



FAIR WORK
COMMISSION

30 April 2013

Ms Malynda Price
Executive Director
Hair and Beauty Australia Limited
GPO Box 5050
SYDNEY NSW 2001

Dear Ms Price,

Re: Lodgement of Financial Statements and Accounts - Hair and Beauty Australia - for year ended 30 June 2012 (FR2012/462)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 13 February 2013 and to the Secretary's Certificate lodged today.

I have filed the documents but wish to draw your attention to the following.

Prescribed timeframes

The financial report was lodged 1 month later than the prescribed period. Financial reports should be lodged with FWC by 14 January each year at the latest.

According to the Secretary's Statement, the report was presented to the Annual General Meeting on 11 February 2013, which was only 4 days after the statements were made available to the members. Sub-section 265(5) requires reports to be provided at least 21 days prior to the general meeting at which they are presented.

Sub-section 266(1) provides that the general meeting to present the report must be held within 6 months of the end of the financial year, i.e. by 31 December at the latest. This means the latest the report can be provided to members is 10 December.

These timeframe provisions are civil penalty provisions and should be strictly complied with.

Operating Report - changes in financial affairs

Sub-section 254(2)(b) of the *Fair Work (Registered Organisation) Act 2009* requires that the Operating Report should "give details of any significant changes in the reporting unit's financial affairs during the year".¹

The Operating Report did not include any reference to "changes in financial affairs". It has been inferred, in the past, that the absence of any disclosure of this kind means that there were no significant changes. However, in the interests of transparency and the avoidance of doubt, where there have been no significant changes in the financial affairs, an explicit statement to that effect should be included in the future.

¹ (Note that this is a different requirement from sub-section 254(2)(a), which requires that the Operating Report give a review of "any significant changes in the nature of (the reporting unit's) activities.")

Signing of Committee of Management Statement

There were two Committee of Management statements lodged. The first was correctly signed at the meeting of the Committee on 6 February 2013; the second appears to have been signed at or on the same day as the Annual General Meeting on 11 February 2013.

I have not had regard to the second statement. The Committee of Management statement is one of the documents which an auditor must have regard to, and accordingly it must be signed and dated before, or no later than, the audit report is signed, at the "first" meeting of the Committee, whenever that is held.

Please do not hesitate to contact me at any time on (02) [REDACTED] if you have any queries regarding the financial reporting requirements in the future.

Yours sincerely

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

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch



Mr Stephen Kellett
Fair Work Australia
Terrace Towers
80 William Street
East Sydney NSW 2011

11th February 2013

Dear Mr Kellett

RE: Secretary's Statement – Hair and Beauty Australia Limited

In my capacity as Secretary, I confirm the following to be accurate;

1. On 6th February 2013 the Committee of Management were presented with the full financial statements of Hair and Beauty Australia Limited for the financial year ending June 2012 as audited by Hill Rogers Spencer Steer.
2. On 7th February 2013 the full audited financial statements were made available to all members of Hair and Beauty Australia.
3. On 11th February 2013 the full financial statements were presented to Members at the Annual General Meeting of Hair and Beauty Australia.

Should you require any further information please don't hesitate to contact either myself or Malynda Price, Executive Director, on 02 9221 9911 or via email at malynda@askhaba.com.au

Sincerely,

A handwritten signature in black ink, appearing to read 'Mario Nasso', is written over the word 'Sincerely,'.

Mario Nasso
Secretary
On Behalf of Hair and Beauty Australia



Committee of Management Statement

On 11 February 2013 the Committee of Management of Hair and Beauty Australia passed the following resolution in relation to the general purpose financial report of the organisation for the financial year ended 30 June 2012

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (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 GPFRR 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations; and
 - (iv) the information sought in any request of a member of the reporting unit or the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and
 - (v) there has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009

Dated: Monday, 11th February 2013.

