



23 May 2019

Rowan Hodge
President
Australian Retailers Association

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

CC: nicholas.benbow@williambuck.com

Dear Rowan Hodge,

Australian Retailers Association

Financial Report for the year ended 30 June 2018 - [FR2018/209]

I acknowledge receipt of the financial report of the Australian Retailers Association (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 December 2018. I also acknowledge receipt of the subsection 255(2A) report which was lodged with the ROC on 15 January 2019.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the ROC website. In particular, I draw your attention to the fact sheet titled *financial reporting process* which explains the timeline requirements, and the fact sheet titled *summary of financial reporting timelines* which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met:

Documents must be lodged with ROC within 14 days after general meeting

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the meeting of the committee of management referred to in section 266. The designated officer's certificate indicates that this meeting occurred on 18 October 2018. If this is correct the documents should have been lodged with the ROC by 1 November 2018.

As indicated above, the full report was lodged on 13 December 2018.

It appears the reporting unit should have applied to the Commissioner for an extension of time to allow a longer period to lodge the required documents.

Please note that in future financial years if the reporting unit cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made *prior to* the expiry of the 14 day period.

General purpose financial report (GPFR)

Reports must be signed and dated before being provided to members

Under subsection 265(1)(a) of the RO Act a reporting unit must provide free of charge to its members a full report. A full report consists of:

- (i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and
- (ii) a copy of the general purpose financial report to which the report relates; and
- (iii) a copy of the operating report to which the report relates.

Subsection 253(2) states that the GPFR must consist of:

- (a) financial statement containing
 - (i) a profit and loss statement, or other operating statement; and
 - (ii) a balance sheet; and
 - (iii) a statement of cash flows; and
 - (iv) any other statements required by the Australian Accounting Standards; and
- (b) notes to the financial statements containing:
 - (i) notes required by the Australian Accounting Standards; and
 - (ii) information required by the reporting guidelines (**RGs**) (see section 255); and
- (c) any other reports or statements required by the RGs (see section 255) (including a committee of management statement, subsection 255(2A) report and officer's declaration statement).

The designated officer's certificate states that the full report was provided to members on 18 October 2018.

The following issues have been identified:

- The committee of management statement and operating report were not signed until 8 November 2018 which is after the date the full report was purportedly provided to members.
- The auditor's report was not signed until 31 October 2018 which is also after the date the full report was provided to members.

These statement and reports must be signed and dated before they are provided to members as they form part of a full report. It would therefore appear that members have not been provided with a copy of the full report.

Please note that subsections 265(1) and 265(5) are both civil penalty provisions.

Materiality

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. The statement of comprehensive income

reports \$2,521,770 as other revenue, which is a material amount. In future years this item must be further divided to ensure that any material items within other revenue are separately disclosed.

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed reporting guideline categories except the following:

- Acquiring an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission (RG 12);
- Having another entity administer the financial affairs of the reporting unit (RG 19); and
- Making a payment to a former related party of the reporting unit (RG 20).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

I also note that the notes include the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements:

- "Receiving capitation fees from another reporting unit" is disclosed in both the statement of comprehensive income and Note 3A;
- "Paying capitation fees to another reporting unit" is disclosed in both the statement of comprehensive income and Note 4B; and
- "Paying a grant that was \$1,000 or less", "paying a grant that exceeded \$1,000", "paying a donation that was \$1,000 or less" and "paying a donation that exceeded \$1,000" are disclosed in both the statement of comprehensive income and Note 4E.

Please note that nil activities only need to be disclosed once.

Recovery of wages disclosure

Please note that under the 5th edition of the RGs made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

Related party transactions

The report does not disclose any related party transactions. Related party transactions are required to be disclosed under Australian Accounting Standard *AASB124 Related Party Disclosures* paragraph 18.

While it is possible that the reporting unit did not, during the 2018 financial year, transact with related parties, this is not usually the case for registered organisations. It is suggested that in future, where there have been no related party transactions, for the avoidance of doubt, reports include a specific entry within the notes stating this.

Use of model financial statements and the ROC's logo

I note that the reporting unit has prepared its GPFR using the model financial statements available on the ROC website. Please note the introduction on page 2 of the model financial statements which states:

'a reporting unit will need to ensure that only the disclosures that are applicable to their individual circumstances are included in the audited financial report distributed to members and lodged with the Registered Organisations Commission.'

The audited financial report lodged with the ROC contains disclosures that are NOT applicable to the reporting unit and it would appear that the much of the model statements have been replicated without a review by the reporting unit to ensure they accurately reflect the operations of the branch. This has led to the financial report being longer than necessary. The financial report also contains irrelevant and incorrect information on the reporting unit's accounting policies and also includes the 'introduction' pages to the model financial statements which do not form part of the GPFR.

I also note that pages 1, 39 and 46 of the financial statements contain the ROC's logo.

Please ensure in future years that the financial report contains only information that is applicable to the reporting unit's circumstances and that is mandatory according to the RGs.

Subsection 255(2A) report to be included

A GPFR prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22. The lodged financial report on 13 December 2018 did not include a subsection 255(2A) expenditure report. The subsection 255(2A) report was subsequently lodged with the ROC on the 15 January 2019.

Please also note that the subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Please ensure in future years that the subsection 255(2A) report is prepared, audited, provided to members and lodged with the ROC.

Auditor's report

Registered auditor's details

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number.

Please ensure that in future years the auditor's statement includes both the name and registration number of the registered auditor.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission



2017-18 Australian Retailers Association and Related Entities

FINANCIAL STATEMENTS 2017–18

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Introduction

This document contains a model financial report of a fictitious reporting unit as defined under section 242 of the *Fair Work (Registered Organisations) Act 2009* (RO Act), with a reporting date of 30 June 2018.

