Australian Government
Registered Organisations Commission

8 January 2021

Steven Plarre
Secretary
The Australian Retailers Association

Dear Secretary,

Re: – Financial reporting – The Australian Retailers Association – for year ending 30 June 2020 (FR2020/50)

I refer to the financial report of the Australian Retailers Association in respect of the year ending 30 June 2020. The documents were lodged with the Registered Organisations Commission ('the ROC') on 7 December 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 30 June 2021 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged.

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

Yours faithfully

Stephen Kellett

Stephen Kellett
Financial Reporting
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 2019 2020

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 11/11/2020; and
- that the full report was presented to a general meeting of members of the reporting unit on 03/12/2020 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: ARA President

Dated: 03/12/2020

[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.

ARA Financial Statements 2019- 2020

TABLE OF CONTENT

Independent audit report

William Buck

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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020, 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 2020, 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.

Report on Other Legal and Regulatory Requirements

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

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by the reporting unit and is not considered material in the context of the audit of the financial report as a whole:

William Buck

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

Nicholas Benbow
Director

Melbourne, 9 November 2020

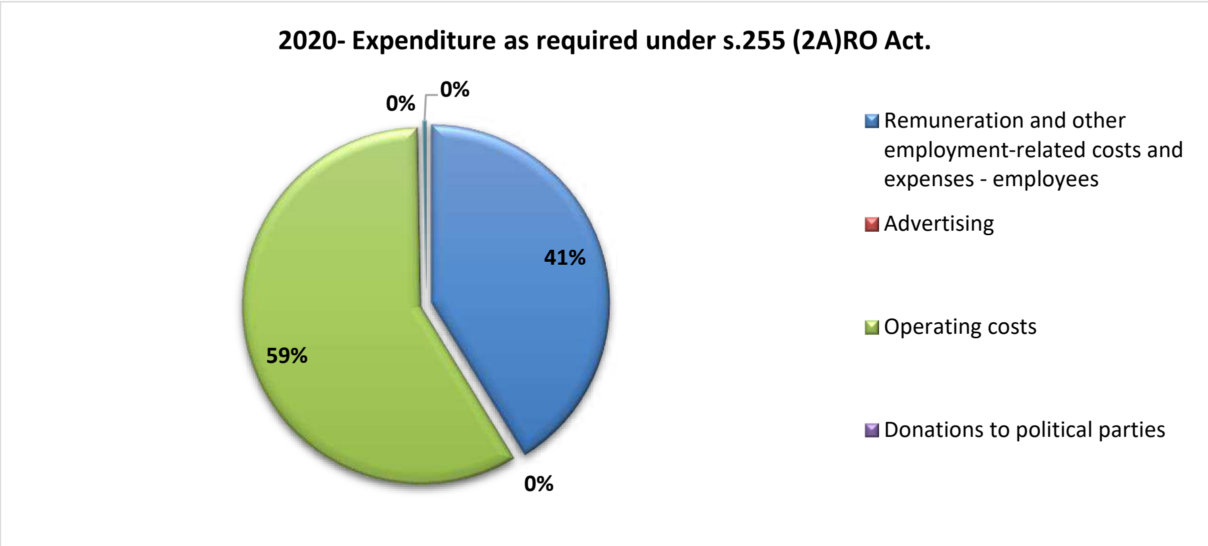
ROC Registration Number: AA2017/68
Registered Company Auditor number: 345523
Registered Address: Level 20, 181 William St, Melbourne VIC 3000

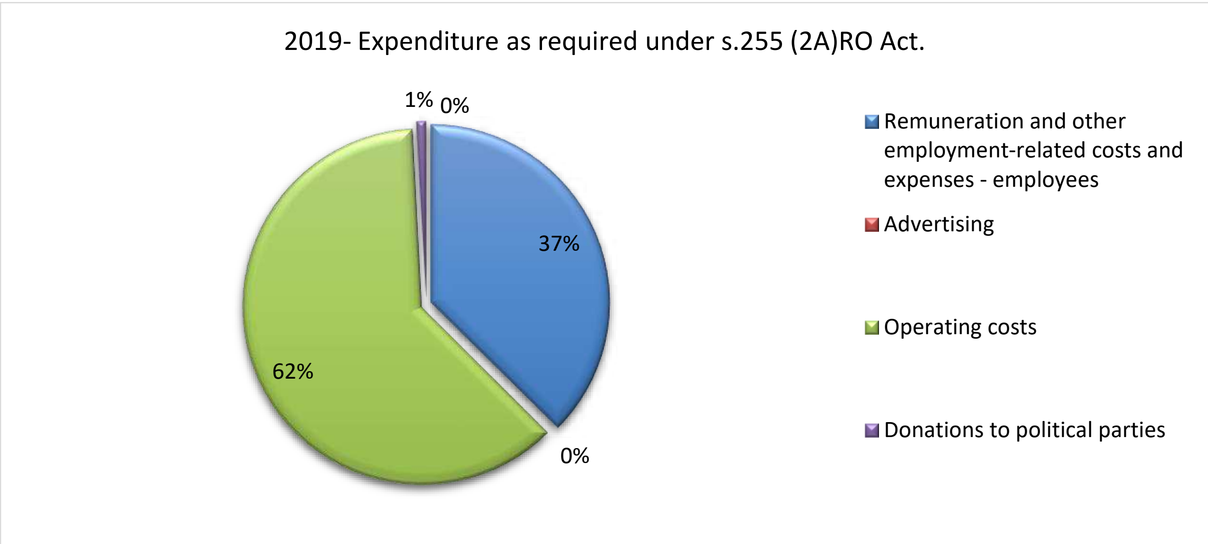
Australian Retailers Association

For the year ended 30 June 2020

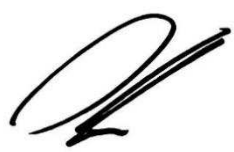
The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020.

