Australian Government
Registered Organisations Commission

5 June 2020

Mr Rowan Hodge
President
Australian Retailers Association

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

Dear Mr Hodge

Australian Retailers Association
Financial Report for the year ended 30 June 2019 - FR2019/55

I acknowledge receipt of the amended financial report for the year ended 30 June 2019 for the Australian Retailers Association (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 4 June 2020.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

K.Morgan

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

Australian Retailers Association

Financial Statements 2018–19

Contents

Australian Retailers Association

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

Certificate By Prescribed Designated Officer[1]

Certificate for the year ended 30 June 2019

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 **29th May 2020**; and

- that the full report was presented to a meeting of the committee of management of the reporting unit on **2nd June 2020** 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: **4th June 2020**

[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.

William Buck

Australian Retailers Association

Independent auditor's report to the Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of The Australian Retailers Association (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Association as at 30 June 2019, and its financial performance for the 12-month period then ended in accordance with the recognition and measurement principles of Australian Accounting Standards, as set out in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist The Australian Retailers Association to meet the requirements of its Board. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

Nicholas Benbow

Director

Melbourne, 28 May 2020

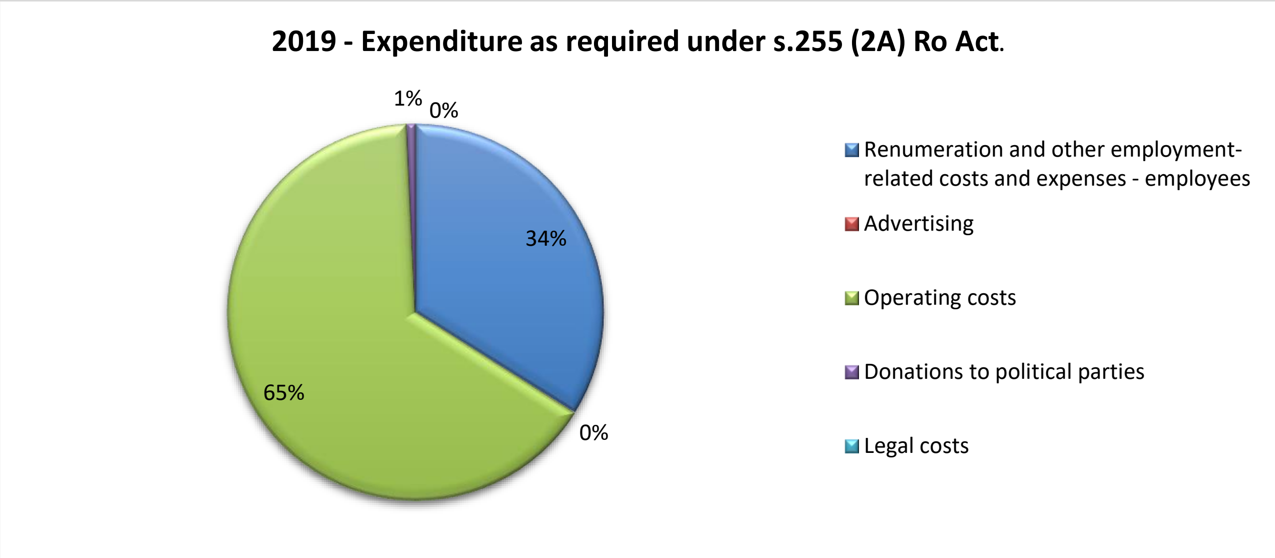
ROC Registration Number: AA2017/68
Registered Company Auditor number: 345523
Registered Address: Level 20, 181 William St, Melbourne VIC 3000

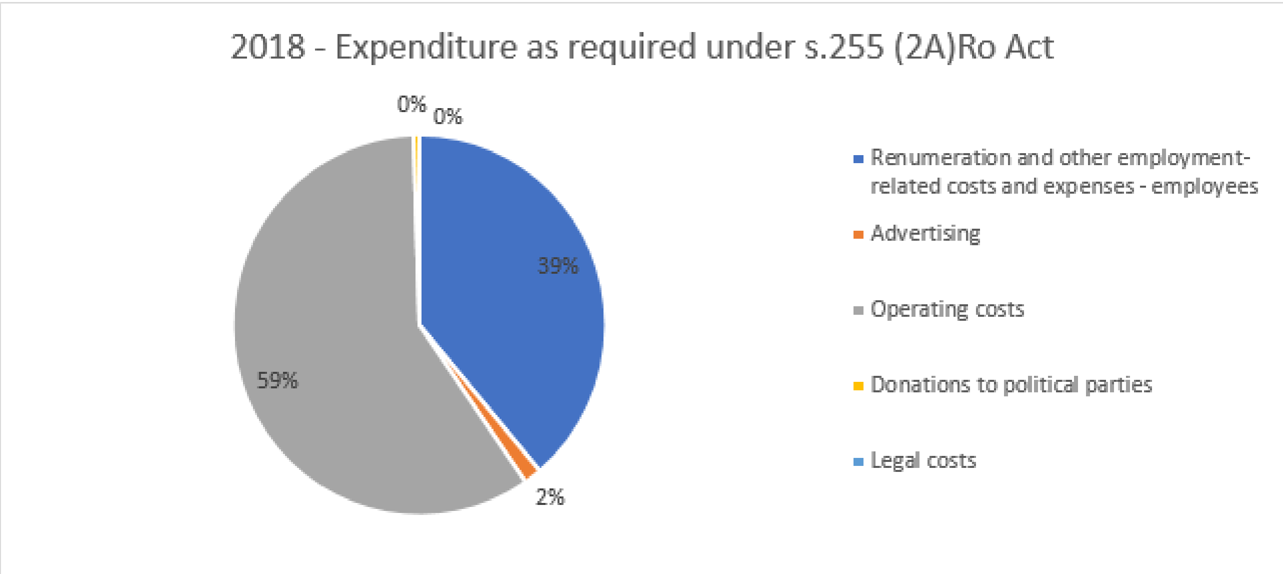
Australian Retailers Association

For the year ended 2018/2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 2018/2019.

Diagrammatic form





Signature of designated officer:

Name and title of designated officer: Rowan Hodge, ARA President

Dated: 26th May 2020

Operating Report

for the year ended 30 June 2019

The Committee of Management presents its operating report on the Reporting Unit for the year ended 30 June 2019.

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 1,368 retail trainees.

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.

Extraordinary events of noteworthy material impact (recommended to the Audit and Risk Committee on 19/09/2019 and accepted)

Two unbudgeted events had a material impact on the operating year. The unrealised income from the Retail Modern Award case in the financial year 2017/2018 carried forward to the 2018/2019 and the direct cost of discussions facilitated by a third party to resolve the establishment of a merger with the National Retailers Association. The total cost of these extraordinary events is an estimated sum loss of $210,000 to the year ending NET surplus.

Number of members

There were 7,286 financial members as at 30 June 2019, (2018: 7,282) an increase of 4 members

Number of employees

The total number of staff employed by the Association as at 30 June 2019 was, made up of the following;

Full Time: 23 (FTE)
Casual: 2
Part Time: 5

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	
Ralph Edwards	Councillor	28 April 2015	
Mhairi Holway	Councillor	28 April 2015	16 October 2018
Steven Plarre	Councillor	28 April 2015	
Robyn Batson	Councillor	28 April 2015	5 December 2018
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	**Not elected to Council for next four- year term commencing May 2019**
*Council resigned and a new four-year term commenced. Dates admitted to office by the returning officer designate the commencement of the new term as 5 May 2019 ending in 5 May 2023.			
Charles Davey	Councillor	9 May 2019	
Drew Meads	Councillor	9 May 2019	
Beth Knight	Councillor	9 May 2019	**2 August 2019**
Clayton Ford	Councillor	9 May 2019	**11 July 2019**
Greg Leslie	Councillor	9 May 2019	

Jack Gance	Councillor	9 May 2019	
Stephen Younane	Councillor	9 May 2019	

Signature of designated officer: . 

Name and title of designated officer: Rowan Hodge, ARA President

Dated: 26th May 2020

Committee of Management Statement

for the year ended 30 June 2019

On 26 May 2020**,** 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 2019:

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.

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, ARA President

Dated: 26th May 2020

Australian Retailers Association
Statement of comprehensive income

for the year ended 30 June 2019

	Notes	2019	2018
		$	$
Revenue			
Membership subscription		**1,808,972**	1,656,971
Capitation fees and other revenue from another reporting unit	3A	**0**	0
Levies	3B	**0**	0
Investment income	3C	**7,923**	10,055
Fees for services	3D	**1,408,006**	2,107,807
Advertising & sponsorship revenue		**513,815**	323,546
Retail Institute training income		**3,050,089**	2,237,605
Other revenue		**127,487**	90,417
Total revenue		**6,916,292**	6,426,401
Other Income			
Grants and/or donations*	3E	**0**	0
Total other income		**0**	0
Total income		**6,916,292**	6,426,401
Expenses			
Employee expenses	4A	**2,467,832**	2,825,058
Capitation fees and other expense to another reporting unit	4B	**0**	0
Affiliation fees	4C	**81,512**	56,552
Administration expenses	4D	**3,976,617**	4,285,774
Grants or donations	4E	**0**	0
Depreciation and amortisation	4F	**25,827**	58,104
Finance costs	4G	**6,073**	6,719
Legal costs	4H	**921**	1,242
Audit fees	14	**33,200**	39,325
Other expenses	4I	**0**	0
Total expenses		**6,591,982**	7,272,774
Surplus (deficit) for the year		**324,310**	(846,373)
Total comprehensive income for the year		**324,310**	(846,373)

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

Australian Retailers Association

Statement of financial position

as at 30 June 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**1,323,023**	922,655
Trade and other receivables	5B	**533,447**	560,388
Other current assets	5C	**99,791**	132,262
Total current assets		**1,956,261**	1,615,305
Non-current Assets			
Plant and equipment	6A	**32,763**	33,173
Intangibles	6B	**3,445**	22,267
Other financial assets	6C	**81,756**	81,512
Total non-current assets		**117,964**	136,952
Total assets		**2,074,225**	1,752,257
LIABILITIES			
Current Liabilities			
Trade payables	7A	**336,222**	194,679
Other payables	7B	**1,495,377**	1,729,898
Employee provisions	8A	**348,963**	309,738
Total current liabilities		**2,180,562**	2,234,315
Non-current Liabilities			
Employee provisions	8A	**51,411**	0
Total non-current liabilities		**51,411**	0
Total liabilities		**2,231,973**	2,234,315
Net assets		**(157,748)**	(482,058)
EQUITY			
General funds		**0**	0
Reserves		**0**	0
Retained earnings (accumulated deficit)		**(157,748)**	(482,058)
Total equity		**(157,748)**	(482,058)