The enclosed financial report has been prepared in accordance with the requirements of applicable Australian Accounting Standards as they apply to a not-for-profit entity and the RO Act, including the section 253 Reporting Guidelines issued on 4 May 2018. The financial report is intended to illustrate the disclosure requirements for the preparation of a general purpose financial report under Tier 1—Australian Accounting Standards. To the extent that the reporting unit is a for-profit entity, different requirements may apply.

This financial report is illustrative only and does not attempt to show all possible accounting and disclosure requirements. It is essential to refer to the relevant authoritative source and, where necessary, seek appropriate professional advice.

Although the illustrative financial report attempts to show the most common disclosure requirements for reporting units, it should not be regarded as a comprehensive checklist. A reporting unit will need to ensure that only the disclosures that are applicable to their individual circumstances are included in the audited financial report distributed to members, and lodged with the Registered Organisations Commission.

Australian Accounting Standards

When complying with Australian Accounting Standards, preparers also need to comply with all applicable amending standards and interpretations.

Australian Accounting Standards applicable as at 30 June 2018

This financial report illustrates Australian Accounting Standards which apply to annual reporting periods beginning on or after 1 July 2017.

It is important to note that the illustrative financial report in this document will require continual updating as new and amended Standards and Interpretations are issued by the Australian Accounting Standards Board. Therefore, if you are using this publication to assist in the preparation of your financial report, it must be emphasised that this does not include changes arising from new and amending Standards and Interpretations issued but not effective for periods commencing after 1 July 2017.

Therefore, users of this publication are cautioned to ensure that they consider any changes in the requirements of Accounting Standards and Interpretations issued after 1 January 2018.

In addition, the disclosure requirements of the following Australian Accounting Standards are not applicable to this entity and have therefore not been considered in the model financial report:

- *AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards*
- *AASB 2 Share-based Payment*
- *AASB 3 Business Combinations*
- *AASB 4 Insurance Contracts*

- *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*
- *AASB 6 Exploration for and Evaluation of Mineral Resources*
- *AASB 8 Operating Segments*
- *AASB 10 Consolidated Financial Statements*
- *AASB 14 Regulatory Deferral Accounts*
- *AASB 102 Inventories*
- *AASB 111 Construction Contracts*
- *AASB 112 Income Taxes*
- *AASB 129 Financial Reporting in Hyperinflationary Economies*
- *AASB 133 Earnings per Share*
- *AASB 134 Interim Financial Reporting*
- *AASB 141 Agriculture*
- *AASB 1023 General Insurance Contracts*
- *AASB 1038 Life Insurance Contracts*
- *AASB 1039 Concise Financial Reports*
- *AASB 1049 Whole of Government and General Government Sector Financial Reporting*
- *AASB 1050 Administered Items*
- *AASB 1051 Land Under Roads*
- *AASB 1052 Disaggregated Disclosures*
- *AASB 1056 Superannuation Entities*
- *AAS 25 Financial Reporting by Superannuation Plans*
- *Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- *Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- *Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies*
- *Interpretation 10 Interim Financial Reporting and Impairment*
- *Interpretation 12 Service Concession Arrangements*
- *Interpretation 13 Customer Loyalty Programs*
- *Interpretation 15 Agreements for the Construction of Real Estate*
- *Interpretation 17 Distributions of Non-Cash Assets to Owners*
- *Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*
- *Interpretation 107 Introduction of the Euro*
- *Interpretation 110 Government Assistance — No Specific Relation to Operating Activities*
- *Interpretation 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
- *Interpretation 129 Service Concession Arrangements: Disclosures*
- *Interpretation 131 Revenue — Barter Transactions Involving Advertising Services*
- *Interpretation 1003 Australian Petroleum Resource Rent Tax*
- *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*
- *Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry*
- *Interpretation 1047 Professional Indemnity Claims Liabilities in Medical Defence Organisations*
- *1052 Tax Consolidation Accounting*
- *Interpretation 1055 Accounting for Road Earthworks*

Allowed alternative treatments

In some cases, an Australian Accounting Standard permits more than one accounting treatment for a transaction or event. Preparers of the financial statements should select the treatment that is most relevant to their business and the relevant circumstances as their accounting policy.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, requires an entity to select and apply its accounting policies consistently for similar transactions, events and/or conditions, unless an Australian Accounting Standard specifically requires or permits categorisation of items for which different policies may be appropriate. Where an Australian Accounting Standard requires or permits such categorisation, an appropriate accounting policy is selected and applied consistently to each category. Therefore, once a choice of one of the alternative treatments has been made, it becomes an accounting policy and must be applied consistently. Changes in accounting policy should only be made if required by a standard or interpretation, or if the change results in the financial statements providing more reliable and relevant information.

Preparation of consolidated financial statements

This financial report illustrates the disclosures required for a single, non-consolidated Reporting Unit. Some Reporting Units may be required to prepare consolidated financial statements under applicable Australian Accounting Standards, where the consolidated entity consists of the Reporting Unit and the entities that it controls during, or as at the end of, the financial year.

For preparers of consolidated financial statements, four column financial statements are required, disclosing both the current year and comparative period for both the consolidated entity and the individual Reporting Unit for quantitative note disclosures. Similarly, references to the Reporting Unit would require additional references to the consolidated entity.

The additional disclosures typically required for a consolidated financial report include the following:

- Basis for consolidation – accounting policy
- Business combinations – accounting policy
- Information about business combinations
- Information about subsidiaries

Abbreviations

The following abbreviations are used in the model financial report:

AASB	Australian Accounting Standards Board
FBT	Fringe Benefit Tax
GPFR	General Purpose Financial Report
GST	Goods and Services Tax
RO Act	<i>Fair Work (Registered Organisations) Act 2009</i>
RO Regulations	<i>Fair Work (Registered Organisations) Regulations 2009</i>

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

Report on the Audit of the Financial Report

Opinion

I have audited the accompanying financial report of Australian Retailers Association and controlled entities, which comprises the statement of financial position as at 30 June 2018, 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 the Committee of Management's assertion statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Retailers Association as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.26 of the financial statements which indicates that the Association incurred a net loss of \$846,373 for the year ended 30 June 2018 and, as of that date the Association's current liabilities exceeded its current assets by \$619,010. These conditions, along with other matters as set forth in Note 1.26, indicate that a material uncertainty exists that may cast significant doubt about the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such
- disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter because, in my opinion, it has been appropriately addressed by Australian Retailers Association and is not considered material in the context of the audit of the financial report as a whole: No issues noted.