Diagrammatic form





Signature of designated officer



Rowan Hodge, ARA president
Date: 06/11/2020

Australian Retailers Association

Operating report

for the year ended 30 June 2020.

The committee of management presents its operating report on the Australian Retailers Association for the year ended 30 June 2020.

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 1,256 retail trainees.

Significant changes in financial affairs

There have been no significant changes in the financial affairs of the association during the financial year.

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 where being a member or officer of a registered organisation is a criterion for them holding such position

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

Number of members

There were 7,162 financial members as of 30 June 2020, (2019: 7,286) an decrease of 124 members.

Number of employees

The total number of staff employed by the Association as of 30 June 2020 was, made up of the following;

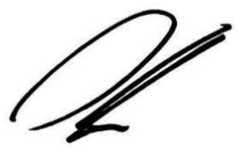
Full Time: 31 (FTE)
Casual: 0
Part Time: 2

Names of committee of management members and period positions held during the financial year:

Names of Committee of Management members and period positions held during the financial year and reported at 30/06/2020 unless otherwise indicated.

Name	**Position**		**Date Appointed**	**Date Resigned**
Rowan Hodge	President		28 April 2017	
Ralph Edwards	Councillor		28 April 2015	
Steven Plarre	Councillor		28 April 2015	
Graham Dear	Councillor		28 April 2015	14/04/2020
Mark Daynes	Councillor		28 April 2017	27/01/2020
Anthony Wilson	Councillor		28 April 2017	
Toby Darvall	Councillor		28 April 2017	
	*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 9 May 2019 ending in the same period 2023.			
Charles Davey	Councillor		9 May 2019	
Drew Meads	Councillor		9 May 2019	
Beth Knight	Councillor		9 May 2019	02/08/2019
Clayton Ford	Councillor		9 May 2019	
Greg Leslie	Councillor		9 May 2019	
Jack Gance	Councillor		9 May 2019	
Stephen Younane	Councillor		9 May 2019	

Signature of designated officer



Rowan Hodge, ARA president
Date: 06/11/2020

Committee of management statement

for the year ended 30 June 2020.

On 06 November 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 2020:

The Australian Retailers Association 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 the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
    vi. where any order for inspection of financial records has been made by the Fair Work 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

Rowan Hodge, ARA president
Date: 06/11/2020

Statement of comprehensive income

for the year ended 30 June 2020

	Notes	2020	2019
		$	$
Revenue from contracts with customers	3		
Membership subscriptions		**1,852,829**	1,808,972
Capitation fees and other revenue from another reporting unit	3A	**-**	-
Levies	3B	**-**	-
Fees for services	3C	**941,113**	1,408,006
Advertising & sponsorship revenue		**424,900**	513,815
Retail Institute Training Income		**3,085,660**	3,050,089
Total revenue from contracts with customers		**6,304,502**	6,780,882
Income for furthering objectives	3		
Grants and/or donations	3D	**332,682**	-
Total income for furthering objectives		**332,682**	-
Other Income			
Revenue from recovery of wages activity	3E	**-**	-
Investment income	3F	**8,951**	7,923
Other income	3G	**103,397**	127,487
Total other income		**112,348**	135,410
Total income		**6,749,532**	6,916,292
Expenses			
Employee expenses	4A	**2,947,405**	2,467,832
Cost of goods sold	4B	**3,000,113**	2,949,328
Capitation fees and other expense to another reporting unit	4C	**-**	-
Affiliation fees	4D	**131,900**	81,512
Administration expenses	4E	**798,355**	1,027,289
Grants or donations	4F	**-**	-
Depreciation and amortisation	4G	**199,029**	25,827
Finance costs	4H	**40,108**	6,073
Legal costs	4I	**20,646**	921
Audit fees	14	**12,900**	33,200
Total expenses		**7,150,456**	6,591,982
Surplus (deficit) for the year		**(400,924)**	324,310

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

Australian Retailers Association

Statement of financial position

as at 30 June 2020

	Notes	**2020**	2019
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**2,140,066**	1,323,023
Trade and other receivables	5B	**100,297**	533,447
Contract assets	5B	**185,377**	-
Other current assets	5C	**90,837**	99,791
Total current assets		**2,516,577**	1,956,261
Non-current Assets			
Property, Plant and equipment	6A	**22,919**	32,763
Intangibles	6B	**-**	3,445
Right-of-use assets	6C	**711,262**	-
Other financial assets	6D	**72,886**	81,756
Total non-current assets		**807,067**	117,964
Total assets		**3,323,644**	2,074,225
LIABILITIES			
Current Liabilities			
Trade payables	7A	**415,004**	336,222
Other payables	7B	**536,413**	147,535
Employee provisions	8A	**364,788**	348,963
Contract liabilities	5B	**1,779,017**	1,347,842
Lease liabilities	6C	**173,432**	-
Total current liabilities		**3,268,654**	2,180,562
Non-current Liabilities			
Employee provisions	8A	**59,741**	51,411
Lease liabilities	6C	**553,921**	-
Total non-current liabilities		**613,662**	51,411
Total liabilities		**3,882,316**	2,231,973
Net assets		**(558,672)**	(157,748)
EQUITY			
General funds Reserves	10A 10A	**-**	-
Retained earnings (accumulated deficit)		**(558,672)**	(157,748)
Total equity		**(558,672)**	(157,748)

