
Depreciation & amortisation expense		(174,648)	(158,295)
Employee benefits expense		(1,150,076)	(1,283,811)
Other expenses	4	(4,371,572)	(4,446,277)
Loss before income tax		<u>(304,327)</u>	<u>(1,238,274)</u>
Income tax expense	1c	-	-
Loss for the year		<u><u>(304,327)</u></u>	<u><u>(1,238,274)</u></u>
Other Comprehensive Income:			
Revaluation decrement on sale of land and buildings		-	(1,244,341)
Other Comprehensive Income for the year, net of tax		<u>-</u>	<u>(1,244,341)</u>
Total Comprehensive Income for the year		<u><u>(304,327)</u></u>	<u><u>(2,482,615)</u></u>
Profit attributable to members of the entity		(304,327)	(1,238,274)
Total comprehensive income attributable to members of the entity		(304,327)	(2,482,615)

The accompanying notes form part of these financial statements

Australian Retailers Association and Controlled Entities

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash & cash equivalents	7	1,378,986	2,666,410
Trade & other receivables	8	681,785	426,279
Inventories	9	16,975	64,166
Other assets	10	274,065	82,539
TOTAL CURRENT ASSETS		<u>2,351,811</u>	<u>3,239,394</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	401,882	475,313
TOTAL NON-CURRENT ASSETS		<u>401,882</u>	<u>475,313</u>
TOTAL ASSETS		<u>2,753,693</u>	<u>3,714,707</u>
CURRENT LIABILITIES			
Trade & other payables	13	528,257	820,319
Other current liabilities	14	979,318	1,122,113
TOTAL CURRENT LIABILITIES		<u>1,507,575</u>	<u>1,942,432</u>
NON-CURRENT LIABILITIES			
Trade & other payables	13	-	240,000
Other non-current liabilities	14	18,170	-
TOTAL NON-CURRENT LIABILITIES		<u>18,170</u>	<u>240,000</u>
TOTAL LIABILITIES		<u>1,525,745</u>	<u>2,182,432</u>
NET ASSETS		<u>1,227,948</u>	<u>1,532,275</u>
EQUITY			
Accumulated funds		1,227,948	1,532,275
TOTAL EQUITY		<u>1,227,948</u>	<u>1,532,275</u>

The accompanying notes form part of these financial statements.

Australian Retailers Association and Controlled Entities

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Accumulated Funds	Reserves	Total
	\$	\$	\$
Balance at 1 July 2009	(1,520,816)	5,535,706	4,014,890
Profit / (loss) attributable to the members of the parent entity	(1,238,274)	-	(1,238,274)
Total other comprehensive income for the year			
Revaluation decrement on sale of land & buildings	-	(1,244,341)	(1,244,341)
Sale of land & buildings	3,786,815	(3,786,815)	-
Transfers from reserves to accumulated funds	504,550	(504,550)	-
Balance at 30 June 2010	1,532,275	-	1,532,275
Profit/(loss) attributable to the members of the parent entity	(304,327)	-	(304,327)
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2011	1,227,948	-	1,227,948

The accompanying notes form part of these financial statements.

Australian Retailers Association and Controlled Entities

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and non-members		5,731,729	5,615,212
Payments to suppliers and employees		(7,024,642)	(6,638,114)
Interest Received		115,993	16,566
Net cash provided by (used in) operating activities	17	<u>(1,176,920)</u>	<u>(1,006,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(110,504)	(110,898)
Proceeds from disposal of assets		-	4,253,969
Net cash provided by (used in) investing activities		<u>(110,504)</u>	<u>4,143,071</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan		-	(1,500,000)
Net cash provided by (used in) financing activities		<u>-</u>	<u>(1,500,000)</u>
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(1,287,424)	1,636,735
Cash and cash equivalents at the Beginning of the financial year		2,666,410	1,029,675
Cash and cash equivalents at end Of the financial year	7	<u>1,378,986</u>	<u>2,666,410</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers the financial statements and notes of the Australian Retailers Association and controlled entities ('the Association'). The financial report is in accordance with the Fair Work (Registered Organisations) Act 2009. The Australian Retailers 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 2011, the ARA and its controlled entities had net assets of \$1.23 million, cash balances of \$1.38 million and a surplus in net current assets of \$0.84 million. For the year ended 30 June 2011 the Association incurred a net operating loss of \$0.30 million and a net cash outflow from operating activities of \$1.18 million.