Report on the Recovery of Wages Activity financial report

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended 30 June 2018.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N.S. Benbow

Director

Registered company auditor Registration number 345523

**Member of Chartered Accountants Australia and New Zealand Membership
number 235845**

Dated this 31st day of October, 2018

Australian Retailers Association and Controlled Entities

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

Certificate By Prescribed Designated Officer¹

Certificate for the year ended 30 June 2018

I, Rowan Hodge 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 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 18th day of October 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 18th of October 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Rowan Hodge

Title of prescribed designated officer: President

Dated: 08/11/2018

¹ Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

Australian Retailers Association and Controlled Entities

Operating Report

for the year ended 30 June 2018

The Committee of Management presents its operating report on the Reporting Unit for the year ended 30 June 2018.

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 retail 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 1,466 retail trainees.

The Committee notes the *Emphasis of Matter* paragraph included within the Auditor's Report, which forms part of these financial statements. The *Emphasis of Matter* is not a modification of the audit opinion and it is drawn up to highlight matters described in paragraph 1.26 to the financial statements, which set out why the Association continues to trade as a going concern, and that it continues to be able to pay its debts as and when they fall due.

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.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

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 7,286 financial members as at 30 June 2018, (2017: 7,282) an increase of 4 members.

Number of employees

The total number of staff employed by the Association as at 30 June 2018 was, made up of the following;

Full Time: 24 (FTE)

Casual: 3

Part Time: 1

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

Name	Position	Date Appointed	Date Resigned
Rowan Hodge	President	28 April 2017	
Roger Gillespie	President	24 Nov 2008	16 Feb 2018
Ralph Edwards	Councillor	28 April 2015	
Liz Siminsky	Councillor	28 April 2015	16 Feb 2018
Mhairi Holway	Councillor	28 April 2015	
Steven Plarre	Councillor	28 April 2015	
Robyn Batson	Councillor	28 April 2015	
Mary Poulakis	Councillor	28 April 2015	30 Nov 2017
Gerry Gerrard	Councillor	28 April 2015	30 Nov 2017
Graham Dear	Councillor	28 April 2015	
Mark Daynes	Councillor	28 April 2017	
Anthony Wilson	Councillor	28 April 2017	
Toby Darvall	Councillor	28 April 2017	
Andrew Ng	Councillor	30 November 2017	



Signature of designated officer:

Name and title of designated officer: Rowan Hodge - President

Dated: 08/11/2018

Australian Retailers Association and Controlled Entities

Committee of Management Statement


for the year ended 30 June 2018

On 18 /10/ 2018 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 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (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) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
- (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: Rowan Hodge - President

Dated: 08/11/2018

Australian Retailers Association and Controlled Entities

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue			
Membership subscriptions		1,656,971	1,661,549
Capitation fees	3A	0	0
Levies	3B	0	0
Interest	3C	10,055	10,885
Rental revenue	3D	0	0
Other revenue		2,521,770	1,803,181
Total revenue		4,188,796	3,475,615
Other Income			
Grants and/or donations	3E	2,237,605	3,218,848
Share of net profit from associate	6E	0	0
Net gains from sale of assets	3F	0	0
Total other income		2,237,605	3,218,848
Total income		6,426,401	6,694,463
Expenses			
Employee expenses	4A	2,825,058	2,513,249
Capitation fees	4B	0	0
Affiliation fees	4C	56,552	52,904
Administration expenses	4D	4,285,774	3,740,470
Grants or donations	4E	0	0
Depreciation and amortisation	4F	58,104	17,298
Finance costs	4G	6,719	4,311
Legal costs	4H	1,242	0
Audit fees	14	39,325	39,427
Share of net loss from associate	6E	0	0
Write-down and impairment of assets	4I	0	0
Net losses from sale of assets	4J	0	0
Other expenses	4K	0	0
Total expenses		7,272,774	6,367,659
Surplus (deficit) for the year		(846,373)	326,804
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Net gain on available for sale investments		0	0
Items that will not be subsequently reclassified to profit or loss		0	0
Gain on revaluation of land & buildings		0	0
Total comprehensive income for the year		(846,373)	326,804

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 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	922,655	1,488,202
Trade and other receivables	5B	560,388	287,039
Other current assets	5C	132,262	197,264
Total current assets		1,615,305	1,972,505
Non-Current Assets			
Land and buildings	6A	0	0
Plant and equipment	6B	33,173	42,080
Investment Property	6C	0	0
Intangibles	6D	22,267	2,461
Investments in associates	6E	0	0
Other investments	6F	81,512	81,337
Other non-current assets	6G	0	0
Total non-current assets		136,952	125,878
Total assets		1,752,257	2,098,383
LIABILITIES			
Current Liabilities			
Trade payables	7A	194,679	209,965
Other payables	7B	1,729,898	1,261,125
Employee provisions	8A	309,738	219,172
Total current liabilities		2,234,315	1,690,262
Non-Current Liabilities			
Employee provisions	8A	0	43,806
Other non-current liabilities	9A	0	0
Total non-current liabilities		0	43,806
Total liabilities		2,234,315	1,734,068
Net assets		(482,058)	364,315
EQUITY			
General funds	10A	0	0
Retained earnings		(482,058)	364,315

Total equity

(482,058)