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

Australian Retailers Association

Statement of changes in equity

for the year ended 30 June 2020

	Notes	General funds /reserves $	Retained earnings $	Total equity $
Balance as at 1 July 2018		-	(482,058)	(482,058)
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	324,310	324,310
Other comprehensive income		-	-	-
Transfer to/from [insert fund name]	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2019		-	**(157,748)**	**(157,748)**
Effect of adoption of AASB 15 Revenue from Contracts with Customers		-	-	-
Effect of adoption of AASB 1058 Income of Not-for-Profit Entities		-	-	-
Effect of adoption of AASB 16 *Leases*		-	-	-
Adjusted balance as at 1 July 2019		-	**(157,748)**	**(157,748)**
Adjustment for errors		-	-	-
Surplus / (deficit)		-	**(400,924)**	**(400,924)**
Other comprehensive income		-	-	-
Transfer to/from [insert fund name]	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2020		-	**(558,672)**	**(558,672)**

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

Australian Retailers Association

Statement of cash flows

for the year ended 30 June 2020

	Notes	2020 $	2019 $
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		**7,644,158**	7,485,958
Donations and grants		**332,682**	-
Interest		**8,593**	7,923
Other		**-**	-
Cash used			
Employees		**(2,744,617)**	(2,377,196)
Suppliers		**(4,225,399)**	(4,709,478)
Net cash from (used by) operating activities	11A	**1,015,417**	407,207
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		**-**	-
Proceeds from sale of land and buildings		**-**	-
Other		**-**	-
Cash used			
Purchase of plant and equipment		**(8,344)**	(6,438)
Purchase of land and buildings		**-**	(401)
Other		**-**	-
Net cash from (used by) investing activities		**(8,344)**	(6,839)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**-**	-
Other		**-**	-
Cash used			
Repayment of borrowings		**-**	-
Repayment of lease liabilities	6C	**(190,030)**	-
Other		**-**	-
Net cash from (used by) financing activities		**(190,030)**	-
Net increase (decrease) in cash held		**817,043**	400,368
Cash & cash equivalents at the beginning of the reporting period		**1,323,023**	922,655
Cash & cash equivalents at the end of the reporting period	5A	**2,140,066**	1,323,023

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 (**RO Act**). 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

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 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions

  Application of these standards are discussed further below

- AASB 16 Leases and amending standards, which replaces AASB117 Leases.

  Application of these standards are discussed further below

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

  The application of this standard had no material impact on these financial statements

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

  The application of this standard had no material impact on these financial statements

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

  The application of this standard had no material impact on these financial statements

- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement

  The application of this standard had no material impact on these financial statements

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

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

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to The Australian Retailers Association. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified, or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Australian Retailers Association adopted AASB 15 and AASB 1058 using the modified retrospective[1] method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, The Australian Retailers Association recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, The Australian Retailers Association has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Australian Retailors Association's financial statements

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal

Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where The Australian Retailers Association is the lessor.

The Australian Retailers Association has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019.[2] Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Australian Retailers Association elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

Instead, The Australian Retailers Association applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

Before the adoption of AASB 16, The Australian Retailers Association classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, The Australian Retailers Association applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1.9 Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by The Australian Retailers Association.

Leases previously accounted for as operating leases

The Australian Retailers Association recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Australian Retailers Association also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to ex
- tend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of -use assets of $892,861 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of $892,861 (included in lease liabilities) were recognised.
- There was no effect of these adjustments on retained earnings as the entity applied the modified retrospective method

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Operating lease commitments disclosed as at 30 June 2019	817,127
Changes in assumptions on adoption of AASB 16	145,151
Discounted using the [reporting unit's] weighted average incremental borrowing rate of **1.50%**	(69,417)
Add: Finance lease liabilities recognised as at 30 June 2019	-
Lease liability recognised as at 1 July 2019	**892,861**

Reporting unit as a lessor

The Australian Retailers Association is not required to make any adjustments on transition to AASB 16 where it is a lessor.

The effect of adoption of AASB 16 as at 1 July 2019 (increase/ (decrease)) is as follows:

	$
Assets	
Right-of-use assets	892,861
Property, plant and equipment	-
Other assets	-
Total assets	-
Liabilities	
Trade and other payables	-

Lease liabilities	892,861
Other liabilities	
Total liabilities	-
Equity	
Retained earnings	-

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 The Australian Retailers Association include[1]:

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted

[1] Refer to Appendix B for the full list of Australian Accounting Standards excluded or not yet effective

1.7 Revenue

The Australian Retailers Association enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Australian Retailers Association has a contract with a customer, it recognises revenue when or as it transfers control of goods or services to the customer. The Australian Retailers Association accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Australian Retailers Association.

