FairWork Commission

15 December 2016

Mr Roger Gillespie
President
Australian Retailers Association
Level 1, 112 Wellington Parade
East Melbourne VIC 3002

By e-mail: info@retail.org.au

Dear Mr Gillespie

Australian Retailers Association
Financial Report for the year ended 30 June 2016 - FR2016/267

I acknowledge receipt of the amended financial report for the year ended 30 June 2016 for the Australian Retailers Association. The financial report was lodged with the Fair Work Commission on 15 December 2016.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

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Australian Retailers Association
2015–16

FINANCIAL STATEMENTS 2015–16

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William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RETAILERS ASSOCIATION

Report on the Financial Report

We have audited the accompanying financial report of Australian Retailers Association and controlled entities, which comprises the statement of financial position as at 30 June 2016, 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 assertion statement.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation 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 Reporting Guidelines and for such internal control as the Committee of Management determine is necessary to enable the preparation and fair presentation 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.

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RETAILERS ASSOCIATION (CONT)

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Australian Retailers Association and controlled entities as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the Reporting Guidelines.

As part of our audit of the financial report we have concluded that management's use of the going concern basis of accounting in the preparation of these financial statements is appropriate.

William Buck

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

N.S. Benbow
Director, Registered Company Auditor (Registration number 345523) & approved auditor under section 38 of the Reporting Guidelines

Member of Chartered Accountants Australia and New Zealand
Membership number 235845

Dated this 1st day of December, 2016

Australian Retailers Association and Controlled Entities

s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2016

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

- that the documents lodged herewith are copies of the full report for the Australian Retailers Association for the period ended 30 June 2016 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on 02 December 2016; and

- that the full report was presented to committee of management of the reporting unit on 02 December 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

Name of prescribed designated officer: Roger Gillespie

Title of prescribed designated officer: President

Dated: 02 December 2016

OPERATING REPORT

for the period ended 30 June 2016

The committee presents its report on the reporting unit for the financial year ended 30 June 2016.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Australian Retailers Association is the truly national leading retail association in providing advocate services to represent the retail industry in policy changes. ARA members and associates are part of this process and contribute to the development of retail policy.

The principal activity of the Association was to provide advocacy, membership and training services for the retrial industry.

The Association continued to be the leading voice in retail by providing thought leadership and advocacy services on a number of issues such as Employment Law, Supply chain, Payments, Education & training, Taxation and Tenancy.

ARA members received employment relations advice via its telephone advisory and online Human Resources services.

The Association RTO ARA Retail Institute provided education, consulting and professional development needs to the industry. The ARA Retail Institute specialises in consulting and education on a broad range of topics comprising of Retail Buying, Financials, Visual Merchandising, Marketing, Operations and Sales and Service Strategy, over the previous 12 months ARA delivered education & training services to 1500 retail trainees.

Significant changes in financial affairs

During the reporting period the Association saw a need to change its trade receivables policy regarding membership subscriptions. In the 2015-16 period all membership subscriptions have been issued as sales orders and have only been recognised upon full payment.

Right of members to resign

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 1, 112 Wellington Parade, East Melbourne, VIC, 3002.

Members holding other positions

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

There were 3,459 financial members as at 30 June 2016, (2015: 3,119) an increase of 340 members

Number of employees

The total number of staff employed by the Association as at 30 June 2016 was 22, made up of the following;

Full Time: 22 (FTE)
Casual: 0

Names of Committee of Management members and period positions held during the financial year

The following were members of the Committee of Management for entire year, unless indicated otherwise.