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

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Statement of changes in equity

for the year ended 30 June 2019

	Notes	General funds /reserves $	Retained earnings $	Total equity $
Balance as at 1 July 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 general funds		0	0	0
Transfer from retained earnings		0	0	0
Closing balance as at 30 June 2018		**0**	**(482,058)**	**(482,058)**
Adjustment for errors		**0**	**0**	**0**
Surplus / (deficit)		**0**	**324,310**	**324,310**
Other comprehensive income		**0**	**0**	**0**
Transfer to/from general funds		**0**	**0**	**0**
Transfer from retained earnings		**0**	**0**	**0**
Closing balance as at 30 June 2019		**0**	**(157,748)**	**(157,748)**

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

Statement of cash flows

for the year ended 30 June 2019

	Notes	**2019** **$**	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from members and non-members		**7,485,958**	6,606,312
Receipts from other reporting units/controlled entity(s)		**0**	0
Interest		**7,923**	10,056
Other		**0**	0
Cash used			
Employees		**(2,377,196)**	(2,822,103)
Suppliers		**(4,709,478)**	(4,290,634)
Payment to other reporting units/controlled entity(s)		**0**	0
Net cash from (used by) operating activities	9A	**407,207**	(496,369)
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		**(6,438)**	(69,178)
Purchase of land and buildings		**0**	0
Purchase of intangibles		**(401)**	0
Other		**0**	0
Net cash from (used by) investing activities		**(6,839)**	(69,178)
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		**400,368**	(565,547)
Cash & cash equivalents at the beginning of the reporting period		**922,655**	1,488,202
Cash & cash equivalents at the end of the reporting period	5A	**1,323,023**	922,655

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

Index to the notes of the financial statements

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

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

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

  There was no material impact upon these financial statements as a consequence of adopting this new standard.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and other amendments, which clarify certain requirements in:

  - AASB 12 Disclosure of Interests in Other Entities – clarification of scope
  - AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value
  - AASB 140 Investment Property – change in use

  There was no material impact upon these financial statements as a consequence of adopting this new interpretation.

- AASB Interpretation 22 *Foreign Currency Transactions and Advance Considerations,* which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

  There was no material impact upon these financial statements as a consequence of adopting this new interpretation.

Impact on adoption of AASB 9

(a) Initial application

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Australian Retailers Association has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Australian Retailers Association has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

Impact on the statement of financial position (increase/(decrease)):

	Ref adjustments	1 July 2018 $
Classification and measurement	(i)	0
Impairment	(ii)	0
Other adjustments	(iii)	0
		0

	Ref adjustments	1 July 2018 $
Assets		
Trade and other receivables	(ii)	0
Investments in associates	(iii)	0
Other non-current assets	(ii)	0
Total assets		
Total adjustments on equity		
Retained earnings	(i), (ii) (iii)	0
Other components of equity	(i), (ii) (iii)	0

The nature of these adjustments are described below.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Australian Retailers Association's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Australian Retailers Association's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Australian Retailers Association.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Quoted debt instruments previously classified as available-for-sale (AFS) financial assets are now classified and measured as debt instruments at fair value through OCI as they failed the SPPI test.

- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVTOCI. The Australian Retailers Association elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of the Australian Retailers Association's listed equity investments, the AFS reserve of nil related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018. The remaining amount of available for sale reserve of nil was renamed to the fair value reserve for financial assets at FVTOCI.

The Australian Retailers Association has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Australian Retailers Association's financial liabilities.

In summary, upon adoption of AASB 9, the Australian Retailers Association applied the following required or elected reclassifications:

1 July 2018		**AASB 9 measurement category**		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$	$
AASB 139 measurement category				0
Loans and receivables				
Loans and receivables	**0**	**0**	**0**	**0**
Available for sale				
Available for sale assets	**0**	**0**	**0**	**0**
	0	0	0	0

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Australian Retailers Association's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Australian Retailers Association to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	$	$	$
Trade receivables	0	0	0
Loan to a related party	0	0	0
Other financial assets	0	0	0
	0	0	0

(iii) Other adjustments

Future Australian Accounting Standards Requirements

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

AASB 16 *Leases* (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Australian Retailers Association plans to adopt AASB 16 on the required effective date 1 July 2019 of using the modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Australian Retailers Association performed a preliminary assessment of AASB 16, with the following observations:

- A right-of-use asset will be recognised, as will a lease liability, in which the amounts will offset. Upon initial recognition it is expected that the value of both asset and liability will be equal to the minimum value of lease payments remaining, discounted to present value, as disclosed in Note 12.
- The impact on the Statement of Financial Position will result in not recognising an operating lease expense, instead recognising the interest expense on the lease liability and amortisation expenses on the right-of-use asset. The net amounts will be equal.

AASB 1058 *Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)*

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (**NFP**) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions.*

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Australian Retailers Association plans to adopt AASB 15 on the required effective date 1 July 2019 of using the modified retrospective method.

During the financial year ended 30 June 2019, the Australian Retailers Association performed a preliminary assessment of AASB 1058 and 15 for its material revenue streams:

Revenue stream	**Recognition of income**	**Impact under AASB 1058 and 15**
Member subscriptions	Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.	None – membership subscriptions continue to be amortized over the period of the subscription
Government grants	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.	None – grant revenue is matched to expenditures made under each grant
Revenues from training programs and the provision of other services	Revenues are recognised as training services are delivered, on an accruals basis	None – recognised as services are delivered

AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the Australian Retailers Association.

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

Australian Retailers Association did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.6 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 loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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.

1.7 Government grants

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

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

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

1.8 Gains

Sale of assets

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

1.9 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.

1.10 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 Australian Retailers Association 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.

1.11 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.

1.12 Borrowing costs

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

1.13 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.

1.14 Financial instruments

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

1.15 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Australian Retailers Association business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Australian Retailers Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Australian Retailers Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Australian Retailers Association commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Australian Retailers Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Australian Retailers Association's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Australian Retailers Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
    a) the Australian Retailers Association has transferred substantially all the risks and rewards of the asset, or
    b) the Australian Retailers Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Australian Retailers Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Australian Retailers Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Australian Retailers Association applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Australian Retailers Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Australian Retailers Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Australian Retailers Association recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Australian Retailers Association expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Australian Retailers Association considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Australian Retailers Association may also consider a financial asset to be in default when internal or external information indicates that the Australian Retailers Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.16 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Australian Retailers Association's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.17 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.

1.18 Land, buildings, plant and equipment

Asset Recognition Threshold

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

Depreciation

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

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

	2019	**2018**
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.

1.19 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's intangible assets are:

	2019	**2018**
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.

1.20 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.

1.21 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.

1.22 Fair value measurement

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

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

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

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

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

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

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

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

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

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

1.23 Going concern

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

Australian Retailers Association does not receive financial support to another reporting unit to ensure they can continue on a going concern basis

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Retailers Association.

	2019	2018
	$	$

Note 3 Income

Note 3A: Capitation fees and other revenue from another reporting unit*

Capitation fees:		
Capitation fees	**0**	0
Total capitation fees	**0**	0

Note 3B: Levies

Levies	**0**	0
Total levies	**0**	0

Note 3C: Investment income

Interest		
Deposits	**7,923**	10,055
Dividends	**0**	0
Total investment income	**7,923**	10,055

Note: 3D: Fees for services

Special Projects	**1,203,692**	1,996,894
Consulting	**79,315**	55,550
Policy and advocacy	**125,000**	40,000
Total Fees for services	**1,408,006**	**2,092,444**

Note 3E: Grants or donations

Grants	**0**	0
Donations	**0**	0
Total grants or donations	**0**	0

	2019 $	2018 $

Note 4 Expenses

Note 4A: Employee expenses

	2019 $	2018 $
Holders of office:		
Wages and salaries	**0**	0
Superannuation	**0**	0
Leave and other entitlements	**0**	0
Separation and redundancies	**0**	0
Other employee expenses	**0**	0
Subtotal employee expenses holders of office	**0**	0
Employees other than office holders:		
Wages and salaries	**2,113,377**	2,426,913
Superannuation	**190,834**	217,288
Leave and other entitlements	**64,739**	46,761
Separation and redundancies	**0**	0
Other employee expenses	**98,882**	134,096
Subtotal employee expenses employees other than office holders	**2,467,832**	2,825,058
Total employee expenses	**2,467,832**	2,825,058

Note 4B: Capitation fees and other expense to another reporting unit

	2019 $	2018 $
Capitation fees		
Capitation fees	**0**	0
Total capitation fees	**0**	0

Note 4C: Affiliation fees

	2019 $	2018 $
Newspapers	**2,083**	1,978
Subscriptions	**28,756**	21,446
Membership Expense	**50,673**	33,128
Total affiliation fees/subscriptions	**81,512**	56,552

	2019 $	2018 $

Note 4D: Administration expenses

Total paid to employers for payroll deductions of membership subscriptions*	**0**	0
Compulsory levies*	**0**	0
Fees/allowances - meeting and conferences*	**0**	0
Conference and meeting expenses*	**0**	0
Retail Institute training expenses	**1,436,014**	1,768,254
Outsourced services cost	**745,512**	749,114
Project Management Costs	**767,802**	785,209
Property expenses	**82,865**	75,572
Office expenses	**107,854**	144,457
Information communications technology	**100,698**	74,355
Marketing and Promotion expenses	**45,384**	111,377
Travel expenses	**98,458**	132,180
Consultancy costs	**175,662**	68,129
Other expenses	**218,755**	187,598
Subtotal administration expense	**3,779,004**	4,096,245
Operating lease rentals:		
Minimum lease payments	**197,613**	189,529
Total administration expenses	**3,976,617**	4,285,774

Note 4E: Grants or donations

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

Note 4F: Depreciation and amortisation

Depreciation		
Property, plant and equipment	**6,604**	14,310
Total depreciation	**6,604**	14,310
Amortisation		
Intangibles	**19,223**	43,794
Total amortisation	**19,223**	43,794
Total depreciation and amortisation	**25,827**	58,104

	2019	2018
	$	$

Note 4G: Finance costs

Overdrafts/loans	**6,073**	6,719
Total finance costs	**6,073**	6,719

Note 4H: Legal costs

Litigation	**0**	0
Other legal costs	**921**	1,242
Total legal costs	**921**	1,242