Signed:

Ian Laidlaw

Brian Flohm

Mario Nasso

Maureen Harding

Craig Braun

Peter Warbrick

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

**Financial Report For The Year Ended
30 June 2012**

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

Financial Report For The Year Ended 30 June 2012

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HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
OPERATING REPORT

Your directors present this report on the company for the financial year ended 30 June 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Ian Laidlaw
Christina Arciuli
Maureen Harding
Mario Nasso
Brian Flohm
Peter Elchaar retired (1/10/2011)
Peter Warbrick
Sebastiana Todaro
Tony Auciello
Craig Braun
John Brenan

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Principal Activities

The principal activity of the entity during the financial year was:

- a) To safeguard and promote the interests of hairdressing, beauty and related industries in respect of legislation, and to propose legislation which would promote those industries.
- b) To maintain registration as an industrial organisation of employers under the Fair Work (Registered Organisations) Act 2009 (Cth);
- c) To consider all matters affecting hairdressers, beauty therapists and related professions, and to initiate and petition Parliament or Ministers thereof; and to promote deputations in relation to measures affecting those professions.
- d) To obtain Parliamentary or other legal acknowledgment of the rights and status of hairdressers, beauty therapists and related professions.
- e) To represent the profession or any individual business entity involved in the hairdressing, beauty and / or related industries before any industrial tribunal or commission.
- f) To organise exhibitions, demonstrations, lectures, conferences and seminars on subjects pertaining to the hair, beauty and related industries.
- g) To provide industrial and other expert assistance to members in respect of all questions affecting the profession.
- h) To do all such other things as are incidental or conducive to the attainment of the above objects.

The results of those activities have been as follows:

- The Association has grown membership in All States and Territories to become a truly national body.
- The Association has successfully represented members in both industrial courts and tribunals and to government and shadow government.
- The Association has provided Seminars and presented at educational seminars to inform Members.

There have not been any significant changes in the nature of these activities.

Right of Members to resign

Members may resign, in accordance with section 174, as per the provisions of rule 22

Superannuation trustees

There are no officers or members of the organisation which are:-

- (i) Trustees of a superannuation entity or an exempt public sector superannuation scheme, or
- (ii) Directors of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme where a criterion for being a trustee or director is that the officer or member is an officer or member of a registered organisation.

Short-term and Long-term Objectives

The company's short term objectives are to:

- be the major industrial union for employers in the hairdressing, beauty and related industries.
- be recognised as a leader in offering mentoring and specialist support services for our members in the hairdressing, beauty & related industries.

The company's long term objectives are to:

- be sustainable and strive for continuous improvements so as to offer the best outcomes for our members.
- establish and maintain relationships with all state and federal government departments that impact on the activities of the entity and our members.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

HAIR & BEAUTY AUSTRALIA LIMITED
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OPERATING REPORT

- the entity strives to attract and retain quality staff who are committed to working with members and this is evidenced by low staff turnover. The entity believes that attracting and retaining quality staff will assist with the success of the entity in both the short and long term.

- staff work in partnership with members and this is evidenced by ongoing support of the entity's projects and initiatives. The entity ensures members understand and are committed to the objectives of the entity through ongoing education in order for the projects to succeed.

- staff are committed to creating new and maintaining existing programs in support of the members, committed staff allow the entity the ability to engage in continuous improvement.

- the entity's staff strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and ensures staff are operating in the best interests of the members.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Information on Directors

Ian Laidlaw	—	President (appointed in July 2012) (Vice President in 2011/2012)
Experience	—	33 years experience in the industry
Christina Arciuli	—	President (resigned in July 2012)
Experience	—	29 years experience in the industry
Maureen Harding	—	Honorary Treasurer
Experience	—	41 years experience in the industry
Mario Nasso	—	Secretary
Experience	—	45 years experience in the industry
Brian Flohm	—	
Experience	—	60 years experience in the industry
Peter Elchaar	—	
Experience	—	32 years experience in the industry
Peter Warbrick	—	
Experience	—	28 years experience in the industry
Sebastiana Todaro	—	
Experience	—	39 years experience in the industry
Tony Auciello	—	
Experience	—	33 years experience in the industry
Craig Braun	—	
Experience	—	13 years experience in the industry
John Brenan	—	
Experience	—	35 years experience in the industry

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	No. eligible to attend	No. attended
Ian Laidlaw	8	6
Christina Arciuli	8	8
Maureen Harding	8	7
Mario Nasso	8	6
Brian Flohm	8	8
Peter Elchaar	3	-
Peter Warbrick	8	5
Sebastiana Todaro	8	7
Tony Auciello	8	4
Craig Braun	8	6
John Brenan	8	2

HAIR & BEAUTY AUSTRALIA LIMITED
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OPERATING REPORT

The entity is incorporated under the Corporations Act 2001 and is a entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company.

