



FAIR WORK  
COMMISSION

28 March 2013

Mr Russell Zimmerman  
Executive Director  
The Australian Retailers Association  
Level 10, 136 Exhibition Street  
MELBOURNE VIC 3000

Dear Mr Zimmerman,

**Re: Lodgement of Financial Statements and Accounts - The Australian Retailers' Association - for year ended 30 June 2012 (FR2012/307)**

I refer to the above financial statements and accounts which were lodged with Fair Work Australia (now known as the Fair Work Commission) on 27 December 2012. I have examined the documents having regard to past correspondence in relation to reports lodged for previous years.

**Operating Report - trustees of superannuation entities**

Sub-section 254(2)(d) of the *Fair Work (Registered Organisations) Act 2009* requires the disclosure in the Operating Report of any officer or member who is a trustee, or director of a company that is a trustee, of a superannuation entity, where the criterion for such officer or member being the trustee or director is that he or she is an officer or member of the registered organisation.

The Operating Reports for the years 2004, 2007 and 2008 disclosed the names of superannuation trustees. The Operating Reports lodged for other years, including 2012, contained no disclosure.

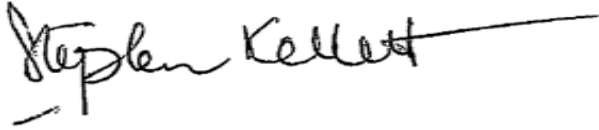
Whilst it may be inferred that the absence of disclosure means that there were no trustees to be disclosed, in order that FWC can be satisfied that the organisation has had regard to the provision of sub-section 254(2)(d), FWC does not wish to rely on inference. As in previous correspondence, I would ask that in any year in which there are no officers or members who are trustees, or directors of companies that are trustees, of a superannuation entity, the Operating Report include an explicit statement to that effect.

**Going Concern**

A note on the organisation's ability to continue as a "Going Concern" appears on page 11 and a similar note has been included in the previous financial reports since 2009. The auditor has drawn attention to an "inherent uncertainty". I also note that a net operating loss has been recorded each year. In these circumstances, FWC considers it appropriate to remind the organisation of the importance of fiduciary prudence, and that it is incumbent on the officers of the association to take appropriate steps, or to continue to take such steps, to address the matter and mitigate or relieve the continuing operating loss and uncertainty.

I have filed the documents and there is no further action required in respect of this return. If you have any queries I may be contacted at any time on (02) [REDACTED].

Yours sincerely

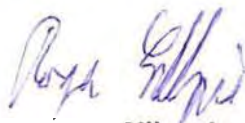
A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

Stephen Kellett  
Senior Adviser  
Regulatory Compliance Branch

**Designated officers Certification required under the Workplace Relations Act 1996 and the Fair Work (Registered Organisations) Act 2009 lodged with the Industrial Registry in accordance with Section 268 of Division 5 of Part 3 of Chapter 8 of the Workplace Relations Act 1996.**

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

- That the documents lodged herewith is a true copy of the full financial report, referred to in S265 of Division 5 of Part 3 of Chapter 8 of the Workplace Relations Act 1996;
- That as authorized by Section 265 of Division 5 of Part 3 of Chapter 8 of the Workplace Relations Act 1996, a concise report was provided to members with the annual general meeting papers on 27 November 2012 and in accordance with the said section 265, the members were offered the opportunity to receive, at no cost the full financial report; and
- The full report was presented at the annual general meeting of members of the reporting unit on the adjourned date for that meeting on 27 December 2012 in accordance with Section 266 of Division 5 of Part 3 of Chapter 8 of the Workplace Relations Act.



**Roger Gillespie**  
**President**  
**Australian Retailers Association**

**Date 27/12/2012**

# **Australian Retailers Association and Controlled Entities**

## **Financial Report**

For the year ended 30 June 2012

## 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 2012, 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 2012.

#### **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 \$427,895 (2011: loss of \$304,327)

#### **Significant Changes**

The National Council of the Association has continually taken action to reduce the operating losses of previous years, even though there is a higher operating loss for this year compared to 2011.