Name	Position	Date Appointed	Date Resigned
Roger Gillespie	President	24 Nov 2008	
Ralph Edwards	Councillor	28 April 2015	
Liz Siminsky	Councillor	28 April 2015	
David Bisset	Councillor	28 April 2015	
Mhairi Holway	Councillor	28 April 2015	
Steven Plarre	Councillor	28 April 2015	
Robyn Batson	Councillor	28 April 2015	
Mary Poulakis	Councillor	28 April 2015	
Luke Dillon	Councillor	28 April 2015	
Toby Bensimon	Councillor	28 April 2015	
Wayne Curnuck	Councillor	28 April 2015	
Gerry Gerrard	Advisor	28 April 2015	
Graham Dear	Advisor	28 April 2015	
Graeme Holman	Treasurer	11 Dec 2009	28 April 2015
Edward Harry	Councillor	03 April 2013	28 April 2015
Ray Halliwell	Councillor	03 April 2013	28 April 2015
John Haywood	Councillor	03 April 2013	28 April 2015
Andrew Grant	Councillor	03 April 2013	17th November 2015
Tania Moss	Councillor	03 April 2013	28 April 2015

Signature of designated officer:

Name and title of designated officer: .. Roger Gillespie President

Dated: .02 December 2016

Australian Retailers Association and Controlled Entities

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 30 June 2016

On the 02/12/ 2016 the Australian Retailers Association Committee of Management passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2016:

The Committee of Management declares that in its opinion:

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

(b) the financial statements and notes comply with the reporting guidelines of the General Manager;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

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

(e) during the financial year to which the GPFR relates and since the end of that year:

   (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

   (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

   (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   (iv) the organisation consists of one single reporting unit, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner; and

   (v) no request by a member of the reporting unit or General Manager was made under section 272 of the RO Act; and

   (vi) no order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act.

(f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer:

Name and title of designated officer: Roger Gillespie President.

Dated: .02 December 2016

Australian Retailers Association and Controlled Entities
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

		Consolidated	
		2016	2015
	Notes	**$**	$
Revenue			
Membership subscription		**1,619,094**	1,623,602
Capitation fees	3A	**0**	0
Levies	3B	**0**	0
Interest	3C	**16,011**	16,988
Rental revenue	3D	**0**	53,707
Other revenue	3F	**2,020,379**	2,148,307
Total revenue		**3,655,484**	3,842,604
Other Income			
Grants and/or donations	3E	**2,107,097**	1,637,418
Total other income		**2,107,097**	1,637,418
Total income		**5,762,581**	5,480,022
Expenses			
Employee expenses	4A	**2,077,728**	2,807,182
Capitation fees	4B	**0**	0
Affiliation fees	4C	**50,284**	44,435
Administration expenses	4D	**3,192,149**	3,513,713
Grants or donations	4E	**0**	0
Depreciation and amortisation	4F	**23,652**	112,426
Finance costs	4G	**6,179**	13,238
Legal costs	4H	**1,235**	9,985
Audit fees	14	**37,832**	45,291
Total expenses		**5,389,059**	6,546,270
Total comprehensive income for the year		**373,522**	(1,066,248)

The above statement should be read in conjunction with the notes.

Australian Retailers Association and Controlled Entities

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	Consolidated 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**717,907**	930,173
Trade and other receivables	5B	**586,052**	993,843
Other current assets	5C	**169,351**	140,523
Total current assets		**1,473,310**	2,064,539
Non-Current Assets			
Plant and equipment	6A	**16,605**	24,771
Intangibles	6B	**1,833**	13,233
Other investments	6C	**80,642**	216,461
Total non-current assets		**99,080**	254,465
Total assets		**1,572,390**	2,319,004
LIABILITIES			
Current Liabilities			
Trade payables	7A	**303,504**	403,197
Other payables	7B	**1,039,208**	2,094,894
Employee provisions	8A	**166,226**	124,426
Total current liabilities		**1,508,938**	2,622,517
Non-Current Liabilities			
Employee provisions	8A	**25,941**	32,498
Total non-current liabilities		**25,941**	32,498
Total liabilities		**1,534,879**	2,655,015
Net assets		**37,511**	(336,011)
EQUITY			
Retained earnings (accumulated deficit)		**37,511**	(336,011)
Total equity		**37,511**	(336,011)

The above statement should be read in conjunction with the notes.