364,315

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

Australian Retailers Association and Controlled Entities

Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2016		0	37,511	37,511
Adjustment for errors		0	0	0
Adjustment for changes in accounting policies		0	0	0
Surplus		0	326,804	326,804
Other comprehensive income		0	0	0
Transfer to/from	10A	0	0	0
Transfer from retained earnings		0	0	0
Closing balance as at 30 June 2017		0	364,315	364,315
Adjustment for errors		0	0	0
Adjustment for changes in accounting policies		0	0	0
Surplus (deficit)		0	(846,373)	(846,373)
Other comprehensive income		0	0	0
Transfer to/from	10A	0	0	0
Transfer from retained earnings		0	0	0
Closing balance as at 30 June 2018		0	(482,058)	(482,058)

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

Australian Retailers Association and Controlled Entities

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	11B	6,606,312	7,123,469
Interest		10,056	10,885
Other		0	0
Cash used			
Employees		(2,822,103)	(2,398,631)
Suppliers		(4,290,634)	(3,921,332)
Payment to other reporting units/controlled entity(s)	11B	0	0
Net cash from operating activities	11A	(496,369)	814,391
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		0	0
Proceeds from sale of land and buildings		0	0
Other		0	0
Cash used			
Purchase of plant and equipment		(69,178)	(44,096)
Purchase of land and buildings		0	0
Other		0	0
Net cash used by investing activities		(69,178)	(44,096)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		0	0
Other		0	0
Cash used			
Repayment of borrowings		0	0
Other		0	0
Net cash from (used by) financing activities		0	0
Net increase (decrease) in cash held		(656,547)	770,295
Cash & cash equivalents at the beginning of the reporting period		1,488,202	717,907
Cash & cash equivalents at the end of the reporting period	5A	922,655	1,488,202

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

Australian Retailers Association and Related Entities

Recovery of Wages Activity

for the year ended 30 June 2018

	2018	2017
	\$	\$
Cash assets in respect of recovered money at beginning of year	0	0
Receipts		
Amounts recovered from employers in respect of wages etc.	0	0
Interest received on recovered money	0	0
Total receipts	0	0
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	0	0
Greater than 12 months	0	0
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	0	0
name of fund	0	0
Name of other reporting unit of the organisation:		
name of account	0	0
name of fund	0	0
Name of other entity:		
name of account	0	0
name of fund	0	0
Deductions of fees or reimbursement of expenses	0	0
Payments to workers in respect of recovered money	0	0
Total payments	0	0
Cash assets in respect of recovered money at end of year	0	0
Number of workers to which the monies recovered relates	0	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	0	0
Number of workers the payable relates to	0	0
Fund or account operated for recovery of wages [Insert fund or account name. If invested in assets include value of each asset]	0	0

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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.

1.3 Significant accounting judgements and estimates

There are no accounting assumptions or estimates 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

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

1.5 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 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.

1.7 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.

1.8 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 [*reporting unit*] with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.9 Gains

Sale of assets

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

1.10 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.

1.11 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. The 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.

1.12 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.

1.13 Borrowing costs

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

1.14 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 statement of financial position.

1.15 Financial instruments

Financial assets and financial liabilities are recognised when a [*reporting unit*] 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.

1.16 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 re-measurement 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.

1.17 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 re-measurement 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.

1.18 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.

1.19 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.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

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:

	2018	2017
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.

1.20 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.21 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:

	2018	2017
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.

1.22 Impairment of 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.

1.23 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.

1.24 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 statement of cash flows 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.

1.25 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.

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.

1.26 Going concern

The Association incurred a loss of \$846,373 for the year ended 30 June 2018 and as at that date its current liabilities exceeded its current assets by \$619,010. For the Association to achieve its objectives and continue viability, its ability to continue as a going concern and to meet its debts and commitments as and when they fall due the following matters have been considered by the Committee of Management.

- Managing the profitability of its training programs;
- Increasing its membership base and subscription revenues; and
- Managing its corporate and overhead costs prudently.

Specifically, the Committee of Management have considered the following matters:

Modern Award

During 2014 to 2016 the Australian Retailers Association (ARA) ran an extraordinary case in Fair Work Australia (FWA) seeking a reduction of the Sunday Penalty Rates. This case effectively was funded via extra funds beyond membership as donations from many supportive retailers. In total, The Association has expended \$1.8 million dollars on the Fair Work Case. The majority of these costs related to the commissioning of reports for the case and thereafter in responding to an appeal by Shop Distributive and Allied Employees Union against the Fair Work Commission in the Federal Courts. The ARA has requested support from the retail industry for funding support for the case. As at the date of this report it has received funding totalling \$1.4 million dollars. The shortfall of \$0.4 million dollars has been funded directly by the ARA through its members' subscription funds.

The ARA expects further funds to be provided by its industry partners that will bridge the shortfall gap; since 30 June 2018 it has raised a further \$45k in cash flows in further funds from its industry partners.

Training

During the financial year ended 30 June 2018, the ARA's training arm, the Retail Institute, conducted an unbudgeted Remediation Project. This once-only project that incurred a combined loss of income and additional expenses with a value of approximately \$450k. The project was required to safeguard future programs and services against compliance regimes governed by state training jurisdiction (VET Policy) and the national accredited training regulator (ASQA).

Going forward, the Committee of Management has forecasted the Retail Institute to return to a normalised surplus based on its previous years of trading, without the cash outflows that accompanied the aforementioned Remediation Project. The Committee of Management have been given assurances that in the next few weeks that approximately \$270k will be remitted in-relation to the Remediation Project.

Membership in Advance

The Committee of Management notes that a large portion (\$1,040,400) of the ARA's liabilities relate to income-in-advance from its Membership Subscriptions. Consistent with its prior year accounting principles, this non-refundable membership is deferred upon receipt and accrued as income over the entire 12 month membership period. Were this liability excluded from the statement of financial position, the net asset position would be \$558,342 as at 30 June 2018.

For these reasons, the Committee of Management believes that the assumption of a going concern basis in the preparation of these financial statements is appropriate. The financial statements do not include any adjustments in relation to the recoverability or classification or recorded assets, nor the amounts of liabilities that might be necessary should the Association not be able to continue as a going concern.