During 2012 the following occurred:

- The call centre was cancelled in September 2010, to cease on June 30, 2011 but did not cease until October 2012.
- The repayment of the external debt financing did not occur until this financial year, 2012.
- The council will continue cost cutting when contracts expire and aim to reduce costs further.
- The Association merged and acquired the local Retail Traders Association of Tasmania and special membership renewal fees were offered to the Tasmanian members.
- The council discussed with FCB in December 2011 to reduce the monthly service fee to further reduce operating costs.
- The council continued to focus on the support for the current membership to retain as members' and also to attract new members to the Association.
- The council decided not to renew the lease for the Sydney office.

During the reporting period the Council has continued to provide the membership and the broader retailers' salient, relevant and updated policy and advocacy services together with the employment relation services and retail training and education.

The council has implemented a strong budget for the year ending 30 June 2013 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.

## **Australian Retailers Association and Controlled Entities**

### **OPERATING REPORT (continued)**

#### **Events Subsequent to Balance Date**

The lease on the Association's office in Sydney at 64-76 Kippax Street, expired in February 2012 and the Association did not renew the lease. The Association leased the Sydney Office on a month by month proposition and moved out in July 2012.

FCB agreed to reduce their service fee from July 2012 which will be a substantial saving in operating expenses.

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 10, 136 Exhibition Street, Melbourne, VIC, 3000.

There were 2,928 financial members of the Association as at 30 June 2012 (2011 - 3,001)

The total number of staff employed by the Association as at 30 June 2012 was 24, made up of the following;

Full Time	16
Part Time	2
Casual	5
Parental Leave	1 (Leave Without Pay)

In 2011 there was 16 full time equivalent staff employed.

**Australian Retailers Association and Controlled Entities**

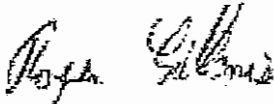
**OPERATING REPORT (continued)**

**Committee of Management**

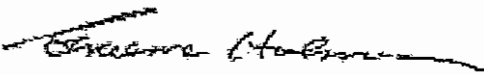
The name of each person who has been a member of the ARA Council at any time during the year or since the end of the year and continuing in the office at the date of this report unless otherwise stated, are as follows:

<b>Name</b>	<b>Date Appointed</b>	<b>Date Resigned (if applicable)</b>
• Roger Gillespie – President	24 Nov 2008	
• Ivor North – Vice President	11 April 2011	
• Colin Scott – Vice President	11 April 2011	
• Judith McDonald – Secretary	11 April 2011	12 Aug 2012
• Graeme Holman – Treasurer	11 Dec 2009	
• Andrew Nock	11 April 2011	
• Amanda Dutt-Sharma	11 April 2011	
• Robert Parker	24 Nov 2009	
• Alla Buitowicz	11 April 2011	24 Feb 2012

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



**ROGER GILLESPIE  
PRESIDENT OF COUNCIL**



**GRAEME HOLMAN  
TREASURER OF COUNCIL**

Melbourne

Dated this 23rd day of November 2012



**Australian Retailers Association and Controlled Entities**

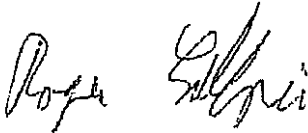
**COMMITTEE OF MANAGEMENT'S STATEMENT**

On 23 November 2012 the Australian Retailers Association Committee of Management passed the following resolution in relation to the general purpose financial report (GPRF) of the Association for the year ended 30 June 2012.

The Committee of Management declares in relation to the GPRF 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 2012.
- (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 ended 30 June 2012 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 (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  
PRESIDENT OF COUNCIL

Melbourne

Dated this 23<sup>rd</sup> day of November 2012

**Australian Retailers Association and Controlled Entities**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Revenues	3	5,995,085	5,391,969
Employee benefits expense		(1,565,386)	(1,150,076)
Depreciation & amortisation expense		(110,913)	(174,648)
Other expenses	4	(4,746,681)	(4,371,572)
<b>Profit/(Loss) before income tax</b>		<u>(427,896)</u>	<u>(304,327)</u>
Income tax expense	1c	-	-
Profit/(Loss) for the year attributable to members of the entity		<u>(427,896)</u>	<u>(304,327)</u>
<b>Total comprehensive income attributable to members of the entity</b>		<u><u>(427,896)</u></u>	<u><u>(304,327)</u></u>