Australian Retailers Association and Controlled Entities
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

Consolidated	Notes	**General funds** $	**Retained earnings** $	**Total equity** $
Balance as at 1 July 2014		0	730,237	730,237
Loss for the year		0	(1,066,248)	(1,066,248)
Closing balance as at 30 June 2015		**0**	**(336,011)**	**(336,011)**
Profit for the year		**0**	**373,522**	**373,522**
Closing balance as at 30 June 2016		**0**	**37,511**	**37,511**

The above statement should be read in conjunction with the notes.

Australian Retailers Association and Controlled Entities
CASH FLOW STATEMENT
for the period ended 30 June 2016

		Consolidated	
		2016	2015
	Notes	**$**	$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	11B	**5,680,087**	6,389,455
Interest		**16,011**	16,988
Cash used			
Employees		**(2,042,485)**	(1,536,319)
Suppliers		**(3,861,792)**	(5,147,570)
Net cash from (used by) operating activities	11A	**(208,179)**	(277,446)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		**(4,087)**	(22,186)
Net cash from (used by) investing activities		**(4,087)**	(22,186)
Net increase (decrease) in cash held		**(212,266)**	(299,632)
Cash & cash equivalents at the beginning of the reporting period		**930,173**	1,229,805
Cash & cash equivalents at the end of the reporting period	5A	**717,907**	930,173

The above statement should be read in conjunction with the notes.

Index to the Notes of the Financial Statements

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Retailers Association is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

The comparative amounts for the prior period financial statements audited by a predecessor auditor have been restated due to a material error identified in Note 13B: Key Management Personnel Remuneration.

The salary amount was overstated and corrected to reflect the accurate short-term employee benefits as at 30 June 2015. The salary was reduced by a total amount of $453,641. The change did not have an impact on ARA comprehensive income, financial position or cash flow position and related to financial disclosures only.

1.3 Significant accounting judgements and estimates

There are no accounting assumptions or estimates that have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* contains three main parts and makes amendments to a number of Standards and Interpretations.

  Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 *Financial Instruments*.

This standard did not have an impact on the Australian Retailers Association.

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. This standard did not have an impact on the Australian Retailers Association.
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent* aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent. This standard did not have an impact on the Australian Retailers Association.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on Australian Retailers Association include:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.
  The key changes that may affect the Association on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the Association elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.
  Although it is anticipated that the adoption of AASB 9 may have an impact on ARA financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.
- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).
  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
  The main changes introduced by the new Standard include:
  - Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - Depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;

- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although it is anticipated that the adoption of AASB 16 will impact ARA financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

1.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Australian Retailers Association and entities controlled by the Australian Retailers Association (its subsidiaries). Control is achieved where the Australian Retailers Association is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the Australian Retailers Association.

Specifically, the Australian Retailers Association controls an investee if and only if the Australian Retailers Association has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Australian Retailers Association has less than a majority of the voting or similar rights of an investee, the Australian Retailers Association considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Relevant activities of the investee and who has control over them
- Existing or future administrative or statutory arrangements that may give rise to rights/control (or change the previous control assessment)
- Whether rights are substantive or protective in nature and whether rights presently exercisable or will be exercisable when decisions about relevant activities are being made
- Exposure or rights to financial and non-financial returns (direct or indirect) and the ability to influence those returns
- Whether the investor is exercising its decision-making abilities as a principal or agent
- Rights arising from other contractual arrangements

The Australian Retailers Association re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Australian Retailers Association obtains control over the subsidiary and ceases when the Australian Retailers Association loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Australian Retailers Association gains control until the date the Australian Retailers Association ceases to control the subsidiary.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Australian Retailers Association and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Australian Retailers Association.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Australian Retailers Association ownership interests in subsidiaries that do not result in the Australian Retailers Association losing control are accounted for as equity transactions. The carrying amounts of the Australian Retailers Association interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Australian Retailers Association

When the Australian Retailers Association loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Australian Retailers Association had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *AASB 139 'Financial Instruments: Recognition and Measurement'* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

1.8 Acquisition of assets and or liabilities that do not constitute a business combination

The net book value of assets and or liabilities transferred to Australian Retailers Association for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*/a restructure of the branches of the Australian Retailers Association a determination by the General Manager under subsections 245(1) of the *Fair Work (Registered Organisations) Act 2009*/ a revocation by the General Manager under subsection 249(1) of the *Fair Work (Registered Organisations) Act 2009*.