Number of Members

The number of members as at 30 June 2012 was 776.

Number of Employees

The number of employees as at 30 June 2012 measured on a full-time basis was 2.5.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director 
Ian Laidlaw

Director  J.P. 183055
Maureen Harding

Dated this [day] 6th day of FEBRUARY [month] 2013

Hill Rogers
Spencer Steer

Hair & Beauty Australia Limited

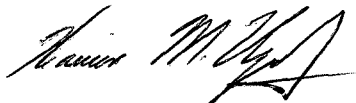
ABN 78 133 372 200

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Directors

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

HILL ROGERS SPENCER STEER
ASSURANCE PARTNERS



Xavier M Ugarte
Partner

Dated this *6th* day of *February* 20 *13* Sydney

Assurance Partners

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Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		\$	\$
Revenue	2	353,657	367,783
Other income	2	5,054	9,429
Depreciation and amortisation expense		(30,252)	(1,399)
Employee benefits expense:	3		
- Office holders		(126,600)	(88,565)
- Employees		(94,050)	(85,942)
Audit, legal and consultancy fees		(9,250)	(6,620)
Marketing expenses		(17,304)	(787)
Sundry expenses		(146,299)	(145,176)
Share of net profits of associates and joint ventures		-	-
Current year surplus before income tax		<u>(65,044)</u>	<u>48,723</u>
Income tax expense			
Net current year surplus		<u>(65,044)</u>	<u>48,723</u>
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(65,044)</u>	<u>48,723</u>
Total comprehensive income attributable to members of the entity		<u>(65,044)</u>	<u>48,723</u>

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	89,290	191,552
Accounts receivable and other debtors	5	-	3,188
Financial assets	6	615,127	594,454
Other current assets	7	9,933	1,570
TOTAL CURRENT ASSETS		<u>714,350</u>	<u>790,764</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	610,792	639,559
TOTAL NON-CURRENT ASSETS		<u>610,792</u>	<u>639,559</u>
TOTAL ASSETS		<u>1,325,142</u>	<u>1,430,323</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	9	27,792	48,312
Lease liabilities	10	-	6,168
TOTAL CURRENT LIABILITIES		<u>27,792</u>	<u>54,480</u>
NON-CURRENT LIABILITIES			
Lease liabilities	10	-	13,449
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>13,449</u>
TOTAL LIABILITIES		<u>27,792</u>	<u>67,929</u>
NET ASSETS		<u>1,297,350</u>	<u>1,362,394</u>
EQUITY			
Retained surplus		1,297,350	1,362,394
TOTAL EQUITY		<u>1,297,350</u>	<u>1,362,394</u>

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Earning \$	Total \$
Balance at 1 July 2010		15,037	15,037
Comprehensive Income			
Surplus for the attributable to the entity		48,723	48,723
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the entity		<u>48,723</u>	<u>48,723</u>
Other transfers			
Retained earnings transferred from Professional Hairdressers Association on business combination		1,298,634	1,298,634
Total other transfers		<u>1,298,634</u>	<u>1,298,634</u>
Balance at 30 June 2011		<u>1,362,394</u>	<u>1,362,394</u>
Comprehensive Income			
Surplus for the year attributable to the entity		(65,044)	(65,044)
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the entity		<u>(65,044)</u>	<u>(65,044)</u>
Balance at 30 June 2012		<u><u>1,297,350</u></u>	<u><u>1,297,350</u></u>

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Commonwealth, State and Local Government grants		-	96,768
Other receipts		346,642	313,165
Payments to suppliers and employees		(439,267)	(365,944)
Interest received		35,736	219
Interest paid		(3,598)	-
Net cash generated from operating activities	13	<u>(60,487)</u>	<u>44,208</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from held-to-maturity investments (PHA)		-	712,060
Payment for property, plant and equipment		(1,485)	(10,209)
Payment for held-to-maturity investments		(20,673)	(594,454)
Net cash used in investing activities		<u>(22,158)</u>	<u>107,397</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities		(19,617)	-
Increase in finance lease commitments		-	19,617
Net cash used in financing activities		<u>(19,617)</u>	<u>19,617</u>
Net increase/(decrease) in cash held		(102,262)	171,222
Cash and cash equivalents at the beginning of the financial year		191,552	20,330
Cash and cash equivalents at the end of the financial year	4	<u><u>89,290</u></u>	<u><u>191,552</u></u>

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The financial statements cover HAIR & BEAUTY AUSTRALIA LIMITED as an individual entity, incorporated and domiciled in Australia. HAIR & BEAUTY AUSTRALIA LIMITED is a company limited by guarantee. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and the Fair Work (Registered Organisations) Act 2009 and Regulations.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 6th February 2013 by the directors of the company.