The accompanying notes form part of these financial statements

**Australian Retailers Association and Controlled Entities**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	7	1,181,446	1,378,986
Trade & other receivables	8	724,205	540,808
Inventories	9	28,290	16,975
Other assets	10	83,739	274,065
<b>TOTAL CURRENT ASSETS</b>		<b><u>2,017,680</u></b>	<b><u>2,210,834</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	303,951	401,882
Other Non Current Assets	12	157,905	140,977
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>461,856</u></b>	<b><u>542,859</u></b>
<b>TOTAL ASSETS</b>		<b><u>2,479,536</u></b>	<b><u>2,753,693</u></b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables	13	681,730	528,257
Other current liabilities	14	973,826	979,318
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,655,556</u></b>	<b><u>1,507,575</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Other non current liabilities	15	23,927	18,170
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>23,927</u></b>	<b><u>18,170</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,679,483</u></b>	<b><u>1,525,745</u></b>
<b>NET ASSETS</b>		<b><u>800,053</u></b>	<b><u>1,227,948</u></b>
<b>EQUITY</b>			
Accumulated funds: general		800,053	1,227,948
<b>TOTAL EQUITY</b>		<b><u>800,053</u></b>	<b><u>1,227,948</u></b>

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 2012

	<u>Accumulated Funds</u>	<u>Reserves</u>	<u>Total</u>
	\$	\$	\$
<b>Balance at 1 July 2010</b>	1,532,275	-	1,532,275
Total comprehensive income	(304,327)	-	(304,327)
<b>Balance at 30 June 2011</b>	<u>1,227,948</u>	<u>-</u>	<u>1,227,948</u>
Total comprehensive income	(427,895)	-	(427,895)
<b>Balance at 30 June 2012</b>	<u>800,053</u>	<u>-</u>	<u>800,053</u>

**Australian Retailers Association and Controlled Entities**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and non-members		6,294,119	5,731,729
Payments to suppliers and employees		(6,537,914)	(7,024,642)
Interest Received		<u>59,237</u>	<u>115,993</u>
Net cash provided by (used in) operating activities	18	<u>(184,558)</u>	<u>(1,176,920)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(12,982)	(110,504)
Net cash provided by (used in) operating activities		<u>(12,982)</u>	<u>(110,504)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<u>(197,540)</u>	<u>(1,287,424)</u>
Cash and cash equivalents at the beginning of the financial year		1,378,986	2,666,410
Cash and cash equivalents at end of the financial year	7	<u><u>1,181,446</u></u>	<u><u>1,378,986</u></u>

The accompanying notes form part of these financial statements

## Australian Retailers Association and Controlled Entities

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### 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.

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 2012, the ARA and its controlled entities had net assets of \$800,053, (2011: \$1,227,948), cash balances of \$1,181,446, (2011: \$1,378,986) and a surplus in the net current assets of \$520,029, (2011: \$844,236). For the year ended 30 June 2012 the Association incurred a net operating loss of \$427,895, (2011: \$304,327) and net cash outflows from operating activities of \$184,558, (2011: \$1,176,920).

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 2013 the Council has implemented a budget and expects a modest operating surplus to be achieved.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**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 22 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 2012.

**(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 2012

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

e. Property, Plant and Equipment (cont.)

**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 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 depreciation amount of all fixed assets 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 to 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%
Leasehold Improvements	14.25%

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.

All decreases are charged as expenses to the statement of comprehensive income



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**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 lease agreements are recognised as an expense on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance are expensed as incurred.

*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.

**g. Financial Instruments**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried out at fair value through profit and loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

**h. 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.

**i. Foreign Currency Transactions and Balances**

The ARA provides training services to overseas clients. Transactions are raised in Australian Dollars and payment is received in Australian Dollars.