If there is only one distinct membership service promised in the arrangement, the Australian Retailers Association recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the ARA promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Australian Retailers Association allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Australian Retailers Association charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good or as the service transfers to the customer (for example, member services or training course), the Australian Retailers Association recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Australian Retailers Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Australian Retailers Association at their standalone selling price, the Australian Retailers Association accounts for those sales as a separate contract with a customer.

Retail Institute Training Income

The Retail Institute generates a significant amount of revenue for the Australian Retailers Association. Most of the accredited training courses provided by the Retail Institute are based on a written fixed duration contracts that spell out the performance obligation of each party to the contract. Some contracts may automatically renew on a periodic basis that is specified in the contract.

For each performance obligation satisfied over time in accordance with the contract, the Australian Association recognises revenue over time by measuring the progress towards complete satisfaction of the performance obligation identified in the contract. The objective when measuring progress is to depict the Institute's performance in transferring control of services promised to a customer (ie the provision of the training services as specified in the contract).

If the consideration promised in a contract includes a variable amount, the Australian Association estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer as specified in the contract.

The Australian Retailers Association allocates the transaction price to each performance obligation (enrolment fee, tuition fee and various loadings) in an amount that depicts the consideration to which it expects to be entitled in exchange for transferring the promised services to the customer.

Fee for services

The Australian Retailers Association provides various type of services (advocacy, consulting services, management service etc) to members and non-members for which it charges fees. Most of these services are provided through a written contract that have commercial substance as money is received in exchange for services.

Payment terms are specified in each contract. As the parties to the contract are committed to perform their respective obligations, the probability of collection is taken to be high. The transaction price is the contract price (the amount of consideration) specified under each contract that the Australian Retailers Association is entitled in exchange for transferring the promised goods or services to the customer.

The performance obligation under fee for services is satisfied when the goods or services are transferred by the Australian Retailers Association to its customers over time (including passage of time) or a point in time depending on the terms and conditions relating to the contract. To determine the point in time at which a customer obtains control of a promised asset and the Australian Retailers Association satisfies a performance obligation, it considers the requirements for control.

The Australian Retailers Association therefore recognises revenue when (or as) it satisfies the performance obligations specifically outlined in each contract.

Advertising and sponsorship

Revenue from Advertising and Sponsorship represents a small portion of the Australian Retailers Association's total income.

The contract with the customer is relatively straight forward, as in most cases, a written fixed duration contracts exist that spell out the performance obligation of each party to the contract.

In most instances, the Australian Retailers Association satisfies the performance obligation at a point in time- when events or services outlined in the contract are delivered. However, in certain circumstances, performance obligation is satisfied when the goods or services are transferred by the Australian Retailers Association to its customers over time in which case the Australian Retailers Association recognises revenue when it satisfies the performance obligations outlined in the contract.

The transaction price is the contract price (the amount of consideration) specified under each contract that the Australian Retailers Association is entitled in exchange for transferring the promised goods or services to the customer.

The Australian Retailers Association allocates the transaction price to each performance obligation on a relative stand-alone selling price basis as specified in the contract.

For advertising and sponsorship invoices paid annually in advance, the Australian Retailers Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

Income of The Australian Retailers Association as a Not-for-Profit Entity

Consideration is received by The Australian Retailers Association to enable the entity to further its objectives. The Australian Retailers Association recognises each of these amounts of consideration as income when the consideration is received (which is when The Australian Retailers Association obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Australian Retailers Association recognition of the cash contribution does not give to any related liabilities.

During the year, The Australian Retailers Association received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- government grants.

Volunteer services

During the year, The Australian Retailers Association did not recognise any volunteer services as revenue because it could not reliably measure the fair value of those services.

Income recognised from transfers

Where, as part of an enforceable agreement, The Australian Retailers Association receives consideration to acquire or construct a non-financial asset such as property, plant and equipment to an identified specification and for the Australian Retailers Association's own use, a liability is recognised for the obligation to acquire or construct the asset. Income is recognised as the obligation to acquire or construct the asset is satisfied, which is typically over time. The asset that is being acquired or constructed is recognised in accordance with the policy on property, plant and equipment.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

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

Rental income

Leases in which the Australian Retailers Association as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.8 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 Australian Retailers Association 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.

1.9 Leases

The Australian Retailers Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Australian Retailers Association as a lessee

The Australian Retailers Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Australian Retailers Association recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Australian Retailers Association recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2020	2019
Right-of-use assets	**1 to 20 years**	-

If ownership of the leased asset transfers to The Australian Retailers Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Australian Retailers Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by The Australian Retailers Association and payments of penalties for terminating the lease, if the lease term reflects The Australian Retailers Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, The Australian Retailers Association uses the **implicit the interest rate**. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Peppercorn or below market leases

The Australian Retailers Association has elected to recognise the fair value of the leased property at inception of the lease. The difference between the fair value of the leased asset and the lease liability measured at the present value of the 'peppercorn' lease rental, is recognised as income.

1.10 Borrowing costs

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

1.11 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.

1.12 Financial instruments

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

1.13 Financial assets

Contract assets and receivables

A contract asset is recognised when the Australian Retailers Association's right to consideration in exchange for goods or services that has transferred to the customer when that right is conditioned on the Australian Retailers Association's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

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's 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

Expected credit losses

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.

(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.

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 90[3] 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.

1.14 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.