Accounting Policies

(a) Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the statement of comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Plant and equipment	10-30%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

(g) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(k) Comparative Figures

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

(l) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(n) Economic Dependence

HAIR & BEAUTY AUSTRALIA LIMITED is dependent on the membership fees for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members will not continue to support HAIR & BEAUTY AUSTRALIA LIMITED.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt.

Note 2 Revenue and Other Income

	2012	2011
Revenue from (non-reciprocal) government revenue and other revenue	\$	\$
— Commonwealth government grants - operating	-	87,971
— Membership fees received	281,725	254,949
— Commission received	33,404	24,644
	315,129	367,564
	2012	2011
	\$	\$
Other revenue		
interest received on investments	38,528	219
	38,528	219
Total revenue	353,657	367,783

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

Other income

— Rental income	4,945	2,473
— Other	109	6,956
Total other income	<u>5,054</u>	<u>9,429</u>
Total revenue and other income	<u>358,711</u>	<u>377,212</u>

Note 3 Surplus for the Year

(a) Expenses

Depreciation and amortisation:

— land and buildings	24,960	68
— furniture and equipment	5,292	1,331
Total depreciation and amortisation	<u>30,252</u>	<u>1,399</u>

Interest expense on financial liabilities not at fair value through profit or loss

3,598 -

Auditor fees

— audit services	9,250	6,620
— taxation services	-	-
Total Audit Remuneration	<u>9,250</u>	<u>6,620</u>

Note 4 Cash and Cash Equivalents

CURRENT

Cash at bank - unrestricted	89,232	191,052
Cash float	58	500
Total cash and cash equivalents as stated in the statement of financial position	<u>89,290</u>	<u>191,552</u>
Total cash and cash equivalents as stated in the cash flow statement	<u>89,290</u>	<u>191,552</u>

Note 5 Accounts Receivable and Other Debtors

	Note	2012 \$	2011 \$
CURRENT			
ATO Integrated Account		-	3,188
Total current accounts and other receivables	14	<u>-</u>	<u>3,188</u>

(i) Credit Risk - Accounts receivable and other debtors

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The following table details the company's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31 - 60	61 - 90	>90	
	\$	\$	\$	\$	\$	\$	\$
2012							
Accounts receivable	-	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2011							
Accounts receivable	-	-	-	-	-	-	-
Other debtors	3,188	-	3,188	-	-	-	-
Total	<u>3,188</u>	<u>-</u>	<u>3,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 6 Financial assets

	2012	2011
	\$	\$
CURRENT		
Interest bearing deposit		
- Westpac bank term deposit	615,127	594,454
	<u>615,127</u>	<u>594,454</u>
	<u>615,127</u>	<u>594,454</u>

Note 7 Other Current Assets

	2012	2011
	\$	\$
Prepayments	9,933	1,570
	<u>9,933</u>	<u>1,570</u>

Note 8 Property, Plant and Equipment

LAND AND BUILDINGS

Buildings at fair value:		
— At Cost	624,000	624,000
— Less accumulated depreciation	(25,028)	(68)
Total buildings	<u>598,972</u>	<u>623,932</u>
Total land and buildings	<u>598,972</u>	<u>623,932</u>

PLANT AND EQUIPMENT

Plant and equipment		
At cost	18,443	16,958
Less accumulated depreciation	(6,623)	(1,331)
	<u>11,820</u>	<u>15,627</u>
Total plant and equipment	<u>11,820</u>	<u>15,627</u>
	<u>610,792</u>	<u>639,559</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings \$	Plant and Equipment \$	Total \$
2011			
Balance at the beginning of the year	-	-	-
Additions at cost	624,000	16,958	640,958
Additions at fair value	-	-	-
Disposals	-	-	-
Depreciation expense	(68)	(1,331)	(1,399)
Carrying amount at end of year	<u>623,932</u>	<u>15,627</u>	<u>639,559</u>
2012			
Balance at the beginning of the year	623,932	15,627	639,559
Additions at cost	-	1,485	1,485
Additions at fair value	-	-	-
Disposals	-	-	-
Depreciation expense	(24,960)	(5,292)	(30,252)
Carrying amount at end of year	<u>598,972</u>	<u>11,820</u>	<u>610,792</u>