**j. 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.

**k. Provisions**

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

**l. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. There is also a security deposit held for the sub lease of Level 10, 136 Exhibition Street which cannot be used, Note 7.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

**m. 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.

**n. Comparative Figures**

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

**o. Critical Accounting Estimates and Judgements**

The Committee of Management evaluates estimates and judgements 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 as noted in the Going Concern Note on page 11.

**Australian Retailers Association and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**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)

**NOTE 3: REVENUE**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Continuing Operations</b>		
Interest received	59,237	115,993
Memberships	1,619,304	1,859,596
Special projects	188,584	223,792
Training & consulting	3,782,267	2,859,762
Other income	345,693	332,826
	<u><b>5,995,085</b></u>	<u><b>5,391,969</b></u>

**Australian Retailers Association and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>NOTE 4: OTHER EXPENSES</b>		
Office & accommodation	320,565	289,853
Professional fees	1,131,491	1,446,300
Special project expenses	111,234	137,529
Training expenses	2,381,452	1,678,961
Other expenses	801,939	818,929
	<b>4,746,681</b>	<b>4,371,572</b>
	<b>4,746,681</b>	<b>4,371,572</b>

**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	608,983	493,175
Post-employment benefits	52,904	40,921
<b>Total</b>	<b>661,887</b>	<b>534,096</b>
	<b>661,887</b>	<b>534,096</b>

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	10,500	13,500
<b>Total</b>	<b>10,500</b>	<b>13,500</b>
	<b>10,500</b>	<b>13,500</b>

**NOTE 7: CASH AND CASH EQUIVALENTS**

Cash on hand	600	600
Rental Bond - Sub Lease Exhibition Street	18,170	18,170
Cash at bank & short-term bank deposits	1,162,676	1,360,216
<b>Total</b>	<b>1,181,446</b>	<b>1,378,986</b>
	<b>1,181,446</b>	<b>1,378,986</b>

**Australian Retailers Association and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>NOTE 8: TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Trade receivables	734,205	550,808
Provision for doubtful debts	<u>(10,000)</u>	<u>(10,000)</u>
<b>Total</b>	<b><u>724,205</u></b>	<b><u>540,808</u></b>

**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 to the Statement of Comprehensive Income.

**NOTE 9: INVENTORIES**

Stock on hand at cost	<u>28,290</u>	<u>16,975</u>
<b>Total</b>	<b><u>28,290</u></b>	<b><u>16,975</u></b>

**NOTE 10: OTHER ASSETS**

Accrued income	8,300	139,437
Prepayments	39,046	111,788
Other assets	<u>36,393</u>	<u>22,840</u>
<b>Total</b>	<b><u>83,739</u></b>	<b><u>274,065</u></b>

**Australian Retailers Association and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>NOTE 11: PROPERTY PLANT AND EQUIPMENT</b>		
Furniture, fittings & equipment at cost	291,352	278,370
Accumulated depreciation	(245,893)	(216,681)
<b>Total furniture, fittings &amp; equipment</b>	<b>45,459</b>	<b>61,689</b>
Office machines at cost	9,709	9,709
Accumulated depreciation	(9,709)	(4,785)
<b>Total office machines</b>	<b>-</b>	<b>4,924</b>
Leasehold improvements at cost	571,156	571,156
Accumulated depreciation	(312,664)	(235,887)
<b>Total leasehold improvements</b>	<b>258,492</b>	<b>335,269</b>
<b>Total Property, Plant and Equipment</b>	<b>303,951</b>	<b>401,882</b>

Australian Retailers Association and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
<b>NOTE 11: PROPERTY PLANT AND EQUIPMENT (contd.)</b>		
<b>a. Movement in non-current assets</b>		
<i>Furniture, fittings &amp; equipment</i>		
Balance at the beginning of the year	61,689	66,415
Additions	12,982	91,791
Disposals	-	(9,287)
Depreciation expense	(29,212)	(87,230)
Balance at the end of the year	45,459	61,689
<i>Office machines</i>		
Balance at the beginning of the year	4,924	7,112
Additions	-	1,520
Depreciation expense	(4,924)	(3,708)
Balance at the end of the year	-	4,924
<i>Leasehold improvements</i>		
Balance at the beginning of the year	335,269	400,947
Additions	-	17,193
Depreciation expense	(76,777)	(82,871)
Balance at the end of the year	258,492	335,269
<b>Total balance at the end of the year</b>	<b>303,951</b>	<b>401,882</b>