The continued viability of the Association 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 2012 the Council has implemented a budget which should result in a modest operating surplus. Accordingly, these financial statements do not include any adjustments in relation to the recoverability or classification of recorded assets and liabilities that might be necessary should the Association not be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011.

(ii) Project Services

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

e. Property, Plant and Equipment (continued)

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 Association 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 Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income 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 Association 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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
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 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 statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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 Level 10, 136 Exhibition Street, Melbourne and 45 Market Street, Sydney. Under the terms of the lease agreement, the Association was entitled to receive the first six months of the lease term free from rent (Sydney only) and has received from the lessor a contribution to leasehold improvements. The Sydney lease was relinquished in March 2010.

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 (Melbourne only in 2011)

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 entity 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 convention.

Financial instruments are initially measured at fair value plus transactions costs and then classified and subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

h. Financial Instruments (continued)

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.

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 impairment has arisen. Impairment losses are recognised in the 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 expensed to the 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

The ARA provides training services to overseas clients. 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 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 statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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 Association 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 six months or less, and bank overdrafts. Bank overdrafts (if applicable) are shown within short term borrowings in current liabilities on the statement of financial position.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 Association.

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.

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OF THE AUSTRALIAN 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).

	2011	2010
	\$	\$
NOTE 3 : REVENUE		
Continuing Operations		
Interest received	115,993	16,566
Memberships	1,859,596	1,645,602
Profit on sale of assets	-	(19,600)
Special projects	223,792	1,167,221
Training & consulting	2,859,762	864,505
Other income	332,826	975,815
Total Revenue	<u>5,391,969</u>	<u>4,650,109</u>

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 4 : OTHER EXPENSES		
Office & accommodation	289,853	279,233
Professional fees	1,446,300	1,251,190
Special project expenses	137,529	1,080,871
Training expenses	1,678,961	822,614
Other expenses	818,929	1,012,369
Total Expenses	<u><u>4,371,572</u></u>	<u><u>4,446,277</u></u>

NOTE 5 : KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Association is set out below:

Short-term employee benefits	493,175	106,374
Post-employment benefits	40,921	-
Total	<u><u>534,096</u></u>	<u><u>106,374</u></u>

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	13,500	16,000
Total	<u><u>13,500</u></u>	<u><u>16,000</u></u>

NOTE 7 : CASH AND CASH EQUIVALENTS

Cash on hand	600	300
Cash at bank & short-term bank deposits	1,378,386	2,666,110
Total	<u><u>1,378,986</u></u>	<u><u>2,666,410</u></u>

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
NOTE 8 : TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	550,808	312,760
Provision for doubtful receivables	<u>(10,000)</u>	<u>(30,000)</u>
	<u>540,808</u>	<u>282,760</u>
Other receivables	-	2,542
Security deposit	<u>140,977</u>	<u>140,977</u>
Total	<u>681,785</u>	<u>426,279</u>

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

Stock on hand at cost	<u>16,975</u>	<u>64,166</u>
Total	<u>16,975</u>	<u>64,166</u>

NOTE 10 : OTHER ASSETS

Accrued income	139,437	-
Prepayments	111,788	69,999
Other assets	<u>22,840</u>	<u>12,540</u>
Total	<u>274,065</u>	<u>82,539</u>

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation
Controlled Entities Consolidated	
Parent Entity	
Australian Retailers Association Incorporated	Australia
Related Entities	
Victorian Retail Trust	Australia

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12 : PROPERTY PLANT AND EQUIPMENT	2011 \$	2010 \$
Furniture, fittings & equipment		
At cost	278,370	262,384
Accumulated depreciation	(216,681)	(195,969)
Total furniture, fittings & equipment	61,689	66,415
Office machines		
At cost	9,709	8,189
Accumulated depreciation	(4,785)	(1,077)
Total office machines	4,924	7,112
Leasehold improvements		
At cost	571,156	553,963
Accumulated depreciation	(235,887)	(153,016)
Total leasehold improvements	335,269	400,947
Software & product development		
At cost	-	20,253
Accumulated depreciation	-	(19,414)
Total software & product development	-	839
Total Property, Plant and Equipment	401,882	475,313