Asset revaluations

The building was independently valued at 30 June 2011 by Noonan Property. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

HAIR & BEAUTY AUSTRALIA LIMITED

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

At 30 June 2012 the directors have reviewed the key assumptions adopted by the valuers in 2011 and do not believe there has been a significant change in the assumptions at 30 June 2012. The directors therefore believe the carrying value of the land correctly reflects the fair value less cost to sell at 30 June 2012.

Note 9 Accounts Payable and Other Payables

	Note	2012 \$	2011 \$
CURRENT			
Accounts payable		3,491	-
Other current payables		19,036	31,967
Employee benefits		3,765	15,000
GST Payable		1,500	1,345
	9(a)	27,792	48,312
		2012 \$	2011 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Accounts payable and other payables			
— Total current		27,792	48,312
— Total non-current		-	-
		27,792	48,312
Less annual leave entitlements		(3,765)	(15,000)
Financial liabilities as accounts payable and other payables	14	24,027	33,312

Note 10 Lease Liabilities

	Note	2012 \$	2011 \$
CURRENT			
Lease liabilities		-	6,168
		-	6,168
NON-CURRENT			
Lease liabilities		-	13,449
		-	13,449
TOTAL LEASE LIABILITIES	14	-	19,617

Lease liabilities are fully paid in September 2011.

Note 11 Events After the Reporting Period

No events have occurred after reporting date requiring disclosure.

Note 12 Related Party Transactions

a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2012 \$	2011 \$
Key Management Personnel Compensation		
— Short-term benefits	126,600	88,565
— Post-employment benefits	-	-
— Other long-term benefits	-	-
	126,600	88,565

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

HAIR & BEAUTY AUSTRALIA LIMITED

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

Note 13 Cash Flow Information

Reconciliation of Cashflow from Operations with Profit after Income Tax	2012	2011
	\$	\$
Profit after income tax	(65,044)	48,723
Non cash flows		
Depreciation and amortisation expense	30,252	1,399
Transfer from PHA	-	(44,175)
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	3,188	(3,188)
Increase/(decrease) in trade and other payables	(11,105)	20,536
Increase in accrued expenses	1,819	7,483
(Decrease)/increase in provisions	(11,234)	15,000
(Increase)/decrease in prepayments	(8,363)	(1,570)
	<u>(60,487)</u>	<u>44,208</u>

Note 14 Financial Risk Management

The company's financial statements consist mainly of deposits with banks, local money market instruments, short-term investments and long-term investments, receivables and payables, and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012	2011
		\$	\$
Financial Assets			
Cash and cash equivalents	4	89,290	191,552
Accounts receivable and other debtors	5	-	3,188
Held-to-maturity investments			
— investments in government and fixed interest securities	6	615,127	594,453
Total Financial Assets		<u>704,417</u>	<u>789,193</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Accounts payable and other payables	9(a)	24,027	33,312
— Lease liabilities	10	-	19,617
Total Financial Liabilities		<u>24,027</u>	<u>52,929</u>

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior Board members. The finance committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Accounts Receivable and Other Debtors are provided in Note 5.

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2012 \$	2011 \$
Cash and cash equivalents			
— AA Rated		89,290	191,552
	4	<u>89,290</u>	<u>191,552</u>

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The company's policy is to ensure no more than 30% of borrowings should mature in any 12 month period.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and other payables (excluding estimated annual leave and deferred income)	24,027	33,312					24,027	33,312
Finance lease liabilities	-	19,617					-	19,617
Total expected outflows	<u>24,027</u>	<u>52,929</u>	-	-	-	-	<u>24,027</u>	<u>52,929</u>
Financial Assets - cash flows realisable								
Cash and cash equivalents	89,290	191,552					89,290	191,552
Accounts receivable and other debtors	-	3,188					-	3,188
Other financial assets	615,127	594,453					615,127	594,453
Total anticipated inflows	<u>704,417</u>	<u>789,193</u>	-	-	-	-	<u>704,417</u>	<u>789,193</u>
Net (outflow) / inflow on financial instruments	<u>680,390</u>	<u>736,264</u>	-	-	-	-	<u>680,390</u>	<u>736,264</u>