**NOTE 12: NON CURRENT ASSETS**

**NON CURRENT**

Security deposit	157,905	140,977
<b>Total</b>	<b>157,905</b>	<b>140,977</b>

Security Deposit has been adjusted to reflect the increase in rent for the Exhibition Street premises



**Australian Retailers Association and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>NOTE 13: TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Trade creditors	505,089	358,549
Sundry creditors	69,959	25,239
Accrued expenses	106,682	144,469
<b>Total</b>	<b><u>681,730</u></b>	<b><u>528,257</u></b>

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**

<b>CURRENT</b>		
Income in advance	793,384	845,301
Lease incentives	69,643	87,500
Provision for annual leave	58,050	46,247
Provision for fringe benefits tax	-	270
Payroll liabilities	52,749	-
<b>Total</b>	<b><u>973,826</u></b>	<b><u>979,318</u></b>

**NOTE 15: NON CURRENT LIABILITIES**

<b>NON CURRENT</b>		
Provision for long service leave	5,757	-
Security deposit - held under sub lease	18,170	18,170
<b>Total</b>	<b><u>23,927</u></b>	<b><u>18,170</u></b>

**NOTE 16: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no known contingent liabilities or assets as at record date with the exception of the security deposits disclosed in Note 12.

**NOTE 17: 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 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 18: CASH FLOW INFORMATION</b>		
<b>Reconciliation of Cash Flow from Operations with net deficit for year</b>		
(Loss)/profit after income tax	(427,895)	(304,327)
Non cash flows in profit		
Depreciation and amortisation	110,913	174,648
Loss/(gain) on the sale of non-current assets	-	9,287
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and other receivables	(183,397)	(255,506)
Decrease/(increase) in other assets	173,398	(191,526)
Decrease/(increase) in inventories	(11,315)	47,191
Increase/(decrease) in payables	153,473	(532,062)
Increase/(decrease) in other liabilities	265	(124,625)
	<b>(184,558)</b>	<b>(1,176,920)</b>

**NOTE 19: 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 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**NOTE 20: 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 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 Council. The Council 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 Council. The credit risk on liquid funds is minimal, as the counterparties are major domestic banking institutions.

<b>Aged Debtors Analysis</b>	<b>Current</b>	<b>30</b>	<b>60</b>	<b>90+</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables	189,260	288,543	118,092	138,310	734,205
Provision for Doubtful Debts	-	-	-	(10,000)	(10,000)
<b>Total</b>	<b>189,260</b>	<b>288,543</b>	<b>118,092</b>	<b>128,310</b>	<b>724,205</b>

**d. Liquidity risk management**

Ultimate responsibility for the management of liquidity risk rests with the Committee of Management. The Committee of Management has developed appropriate criteria for the 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 2012**

	2012	2011
	\$	\$
<b>NOTE 21: OPERATING LEASE COMMITMENTS</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements - Rental Lease for 10/136 Exhibition St Melbourne		
Payable - minimum lease payments		
- not later than 1 year	-	440,820
- between 1 year and 5 years	923,283	1,170,888
	<u>923,283</u>	<u>1,611,708</u>

**NOTE 22: CONTROLLED ENTITIES**

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

**NOTE 23: ASSOCIATION DETAILS**

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

Level 10, 136 Exhibition Street  
Melbourne Victoria 3000

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RETAILERS ASSOCIATION AND CONTROLLED ENTITIES

### Report on the Financial Report

We have audited the accompanying consolidated financial report of Australian Retailers Association and Controlled Entities ('the Association'), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the 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 of the Association and the consolidated entity comprising the Association and the entities it controlled at the year's end or from time to time during the financial year.