Note 4I: Other expenses

Penalties - via RO Act or the *Fair Work Act 2009**	**0**	0
Total other expenses	**0**	0

	2019	2018
	$	$

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	**1,316,510**	919,448
Cash on hand	**118**	446
Other	**6,395**	2,741
Total cash and cash equivalents	**1,323,023**	922,655

Note 5B: Trade and other receivables

Trade receivables	**543,447**	623,331
Total receivables	**543,447**	623,331
Less allowance for expected credit losses		
Allowance for expected credit losses	**(10,000)**	(62,943)
Total allowance for expected credit losses	**(10,000)**	(62,943)
Receivable from trade receivables (net)	**533,447**	560,388

Other receivables:		
Receivable from other reporting units	**0**	0
GST receivable	**0**	0
Total other receivables	**0**	0
Total trade and other receivables (net)	**533,447**	560,388

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 July	**(62,943)**	(10,000)
Provision for expected credit losses	**0**	(52,943)
Write-off	**52,943**	0
At 30 June	**(10,000)**	(62,943)

Note 5C: Other current assets

Stock	**17,764**	15,750
Prepayments	**82,027**	116,512
Total other current assets	**99,791**	132,262

	2019	2018
Note 6 Non-current Assets	**$**	$

Note 6A: Plant and equipment

Plant and equipment:		
at cost	**1,009,488**	1,003,294
accumulated depreciation	**(976,725)**	(970,121)
Total plant and equipment	**32,763**	33,173

Reconciliation of opening and closing balances of plant and equipment

As at 1 July		
Gross book value	**1,003,294**	997,891
Accumulated depreciation and impairment	**(970,121)**	(955,811)
Net book value 1 July	**33,173**	42,080
Additions:		
By purchase	**6,194**	5,403
From acquisition of entities (including restructuring)	**0**	0
Depreciation expense	**(6,604)**	(14,310)
Net book value 30 June	**32,763**	33,173
Net book value as of 30 June represented by:		
Gross book value	**1,009,488**	1,003,294
Accumulated depreciation and impairment	**(976,725)**	(970,121)
Net book value 30 June	**32,763**	33,173

	2019 $	2018 $

Note 6B: Intangibles

Computer software at cost:		
Purchased	**143,568**	143,167
accumulated amortisation	**(140,123)**	(120,900)
Total intangibles	**3,445**	22,267

Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	**143,167**	50,011
Accumulated amortisation and impairment	**(120,900)**	(47,550)
Net book value 1 July	**22,267**	2,461
Additions:		
By purchase	**401**	63,600
Amortisation	**(19,223)**	(43,794)
Net book value 30 June	**3,445**	22,267
Net book value as of 30 June represented by:		
Gross book value	**143,167**	143,167
Accumulated amortisation and impairment	**(140,123)**	(120,900)
Net book value 30 June	**3,445**	22,267

	2019 $	2018 $

Note 6C: Other financial assets

Financial assets at fair value through profit or loss		
Deposits	**81,756**	81,512
Total other financial assets	**81,756**	81,512

	2019	2018
	$	$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	**336,222**	194,679
Subtotal trade creditors	**336,222**	194,679
Payables to other reporting units*		
Payables to other reporting units	**0**	0
Subtotal payables to other reporting units	**0**	0
Total trade payables	**336,222**	194,679

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	**0**	0
Superannuation	**48,339**	52,888
Payable to employers for making payroll deductions of membership subscriptions*	**0**	0
Legal costs		
Litigation	**0**	0
Other legal costs	**0**	0
Prepayments received/unearned revenue	**1,347,842**	1,488,031
GST payable	**(8,758)**	(17,712)
Other	**107,954**	206,691
Total other payables	**1,495,377**	1,729,898
Total other payables are expected to be settled in:		
No more than 12 months	**1,495,377**	1,729,898
More than 12 months	**0**	0
Total other payables	**1,495,377**	1,729,898

Note 8 Provisions

Note 8A: Employee provisions

	2019 $	2018 $
Office holders:		
Annual leave	**0**	0
Long service leave	**0**	0
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—office holders	**0**	0
Employees other than office holders:		
Annual leave	**224,399**	192,266
Long service leave	**175,975**	117,472
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—employees other than office holders	**400,374**	309,738
Total employee provisions	**400,374**	309,738
Current	**348,963**	309,738
Non-current	**51,411**	0
Total employee provisions	**400,374**	309,738

	2019	2018
	$	$

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

	2019 $	2018 $
Cash and cash equivalents as per:		
Cash flow statement	**1,323,023**	992,655
Balance sheet	**1,323,023**	992,655
Difference	**0**	0

	2019 $	2018 $
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	**324,310**	(846,373)
Adjustments for non-cash items		
Depreciation/amortisation	**25,827**	58,104
Changes in assets/liabilities		
(Increase)/decrease in net receivables	**26,941**	(273,349)
(Increase)/decrease in prepayments	**34,485**	48,469
(Increase)/decrease in inventories	**(2,014)**	16,533
Increase/(decrease) in supplier payables	**141,543**	33,976
Increase/(decrease) in other payables	**(234,521)**	463,316
Increase/(decrease) in employee provisions	**90,636**	2,955
Increase/(decrease) in other provisions	**0**	0
Net cash from (used by) operating activities	**407,207**	(496,369)

	2019	2018
	$	$

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and contingencies

Operating lease commitments—as lessee

Rental lease on Suite 104, 40-48 Atchison Street, St Leonards, NSW (ceases April 2021) and Rental lease on Level 1, 112 Wellington Parade, East Melbourne, VIC (ceases May 2023).

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

Within one year	**225,235**	198,873
After one year but not more than five years	**591,892**	56,045
More than five years	**0**	0
	817,127	254,918

	2019	2018
	$	$

Note 11 Related Party Disclosures

Note 11A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from related parties includes the following:		
No transactions noted	**0**	0
Expenses paid to related parties includes the following:		
No transactions noted	**0**	0
Amounts owed by related parties include the following:		
No account balances noted	**0**	0
Amounts owed to related parties include the following:		
No account balances noted	**0**	0
Loans from/to related parties includes the following:		
No account balances noted	**0**	0

Assets transferred from/to related parties includes the following:		
No account balances noted	**0**	0

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Australian Retailers Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	2019 $	2018 $

Note 11B: Key management personnel remuneration for the reporting period

	2019 $	2018 $
Short-term employee benefits		
Salary (including annual leave taken)	**426,781**	754,837
Annual leave accrued	**12,044**	5,668
Performance bonus	**0**	0
Total short-term employee benefits	**438,825**	760,505
Post-employment benefits:		
Superannuation	**41,806**	55,659
Total post-employment benefits	**41,806**	55,659
Other long-term benefits:		
Long-service leave	**14,053**	14,437
Total other long-term benefits	**14,053**	14,437
Termination benefits	**0**	32,489
Total	**494,684**	863,090

Note 11C: Transactions with key management personnel and their close family members

Loans to/from key management personnel		
None identified	**0**	0
Other transactions with key management personnel		
None identified	**0**	0

Note 12 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	**26,800**	21,400
Other services	**6,400**	4,500
Total remuneration of auditors	**33,200**	25,900

Other services include general tax, compliance and financial reporting assistance.

	2019	2018
	$	$

Note 13 Financial Instruments

The Association's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to its material risk exposures, being credit risk and liquidity risk.

Note 13A: Categories of Financial Instruments

Financial assets

Held-to-maturity investments:		
Deposits and cash	**1,323,023**	922,655
Total	**1,323,023**	922,655
Loans and receivables:		
Trade and other receivables	**533,447**	560,388
Total	**533,447**	560,388
Carrying amount of financial assets	**1,856,470**	1,483,043

Financial liabilities

Other financial liabilities:		
Trade payables and accruals	**336,222**	194,679
GST payable	**(8,758)**	(17,712)
Other payables	**107,954**	206,691
Total	**435,418**	383,658
Carrying amount of financial liabilities	**435,418**	383,658

Note 13B: Net income and expense from financial assets

	2019 $	2018 $
Held-to-maturity		
Interest revenue	**7,923**	10,055
Exchange gains/(loss)	**0**	0
Impairment	**0**	0
Gain/loss on disposal	**0**	0
Net gain/(loss) held-to-maturity	**7,923**	10,055
Loans and receivables/amortised cost		
Total net income/(expense) from financial assets	**7,923**	10,055

	2019 $	2018 $

Note 13C: Net income and expense from financial liabilities

At amortised cost		
Interest expense	**(6,073)**	(6,719)
Exchange gains/(loss)	**0**	0
Net gain/(loss) financial liabilities - at amortised cost	**(6,073)**	(6,719)

Note 13D: Credit risk

The balance of trade and other receivables consists predominantly of amounts owing from customers and grant funders of the Association’s training programs. Ongoing credit evaluation on the financial condition of accounts receivable is performed by senior management and reviewed at regular intervals by the board. 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.

	2019 $	2018 $
Financial assets		
Cash	**1,316,510**	919,448
Trade and other receivables	**543,447**	623,331
Total	**1,859,957**	623,331
Financial liabilities		
Nil	**0**	0

Total	**0**	0

In relation to the entity's gross credit risk the following collateral is held: $nil

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2019	**Trade and other receivables**					
	Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	-	-	297,844	58,755	196,848	553,447
Expected credit loss	-	-	-	-	(10,000)	(10,000)

30 June 2018	**Trade and other receivables**					
	Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	538,716	-	84,615	-	62,943	686,274
Expected credit loss	-	-	-	-	(62,943)	(62,943)

The Australian Retailers Association’s maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 15D.

Note 13E: 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.

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		$	$	$	$	$
Trade and other payables	**0**	**336,222**	**0**	**0**	**0**	**336,222**
GST payable	**0**	**(8,758)**	**0**	**0**	**0**	**(8,758)**
Other payables	**0**	**107,954**	**0**	**0**	**0**	**107,954**
Total	**0**	**435,418**	**0**	**0**	**0**	**435,418**

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		$	$	$	$	$
Trade and other payables	0	194,679	0	0	0	194,679
GST payables	0	(17,712)	0	0	0	(17,712)
Other payables	0	206,658	0	0	0	206,658
Total	0	383,658	0	0	0	383,658

Note 13F: Market risk

Interest rate risk

As at 30 June 2019 or throughout the financial year the Association had no material exposure to changes to any market risk, including interest rate risk (2018: no material risk).