1.15 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before The Australian Retailers Association transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when The Australian Retailers Association performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Australian Retailers Association's refund liabilities arise from customers' right of return. The liability is measured at the amount the Australian Retailers Association's ultimately expects it will have to return to the customer. The Australian Retailers Association updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.16 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.

1.17 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:

	2020	2019
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.

1.18 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 The Australian Retailers Association intangible assets are:

	2020	2019
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.

1.19 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.

1.20 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.

1.21 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

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

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

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, The Australian Retailers Association is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of The Australian Retailers Association. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of The Australian Retailers Association, the results of those operations, or the state of affairs of The Australian Retailers Association in subsequent financial periods.

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of the Australian Retailers Association's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	2020	2019
	$	$
Type of customer		
Members	**1,852,829**	1,808,972
Other reporting units	**-**	-
Government	**3,085,660**	3,050.089
Other parties	**1,366,013**	1,921,821
Total revenue from contracts with customers	**6,304,502**	6,780,882

Disaggregation of income for furthering activities

A disaggregation of the Australian Retailers Association's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:

	2020 $	2019 $
Income funding sources		
Members	-	-
Other reporting units	-	-
Government	**332,682**	-
Other parties	-	-
Total income for furthering activities	**332,682**	-

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

Capitation fees:	-	-
Subtotal capitation fees	-	-
Total capitation fees and other revenue from another reporting unit	-	-

	2020 $	2019 $

Note 3B: Levies

Levies	-	-
Total levies	-	-

Note: 3C: Fees for services

Special Projects	**805,760**	1,203,692
Non-Accredited Training	**9,220**	-
Consulting	**71,133**	79,315
Policy and advocacy	**55,000**	125,000
Total Fees for services	**941,113**	1,408,006

Note 3D: Grants and/or donations

Jobkeeper Payments	**232,500**	-
Payroll Tax Refund	**50,182**	-
Cash Flow Boost Payment	**50,000**	-
Grants	**-**	-
Donations	**-**	-
Total grants and donations	**332,682**	-

Note 3E: Revenue from recovery of wages activity

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

Note 3F: Investment income

Interest		
Deposits	**8,951**	7,923
Loans	**-**	-
Debt instruments at fair value through OCI	**-**	-
Dividends	**-**	-
Total investment income	**8,951**	7,923

	2020	2019
	$	$

Note 3G: Other income

Function Income	**29,159**	10,955
Commissions received	**72,797**	72,826
Merchandise	**1,441**	1,607
	-	42,099
Total revenue from other income	**103,397**	127,487

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	**-**	-
Superannuation	**-**	-
Leave and other entitlements	**-**	-
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
Subtotal employee expenses holders of office	**-**	-
Employees other than office holders:		
Wages and salaries	**2,542,563**	2,113,377
Superannuation	**234,429**	190,834
Leave and other entitlements	**70,182**	64,739
Separation and redundancies	**-**	-
Other employee expenses	**100,231**	98,882
Subtotal employee expenses employees other than office holders	**2,947,405**	2,467,832
Total employee expenses	**2,947,405**	2,467,832

Note 4B: Cost of goods sold

Retail Institute training expenses	**1,676,570**	1,436,014
Outsourced services cost	**815,797**	745,512
Project Management Costs	**507,746**	767,802
Total cost of goods sold	**3,000,113**	2,949,328

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

	2020	2019
	$	$
Capitation fees	**-**	-
Subtotal capitation fees	**-**	-
Total capitation fees and other expense to another reporting unit	**-**	-

Note 4D: Affiliation fees

Newspapers	**955**	2,083
Subscriptions	**86,735**	28,756
Membership Expense	**44,210**	50,673
Total affiliation fees/subscriptions	**131,900**	81,512

Note 4E: Administration expenses

Total paid to employers for payroll deductions of membership subscriptions	**-**	-
Compulsory levies		
Fees/allowances - meeting and conferences	**-**	-
Conference and meeting expenses	**-**	-
Contractors/consultants	**-**	-
Property expenses	**66,315**	82,865
Office expenses	**107,639**	107,854
Information communications technology	**133,922**	100,698
Marketing and Promotion expenses	**39,722**	45,384
Travel expenses	**132,766**	98,458
Consultancy costs	**209,599**	175,662
Other	**76,854**	218,755
Subtotal administration expense	**766,817**	829,676
Operating lease rentals:		
Minimum lease payments	**31,538**	197,613
Total administration expenses	**798,355**	1,027,289

Note 4F: Grants or donations

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

Note 4G: Depreciation and amortisation

	2020	2019
	$	$
Depreciation		
Land & buildings	**-**	-
Property, plant and equipment	**17,431**	6,604
Total depreciation	**17,431**	6,604
Amortisation		
Right-of-use lease asset	**181,599**	-
Intangibles	**-**	19,223
Total amortisation	**181,599**	19,223
Total depreciation and amortisation	**199,029**	25,827

Note 4H: Finance costs

Interests costs on lease liability	**24,522**	-
Overdrafts/loans	**15,586**	6073
Unwinding of discount	**-**	-
Total finance costs	**40,108**	6,073

Note 4I: Legal costs

Litigation	**-**	-
Other legal costs	**20,646**	921
Total legal costs	**20,646**	921

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	**2,140,066**	1,316,510
Cash on hand	**-**	118
Short term deposits	**-**	-
Other	**-**	6,395
Total cash and cash equivalents	**2,140,066**	1,323,023