The assets and liabilities are recognised as at the date of transfer.

1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Australian Retailers Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Australian Retailers Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Australian Retailers Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Australian Retailers Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.11 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.12 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.13 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.16 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.17 Financial instruments

Financial assets and financial liabilities are recognised when Australian Retailers Association entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.18 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance

with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.19 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.20 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.21 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Plant and equipment	**1 to 20 years**	1 to 20 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.23 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of Australian Retailers Association intangible assets are:

	2016	2015
Intangibles	**1 to 3 years**	1 to 3 years

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.24 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Australian Retailers Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.25 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.26 Taxation

The Australian Retailers Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.27 Fair value measurement

The Australian Retailers Association measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Australian Retailers Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Australian Retailers Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Australian Retailers Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Australian Retailers Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.28 Going concern

Australian Retailers Association is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Australian Retailers Association has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Retailers Association.

	Consolidated	
	2016	2015
	$	$

Note 3 Income

Note 3A: Capitation fees

	0	0
Total capitation fees	**0**	0

Note 3B: Levies

	0	0
Total levies	**0**	0

Note 3C: Interest

Deposits	**16,011**	16,988
Total interest	**16,011**	16,988

Note 3D: Rental revenue

Properties	**0**	53,707
Total rental revenue	**0**	53,707

Note 3E: Grants or donations

Grants	**2,107,097**	1,637,418
Donations	**0**	0
Total grants or donations	**2,107,097**	1,637,418

Note 3F: Other Revenue

Training	**1,041,891**	1,486,608
Special	**378,430**	434,393
Other	**600,058**	227,306
Total other revenue	**2,020,379**	2,148,307

	Consolidated	
	2016	2015
	$	$

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:		
Wages and salaries	**0**	0
Superannuation	**0**	0
Leave and other entitlements	**0**	0
Separation and redundancies	**0**	0
Other employee expenses	**0**	0
Subtotal employee expenses holders of office	**0**	0
Employees other than office holders:		
Wages and salaries	**1,796,547**	2,417,384
Superannuation	**167,075**	175,338
Leave and other entitlements	**35,243**	47,717
Separation and redundancies	**0**	70,705
Other employee expenses	**78,863**	96,038
Subtotal employee expenses employees other than office holders	**2,077,728**	2,807,182
Total employee expenses	**2,077,728**	2,807,182

Note 4B: Capitation fees

	0	0
Total capitation fees	**0**	0

Note 4C: Affiliation fees

	50,284	44,435
Total affiliation fees/subscriptions	**50,284**	44,435

	Consolidated	
	2016	2015
	$	$

Note 4C: Affiliation fees (Continued)

Affiliations Breakdown

Australian Chamber of Commerce and Industry	29,098	28,388
Victorian Congress of Employer Association	1,000	2,000
National Retail Federation	2,055	1,143
Meltwater News	6,715	5,139
CCH Australia Ltd	4,039	3,979
Australian Associated Press	3,300	-
Shopping Centre News	709	350
Australian Financial Review	709	753
Inside Retail	425	552
Newspaper Purchases from St Leonards Newsagency	806	141
LinkedIn	655	-
News Digital	675	991
Facebook	98	-
DFEEST		
Total	**50,284**	**44,435**

Note 4D: Administration expenses

Consideration to employers for payroll deductions*	**-**	0
Compulsory levies*	**-**	-
[*list each compulsory levy including purpose and name of entity*]	**-**	0
Fees/allowances - meeting and conferences*	**-**	0
Conference and meeting expenses*	**-**	0
Contractors/consultants	**2,427,239**	2,214,239
Property expenses	**84,974**	124,504
Office expenses	**185,768**	135,207
Information communications technology	**142,631**	112,598
Other	**190,542**	597,747
Subtotal administration expense	**3,031,154**	3,184,295
Operating lease rentals:		
Minimum lease payments	**160,995**	329,418
Total administration expenses	**3,192,149**	3,513,713