Note 13H: Changes in liabilities arising from financing activities

	1 July 2018	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	30 June 2019
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Current interest-bearing loans and borrowings (excluding items listed below)	**6,719**	**(646)**	**0**	**0**	**0**	**0**	**0**	**6,073**
Current obligations under finance leases and hire purchase contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total liabilities from financing activities	**6,719**	**(646)**	**0**	**0**	**0**	**0**	**0**	**6,073**

	1 July 2017	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	30 June 2018
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Current interest-bearing loans and borrowings (excluding items listed below)	4,311	2,408	0	0	0	0	0	6,719
Current obligations under finance leases and hire purchase contracts	0	0	0	0	0	0	0	0
Total liabilities from financing activities	4,311	2,408	0	0	0	0	0	6,719

The ‘Other’ column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases and hire purchase contracts to current due to the passage of time, the accrual of special dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. Australian Retailers Association classifies interest paid as cash flows from operating activities.

Note 14 Fair Value Measurement

As not financial instruments are measured on a fair value basis, and those fair value approximate their carrying values, the disclosures set out in AASB 7 para 25 – 29 and AASB 13 para 93(d) and 97 are not applicable or relevant for the Association.

Note 14A: Financial assets and liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Australian Retailers Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Australian Retailers Association's financial assets and liabilities:

	Carrying amount 2019 $	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Financial assets				
Deposits and cash	**1,323,023**	**1,323,023**	922,655	922,655
Trade and other receivables	**533,447**	**533,447**	560,388	560,388
Total	**1,856,470**	**1,856,470**	1,483,043	1,483,043
Financial liabilities				
Trade payables and accruals	**336,222**	**336,222**	194,679	194,679
GST payable	**(8,758)**	**(8,758)**	(17,712)	(17,712)
Other payables	**107,954**	**107,954**	206,691	206,691
Total	**435,418**	**435,418**	383,658	383,658

Note 15

The Australian Retailers Association administers its own financial activities.

Note 16 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).

Officer declaration statement

I, Rowan Hodge, being the Chairman of the Australian Retailers Association, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated: 26th May 2020

22 January 2020

Mr Rowan Hodge
President
Australian Retailers Association

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

Dear Mr Hodge

Australian Retailers Association
Financial Report for the year ended 30 June 2019 - FR2019/55

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Australian Retailers Association (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 10 December 2019.

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

The committee of management statement, general purpose financial report (GPFR) and auditor's statement will require amendments. The amended report will need to be provided to members, presented to a general meeting of members, republished on the reporting unit's website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 5th edition of the reporting guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Committee of management statement

Recovery of wages disclosure

Please note that the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act issued 4 May 2018 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. The reporting unit has correctly addressed this in Note 3 to the general purpose financial report.

Please amend the committee of management statement to remove item (f).

2. General Purpose Financial Report (GPFR)

Subsection 255(2A) report

Subsection 255(2A) requires the five listed categories to be disclosed. Please amend the legend in the pie chart to ensure that all five categories are listed. Also please correct the spelling of 'remuneration' in both the current and comparative financial years.

Materiality

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. The following items are considered to be material and are to be further divided to ensure that any material items are separately disclosed:

'Other revenue' of $2,049,308 disclosed in the statement of comprehensive income.

'Grants' revenue of $3,050,089 disclosed in Note 3E to the GPFR.

'Contractors/consultants' expense of $2,964,767 disclosed in Note 4D to the GPFR.

'Other' expense of $522,820 disclosed in Note 4D to the GPFR.

Materiality is a matter of professional judgment however I would encourage the reporting unit to review these items, taking into consideration the information needs of the users.

Reporting Unit

The Australian Retailers Association is not divided into branches and the reporting unit is the whole of the organisation in accordance with section 242(2) of the RO Act. Because there are no other reporting units within the organisation any information required in relation to other reporting units will be disclosed as nil.

The 'Officers declaration statement' correctly discloses that the reporting unit does not "have a receivable with another reporting unit". However, Note 5B to the GPFR incorrectly has sub-headings "Receivables from other reporting units" and "Total receivables from other reporting units".

Please amend Note 5B to remove reference to reporting units.

Cash flow statement

Following from the previous point the 'Officers declaration statement' correctly discloses that the reporting unit does not provide or receive "… cash flows from/to another reporting unit". However, the 'Statement of cash flows' incorrectly has sub-headings "Receipts from other reporting units/controlled entity(s)" and "Payment to other reporting units/controlled entity(s).

Please amend the 'Statement of cash flows' to remove reference to reporting units. Also please assess the relevance of Note 11B in relation to the 'Statement of cash flows'.

Use of model financial statements

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 model statements have been replicated in parts 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 information on the reporting unit's accounting policies.

Please amend the general purpose financial report by removing irrelevant information.

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 reporting guidelines.

Nil disclosures disclosed more than once

The **officer's declaration statement (ODS)** provides reporting units with an option to disclose nil activities not reported elsewhere within the financial report.

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes **or** in an ODS. Nil activities should be disclosed only **once**.

I note that the reporting unit's ODS includes the following items for which there was already a disclosure in the body of the notes.

- Item 11 – agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount) – is disclosed in both the officer's declaration statement and Note 1.26
- Item 12 - acquire 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 – is disclosed in both the officer's declaration statement and Note 1.6
- Item 13(b) – receive capitation fees from another reporting unit or any other revenue from another reporting unit – is disclosed in both the officer's declaration statement and Note 3a
- Item 13(c) – receive revenue via compulsory levies – is disclosed in both the officer's declaration statement and Note 3b
- Item 13(e) – receive revenue from undertaking recovery of wages activity – is disclosed in both the officer's declaration statement and Note 3g
- Item 14(a) – incur fees as consideration for employers making payroll deductions of membership subscriptions – is disclosed in both the officer's declaration statement and Note 4d
- Item 14(b) – pay capitation fees or any other expense to another reporting unit – is disclosed in both the officer's declaration statement and Note 4b
- Item 14(d) – pay compulsory levies – is disclosed in both the officer's declaration statement and Note 4d
- Item 14(e)(i) – pay a grant that was $1,000 or less – is disclosed in both the officer's declaration statement and Note 4e

- Item 14(e)(ii) – pay a grant that exceeded $1,000 – is disclosed in both the officer's declaration statement and Note 4e
- Item 14(e)(iii) – pay a donation that was $1,000 or less – is disclosed in both the officer's declaration statement and Note 4e
- Item 14(e)(iv) – pay a donation that exceeded $1,000 – is disclosed in both the officer's declaration statement and Note 4e
- Item 14(f)(i) - pay wages and salaries to holders of office – is disclosed in both the officer's declaration statement and Note 4a
- Item 14(f)(ii) - pay superannuation to holders of office – is disclosed in both the officer's declaration statement and Note 4a
- Item 14(f)(iii) - pay leave and other entitlements to holders of office – is disclosed in both the officer's declaration statement and Note 4a
- Item 14(f)(iv) - pay separation and redundancy to holders of office – is disclosed in both the officer's declaration statement and Note 4a
- Item 14(f)(v) - pay other employee expenses to holders of office – is disclosed in both the officer's declaration statement and Note 4a
- Item 14(i) – incur expenses due to holding a meeting as required under the rules of the organisation – is disclosed in both the officer's declaration statement and Note 4d
- Item 14(k) – pay a penalty imposed under the RO Act or *Fair Work Act 2009* – is disclosed in both the officer's declaration statement and Note 4k
- Item 15(b) – have a payable with another reporting unit – is disclosed in both the officer's declaration statement and Note 7a
- Item 16(a) – have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions – is disclosed in both the officer's declaration statement and Note 7b
- Item 16(b)(i) – have a payable in respect of legal costs relating to litigation – is disclosed in both the officer's declaration statement and Note 7b
- Item 16(c)(i) - have an annual leave provision in respect of holders of office – is disclosed in both the officer's declaration statement and Note 8a
- Item 16(c)(ii) - have a long service leave provision in respect of holders of office – is disclosed in both the officer's declaration statement and Note 8a
- Item 16(c)(iii) - have a separation and redundancy provision in respect of holders of office – is disclosed in both the officer's declaration statement and Note 8a
- Item 16(c)(iv) - have other employee provisions in respect of holders of office – is disclosed in both the officer's declaration statement and Note 8a
- Item 16(d)(iii) - have a separation and redundancy provision in respect of employees (other than holders of office) – is disclosed in both the officer's declaration statement and Note 8a
- Item 16(d)(iv) - have other employee provisions in respect of employees (other than holders of office) – is disclosed in both the officer's declaration statement and Note 8a
- Item 19 - have another entity administer the financial affairs of the reporting unit – is disclosed in both the officer's declaration statement and Note 17

3. Auditor's statement

Auditor's qualifications

Item 29(b) of the reporting guidelines states 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 auditor's registration number (AA2017/68).

The auditor's statement will require amendment to include this information.

Auditor’s address

The auditor’s statement provided to the ROC did not include the auditor’s address as required by Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* paragraph 48. Section 257(8) of the RO Act requires that the form and content of the auditor’s statement be in accordance with Australian Auditing Standards.

The auditor’s statement will require amendment to include this information.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

Australian Retailers Association

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

Certificate By Prescribed Designated Officer[1]

Certificate for the year ended 30 June 2019

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 presented to members of the operating unit on **22nd October 2019**, and

- the full report was presented to **Annual General Meeting of members on 5th December 2019** 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: 5th December 2019

………

[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

Australian Retailers Association

FINANCIAL STATEMENT REPORT 2019

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 2019.

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 5th edition section 253 reporting guidelines. 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, with the exception of the mandatory disclosures for the activities set out in the reporting guidelines, only 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 (**ROC**).

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 2019

This financial report illustrates Australian Accounting Standards which apply to annual reporting periods beginning on or after 1 July 2018.

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 2018.

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

In addition, the disclosure requirements of the following Australian Accounting Standards are not applicable to the fictitious reporting unit 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*
- Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- Interpretation 2 *Members' Shares in Co—operative Entities and Similar Instruments*
- 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 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 Benefits Tax
GPFR	General Purpose Financial Report
GST	Goods and Services Tax
RO Act	*Fair Work (Registered Organisations) Act 2009*
RO Regulations	*Fair Work (Registered Organisations) Regulations 2009*

Australian Retailers Association

Financial Statements 2018–19

Contents

Independent Audit Report to the Members of Australian Retailers Association

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Australian Retailers Association (the reporting unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration 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 2019, 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.

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 auditor registered under the RO Act.