	2020	2019
	$	$
Note 5B: Trade and other receivables		
Receivables from other reporting unit	**-**	-
Receivable from other reporting unit (net)	**-**	-
Other receivables:		
GST receivable	**-**	-

Other	**106,766**	543,447
Allowance for expected credit losses	**(6,469)**	(10,000)
Total other receivables	**100,297**	533,447
Total trade and other receivables (net)	**100,297**	533,447

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

At 1 July	**(10,000)**	(62,943)
Provision for expected credit losses	**7,273**	-
Write-off	**(10,804)**	(52,943)
At 30 June	**(6,469)**	(10,000)

The Australian Retailers Association has recognised the following assets and liabilities related to contracts with customers:

Receivables	**100,297**	533,447
Receivables - current	**100,297**	533,447
Receivables – non-current	**-**	**-**
Contract assets	**185,377**	-
Contract assets - current	**185,377**	-
Contract assets – non-current	-	-
Other contract liabilities	**1,779,017**	1,347,842
Contract liabilities - current	**1,779,017**	1,347,842
Contract liabilities – non-current	-	-

The significant changes between opening and closing balances of contract assets primarily relates to no accrual of income being made at 30 June 2019.

The significant changes between opening and closing balances of contract liabilities primarily relates to higher cash collection made in relation to 20/21FY membership renewals.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was Nil.

Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods was Nil.

Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2020 is $1,779,017. The Australian Retailers Association expects that 100% of the transaction price allocated to remaining performance obligations is expected to be recognised as revenue within one year. These performance obligations primarily relate to member subscription contracts. There is no revenue expected to be recognised in one year.

Note 5C: Other current assets

	2020	2019
	$	$
Stock	**11,169**	17,764
Prepayments	**70,439**	82,027
Deposit- Bank guarantee Sydney office	**9,229**	-
Total other current assets	**90,837**	99,791

Note 6 Non-current Assets

Note 6A: Property, Plant and Equipment

2020

	Land	Buildings	Plant and Equipment	PPE under operating lease	Total
	$	$	$	$	$
Property, Plant and Equipment:					
fair value	-	-	**977,374**	-	**977,374**
accumulated depreciation	-	-	**(954,455)**	-	**(954,455)**
Total Property, Plant and Equipment	**-**	**-**	**22,919**	**-**	**22,919**

Reconciliation of opening and closing balances of property, plant and equipment

	Land	Buildings	Plant and Equipment	PPE under operating lease	Total
Net book value 1 July 2019	-	-	**32,763**	-	**32,763**
Additions:					
By purchase	-	-	**7,586**	-	**7,586**
Revaluations	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation expense	-	-	**(17,430)**	-	**(17,430)**
Other movement [give details below]	-	-	-	-	-
Disposals:					
Other	-	-	-	-	-
Net book value 30 June 2020	**-**	**-**	**22,919**	**-**	**22,919**
Net book value as of 30 June 2020 represented by:					
Gross book value	-	-	**977,374**	-	**977,374**
Accumulated depreciation and impairment	-	-	**(954,455)**	-	**(954,455)**
Net book value 30 June	**-**	**-**	**22,919**	**-**	**22,919**

Note 6A: Property, Plant and Equipment (Continued)

2019

	Land	Buildings	Plant and Equipment	PPE under operating lease	Total
	$	$	$	$	$
Property, Plant and Equipment:					
at cost	-	-	1,009,488	-	1,009,488
accumulated depreciation	-	-	(976,725)	-	(976,725)
Total Property, Plant and Equipment	**-**	**-**	32,763	**-**	32,763

Reconciliation of opening and closing balances of property, plant and equipment

	Land	Buildings	Plant and Equipment	PPE under operating lease	Total
Net book value 1 July 2018	-	-	33,173	-	33,173
Additions:					
By purchase	-	-	6,194	-	6,194
Revaluations	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation expense	-	-	(6,604)	-	(6,604)
Other movement [give details below]	-	-	-	-	-
Disposals:					
	-	-	-	-	-
Other	-	-	-	-	-
Net book value 30 June 2019	**-**	**-**	**32,763**	**-**	**32,763**
Net book value as of 30 June 2019 represented by:					
Gross book value	-	-	1,009,488	-	1,009,488
Accumulated depreciation and impairment	-	-	(976,725)	-	(976,725)
Net book value 30 June 2019	**-**	**-**	32,763	**-**	32,763

	2020	2019
	$	$

Note 6B: Intangibles

Computer software at cost:		
Internally developed	**-**	-
Purchased	**143,568**	143,568
accumulated amortisation	**(143,568)**	(140,123)
Total intangibles	**-**	3,445

Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	**143,167**	143,167
Accumulated amortisation and impairment	**(140,123)**	(120,900)
Net book value 1 July	**3,445**	22,267
Additions:		
By purchase	**-**	401
Impairments	**-**	-
Amortisation	**(3,445)**	(19,223)
Other movements [give details below]	**-**	-
Disposals		
Net book value 30 June	**-**	3,445
Net book value as of 30 June represented by:		
Gross book value	**143,568**	143,167
Accumulated amortisation and impairment	**(143,568)**	(140,123)
Net book value 30 June	**-**	3,445