	Consolidated	
	2016	2015
	$	$

Note 4E: Grants or donations

Grants:		
Total paid that were $1,000 or less	**0**	0
Total paid that exceeded $1,000	**0**	0
Donations:		
Total paid that were $1,000 or less	**0**	0
Total paid that exceeded $1,000	**0**	0
Total grants or donations	**0**	0

Note 4F: Depreciation and amortisation

Depreciation		
Property, plant and equipment	**9,252**	99,192
Total depreciation	**9,252**	99,192
Amortisation		
Intangibles	**14,400**	13,233
Total amortisation	**14,400**	13,233
Total depreciation and amortisation	**23,652**	112,425

Note 4G: Finance costs

Overdrafts/loans	**6,179**	13,238
Total finance costs	**6,179**	13,238

Note 4H: Legal costs

Litigation	**0**	0
Other legal matters	**1,235**	9,985
Total legal costs	**1,235**	9,985

	Consolidated	
	2016	2015
	$	$

Note 4K: Other expenses

Penalties - via RO Act or RO Regulations*	**0**	0
Total other expenses	**0**	0

	Consolidated	
	2016	2015
	$	$

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

Cash at bank	**715,399**	821,560
Cash on hand	**466**	466
Short term deposits	**0**	108,147
Other	**2,043**	0
Total cash and cash equivalents	**717,907**	930,173

Note 5B: Trade and Other Receivables

Trade Receivables		
Trade Receivables	**596,052**	1,028,559
Total trade receivables	**596,052**	1,028,559
Less provision for doubtful debts		
Trade Receivables	**(10,000)**	(34,716)
Total provision for doubtful debts	**(10,000)**	(34,716)
Total trade and other receivables (net)	**586,052**	993,843

Note 5C: Other Current Assets

Stock	**37,246**	41,353
Prepayments	**132,105**	99,170
Total other current assets	**169,351**	140,523

	Consolidated	
	2016	2015
	$	$

Note 6 Non-current Assets

Note 6A: Plant and equipment

Plant and equipment:		
at cost	**922,101**	921,015
accumulated depreciation	**(905,496)**	(896,244)
Total plant and equipment	**16,605**	24,771

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 July 2015		
Gross book value	**921,015**	898,829
Accumulated depreciation and impairment	**(896,244)**	(797,052)
Net book value 1 July 2015	**24,771**	101,777
Additions:		
By purchase	**1,086**	22,186
Depreciation expense	**(9,252)**	(99,192)
Disposals:	**-**	-
Net book value 30 June 2016	**16,605**	24,771
Net book value as of 30 June represented by:		
Gross book value	**922,101**	921,015
Accumulated depreciation and impairment	**(905,496)**	(896,244)
Net book value 30 June 2016	**16,605**	24,771

	Consolidated	
	2016	2015
	$	$

Note 6B: Intangibles

Computer software at cost:		
Purchased	**42,700**	39,700
accumulated amortisation	**(40,867)**	(26,467)
Total intangibles	**1,833**	13,233

Reconciliation of the Opening and Closing Balances of Intangibles

As at 1 July 2015		
Gross book value	**39,700**	39,700
Accumulated amortisation and impairment	**(26,467)**	(13,233)
Net book value 1 July 2015	**13,233**	26,467
Additions:		
By purchase	**3,000**	0
Amortisation	**(14,400)**	(13,234)
Disposals:	**-**	-
Net book value 30 June 2016	**1,833**	13,233
Net book value as of 30 June represented by:		
Gross book value	**42,700**	39,700
Accumulated amortisation and impairment	**(40,867)**	(26,467)
Net book value 30 June 2016	**1,833**	13,233

	Consolidated	
	2016	2015
	$	$
Note 6C: Other Investments		
Rental Deposits	**80,642**	216,461
Total other investments	**80,642**	216,461

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	**303,504**	403,197
Subtotal trade creditors	**303,504**	403,197
Payables to other reporting unit		
	0	0
Subtotal payables to other reporting unit	**0**	0
Total trade payables	**303,504**	403,197

Settlement is usually made within 30 days.