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

William Buck

N.S. Benbow
Director

Registered company auditor
Registration number 345523

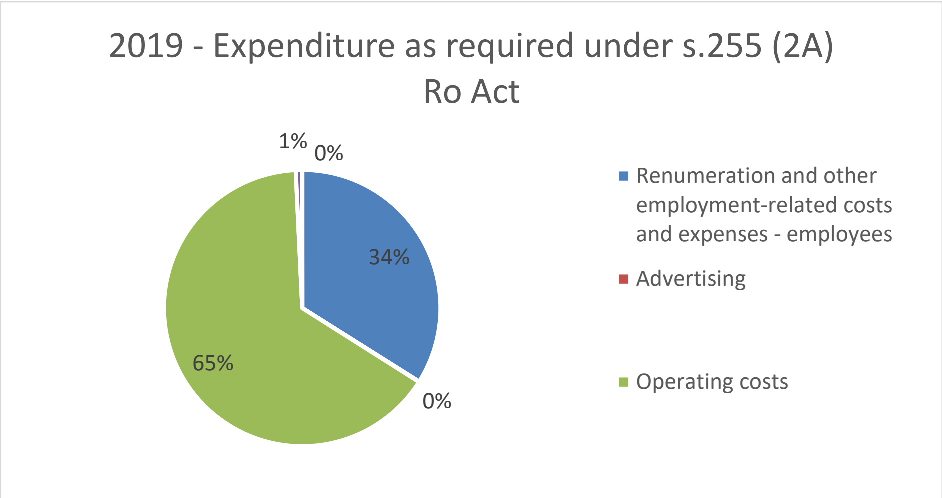
Member of Chartered Accountants Australia and New Zealand
Membership number 235845

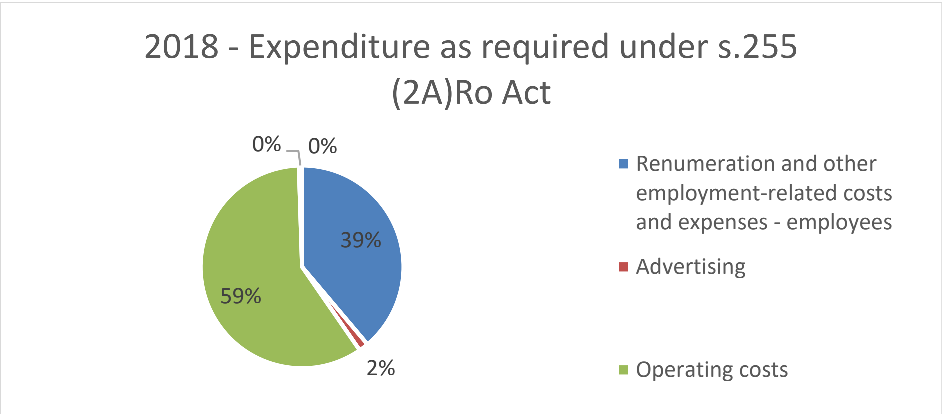
Dated this 11th day of October, 2019

Australian Retailers Association
for the year ended 2018/ 2019

The committee of management presents the expenditure report[2] as required under subsection 255(2A) on the reporting unit for the year ended 2018/ 2019.

Diagrammatic form





Signature of designated officer:

Name and title of designated officer: ARA President

Dated: 11th October 2019

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[2] Subsection 255(2A) provides a discretion to the reporting unit about how to report the required information. It is a matter for the reporting unit to determine whether the required information is presented in diagrammatic form such as, for example, a pie chart or whether it is reported in a descriptive form. Regardless, the reporting unit is only required to report the information in one format.

Australian Retailers Association

Operating Report

for the year ended 30 June 2019

The Committee of Management presents its operating report on the Reporting Unit for the year ended 30 June 2019.

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 1,368 retail trainees.

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.

Extraordinary events of noteworthy material impact (recommended to the Audit and Risk Committee on 19/09/2019 and accepted)

Two unbudgeted events had a material impact on the operating year. The unrealised income from the Retail Modern Award case in the financial year 2017/2018 carried forward to the 2018/2019 and the direct cost of discussions facilitated by a third party to resolve the establishment of a merger with the National Retailers Association. The total cost of these extraordinary events is an estimated sum loss of $210,000 to the year ending NET surplus.

Number of members

There were 7,286 financial members as at 30 June 2019, (2018: 7,282) an increase of 4 members. The total active membership being 9515.

Number of employees

The total number of staff employed by the Association as at 30 June 2019 was, made up of the following;

Full Time: 23 (FTE)
Casual: 2
Part Time: 5

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	
Ralph Edwards	Councillor	28 April 2015	
Mhairi Holway	Councillor	28 April 2015	16 October 2018
Steven Plarre	Councillor	28 April 2015	
Robyn Batson	Councillor	28 April 2015	5 December 2018
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	Not elected to Council for next four year term commencing May 2019
*Council resigned and a new four-year term commenced. Dates admitted to office by the returning officer designate the commencement of the new term as 5 May 2019 ending in 5 May 2023.			
Charles Davey	Councillor	9 May 2019	
Drew Meads	Councillor	9 May 2019	
Beth Knight	Councillor	9 May 2019	2 Aug 2019

Clayton Ford	Councillor	9 May 2019	11 July 2019
Greg Leslie	Councillor	9 May 2019	
Jack Gance	Councillor	9 May 2019	
Stephen Younane	Councillor	9 May 2019	

Signature of designated officer:

Name and title of designated officer: ARA President

Dated: 11th October 2019

Australian Retailers Association

Committee of Management Statement

for the year ended 30 June 2019

On 11 October 2019 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 2019:

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: ARA President

Dated: 11th October 2019

Australian Retailers Association

Statement of comprehensive income

for the year ended 30 June 2019

	Notes	2019	2018
		$	$
Revenue			
Membership subscription*		**1,808,972**	1,656,971
Capitation fees and other revenue from another reporting unit*	3A	**0**	0
Levies	3B	**0**	0
Investment income	3C	**7,923**	10,055
Rental revenue	3D	**0**	0
Other revenue		**2,049,308**	2,521,770
Total revenue		**3,866,203**	4,188,796
Other Income			
Grants and/or donations*	3E	**3,050,089**	2,237,605
Share of net profit from associate	6E	**0**	0
Net gains from sale of assets	3F	**0**	0
Revenue from recovery of wages activity*	3G	**0**	0
Total other income		**3,050,089**	2,237,605
Total income		**6,916,292**	6,426,401
Expenses			
Employee expenses	4A	**2,467,832**	2,825,058
Capitation fees and other expense to another reporting unit*	4B	**0**	0
Affiliation fees	4C	**81,512**	56,552
Administration expenses	4D	**3,976,617**	4,285,774
Grants or donations	4E	**0**	0
Depreciation and amortisation	4F	**25,827**	58,104
Finance costs	4G	**6,073**	6,719
Legal costs	4H	**921**	1,242
Audit fees	14	**33,200**	39,325
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		**6,591,982**	7,272,774
Surplus (deficit) for the year		**324,310**	(846,373)
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Gain/(loss) on available for sale investments		**0**	0
Gain/(loss) on debt instruments at fair value through other comprehensive income (FVTOCI)		**0**	0
Items that will not be subsequently reclassified to profit or loss			
Gain/(loss) on revaluation of land & buildings		**0**	0
Gain/(loss) on equity instruments designated at FVTOCI		**0**	0
Total comprehensive income for the year		**324,310**	(846,373)

The above statement should be read in conjunction with the notes.
*As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

Australian Retailers Association

Statement of financial position

as at 30 June 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**1,323,023**	922,655
Trade and other receivables*	5B	**533,447**	560,388
Other current assets	5C	**99,791**	132,262
Total current assets		**1,956,261**	1,615,305
Non-current Assets			
Land and buildings	6A	**0**	0
Plant and equipment	6B	**32,763**	33,173
Investment property	6C	**0**	0
Intangibles	6D	**3,445**	22,267
Investments in associates	6E	**0**	0
Other financial assets	6F	**81,756**	81,512
Other non-current assets	6G	**0**	0
Total non-current assets		**117,964**	136,952
Total assets		**2,074,225**	1,752,257
LIABILITIES			
Current Liabilities			
Trade payables*	7A	**336,222**	194,679
Other payables*	7B	**1,495,377**	1,729,898
Employee provisions	8A	**348,963**	309,738
Total current liabilities		**2,180,562**	2,234,315
Non-current Liabilities			
Employee provisions	8A	**0**	0
Other non-current liabilities	9A	**51,411**	0
Total non-current liabilities		**51,411**	0
Total liabilities		**2,231,973**	2,234,315
Net assets		**(157,748)**	(482,058)
EQUITY			
General funds	10A	**0**	0
Reserves	10A	**0**	0
Retained earnings (accumulated deficit)		**(157,748)**	(482,058)
Total equity		**(157,748)**	(482,058)

The above statement should be read in conjunction with the notes.
*As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

Australian Retailers Association

Statement of changes in equity

for the year ended 30 June 2019

	Notes	General funds /reserves $	Retained earnings $	Total equity $
Balance as at 1 July 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 general funds	10A	0	0	0
Transfer from retained earnings		0	0	0
Closing balance as at 30 June 2018		**0**	**(482,058)**	**(482,058)**
Adjustment for errors		**0**	**0**	**0**
Surplus / (deficit)		**0**	**324,310**	**324,310**
Other comprehensive income		**0**	**0**	**0**
Transfer to/from general funds	10A	**0**	**0**	**0**
Transfer from retained earnings		**0**	**0**	**0**
Closing balance as at 30 June 2019		**0**	**(157,748)**	**(157,748)**

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

Statement of cash flows

for the year ended 30 June 2019

	Notes	**2019** **$**	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	11B	**7,485,958**	6,606,312
Interest		**7,923**	10,056
Other		**0**	0
Cash used			
Employees		**(2,377,196)**	(2,822,103)
Suppliers		**(4,709,478)**	(4,290,634)
Payment to other reporting units/controlled entity(s)	11B	**0**	0
Net cash from (used by) operating activities	11A	**407,207**	(496,369)
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		**(6,438)**	(69,178)
Purchase of land and buildings		**0**	0
Purchase of intangibles		**(401)**	0
Other		**0**	0
Net cash from (used by) investing activities		**(6,839)**	(69,178)
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		**400,368**	(565,547)
Cash & cash equivalents at the beginning of the reporting period		**922,655**	1,488,202
Cash & cash equivalents at the end of the reporting period	5A	**1,323,023**	922,655

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

Index to the notes of the financial statements

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative amounts

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

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

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

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

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

  There was no material impact upon these financial statements as a consequence of adopting this new standard.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and other amendments, which clarify certain requirements in:

  - AASB 12 Disclosure of Interests in Other Entities – clarification of scope
  - AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value
  - AASB 140 Investment Property – change in use

  There was no material impact upon these financial statements as a consequence of adopting this new interpretation.