### *Committee of Management's Responsibility for the Financial Report*

The Committee of Management are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

Sydney  
Melbourne  
Brisbane  
Perth  
Adelaide  
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: Level 1, 465 Auburn Road, Hawthorn East VIC 3123  
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580  
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INDEPENDENT FIRMS

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RETAILERS ASSOCIATION AND CONTROLLED ENTITIES (CONT)**

### *Auditor's Opinion*

In our opinion:

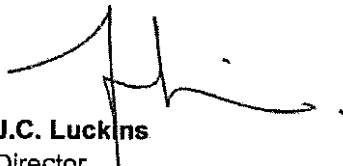
- a) the financial report presents fairly, in all material respects, the financial position of Australian Retailers Association and controlled entities as at 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### *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 inherent uncertainty whether the economic entity will be able to continue as a going concern and therefore whether it will realise 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



**J.C. Luckins**  
Director

Dated in Melbourne this 23<sup>rd</sup> day of November, 2012



FAIR WORK  
AUSTRALIA

15 August 2012

Mr Russell Zimmerman  
Executive Director  
The Australian Retailers Association  
By email: [russell.zimmerman@retail.org.au](mailto:russell.zimmerman@retail.org.au)

Dear Mr Zimmerman,

**Lodgement of Financial Documents for year ended 30 June 2012 [FR2012/307]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of The Australian Retailers Association (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at [www.fwa.gov.au](http://www.fwa.gov.au) – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at [orgs@fwa.gov.au](mailto:orgs@fwa.gov.au). Alternatively, you can forward the documents by fax to (03) 9655 0410.

Please do not hesitate to contact me on (03) 8661 7817 or by email at [robert.pfeiffer@fwa.gov.au](mailto:robert.pfeiffer@fwa.gov.au) if you wish to discuss the requirements outlined in this correspondence.

Yours sincerely,

Robert Pfeiffer  
Organisations, Research & Advice  
Fair Work Australia

**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /
------------------------------------	-----

Prepare financial statements and Operating Report.
--

(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	

*As soon as practicable after end of financial year*

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
---	-----

*Within a reasonable time of having received the GPFR  
(NB: Auditor's report must be dated on or after date of Committee of Management Statement*

Provide full report free of charge to members – s265 The full report includes:	/ /
<ul style="list-style-type: none"> <li>the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>the Auditor's Report; and</li> <li>the Operating Report.</li> </ul>	

*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,*  
*or*  
*(b) in any other case including where the report is presented to a Committee of Management meeting\*, the report must be provided to members within 5 months of end of financial year.*

Present full report to:	/ /
(a) General Meeting of Members - s266 (1),(2); OR	
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /

*Within 6 months of end of financial year*

*Within 6 months of end of financial year*

Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
--	-----

*Within 14 days of meeting*

\* *the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

# *The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.*

++ *The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.*





FAIR WORK  
AUSTRALIA

2 August 2012

Mr Russell Zimmerman  
Executive Director  
Australian Retailers Association

[russell.zimmerman@retail.org.au](mailto:russell.zimmerman@retail.org.au)

Dear Mr Zimmerman,

**Lodgement of Financial Documents for year ended 30 June 2012 [FR2012/307]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Australian Retailers Association, The (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

Failure to comply with these obligations is subject to a civil penalty provision - see s305 of the RO Act.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at [www.fwa.gov.au](http://www.fwa.gov.au) – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

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Yours sincerely,

Andrea O'Halloran  
Organisations, Research & Advice  
Fair Work Australia

**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /
Prepare financial statements and Operating Report.	
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
Provide full report free of charge to members – s265 The full report includes:	/ /
<ul style="list-style-type: none"> <li>• the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>• the Auditor's Report; and</li> <li>• the Operating Report.</li> </ul>	
Present full report to:	
(a) General Meeting of Members - s266 (1),(2); OR	/ /
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /
Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate <sup>++</sup> – s268	/ /

*As soon as practicable after end of financial year*

*Within a reasonable time of having received the GPFR  
(NB: Auditor's report must be dated on or after date of Committee of Management Statement)*

*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,*  
*or*  
*(b) in any other case including where the report is presented to a Committee of Management meeting\*, the report must be provided to members within 5 months of end of financial year.*

*Within 6 months of end of financial year*

*Within 6 months of end of financial year*

*Within 14 days of meeting*

\* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

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