	Consolidated	
	2016	2015
	$	$

Note 7B: Other payables

Superannuation	**50,577**	161,358
Consideration to employers for payroll deductions*	**0**	0
Legal costs*		
Litigation	**0**	0
Other legal matters	**0**	0
Prepayments received/unearned revenue	**932,398**	1,672,190
GST payable	**(23,326)**	63,571
Other	**79,559**	197,775
Total other payables	**1,039,208**	2,094,894
Total other payables are expected to be settled in:		
No more than 12 months	**932,398**	2,094,894
More than 12 months	**0**	0
Total other payables	**932,398**	2,094,894

Note 8 Provisions

Note 8A: Employee Provisions

Office Holders:		
Annual leave	**0**	0
Long service leave	**0**	0
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—office holders	**0**	0
Employees other than office holders:		
Annual leave	**135,210**	113,091
Long service leave	**56,957**	43,833
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—employees other than office holders	**192,167**	156,924
Total employee provisions	**192,167**	156,924
Current	**166,226**	124,426
Non Current	**25,941**	32,498
Total employee provisions	**192,167**	156,924

	Consolidated	
	2016	2015
	$	$

Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	**717,907**	930,173
Balance sheet	**717,907**	930,173
Difference	**0**	0
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	**373,522**	(1,066,248)
Adjustments for non-cash items		
Depreciation/amortisation	**23,652**	112,426
Net write-down of non-financial assets	**0**	0
Fair value movements in investment property	**0**	0
Gain on disposal of assets	**0**	0
Changes in assets/liabilities		
(Increase)/decrease in net receivables	**407,791**	298,437
(Increase)/decrease in prepayments	**(32,935)**	(17,546)
Decrease/(increase) in inventories	**4,106**	8,559
(Increase)/decrease in other assets	**135,821**	(55,958)
Increase/(decrease) in supplier payables	**(99,693)**	41,798
Increase/(decrease) in other payables	**(1,055,686)**	353,368
Increase/(decrease) in employee provisions	**35,243**	47,718
Increase/(decrease) in other provisions	**0**	0
Net cash from (used by) operating activities	**(208,179)**	(277,446)

Note 11B: Cash flow information

Cash inflows		
Receipts from members and non-members	**5,680,087**	6,389,455
Total cash inflows	**5,680,087**	6,389,455
Cash outflows		
Payments to Employees	**2,042,485**	1,536,319
Payments to Suppliers	**3,861,792**	5,147,470
Total cash outflows	**5,904,277**	6,683,889

	Consolidated	
	2016	2015
	$	$

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

Operating lease commitments—as lessee

Rental lease on Level 1, 112 Wellington Parade East Melbourne (ceases May 2019) and Rental lease on Suite 104, 40-48 Atchison Street, St Leonards, NSW (ceases April 2017)

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Within one year	**196,638**	188,336
After one year but not more than five years	**344,987**	427,305
More than five years	**0**	0
	541,625	615,641

Operating lease commitments—as lessor

Rental lease on part of level 10, 136 Exhibition Street, Melbourne, Lease ceased at July 2015.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

Within one year	**0**	4,117
After one year but not more than five years	**0**	0
After five years	**0**	0
	0	4,117

Note 13 Related Party Disclosures

Aside from the key management personnel compensation disclosed in **Note 5**, there were no related party transactions with the Association for the year ended 30 June 2016 (2015:none).