- AASB Interpretation 22 *Foreign Currency Transactions and Advance Considerations,* which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

  There was no material impact upon these financial statements as a consequence of adopting this new interpretation.

Impact on adoption of AASB 9

(a) Initial application

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Australian Retailers Association has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Australian Retailers Association has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

Impact on the statement of financial position (increase/(decrease)):

	Ref adjustments	1 July 2018 $
Classification and measurement	(i)	0
Impairment	(ii)	0
Other adjustments	(iii)	0
		0

	Ref adjustments	1 July 2018 $
Assets		
Trade and other receivables	(ii)	0
Investments in associates	(iii)	0
Other non-current assets	(ii)	0
Total assets		
Total adjustments on equity		
Retained earnings	(i), (ii) (iii)	0
Other components of equity	(i), (ii) (iii)	0

The nature of these adjustments are described below.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Australian Retailers Association's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Australian Retailers Association's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Australian Retailers Association.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

- Quoted debt instruments previously classified as available-for-sale (AFS) financial assets are now classified and measured as debt instruments at fair value through OCI as they failed the SPPI test.
- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVTOCI. The Australian Retailers Association elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of the Australian Retailers Association's listed equity investments, the AFS reserve of nil related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018. The remaining amount of available for sale reserve of nil was renamed to the fair value reserve for financial assets at FVTOCI.

The Australian Retailers Association has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Australian Retailers Association's financial liabilities.

In summary, upon adoption of AASB 9, the Australian Retailers Association applied the following required or elected reclassifications:

1 July 2018		**AASB 9 measurement category**		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$	$
AASB 139 measurement category				0
Loans and receivables				
Loans and receivables	**0**	**0**	**0**	**0**
Available for sale				
Available for sale assets	**0**	**0**	**0**	**0**
	0	0	0	0

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Australian Retailers Association's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Australian Retailers Association to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	$	$	$
Trade receivables	0	0	0
Loan to a related party	0	0	0
Other financial assets	0	0	0
	0	0	0

(iii) Other adjustments

Future Australian Accounting Standards Requirements

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

AASB 16 *Leases* (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Australian Retailers Association plans to adopt AASB 16 on the required effective date 1 July 2019 of using the modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Australian Retailers Association performed a preliminary assessment of AASB 16, with the following observations:

- A right-of-use asset will be recognised, as will a lease liability, in which the amounts will offset. Upon initial recognition it is expected that the value of both asset and liability will be equal to the minimum value of lease payments remaining, discounted to present value, as disclosed in Note 12.
- The impact on the Statement of Financial Position will result in not recognising an operating lease expense, instead recognising the interest expense on the lease liability and amortisation expenses on the right-of-use asset. The net amounts will be equal.

AASB 1058 *Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)*

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (**NFP**) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions.*

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Australian Retailers Association plans to adopt AASB 15 on the required effective date 1 July 2019 of using the modified retrospective method.

During the financial year ended 30 June 2019, the Australian Retailers Association performed a preliminary assessment of AASB 1058 and 15 for its material revenue streams:

Revenue stream	Recognition of income	Impact under AASB 1058 and 15
Member subscriptions	Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.	None – membership subscriptions continue to be amortized over the period of the subscription
Government grants	Government grants are recognised in profit or loss on a systematic basis over the periods in which the	None – grant revenue is matched to

	Australian Retailers Association recognises as expenses the related costs for which the grants are intended to compensate.	expenditures made under each grant
Revenues from training programs and the provision of other services	Revenues are recognised as training services are delivered, on an accruals basis	None – recognised as services are delivered

AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the Australian Retailers Association.

1.5 Investment in associates and joint arrangements

An associate is an entity over which the Australian Retailers Association has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Asset Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, the Australian Retailers Association discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

Australian Retailers Association did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

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 loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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 Australian Retailers Association 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 Australian Retailers Association 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 an Australian Retailers Association entity becomes a party to the contractual provisions of the instrument.

1.16 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Australian Retailers Association business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Australian Retailers Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Australian Retailers Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Australian Retailers Association commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Australian Retailers Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Australian Retailers Association's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Australian Retailers Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Australian Retailers Association has transferred substantially all the risks and rewards of the asset, or
  b) the Australian Retailers Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Australian Retailers Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Australian Retailers Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Australian Retailers Association applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Australian Retailers Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Australian Retailers Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Australian Retailers Association recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Australian Retailers Association expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Australian Retailers Association considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Australian Retailers Association may also consider a financial asset to be in default when internal or external information indicates that the Australian Retailers Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.17 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Australian Retailers Association's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts 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:

	2019	2018
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's intangible assets are:

	2019	2018
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 assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

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

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

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

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

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

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

1.26 Going concern

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

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Retailers Association.

	2019	2018
	$	$

Note 3 Income

Note 3A: Capitation fees and other revenue from another reporting unit*

	2019	2018
Capitation fees:		
Capitation fees	**0**	0
Subtotal capitation fees	**0**	0
Other revenue from another reporting unit:		
Other revenue from another reporting unit	**0**	0
Subtotal other revenue from another reporting unit	**0**	0
Total capitation fees and another revenue from other reporting unit	**0**	0

Note 3B: Levies

	2019	2018
Levies	**0**	0
Total levies	**0**	0

Note 3C: Investment income

	2019	2018
Interest		
Deposits	**7,923**	10,055
Loans	**0**	0
Debt instruments at fair value through OCI	**0**	0
Dividends	**0**	0
Total investment income	**7,923**	10,055

	2019 $	2018 $

Note 3D: Rental revenue

Properties	**0**	0
Other	**0**	0
Total rental revenue	**0**	0

Note 3E: Grants or donations

Grants	**3,050,089**	2,237,605
Donations	**0**	0
Total grants or donations	**3,050,089**	2,227,605

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	**0**	0

Note 3G: Revenue from recovery of wages activity

Amounts recovered from employers in respect of wages	**0**	0
Interest received on recovered money	**0**	0
Total revenue from recovery of wages activity	**0**	0

	2019 $	2018 $

Note 4 Expenses

Note 4A: Employee expenses

	2019 $	2018 $
Holders of office:		
Wages and salaries	**0**	0
Superannuation	**0**	0
Leave and other entitlements	**0**	0
Separation and redundancies	**0**	0
Other employee expenses	**0**	0
Subtotal employee expenses holders of office	**0**	0
Employees other than office holders:		
Wages and salaries	**2,113,377**	2,426,913
Superannuation	**190,834**	217,288
Leave and other entitlements	**64,739**	46,761
Separation and redundancies	**0**	0
Other employee expenses	**98,882**	134,096
Subtotal employee expenses employees other than office holders	**2,467,832**	2,825,058
Total employee expenses	**2,467,832**	2,825,058

Note 4B: Capitation fees and other expense to another reporting unit

	2019 $	2018 $
Capitation fees		
Capitation fees	**0**	0
Subtotal capitation fees	**0**	0
Other expense to another reporting unit		
Other expenses to another reporting unit	**0**	0
Subtotal other expense to another reporting unit	**0**	0
Total capitation fees and other expense to another reporting unit	**0**	0

Note 4C: Affiliation fees

	2019 $	2018 $
Newspapers	**2,083**	1,978
Subscriptions	**28,756**	21,446
Membership Expense	**50,673**	33,128
Total affiliation fees/subscriptions	**81,512**	56,552

	2019	2018
	$	$

Note 4D: Administration expenses

Total paid to employers for payroll deductions of membership subscriptions*	**0**	0
Compulsory levies*	**0**	0
Fees/allowances - meeting and conferences*	**0**	0
Conference and meeting expenses*	**0**	0
Contractors/consultants	**2,964,767**	3,199,759
Property expenses	**82,865**	75,573
Office expenses	**107,854**	144,457
Information communications technology	**100,698**	74,652
Other	**522,820**	601,804
Subtotal administration expense	**3,779,004**	4,096,245
Operating lease rentals:		
Minimum lease payments	**197,613**	189,529
Total administration expenses	**3,976,617**	4,285,774

Note 4E: Grants or donations

Grants:		
Total expensed that were $1,000 or less	**0**	0
Total expensed that exceeded $1,000	**0**	0
Donations:		
Total expensed that were $1,000 or less	**0**	0
Total expensed 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	**6,604**	14,310
Total depreciation	**6,604**	14,310
Amortisation		
Intangibles	**19,223**	43,794
Total amortisation	**19,223**	43,794
Total depreciation and amortisation	**25,827**	58,104

	2019 $	2018 $

Note 4G: Finance costs

Finance leases	**0**	0
Overdrafts/loans	**6,073**	6,719
Unwinding of discount	**0**	0
Total finance costs	**6,073**	6,719

Note 4H: Legal costs

Litigation	**0**	0
Other legal costs	**921**	1,242
Total legal costs	**921**	1,242

Note 4I: Write-down and impairment of assets

Asset write-downs and impairments of:		
Land and buildings	**0**	0
Plant and equipment	**0**	0
Intangible assets	**0**	0
Other	**0**	0
Total write-down and impairment of assets	**0**	0

Note 4J: Net losses from sale of assets

Land and buildings	**0**	0
Plant and equipment	**0**	0
Intangibles	**0**	0
Total net losses from asset sales	**0**	0

Note 4K: Other expenses

Penalties - via RO Act or the *Fair Work Act 2009**	**0**	0
Total other expenses	**0**	0

	2019	2018
	$	$

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	**1,316,510**	919,448
Cash on hand	**118**	446
Short term deposits	**0**	0
Other	**6,395**	2,741
Total cash and cash equivalents	**1,323,023**	922,655

Note 5B: Trade and other receivables

Receivables from other reporting units		
Trade receivables	**543,447**	623,331
Total receivables from other reporting units	**543,447**	623,331
Less allowance for expected credit losses		
Allowance for expected credit losses	**(10,000)**	(62,943)
Total allowance for expected credit losses	**(10,000)**	(62,943)
Receivable from other reporting units (net)	**533,447**	560,388
Other receivables:		
GST receivable	**0**	0
Other	**0**	0
Total other receivables	**0**	0
Total trade and other receivables (net)	**533,447**	560,388

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 July	**(62,943)**	(10,000)
Provision for expected credit losses	**0**	(52,943)
Write-off	**52,943**	0
At 30 June	**(10,000)**	(62,943)

Note 5C: Other current assets

Stock	**17,764**	15,750
Prepayments	**82,027**	116,512
Total other current assets	**99,791**	132,262