	2020	2019
	$	$

Note 6C: Leases

The Australian Retailers Association as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office Lease	**Total**
	$	**$**
As at 1 July 2018 (restated)	**-**	**-**
Additions	-	-
Depreciation expense	-	-
Impairment	-	-
Disposal	-	-
Other movement	-	-
As at 30 June 2019 (restated)	**-**	**-**
Additions	**892,861**	**892,861**
Amortisation expense	**(184,944)**	**(184,944)**
Impairment	-	-
Disposal	-	-
Other movement	-	-
As at 30 June 2020	**711,362**	**711,362**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

		Restated
As at 1 July	892,861	-
Additions	-	-
Accretion of interest	24,522	-
Payments	(190,030)	-
As at 30 June 2020	**727,353**	**-**
Current	-	-
Non-current	-	-

The maturity analysis of lease liabilities is disclosed in Note 15E.

	2020	2019
	$	$

Note 6C: Leases (Continued)

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	**181,599**	-
Interest expense on lease liabilities	**24,522**	-
Expense relating to short-term leases	**-**	-
Expense relating to leases of low-value assets (included in administrative expenses)	**-**	-
Variable lease payments	**-**	-
Total amount recognised in profit or loss	**206,121**	**-**

Note 6D: Other financial assets

Financial assets designated at fair value through other comprehensive income		
Non-listed equity investments		
Deposit (Bank guarantee – Melbourne office)	**72,866**	81,756
Financial assets at fair value through profit or loss		
Quoted equity shares	**-**	-
Debt securities	**-**	-
Available for sale investments	**-**	-
Total other financial assets	**72,866**	81,756

	2020	2019
	$	$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	**415,004**	336,222
Operating lease rentals	**-**	-
Subtotal trade creditors	**415,004**	336,222
Payables to other reporting unit		
[list name and amount for each reporting unit]	**-**	-
Subtotal payables to other reporting unit	**-**	-
Total trade payables	**415,004**	336,222

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	**-**	-
Superannuation	**68,664**	48,339
Payable to employers for making payroll deductions of membership subscriptions	**-**	-
Legal costs		
Litigation	**-**	-
Other legal costs	**-**	-
Accrued Expenses	**98,844**	-
GST payable	**112,408**	(8,758)
PAYG withholding	**112,311**	-
Other	**144,186**	107,954
Total other payables	**536,413**	147,535
Total other payables are expected to be settled in:		
No more than 12 months	**536,413**	147,535
More than 12 months	**-**	-
Total other payables	**536,413**	147,535

	2020 $	2019 $

Note 8 Provisions

Note 8A: Employee provisions

	2020 $	2019 $
Office holders:		
Annual leave	**-**	-
Long service leave	**-**	-
Separations and redundancies	**-**	-
Other	**-**	-
Subtotal employee provisions—office holders	**-**	-
Employees other than office holders:		
Annual leave	**238,690**	224,399
Long service leave	**185,839**	175,975
Separations and redundancies	**-**	-
Other	**-**	-
Subtotal employee provisions—employees other than office holders	**424,529**	400,374
Total employee provisions	**424,529**	400,374
Current	**364,788**	348,963
Non-current	**59,741**	51,411
Total employee provisions	**424,529**	400,374

Note 9 Non-current Liabilities

Note 9A: Other non-current liabilities

	2020 $	2019 $
Employee provisions	**59,741**	51,411
Lease liabilities	**553,921**	-
Total other non-current liabilities	**613,662**	51,411

	2020 $	2019 $

Note 10 Equity

Note 10A: General funds

Balance as at start of year	**-**	-
Transferred to reserve	**-**	-
Transferred out of reserve	**-**	-
Balance as at end of year	**-**	-
Balance as at start of year	**-**	-
Transferred to reserve	**-**	-
Transferred out of reserve	**-**	-
Balance as at end of year	**-**	-
Total reserves	**-**	-

Note 10B: Other specific disclosures - funds

Compulsory levy/voluntary contribution fund – if invested in assets

Other fund(s) required by rules

Balance as at start of year	**-**	-
Transferred to reserve	**-**	-
Transferred out of reserve	**-**	-
Balance as at end of year	**-**	-

Note 11 Cash Flow

Note 11A: Cash flow reconciliation

	2020 $	2019 $
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:		
Cash and cash equivalents as per:		
Cash flow statement	**2,140,066**	1,323,023
Balance sheet	**2,140,066**	1,323,023
Difference	**-**	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	**(400,924)**	324,310
Adjustments for non-cash items		
Depreciation/amortisation	**199,029**	25,827
Net write-down of non-financial assets	**-**	-
Fair value movements in investment property	**-**	-
Gain on disposal of assets	**-**	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	**245,952**	26,941
Increase/(decrease) in supplier payables	**81,935**	141,543
Increase/(decrease) in other payable/provisions	**889,425**	(111,414)
Net cash from (used by) operating activities	**1,015,417**	407,207

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and contingencies

Operating lease commitments—as lessor
Nil

	2020	2019
	$	$

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.

	2020 $	2019 $
Revenue received from [list related party] includes the following:		
No transactions noted	**-**	-
Expenses paid to [list related party] includes the following:		
No transactions noted	**-**	-
Amounts owed by [list related party] include the following:		
No transactions noted	**-**	-
Amounts owed to [list related party] include the following:		
No transactions noted	**-**	-
Loans from/to [list related party] includes the following:		
No transactions noted	**-**	-
Assets transferred from/to [list related party] includes the following:		
No transactions noted	**-**	-

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 2020, the Australian Retailers Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: $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.