	Consolidated	
	2016	2015 (restated)
	$	$
Note 13B: Key Management Personnel Remuneration for the Reporting Period		
Short-term employee benefits		
Salary (including annual leave taken)	**584,055**	518,936
Annual leave accrued	**60,170**	52,126
Performance bonus	**0**	0
Total short-term employee benefits	**644,225**	571,062
Post-employment benefits:		
Superannuation	**69,489**	64,805
Total post-employment benefits	**69,489**	64,805
Other long-term benefits:		
Long-service leave	**42,628**	14,488
Total other long-term benefits	**42,628**	14,488
Termination benefits	**0**	0
Total	**756,342**	650,355

Note 14 Remuneration of Auditors

	Consolidated	
	2016	2015
	$	$
Value of the services provided		
Financial statement audit services	**11,000**	40,441
Other services	**3,750**	4,850
Total remuneration of auditors	**14,750**	45,291

Other services were for the preparation of the financial statements.

Note 15 Financial Instruments

The entity's financial instruments consist mainly of cash and cash equivalents, trade and other receivables and payables.

Note 15D: Credit Risk

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.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	Consolidated	
	2016	2015
	$	$
Financial assets		
Trade and Other Receivables	**596,052**	1,028,559
Total	**596,052**	1,028,559
Financial liabilities		
Trade and Other Payables	**0**	0
Total	**0**	0

In relation to the entity's gross credit risk the following collateral is held: None

Credit quality of financial instruments not past due or individually determined as impaired – Consolidated

	Not Past Due Nor Impaired	**Past due or impaired**	Not Past Due Nor Impaired	Past due or impaired
	2016	**2016**	2015	2015
	$	**$**	$	$
0 to 3 months	**428,502**	**0**	961,417	0
3 to 6 months	**0**	**27,160**	0	10,000
Over 6 months overdue	**0**	**23,786**	0	24,716
Total	**428,502**	**50,946**	961,417	34,716

Ageing of financial assets that were past due but not impaired for 2016—Consolidated

	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$	**$**	**$**	**$**	$
Trade and Other Receivables	**0**	**0**	**33,509**	**124,041**	**157,550**
Total	**0**	**0**	**33,509**	**124,041**	**157,550**

Customers with balances past the due but with no provision for impairment of receivables amount to $157,550 at 30 June 2016 ($67,152 at 30 June 2015). The Association did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

Note 15D: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2015—Consolidated

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$	$	$	$	$
Trade and Other Receivables	0	0	40,040	27,102	67,142
Total	0	0	40,040	27,102	67,142

Note 15E: Liquidity Risk

Ultimate responsibility for the management of liquidity risk tests 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.

Note 15F: Market Risk

a. Foreign Currency Risk

The Association is not exposed to any significant foreign currency risk.

b. Price Risk

The Association is not exposed to any significant price risk.

c. Interest Rate Risk

The Association is not exposed to any significant interest rate risk.

Note 16 Fair Value Measurement

Note 16A: Financial Assets and Liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2016 was assessed to be insignificant.

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Note 20 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

(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 to 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 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Note 21 Controlled Entities

Controlled Entities Consolidated

Parent Entity
Australian Retailers Association

Related Entities
Victorian Retail Nominee Trust
The Victorian Retail Nominee Trust is 100% owned by the Australian Retailers Association.

Note 22 Association Details

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

Level 1, 112 Wellington Pde

East Melbourne Victoria 3002

Note 23 Segment Reporting

The association operates as a retail industry association to service its members throughout Australia. These are separated into two segments of reporting as follows:

- Australian Retailers Association
- Australian Retailers Association – Retail Institute

Note 24 Reporting Unit Disclosures

The Australian Retailers Association (ARA) is the retail industry's peak representative body and is the leading voice in retail for policy changes affecting the sector and is Australia's leading retail training provider for both accredited and non-accredited learning programs. It is one organisation with no branches or subsidiaries.