	2019	2018
	$	$

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:		
fair value	**0**	0
accumulated depreciation	**0**	0
Total land and buildings	**0**	0

Reconciliation of opening and closing balances of land and buildings

As at 1 July		
Gross book value	**0**	0
Accumulated depreciation and impairment	**0**	0
Net book value 1 July	**0**	0
Additions:		
By purchase	**0**	0
From acquisition of entities (including restructuring)	**0**	0
Revaluations	**0**	0
Impairments	**0**	0
Depreciation expense	**0**	0
Other movement	**0**	0
Disposals:		
From disposal of entities (including restructuring)	**0**	0
Other	**0**	0
Net book value 30 June	**0**	0
Net book value as of 30 June represented by:		
Gross book value	**0**	0
Accumulated depreciation and impairment	**0**	0
Net book value 30 June	**0**	0

	2019	2018
	$	$

Note 6B: Plant and equipment

Plant and equipment:		
at cost	**1,009,488**	1,003,294
accumulated depreciation	**(976,725)**	(970,121)
Total plant and equipment	**32,763**	33,173

Reconciliation of opening and closing balances of plant and equipment

As at 1 July		
Gross book value	**1,003,294**	997,891
Accumulated depreciation and impairment	**(970,121)**	(955,811)
Net book value 1 July	**33,173**	42,080
Additions:		
By purchase	**6,194**	5,403
From acquisition of entities (including restructuring)	**0**	0
Impairments	**0**	0
Depreciation expense	**(6,604)**	(14,310)
Other movement [*give details below*]	**0**	0
Disposals:		
From disposal of entities (including restructuring)	**0**	0
Other	**0**	0
Net book value 30 June	**32,763**	33,173
Net book value as of 30 June represented by:		
Gross book value	**1,009,488**	1,003,294
Accumulated depreciation and impairment	**(976,725)**	(970,121)
Net book value 30 June	**32,763**	33,173

	2019	2018
	$	$
Note 6C: Investment property		
Opening balance as at 1 July	**0**	0
Additions	**0**	0
Net gain from fair value adjustment	**0**	0
Closing balance as at 30 June	**0**	0

	2019	2018
	$	$
Note 6D: Intangibles		
Computer software at cost:		
Internally developed	**0**	0
Purchased	**143,568**	143,167
accumulated amortisation	**(140,123)**	(120,900)
Total intangibles	**3,445**	22,267

Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	**143,167**	50,011
Accumulated amortisation and impairment	**(120,900)**	(47,550)
Net book value 1 July	**22,267**	2,461
Additions:		
By purchase	**401**	63,600
From acquisition of entities (including restructuring)	**0**	0
Impairments	**0**	0
Amortisation	**(19,223)**	(43,794)
Other movements [*give details below*]	**0**	0
Disposals:		
From disposal of entities (including restructuring)	**0**	0
Other	**0**	0
Net book value 30 June	**3,445**	22,267
Net book value as of 30 June represented by:		
Gross book value	**143,167**	143,167
Accumulated amortisation and impairment	**(120,900)**	(120,900)
Net book value 30 June	**22,267**	22,267

	2019	2018
	$	$

Note 6E: Investments in associates

	2019	2018
Investments in associates		
Investment in associates	**0**	0
Total investments	**0**	0

Details of investments in associates

Name of entity	Principal activity	Ownership 2019 %	Ownership 2018 %
Associates			
Nil	0	**0**	0

Summary financial information of associates

	2019 $	2018 $
Statement of financial position:		
Assets	**0**	0
Liabilities	**0**	0
Net assets	**0**	0
Statement of comprehensive income:		
Income	**0**	0
Expenses	**0**	0
Net surplus/(deficit)	**0**	0
Share of net surplus/(deficit):		
Share of net surplus/(deficit) before tax	**0**	0
Income tax expense	**0**	0
Share of net surplus/(deficit) after tax	**0**	0

	2019 $	2018 $
Note 6F: Other financial assets		

Financial assets designated at fair value through other comprehensive income		
Non-listed equity investments	**0**	0
Financial assets at fair value through profit or loss		
Quoted equity shares	**0**	0
Debt securities	**0**	0
Available for sale investments	**0**	0
Deposits	**81,756**	81,512
Other	**0**	0
Total other financial assets	**81,756**	81,512

Note 6G: Other non-current assets

Loan to a related party	**0**	0
Prepayments	**0**	0
Other	**0**	0
Total other non-current assets	**0**	0

The movement in the allowance for expected credit losses of the loan to a related party is as follows:

At 1 July	**0**	0
Provision for expected credit losses	**0**	0
Write-off	**0**	0
At 30 June	**0**	0

	2019	2018
	$	$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	**336,222**	194,679
Operating lease rentals	**0**	0
Subtotal trade creditors	**336,222**	194,679
Payables to other reporting units*		
Payables to other reporting units	**0**	0
Subtotal payables to other reporting units	**0**	0
Total trade payables	**336,222**	194,679

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	**0**	0
Superannuation	**48,339**	52,888
Payable to employers for making payroll deductions of membership subscriptions*	**0**	0
Legal costs		
Litigation	**0**	0
Other legal costs	**0**	0
Prepayments received/unearned revenue	**1,347,842**	1,488,031
GST payable	**(8,758)**	(17,712)
Other	**107,954**	206,691
Total other payables	**1,495,377**	1,729,898
Total other payables are expected to be settled in:		
No more than 12 months	**1,495,377**	1,729,898
More than 12 months	**0**	0
Total other payables	**1,495,377**	1,729,898

	2019 $	2018 $

Note 8 Provisions

Note 8A: Employee provisions

	2019 $	2018 $
Office holders:		
Annual leave	**0**	0
Long service leave	**0**	0
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—office holders	**0**	0
Employees other than office holders:		
Annual leave	**224,399**	192,266
Long service leave	**175,975**	117,472
Separations and redundancies	**0**	0
Other	**0**	0
Subtotal employee provisions—employees other than office holders	**400,374**	309,738
Total employee provisions	**400,374**	309,738
Current	**348,963**	309,738
Non-current	**51,411**	0
Total employee provisions	**400,374**	309,738

Note 9 Non-current Liabilities

Note 9A: Other non-current liabilities

Other non-current liabilities	**0**	0
Total other non-current liabilities	**0**	0

	2019 $	2018 $

Note 10 Equity

Note 10A: General funds

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
Total reserves	**0**	0

Note 10B: Other specific disclosures - funds

Compulsory levy/voluntary contribution fund – if invested in assets

Voluntary contribution fund	**0**	0

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

	2019 $	2018 $

Note 11 Cash Flow

Note 11A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

	2019 $	2018 $
Cash and cash equivalents as per:		
Cash flow statement	**1,323,023**	992,655
Balance sheet	**1,323,023**	992,655
Difference	**0**	0

	2019 $	2018 $
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	**324,310**	(846,373)
Adjustments for non-cash items		
Depreciation/amortisation	**25,827**	58,104
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	**26,941**	(273,349)
(Increase)/decrease in prepayments	**34,485**	48,469
(Increase)/decrease in inventories	**(2,014)**	16,533
Increase/(decrease) in supplier payables	**141,543**	33,976
Increase/(decrease) in other payables	**(234,521)**	463,316
Increase/(decrease) in employee provisions	**90,636**	2,955
Increase/(decrease) in other provisions	**0**	0
Net cash from (used by) operating activities	**407,207**	(496,369)

Note 11B: Cash flow information

	2019 $	2018 $
Cash inflows		
Receipts from members and non-members	**6,795,121**	6,606,312
Total cash inflows	**6,795,121**	6,606,312
Cash outflows		
Payments to Employees	**(2,377,196)**	2,822,103
Payments to Suppliers	**(4,018,641)**	4,290,634
Total cash outflows	**(6,395,837)**	7,112,737

	2019	2018
	$	$

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and contingencies

Operating lease commitments—as lessee

Rental lease on Suite 104, 40-48 Atchison Street, St Leonards, NSW (ceases April 2021)
Rental lease on Level 1, 112 Wellington Parade East Melbourne (ceases May 2023)

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

	2019 $	2018 $
Within one year	**225,235**	198,873
After one year but not more than five years	**591,892**	56,045
More than five years	**0**	0
	817,127	254,918

Operating lease commitments—as lessor

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

	2019 $	2018 $
Within one year	**0**	0
After one year but not more than five years	**0**	0
After five years	**0**	0
	0	0

Capital commitments

At 30 June 2019 the entity has commitments of $nil (2018: $nil) principally relating to N/A.

Finance lease commitments—as lessee	2019 $	2018 $
Within one year	**0**	0
After one year but not more than five years	**0**	0
More than five years	**0**	0
Total minimum lease payments	**0**	0
Less amounts representing finance charges	**0**	0
Present value of minimum lease payments	**0**	0
Included in the financial statements as:	**0**	0
Current interest-bearing loans and borrowings	**0**	0
Non-current interest-bearing loans and borrowings	**0**	0
Total included in interest-bearing loans and borrowings	**0**	0

	2019 $	2018 $
Note 12A: Commitments and contingencies (continued)		
Finance leases—lessor		
Minimum lease payments	**0**	0
Unguaranteed residual value	**0**	0
Gross investment	**0**	0
Unearned finance income	**0**	0
Net investment (present value of the minimum lease payments)	**0**	0
Gross amount of minimum lease payments:		
Within one year	**0**	0
After one year but not more than five years	**0**	0
More than five years	**0**	0
Total gross amount of minimum lease payments	**0**	0
Present value of minimum lease payments:		
Within one year	**0**	0
After one year but not more than five years	**0**	0
More than five years	**0**	0
Total present value of minimum lease payments	**0**	0

Other contingent assets or liabilities (i.e. legal claims)

No matters noted.

	2019	2018
	$	$

Note 13 Related Party Disclosures

Note 13A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2019	2018
Revenue received from related parties includes the following:		
No transactions noted	**0**	0
Expenses paid to related parties includes the following:		
No transactions noted	**0**	0
Amounts owed by related parties include the following:		
No account balances noted	**0**	0
Amounts owed to related parties include the following:		
No account balances noted	**0**	0
Loans from/to related parties includes the following:		
No account balances noted	**0**	0
Assets transferred from/to related parties includes the following:		
No account balances noted	**0**	0

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Australian Retailers Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	2019	2018
	$	$

Note 13B: Key management personnel remuneration for the reporting period

Short-term employee benefits		
Salary (including annual leave taken)	**426,781**	754,837
Annual leave accrued	**12,044**	5,668
Performance bonus	**0**	0
Total short-term employee benefits	**438,825**	760,505
Post-employment benefits:		
Superannuation	**41,806**	55,659
Total post-employment benefits	**41,806**	55,659
Other long-term benefits:		
Long-service leave	**14,053**	14,437
Total other long-term benefits	**14,053**	14,437
Termination benefits	**0**	32,489
Total	**494,684**	863,090

Note 13C: Transactions with key management personnel and their close family members

Loans to/from key management personnel		
None identified	**0**	0
Other transactions with key management personnel		
None identified	**0**	0

Note 14 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	**26,800**	21,400
Other services	**6,400**	4,500
Total remuneration of auditors	**33,200**	25,900

Other services include general tax, compliance and financial reporting assistance.