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

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

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2012	Profit \$	Equity \$
+/- 1% in interest rates	+/-6151	+/-6151

Year ended 30 June 2011	Profit \$	Equity \$
+/- 1% in interest rates	+/-5945	+/-5945

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (i.e. accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Footnote	2012		2011	
		Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	89,290	-	191,552	-
Accounts receivable and other debtors	(i)	-	-	3,188	-
Held-to-maturity financial assets					
— government and fixed interest securities	(ii)	615,127	-	594,453	-
Other		-	-	-	-
Total financial assets		704,417	-	789,193	-
Financial liabilities					
Accounts payable and other payables	(i)	24,027	-	33,312	-
Lease liabilities	(iii)	-	-	19,617	-
Total financial liabilities		24,027	-	52,929	-

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.
- (ii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.
- (iii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate debt will differ from carrying values.

Note 15 Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively managed the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years ended 30 June 2012 and 30 June 2011 are as follows:

	Note	2012 \$	2011 \$
Total borrowings	10	-	19,617
Less cash and cash equivalents	4	(89,290)	(191,552)
Net debt		(89,290)	(171,935)
Total equity (reserves + retained earnings)		1,297,350	1,362,394
Total capital		1,208,060	1,190,459
Gearing ratio		N/A	N/A

Note 16 Entity Details

The registered office of the entity is:

HAIR & BEAUTY AUSTRALIA LIMITED
 LEVEL 3, SUITE 304
 5 HUNTER STREET
 SYDNEY NSW 2000

The principal places of business is:

HAIR & BEAUTY AUSTRALIA LIMITED
 LEVEL 3, SUITE 304
 5 HUNTER STREET
 SYDNEY NSW 2000

Note 17 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstandings and obligations of the entity. At 30 June 2012 the number of members was 776.

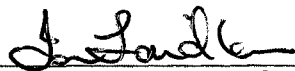
HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
COMMITTEE OF MANAGEMENT STATEMENT

On ^{6th}~~11th~~ February 2013 the Committee of Management of Hair and Beauty Australia passed the following in relation to the general purpose financial report of the organisation for the financial year ended 30 June 2012.

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes, as set out on pages 5 to 19, are in accordance with the Corporation Act 2001
- (b) the financial statements and notes comply with the Australian Accounting Standards;
- (c) the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (d) 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;
- (e) 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
- (f) 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations; and
 - (iv) the information sought in any request of a member of the reporting unit or the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and
 - (v) there has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (g) Notice under section 272 of the Fair Work (Registered Organisations) Act 2009:
 - (i) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;
 - (ii) 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 the reporting unit.
 - (iii) A reporting unit must comply with an application made under subsection (1).

Director



Ian Laidlaw

Director



I-P- 183055

Maureen Harding

Dated this

[day] ^{6th} day of FEBRUARY [month]

2013

Hair and Beauty Australia Limited

ABN 78 133 372 200

Independent Audit Report to the members of Hair and Beauty Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Hair and Beauty Australia Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Corporations Act 2001 and the Fair Work (Registered Organizations) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been provided to the directors of Hair and Beauty Australia Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Assurance Partners

Hair and Beauty Australia Limited

ABN 78 133 372 200

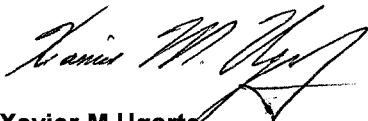
Independent Audit Report to the members of Hair and Beauty Australia Limited

Opinion

In our opinion the financial report of Hair and Beauty Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (c) the financial report also complies with Part 3 of Chapter 8 of the Fair Work (Registered Organizations) Act 2009.

HILL ROGERS SPENCER STEER
ASSURANCE PARTNERS



Xavier M Ugarte
Partner

Dated this *6th* day of *February* 20 *13* Sydney



FAIR WORK
COMMISSION

24 January 2013

Ms Mary Davitt
Secretary
Hair and Beauty Australia

Sent by email: mary@hairandbeautyaustralia.com.au

Dear Ms Davitt,

Failure to lodge audited financial report - [FR2012/462]

Our records indicate that Hair and Beauty Australia (the reporting unit) has failed to lodge its audited financial report for the financial year ended 30 June 2012 despite Fair Work Australia (as it was) reminding the reporting unit of its obligation to do so by letter dated 16 July 2012.