FairWork Commission

21 November 2016

Mr Roger Gillespie
President
Australian Retailers Association
Level 1, 112 Wellington Parade
East Melbourne VIC 3002

By e-mail: info@retail.org.au

Dear Mr Gillespie

Australian Retailers Association
Financial Report for the year ended 30 June 2016 - FR2016/267

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Australian Retailers Association (ARA). The financial report was lodged with the Fair Work Commission (FWC) on 8 November 2016.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The Designated Officer's Certificate, Operating Report, General Purpose Financial Report (GPFR) and Auditor's Statement will require amendments. The amended report will need to be provided to members, presented to a Committee of Management meeting, republished on the ARA website, and lodged with FWC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 4th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

To assist with the preparation of financial reports organisations should consult the template '2015-16 Model Financial Statements' which is available from the FWC website.

1. Designated Officer's Certificate

The Designated Officer's Certificate makes five references to old legislation. The ARA is required to amend the relevant reference to the current legislation, that is, the *Fair Work (Registered Organisations) Act 2009.*

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone: (03) 8661 7777
International: (613) 8661 7777
Facsimile: (03) 9655 0401
Email: orgs@fwc.gov.au

2. Operating Report

Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires details of any officer or member of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme.

If no officers or a member of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the subsection 254(2)(d) is:

> No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Please amend the Operating Report accordingly.

3. General Purpose Financial Report

Disclosure of affiliation fees

In order to satisfy item 16(c) of the Reporting Guidelines separate disclosure of affiliation fees paid to political parties and industrial bodies need to be made. This includes disclosing the amount paid to each entity and the name of each entity to which monies were paid. Although affiliation fees are disclosed in Note 4C, the name of each entity and amount paid has not.

Reporting Unit Disclosures

s. 242(2) of the RO Act states:

> (2) Where an organisation is not divided into branches, the ***reporting unit*** is the whole of the organisation.

The Australian Retailers Association (ARA) is not divided into branches and therefore the reporting unit is the whole of the organisation.

Note 5B discloses receivables from other reporting unit 'Australian Retailers Association' $596,052. The Australian Retailers Association is not a reporting unit of ARA and should not be disclosed as such.

Interests in subsidiaries

Australian Accounting Standard *AASB 12 Disclosure of Interests in Other Entities* paragraph 10(a) requires an entity to disclose information that enables users to understand the interests of subsidiaries.

This information has not been provided.

4. Auditor's Statement

Auditor's qualifications

Regulation 4 of the RO Regulations provides the definition of an approved auditor. Item 38 of the Reporting Guidelines requires that in the Auditor's Statement, the auditor must declare they are either an approved auditor or the auditor is a member of a firm where at least one member is an approved auditor and must specify that the auditor is a person who is a member of CPA Australia, Chartered Accountants Australia and New Zealand or the Institute of Public Accountants, and holds a current Public Practice Certificate.

I note that this information has not been included in the Auditor's Statement. The Auditor's Statement will require amendment.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

From: Shaun Bajada
Sent: Tuesday, 8 November 2016 2:14 PM
To: Orgs
Cc: Russell Zimmerman; KELLETT, Stephen
Subject: ARA Audited Accounts

Please find attached the ARA Audited accounts for 2015-16 period. Please do not hesitate to contact me if you require further information.

Thank you

Shaun Bajada | Director - Operations
Australian Retailers Association
Melbourne office: Level 1, 112 Wellington Parade | East Melbourne | Victoria | 3002
Sydney office: Suite 104, 40-48 Atchison Street | St Leonards | New South Wales | 2065
Brisbane office: The Dock-Retailer House, Level 1, Unit 3, 321 Kelvin Grove Road | Kelvin Grove | Queensland | 4059
P: (03) 8660 3323 F: (03) 8660 3399
1300 368 041

Designated officers certificate 2016.pdf

2015-16 Australian Retailers Association

Australian Retailers Association

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 full report was provided to members with the annual general meeting papers on 29th September 2016 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 28th October 2016 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 28/10/2016

Phone: 1300 368 041
Fax: (03) 8660 3399

MELBOURNE OFFICE
Address: Level 1, 112 Wellington Parade
East Melbourne VIC 3002