Note 15 Financial Instruments

The Association's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to its material risk exposures, being credit risk and liquidity risk.

Note 15A: Categories of Financial Instruments

	2019	2018
	$	$
Financial assets		
Fair value through profit or loss:		
Nil	**0**	0
Total	**0**	0
At amortised cost:		
Nil	**0**	0
Total	**0**	0
Fair value through other comprehensive income		
Nil	**0**	0
Total	**0**	0
Held-to-maturity investments:		
Deposits and cash	**1,323,023**	922,655
Total	**1,323,023**	922,655
Loans and receivables:		
Trade and other receivables	**533,447**	560,388
Total	**533,447**	560,388
Available for sale investments:		
Nil	**0**	0
Total	**0**	0
Carrying amount of financial assets	**1,856,470**	1,483,043
Financial liabilities		
Fair value through profit or loss:		
Nil	**0**	0
Total	**0**	0
Other financial liabilities:		
Trade payables and accruals	**336,222**	194,679
GST payable	**(8,758)**	(17,712)
Other payables	**107,954**	206,691
Total	**435,418**	383,658
Carrying amount of financial liabilities	**435,418**	383,658

	2019 $	2018 $
Note 15B: Net income and expense from financial assets		
Held-to-maturity		
Interest revenue	**7,923**	10,055
Exchange gains/(loss)	**0**	0
Impairment	**0**	0
Gain/loss on disposal	**0**	0
Net gain/(loss) held-to-maturity	**7,923**	10,055
Loans and receivables/amortised cost		
Interest revenue	**0**	0
Exchange gains/(loss)	**0**	0
Impairment	**0**	0
Gain/loss on disposal	**0**	0
Net gain/(loss) from loans and receivables	**0**	0
Available for sale		
Interest revenue	**0**	0
Dividend revenue	**0**	0
Exchange gains/(loss)	**0**	0
Gain/loss recognised in equity	**0**	0
Amounts reversed from equity:		
Impairment	**0**	0
Fair value changes reversed on disposal	**0**	0
Gain/loss on disposal	**0**	0
Net gain/(loss) from available for sale	**0**	0
Financial assets at fair value through profit and loss		
Held for trading:		
Change in fair value	**0**	0
Interest revenue	**0**	0
Dividend revenue	**0**	0
Exchange gains/(loss)	**0**	0
Total held for trading	**0**	0
Designated as fair value through profit and loss:		
Change in fair value	**0**	0
Interest revenue	**0**	0
Dividend revenue	**0**	0
Exchange gains/(loss)	**0**	0
Total designated as fair value through profit and loss	**0**	0
Net gain/(loss) on financial assets at fair value through profit and loss	**0**	0
Sub-total net income/(expense) from financial assets	**7,923**	10,055

	2019	2018
	$	$
Sub-total net income(expense) from financial assets carried forward	**0**	0
Financial assets at fair value through other comprehensive income		
Interest revenue	**0**	0
Exchange gains/(loss)	**0**	0
Impairment	**0**	0
Gain/(loss) on disposal	**0**	0
Total financial assets at fair value through other comprehensive income	**0**	0
Net income/(expense) from financial assets	**0**	0

Note 15C: Net income and expense from financial liabilities

At amortised cost		
Interest expense	**(6,073)**	(6,719)
Exchange gains/(loss)	**0**	0
Gain/loss on disposal	**0**	0
Net gain/(loss) financial liabilities - at amortised cost	**(6,073)**	(6,719)
Fair value through profit and loss		
Held for trading:		
Change in fair value	**0**	0
Interest expense	**0**	0
Exchange gains/(loss)	**0**	0
Total held for trading	**0**	0
Designated as fair value through profit and loss:		
Change in fair value	**0**	0
Interest expense	**0**	0
Total designated as fair value through profit and loss	**0**	0
Net gain/(loss) at fair value through profit and loss	**0**	0
Net gain/(loss) from financial liabilities	**(6,073)**	(6,719)

	2019	2018
	$	$

Note 15D: Credit risk

The balance of trade and other receivables consists predominantly of amounts owing from customers and grant funders of the Association's training programs. Ongoing credit evaluation on the financial condition of accounts receivable is performed by senior management and reviewed at regular intervals by the board. 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.

Financial assets		
Cash	**1,316,510**	919,448
Trade and other receivables	**543,447**	623,331
Total	**1,859,957**	1,542,779
Financial liabilities		
Nil	**0**	0
Total	**0**	0

In relation to the entity's gross credit risk the following collateral is held: $nil

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2019	**Trade and other receivables**					
	Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	-	-	297,844	58,755	196,848	553,447
Expected credit loss	-	-	-	-	(10,000)	(10,000)

30 June 2018	**Trade and other receivables**					
	Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	538,716	-	84,615	-	62,943	686,274
Expected credit loss	-	-	-	-	(62,943)	(62,943)

The Australian Retailers Association's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 15D.

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.

Contractual maturities for financial liabilities 2019

	On Demand $	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	**0**	**336,222**	**0**	**0**	**0**	**336,222**
GST payable	**0**	**(8,758)**	**0**	**0**	**0**	**(8,758)**
Other payables	**0**	**107,954**	**0**	**0**	**0**	**107,954**
Total	**0**	**435,418**	**0**	**0**	**0**	**435,418**

Contractual maturities for financial liabilities 2018

	On Demand $	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	0	194,679	0	0	0	194,679
GST payables	0	(17,712)	0	0	0	(17,712)
Other payables	0	206,658	0	0	0	206,658
Total	0	383,658	0	0	0	383,658

Note 15F: Market risk

Interest rate risk

As at 30 June 2019 or throughout the financial year the Association had no material exposure to changes to any market risk, including interest rate risk (2018: no material risk).

Note 15G: Asset pledged/or held as collateral

	2019	2018
	$	$
Assets pledged as collateral		
Financial assets pledged as collateral:		
[List]	**0**	0
Total assets pledged as collateral	**0**	0
[terms and conditions related to pledge]		
Assets held as collateral		
Fair value of assets held as collateral:		
Financial assets	**0**	0
Non-financial assets	**0**	0
Total assets held as collateral	**0**	0

Note 15H: Changes in liabilities arising from financing activities

	1 July 2018	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	30 June 2019
	$	$	$	$	$	$	$	$
Current interest-bearing loans and borrowings (excluding items listed below)	**6,719**	**(646)**	**0**	**0**	**0**	**0**	**0**	**6,073**
Current obligations under finance leases and hire purchase contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-current interest-bearing loans and borrowings (excluding items listed below)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-current obligations under finance leases and hire purchase contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dividends Payable	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total liabilities from financing activities	**6,719**	**(646)**	**0**	**0**	**0**	**0**	**0**	**6,073**

	1 July 2017	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	30 June 2018
	$	$	$	$	$	$	$	$
Current interest-bearing loans and borrowings (excluding items listed below)	4,311	2,408	0	0	0	0	0	6,719
Current obligations under finance leases and hire purchase contracts	0	0	0	0	0	0	0	0
Non-current interest-bearing loans and borrowings (excluding items listed below)	0	0	0	0	0	0	0	0
Non-current obligations under finance leases and hire purchase contracts	0	0	0	0	0	0	0	0
Dividends Payable	0	0	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0	0	0
Total liabilities from financing activities	4,311	2,408	0	0	0	0	0	6,719

The ‘Other’ column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases and hire purchase contracts to current due to the passage of time, the accrual of special dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. Australian Retailers Association classifies interest paid as cash flows from operating activities.

Note 16 Fair Value Measurement

As not financial instruments are measured on a fair value basis, and those fair value approximate their carrying values, the disclosures set out in AASB 7 para 25 – 29 and AASB 13 para 93(d) and 97 are not applicable or relevant for the Association.

Note 16A: Financial assets and liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Australian Retailers Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Australian Retailers Association's financial assets and liabilities:

	Carrying amount 2019 $	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Financial assets				
Deposits and cash	**1,323,023**	**1,323,023**	922,655	922,655
Trade and other receivables	**533,447**	**533,447**	560,388	560,388
Total	**1,856,470**	**1,856,470**	1,483,043	1,483,043
Financial liabilities				
Trade payables and accruals	**336,222**	**336,222**	194,679	194,679
GST payable	**(8,758)**	**(8,758)**	(17,712)	(17,712)
Other payables	**107,954**	**107,954**	206,691	206,691
Total	**435,418**	**435,418**	383,658	383,658

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2019

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Nil		0	0	0
Total		**0**	**0**	**0**
Liabilities measured at fair value				
Nil		0	0	0
Total		**0**	**0**	**0**

Note 16C: Description of significant unobservable inputs

N/A.

Note 17 Administration of financial affairs by a third party

Name of entity providing service: N/A
Terms and conditions: N/A
Nature of expenses/consultancy service: N/A

Detailed breakdown of revenues collected and/or expenses incurred

	2019 $	2018 $
Revenue		
Membership subscription	**0**	0
Capitation fees	**0**	0
Levies	**0**	0
Interest	**0**	0
Rental revenue	**0**	0
Other revenue	**0**	0
Grants and/or donations	**0**	0
Total revenue	**0**	0
Expenses		
Employee expense	**0**	0
Capitation fees	**0**	0
Affiliation fees	**0**	0
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
Administration expenses	**0**	0
Grants or donations	**0**	0
Finance costs	**0**	0
Legal costs	**0**	0
Audit fees	**0**	0
Penalties - via RO Act or the *Fair Work Act 2009*	**0**	0
Other expenses	**0**	0
Total expenses	**0**	0

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).

Officer declaration statement

I, Rowan Hodge, being the Chairman of the Australian Retailers Association, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire 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
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay a donation that was $1,000 or less
- pay a donation that exceeded $1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation

- have an annual leave provision in respect of holders of office
- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer: 

Name and title of designated officer: ARA President

Dated: 11th October 2019