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Retailers Association.

	2018	2017
	\$	\$
Note 3 Income		
Note 3A: Capitation fees		
	0	0
Total capitation fees	<u>0</u>	<u>0</u>
Note 3B: Levies		
	0	0
Total levies	<u>0</u>	<u>0</u>
Note 3C: Interest		
Deposits	10,055	10,885
Loans	0	0
Total interest	<u>10,055</u>	<u>10,885</u>
Note 3D: Rental revenue		
Properties	0	0
Other	0	0
Total rental revenue	<u>0</u>	<u>0</u>
Note 3E: Grants or donations		

Grants	2,237,605	3,218,848
Donations	0	0
Total grants or donations	<u>2,237,605</u>	<u>3,218,848</u>

	2018	2017
	\$	\$
Note 3F: Net gains from sale of assets		
Land and buildings	0	0
Plant and equipment	0	0
Intangibles	0	0
Total net gain from sale of assets	<u>0</u>	<u>0</u>

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	<u>0</u>	<u>0</u>

Employees other than office holders:

Wages and salaries	2,426,913	2,071,671
Superannuation	217,288	194,826
Leave and other entitlements	46,761	70,811
Separation and redundancies	0	0
Other employee expenses	134,096	175,941
Subtotal employee expenses employees other than office holders	<u>2,825,058</u>	<u>2,513,249</u>
Total employee expenses	<u>2,825,058</u>	<u>2,513,249</u>

Note 4B: Capitation fees

	0	0
Total capitation fees	<u>0</u>	<u>0</u>

Note 4C: Affiliation fees

	56,552	52,904
Total affiliation fees/subscriptions	<u>56,552</u>	<u>52,904</u>

	2018	2017
	\$	\$
Note 4C: Affiliation fees (Continued)		
Affiliations Breakdown		
Australian Chamber of Commerce and Industry	30,500	29,752
Victorian Congress of Employer Association	1,100	550
National Retail Foundation	0	1,883
Meltwater News	11,833	7,138
CCH Australia Ltd	4,759	4,399
Australian Associated Press	846	3,300
Shopping Centre News	350	709
Australian Financial Review	820	205
Fairfax	449	321
Inside Retail	820	570
Newspaper Purchases from St Leonards Newsagency	0	110
LinkedIn	1,635	2,046
News Digital	709	736
Costco	0	50
Federation of Asia-Pacific Retailers Association	1,121	1,135
Transactives	491	0
AccorPlus Allegiance Club	407	0
Portner Press – Employment Law	712	0
Total affiliation fees/subscriptions	56,552	52,904

Note 4D: Administration expenses

Consideration to employers for payroll deductions	0	0
Compulsory levies	0	0
Fees/allowances - meeting and conferences	0	0
Conference and meeting expenses	0	0
Contractors/consultants	3,199,759	2,480,879
Property expenses	75,573	79,244
Office expenses	144,457	165,321
Information communications technology	74,652	78,414
Other	601,804	765,090
Subtotal administration expense	4,096,245	3,568,948
Operating lease rentals:		
Minimum lease payments	189,529	171,522
Total administration expenses	4,285,774	3,740,470

	2018	2017
	\$	\$
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		
Land & buildings	0	0
Property, plant and equipment	14,310	10,615
Total depreciation	14,310	10,615
Amortisation		
Intangibles	43,794	6,683
Total amortisation	58,104	6,683
Total depreciation and amortisation	58,104	17,298

Note 4G: Finance costs

Finance leases	0	0
Overdrafts/loans	6,719	4,311
Unwinding of discount	0	0
Total finance costs	6,719	4,311

Note 4H: Legal costs

Litigation	0	0
Other legal matters	1,242	0
Total legal costs	1,242	0

Note 4K: Other expenses

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

	2018	2017
	\$	\$
Note 5		
Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	919,448	1,385,247
Cash on hand	466	848
Short term deposits	0	100,000
Other	2,741	2,107
Total cash and cash equivalents	922,655	1,488,202
Note 5B: Trade and Other Receivables		
Trade Receivables		
Trade Receivables	623,331	297,039
Total trade receivables	623,331	297,039
Less provision for doubtful debts*		
Trade Receivables	(62,943)	(10,000)
Total provision for doubtful debts	(62,943)	(10,000)
Receivable (net)	560,388	287,039
Other receivables:		
GST receivable	0	0
Other trade receivables	0	0
Total other receivables	0	0
Total trade and other receivables (net)	560,338	287,039
Note 5C: Other Current Assets		
Stock	15,750	32,283
Prepayments	116,512	164,981
Total other current assets	132,262	197,264



	2018 \$	2017 \$
Note 6		
Non-Current Assets		
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	1,003,294	997,891
accumulated depreciation	(970,121)	(955,811)
Total plant and equipment	33,173	42,080

Reconciliation of Opening and Closing Balances of Plant and Equipment

As at 1 July		
Gross book value	997,891	922,101
Accumulated depreciation and impairment	(955,811)	(905,496)
Net book value 1 July	42,080	16,605
Additions:		
By purchase	5,403	36,090
From acquisition of entities (including restructuring)	0	0
Impairments	0	0
Depreciation expense	(14,310)	(10,615)
Other movement	0	0
Disposals:		
From disposal of entities (including restructuring)	0	0
Other	0	0
Net book value 30 June	33,173	42,080
Net book value as of 30 June represented by:		
Gross book value	1,003,294	997,891
Accumulated depreciation and impairment	(970,121)	(955,811)
Net book value 30 June	33,173	42,080

	2018	2017
	\$	\$
Note 6D: Intangibles		
Computer software at cost:		
Internally developed	0	0
Purchased	50,011	42,700
accumulated amortisation	(47,550)	(40,867)
Total intangibles	2,461	1,833