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12 : PROPERTY PLANT AND EQUIPMENT (cont.)	2011 \$	2010 \$
a. Movement in non-current assets		
<i>Furniture, fittings & equipment</i>		
Balance at the beginning of the year	66,415	62,409
Additions	91,791	39,039
Disposals	(9,287)	(3,969)
Depreciation expense	<u>(87,230)</u>	<u>(31,064)</u>
Balance at the end of the year	<u>61,689</u>	<u>66,415</u>
<i>Office machines</i>		
Balance at the beginning of the year	7,112	-
Additions	1,520	8,189
Depreciation expense	<u>(3,708)</u>	<u>(1,077)</u>
Balance at the end of the year	<u>4,924</u>	<u>7,112</u>
<i>Leasehold improvements</i>		
Balance at the beginning of the year	400,947	455,766
Additions	17,193	22,236
Depreciation expense	<u>(82,871)</u>	<u>(77,055)</u>
Balance at the end of the year	<u>335,269</u>	<u>400,947</u>
<i>Land & buildings</i>		
Balance at the beginning of the year	-	5,550,000
Revaluation increment	-	(1,244,341)
Disposals	-	(4,275,373)
Depreciation expense	<u>-</u>	<u>(30,286)</u>
Balance at the end of the year	<u>-</u>	<u>-</u>
<i>Software & product development</i>		
Balance at the beginning of the year	839	32,270
Disposals	-	(12,618)
Depreciation Expense	<u>(839)</u>	<u>(18,813)</u>
Balance at the end of the year	<u>-</u>	<u>839</u>
Total balance at the end of the year	<u>401,882</u>	<u>475,313</u>

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 13 : TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	358,549	759,477
Sundry creditors	25,239	60,842
Accrued expenses	144,469	-
Total	<u><u>528,257</u></u>	<u><u>820,319</u></u>
NON CURRENT		
Trade creditors	-	240,000
Total	<u><u>-</u></u>	<u><u>240,000</u></u>

The Association, 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 LIABILITIES

CURRENT		
Income in advance	845,301	917,149
Lease incentives	87,500	108,928
Provision for annual leave	46,247	49,483
Provision for fringe benefits tax	270	-
Provision for redundancies	-	34,681
Provision for long service leave	-	11,872
Total	<u><u>979,318</u></u>	<u><u>1,122,113</u></u>
NON CURRENT		
Security deposit	18,170	-
Total	<u><u>18,170</u></u>	<u><u>-</u></u>

NOTE 15 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 16 : SEGMENT REPORTING

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

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 17 : CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with net deficit for year		
(Loss) / profit after income tax	(304,327)	(1,238,274)
Non-cash flows in profit		
Depreciation and amortisation	174,648	174,425
Loss / (gain) on the sale of non-current assets	9,287	-
Movement in provision for doubtful receivables	-	(108,996)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and other receivables	(255,506)	60,176
Decrease/(increase) in other assets	(191,526)	111,613
Decrease/(increase) in inventories	47,191	(58,846)
Increase/(decrease) in payables	(532,062)	260,622
Increase/(decrease) in other liabilities	(124,625)	(207,056)
	<u>(1,176,920)</u>	<u>(1,006,336)</u>

NOTE 18 : 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.

Aside from the key management personnel compensation disclosed in Note 5, there were no related party transactions with the Association for the year ending 30 June 2011 (2010: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19 : FINANCIAL INSTRUMENTS

The entity's financial instruments consist mainly of cash and accounts receivable and payable.

a. Net fair values of financial assets & liabilities

The carrying amounts of all financial assets and liabilities at balance date are measured at amortised 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.

The Committee considers the Association to have the following financial risk exposures: liquidity risk and credit risk.

c. 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
	\$	\$	\$	\$	\$
Trade Receivables	432,672	22,543	26,503	69,090	550,808
Provision for Doubtful Receivables	-	-	-	(10,000)	(10,000)
Total	432,672	22,543	26,503	59,090	540,808

d. 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 working capital to meet ongoing commitments.

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 20 : OPERATING LEASE COMMITMENTS		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 1 year	440,820	516,132
- between 1 year and 5 years	1,170,888	1,218,937
	<u>1,611,708</u>	<u>1,735,069</u>

NOTE 21 : ASSOCIATION DETAILS

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

Level 10, 136 Exhibition Street
Melbourne, Victoria 3000

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 2011, 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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ASSOCIATE
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

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 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 2011 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 Audit (Vic) Pty Ltd
ABN 59 116 151 136

Jeffrey Luckins
Director

Dated this 18th day of November 2011

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Melbourne
Brisbane
Perth
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