	2020	2019
	$	$

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

Short-term employee benefits		
Salary (including annual leave taken)	**551,672**	426,781
Annual leave accrued	**21,436**	12,044
Performance bonus	**-**	-
Total short-term employee benefits	**573,108**	438,825
Post-employment benefits:		
Superannuation	**47,339**	41,806
Total post-employment benefits	**47,339**	41,806
Other long-term benefits:		
Long-service leave	**8,813**	14,053
Total other long-term benefits	**8,813**	14,053
Termination benefits	**-**	-
Total	**629,260**	494,684

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

Loans to/from key management personnel	**-**	-
Other transactions with key management personnel	**-**	-

Note 14 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	**17,500**	26,800
Other services	**-**	6,400
Total remuneration of auditors	**17,500**	33,200

	2020	2019
	$	$

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

Financial assets	2020 $	2019 $
Held-to-maturity investments:		
Deposits and cash	**2,140,066**	1,323,023
Total	**2,140,066**	1,323,023
Loans and receivables:		
Trade and other receivables	**106,766**	533,447
Total	**106,766**	533,447
Carrying amount of financial assets	**2,246,832**	1,856,470

Financial liabilities	2020 $	2019 $
Other financial liabilities:		
Trade payables and accruals	**415,004**	336,222
GST payable	**112,408**	(8,758)
Other payables	**144,186**	107,954
Total	**671,598**	435,418
Carrying amount of financial liabilities	**671,598**	435,418

Note 15B: Net income and expense from financial assets

	2020 $	2019 $
Held-to-maturity		
Interest revenue	**8,951**	7,923
Exchange gains/(loss)	**-**	-
Impairment	**-**	-
Gain/loss on disposal	**-**	-
Net gain/(loss) held-to-maturity	**8,951**	7,923
Loans and receivables/amortised cost		
Total net income/(expense) from financial assets	**8,951**	7,923

Note 15C: Net income and expense from financial liabilities

At amortised cost		
Interest expense	**(40,108)**	(6,073)
Exchange gains/(loss)	**-**	-
Net gain/(loss) financial liabilities - at amortised cost	**(40,108)**	(6,073)

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	**2,140,066**	1,316,510
Trade and other receivables	**106,766**	543,447
Total	**2,246,832**	1,859,957
Financial liabilities		
Nil	**-**	-
Total	**-**	-

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 2020	**Trade and other receivables**					
	Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	-%	-%	-%	-%	20%	
Estimate total gross carrying amount at default		54,703	19,233	320	32,510	106,766
Expected credit loss			-	-	(6,469)	(6,469)

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)

The Australian Retailers Association’s maximum exposure to credit risk for the components of the statement of financial position at 30 June 2020 and 2019 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 requirements.

Contractual maturities for financial liabilities 2020

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	**415,004**	-	-	-	**415,004**
GST payable	-	**112,408**	-	-	-	**112,408**
Other payables	-	**144,186**	-	-	-	**144,186**
Total	-	**671,598**	-	-	-	**671,598**

Contractual maturities for financial liabilities 2019

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

Lease liability maturities for 2020

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Office Lease	-	**173,432**	**181,640**	**372,281**	-	**727,353**
Total	-	**173,432**	**181,640**	**372,281**	-	**727,353**

Lease liability maturities for 2019

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Office Lease	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note 15F: Market risk

Interest rate risk

As at 30 June 2020 or throughout the financial year the Association had no material exposure to changes to any market risk, including interest rate risk (2019: no material risk).

Note 15G: Changes in liabilities arising from financing activities

	1 July 2019	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	30 June 2020
	$	$	$	$	$	$	$	$
Current interest-bearing loans and borrowings (excluding items listed below)		-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	892,861	-	-	-	-	(190,030)	24,522	727,353
Total liabilities from financing activities	892,861	-	-	-	-	(190,030)	24,522	727,353

	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)	-	-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

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. The Australian Retailers Association classifies interest paid as cash flows from operating activities.

Note 16 Fair Value Measurement

As no 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 2020 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 2020 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 2020 $	**Fair value 2020 $**	Carrying amount 2019 $	Fair value 2019 $
Financial assets				
Deposits and cash	**2,140,066**	**2,140,066**	1,323,023	1,323,023
Trade and other receivables	**106,766**	**106,766**	533,447	533,447
Total	**2,246,832**	**2,246,832**	1,856,470	1,856,470
Financial liabilities				
Trade payables and accruals	**415,004**	**415,004**	336,222	336,222
GST payable	**112,408**	**112,408**	(8,758)	(8,758)
Other payables	**144,186**	**144,186**	107,954	107,954
Total	**671,598**	**671,598**	435,418	435,418

Note 17 Administration of financial affairs by a third party

The Australian Retailers Association administers its own financial activities.

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 ARA President of the Australian Retailers Association declare that the following activities did not occur during the reporting period ending 30 June 2020.

The Australian Retailers Association 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

Signature of designated officer

Rowan Hodge, ARA president
Date: 06/11/2020

Appendix A - Future Australian Accounting Standards Requirements that have not been considered in these model financial statements

- Amendments to AASB 101 and AASB 108 : Definition of Material