Reconciliation of Opening and Closing Balances of Intangibles

As at 1 July		
Gross book value	50,011	42,700
Accumulated amortisation and impairment	(47,550)	(40,867)
Net book value 1 July	2,461	1,833
Additions:		
By purchase	63,600	7,311
From acquisition of entities (including restructuring)	0	0
Impairments	0	0
Amortisation	(43,794)	(6,683)
Other movements	0	0
Disposals:		
From disposal of entities (including restructuring)	0	0
Other	0	0
Net book value 30 June	22,267	2,461
Net book value as of 30 June represented by:		
Gross book value	143,167	50,011
Accumulated amortisation and impairment	(120,900)	(47,550)
Net book value 30 June	22,267	2,461

	2018	2017
	\$	\$
Note 6F: Other Investments		
Deposits	81,512	81,337
Other	0	0
Total other investments	<u>81,512</u>	<u>81,337</u>

Note 6G: Other Non-current Assets

Prepayments	0	0
Other	0	0
Total other non-financial assets	<u>0</u>	<u>0</u>

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	194,679	209,965
Operating lease rentals	0	0
Subtotal trade creditors	<u>194,679</u>	<u>209,965</u>

Payables to other reporting unit

	0	0
Subtotal payables to other reporting unit	<u>0</u>	<u>0</u>

Total trade payables	<u>194,679</u>	<u>209,965</u>
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Settlement is usually made within 30 days.

	2018	2017
	\$	\$
Note 7B: Other payables		
Wages and salaries	0	0
Superannuation	52,888	57,713
Consideration to employers for payroll deductions	0	0
Legal costs		
Litigation	0	0
Other legal matters	0	0
Prepayments received/unearned revenue	1,488,031	1,073,276
GST payable	(17,712)	(19,169)
Other	206,691	149,305
Total other payables	1,729,898	1,261,125

Total other payables are expected to be settled in:

No more than 12 months	1,729,898	1,261,125
More than 12 months	0	0
Total other payables	1,729,898	1,261,125

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
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Employees other than office holders:

Annual leave	192,266	174,820
Long service leave	117,472	88,158
Separations and redundancies	0	0
Other	0	0

Subtotal employee provisions—employees other than office holders

309,738	262,978
---------	---------

Total employee provisions

309,738	262,978
---------	---------

Current	309,738	219,172
Non-current	0	43,806
Total employee provisions	309,738	262,978

2018	2017
\$	\$

Note 9 Non-current Liabilities

Note 9A: Other non-current liabilities

Nil	0	0
Total other non-current liabilities	0	0

Note 10 Equity

Note 10B: Other Specific disclosures - Funds

Compulsory levy/voluntary contribution fund – if invested in assets

0	0
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Other fund(s) required by rules

Balance as at start of year	0	0
Transferred to reserve	0	0
Transferred out of reserve	0	0
Balance as at end of year	0	0

	2018	2017
	\$	\$

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	922,655	1,488,202
Balance sheet	922,655	1,488,202
Difference	0	0

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit for the year	(846,373)	326,804
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Adjustments for non-cash items

Depreciation/amortisation	58,104	17,298
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	(273,349)	299,013
(Increase)/decrease in prepayments	48,469	(32,876)
(Increase)/decrease in inventories	16,533	4,963
Increase/(decrease) in supplier payables	33,976	(56,307)
(Decrease) in other payables	463,316	140,878
Increase in employee provisions	2,955	114,618
Increase/(decrease) in other provisions	0	0
Net cash from (used by) operating activities	(496,369)	814,391

Note 11B: Cash flow information

Cash inflows

Receipts from members and non-members	6,606,312	7,123,469
Total cash inflows	6,606,312	7,123,469

Cash outflows

Payments to Employees	2,822,103	2,398,631
Payments to Suppliers	4,290,634	3,921,332
Total cash outflows	7,112,737	6,319,963



2018
\$

2017
\$

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 2021)

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

Within one year	198,873	171,365
After one year but not more than five years	56,045	342,257
More than five years	0	0
	254,918	513,622

Note 13 Related Party Disclosures

Note 13B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Salary (including annual leave taken)	754,837	707,592
Annual leave accrued	5,668	56,365
Performance bonus	0	0
Total short-term employee benefits	760,505	763,957

Post-employment benefits:

Superannuation	55,659	92,102
Total post-employment benefits	55,659	92,102

Other long-term benefits:

Long-service leave	14,437	19,538
Total other long-term benefits	14,437	19,538

Termination benefits

	32,489	0
Total	863,090	875,597

2018	2017
\$	\$

Note 14 Remuneration of Auditors

Value of the services provided

Financial statement audit services	21,400	11,000
Other services	4,500	3,750
Total remuneration of auditors	25,900	14,750

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	
	2018	2017
	\$	\$
Financial assets		
Trade and Other Receivables	623,331	297,039
Total	623,331	297,039
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
	2018	2018	2017	2017
	\$	\$	\$	\$
0 to 3 months	538,716	0	228,103	0
3 to 6 months	0	84,615	0	68,936
Over 6 months overdue	0	0	0	0
Total	538,716	84,615	228,103	68,936

Ageing of financial assets that were past due but not impaired for 2018—Consolidated

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and Other Receivables	0	0	0	84,615	84,615
Total	0	0	0	84,615	84,615

Customers with balances past due but with no provision for impairment of receivables amount to \$57,839 at 30 June 2018 (\$66,072 at 30 June 2017). 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 2017—Consolidated**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and Other Receivables	0	0	7,137	68,936	76,073
Total	0	0	7,137	68,936	76,073

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 18 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 Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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 19 Controlled Entities