As you have previously been advised, section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires reporting units to lodge an audited financial report with the Fair Work Commission within a maximum of 6 months and 14 days of the end of their financial year (that is, no later than 14 January 2013).

Paragraph 7.4 of the FWC Regulatory Compliance Policy (a copy of which is attached) states as follows:

- 7.4 Where the possible contravention involves failure by an organisation, branch or reporting unit to lodge a matter with FWC in accordance with the timeframes specified in the RO Act, RO Regulations or the rules of the organisation, branch or reporting unit:*
- a. The Regulatory Compliance Branch will contact the organisation, branch or reporting unit, by telephone and/or in writing, within two weeks to advise that lodgement is overdue;*
 - b. If lodgement has not occurred within one month of the timeframe specified in the RO Act, RO Regulations or rules, the Regulatory Compliance Branch will advise the organisation, branch or reporting unit that it is seeking voluntary compliance within a specified timeframe and that, in the absence of such voluntary compliance without cause, FWC will commence an inquiry or investigation or initiate court proceedings; and*
 - c. If lodgement has not occurred within the timeframe specified in the correspondence referred to in paragraph b and the organisation, branch or reporting unit has not been able to show cause regarding why it should not do so, FWC will commence an inquiry or investigation or initiate court proceedings in accordance with this policy as soon as reasonably practicable.*

Section 331 of the RO Act empowers the General Manager of the Fair Work Commission to investigate compliance by a reporting unit (such as Hair and Beauty Australia), its officers, employees and auditor(s) with:

- Part 3 of Chapter 8 of the RO Act;
- the reporting guidelines made under that Part;
- the regulations made for the purposes of that Part;
- the Hair and Beauty Australia rules regarding finances and financial administration; and
- civil penalty provisions of the RO Act (see s.305).

In accordance with the processes specified in paragraph 7.4(b) of the *FWC Regulatory Compliance Policy* which are set out above, Hair and Beauty Australia is required to lodge its outstanding audited financial report with the Fair Work Commission by no later than 14 February 2013.

Should Hair and Beauty Australia fail to do so without reasonable cause, the Fair Work Commission may commence an investigation under s.331 of the RO Act without further notice.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,



Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch



FAIR WORK
AUSTRALIA

16 July 2012

Ms Mary Davitt
Executive Director
Hair and Beauty Australia
GPO Box 5050
SYDNEY NSW 2001

Dear Ms Davitt

Lodgement of Financial Documents for year ended 30 June 2012 - Fair Work (Registered Organisations) Act 2009 (“the FW(RO) Act”) - Hair and Beauty Australia (FR2012/462)

The financial year of Hair and Beauty Australia (the “reporting unit”) has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit’s financial documents. The full financial report must be lodged with Fair Work Australia within the prescribed time period of 6 months and 14 days of the end of the financial year.

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

In addition, financial reporting fact sheets and sample documents can be found on the Fair Work Australia website. The information can be viewed at [FWA Registered Organisations Fact Sheets](#). This site also contains the General Manager’s Reporting Guidelines which set out mandatory financial disclosures.

I draw your particular attention to section 237 of the FW(RO) Act which provides that where the reporting unit makes individual loans, grants or donations exceeding \$1,000, a separate statement containing prescribed particulars must be lodged within 90 days of the end of the financial year, i.e. by 30 September.

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 6723 7097 or by email at stephen.kellett@fwa.gov.au

Yours sincerely,

Stephen Kellett
Organisations, Research & Advice
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	30/ 06 /2012
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1. Prepare financial statements and Operating Report.

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

As soon as practicable after end of financial year

This step must be completed and the Statement signed at a first meeting

2. Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
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*Within a reasonable time of having received the GPFR
(NB: Auditor's report **must** be dated on or after date of Committee of Management Statement*

3. Provide full report free of charge to members – s265 The full report must include: <ul style="list-style-type: none"> • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report. 	/ /
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*(a) if the report is to be presented to a General Meeting the report must be provided to members 21 days before the General Meeting,

or
(b) if the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*

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

A second meeting which is a General Meeting must take place within 6 months of end of financial year

A second meeting which is a meeting of the Committee must take place within 6 months of end of financial year

5. Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
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Within 14 days of presentation at second meeting

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

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

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