Controlled Entities Consolidated

Parent Entity

Australian Retailers Association

Related Entities

Victorian Retail Trust

Note 20 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

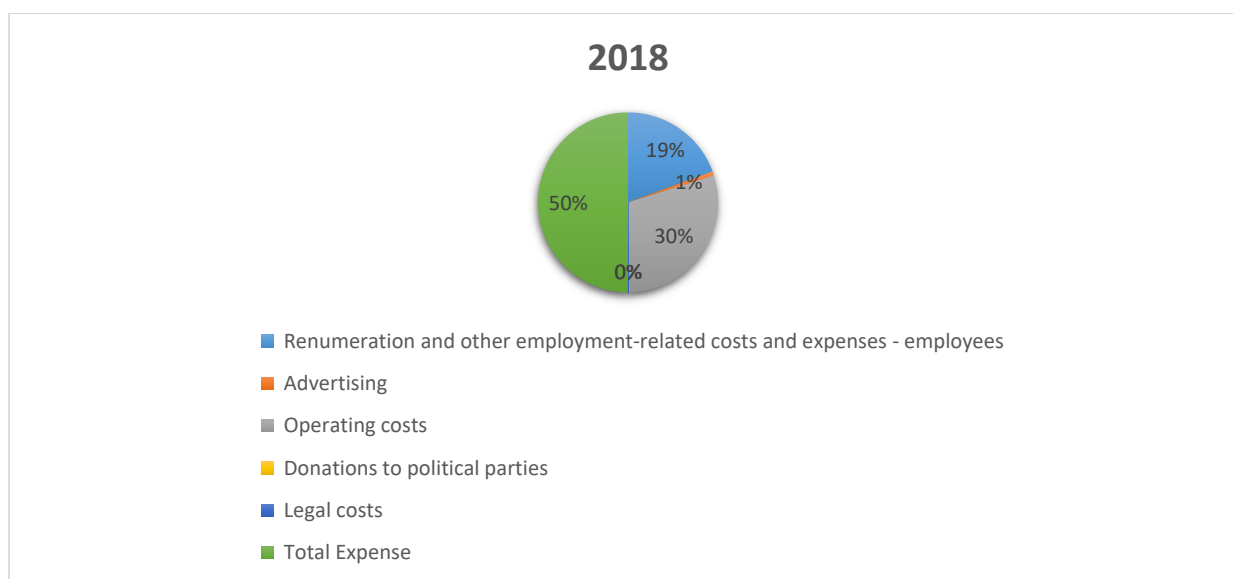


ROC – ARA 2017/ 2018 Financial Report Summary

In accordance to Subsection 255(2A) report.

Guidance: As per subsection 253(2)(c) of the Fair Work (Registered Organisations) Act 2009 (RO Act) and items 22-23 of the Registered Organisations Commission (ROC)'s reporting guidelines for the purposes of section 253, the general-purpose financial report must include a copy of the report required under subsection 255(2A) of the RO Act.

Below is a comparative report of year on year expenditure categories.

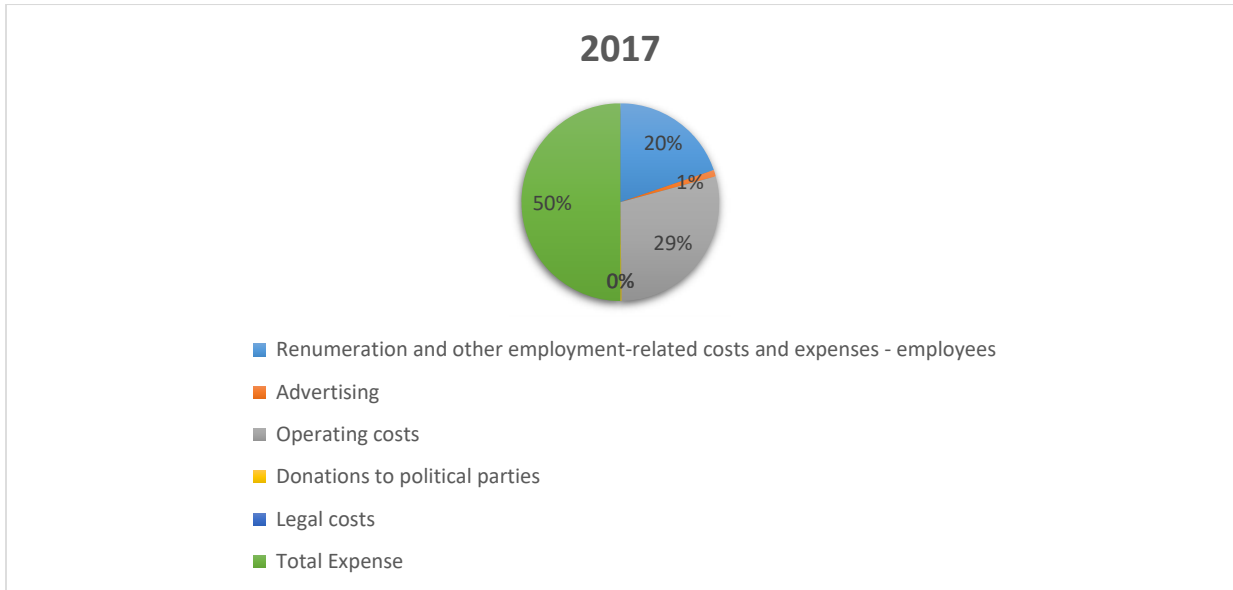


ARA	Categories of expenditure		% Of Total
	Remuneration and other employment-related costs and expenses - employees	\$ 2,825,058.00	38.84%
	Advertising	\$ 111,376.74	1.53%
	Operating costs	\$ 4,299,597.26	59.12%
	Donations to political parties	\$ 35,500.00	0.49%
	Legal costs	\$ 1,242.00	0.02%
	Total Expense	\$ 7,272,774.00	

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

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

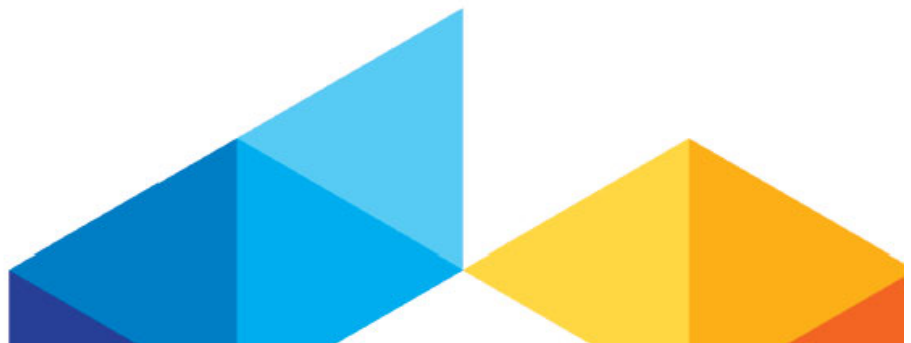




2017	Categories of expenditure		% Of Total
	Remuneration and other employment-related costs and expenses - employees	\$ 2,513,249.00	34.56%
	Advertising	\$ 134,185.79	1.85%
	Operating costs	\$ 3,696,724.21	50.83%
	Donations to political parties	\$ 23,500.00	0.32%
	Legal costs	\$ -	0.00%
	Total Expense	\$ 6,367,659.00	

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

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





13 December 2018

Mr Rowan Hodge
President
Australian Retailers Association
Sent via email: info@retail.org.au

Dear Mr Hodge,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Australian Retailers Association, The (the reporting unit) ended on the 30 June 2018.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the Commissioner instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the Commissioner following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$105,000 per contravention on the organisation and up to \$21,000 per contravention on an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on (03) 9954 2931 or via email at Sam.Gallichio@roc.gov.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Sam Gallichio'.

Sam Gallichio
Registered Organisations Commission



25 September 2018

Mr Rowan Hodge
President
The Australian Retailers Association

By Email: info@retail.org.au

Dear Mr Hodge,

**Re: Lodgement of Financial Report - [FR2018/209]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of The Australian Retailers Association (the reporting unit) ended on 30 June 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelimes* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelimes as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,



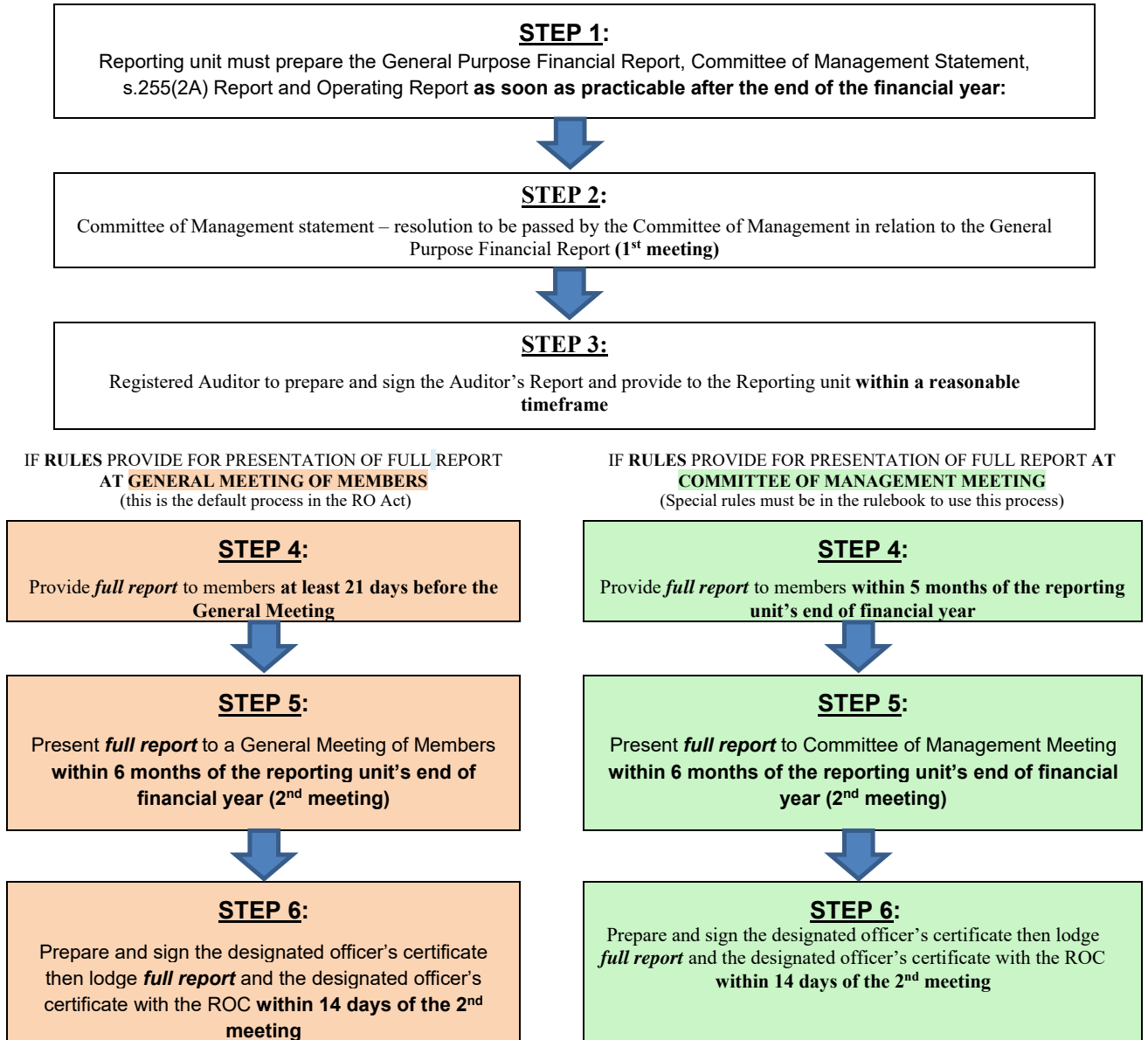
Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Fact sheet



Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.





The Loans, Grants & Donations Statement



Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL. Common misconceptions Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants OR donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice