



13 January 2015

Ms Christina Arciuli-Collins
CEO/Executive Director
Hair and Beauty Australia
Suite 304
Level 3, 5 Hunter Street
SYDNEY NSW 2000

Dear Ms Arciuli-Collins

Hair and Beauty Australia Financial Report for the year ended 30 June 2014 - [FR2014/287]

I acknowledge receipt of the financial report of Hair and Beauty Australia (the reporting unit). The documents were lodged with the Fair Work Commission (FWC) on 15 December 2014. I also acknowledge supplementary information provided on the 23 December 2014, 6 January 2015 and the 12 January 2015 in relation to the amended Designated Officer's Certificate signed by the relevant personnel and the breakdown of employee related expenses and provisions in accordance with the reporting guidelines.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

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

Timescale requirements

As you are aware, a reporting unit is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to Financial reporting process and timelines which explains the timeline requirements, and Diagrammatic summary of financial reporting timelines which sets out the timeline requirements in diagrammatical form. I note that the following timescale requirement was not met:

Documents must be lodged with the Fair Work Commission within 14 days of General Meeting

Section 268 of the RO Act, states that the full report and the Designated Officer's Certificate are required to be lodged with the FWC within 14 days of the meeting of members. The Designated Officer's Certificate indicates that this meeting occurred on 25 November 2014. If this is correct the full report should have been lodged with the FWC by 10 December 2014.

The full report was lodged on 15 December 2014.

If these dates are correct, the reporting unit should have applied for an extension of time to lodge the required reports and the Designated Officer's Certificate in accordance with section 268 of the RO Act.

Please note that in future financial years if the reporting unit cannot lodge on time, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the required date of lodgement.

Notes to the financial statements

Revenue recognition

The Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 117 and *AASB 118: Revenue* paragraph 35(a) requires that the entity must disclose the measurement basis or bases used in recognising revenue.

The accounting policy for member subscriptions for the reporting unit has not been disclosed.

Going Concern

Auditor's report: declaration regarding going concern

Paragraph 39 of the Reporting Guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



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

23 December 2014

Dear Mr Kellett,

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

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

1. On 23rd September 2014 the Committee of Management were presented with the full financial statements of Hair and Beauty Australia Limited for the financial year ending June 2014 as audited by Hill Rogers Spencer Steer
2. On 23rd October 2014 the full audited financial statements were made available to all members of Hair and Beauty Australia Limited.
3. On 25th November 2014 the full financial statements were presented to members at the Annual General Meeting of Hair and Beauty Australia Limited.
4. There were no significant changes in the financial affairs during the financial year of 2014.

Should you require any further information please do not hesitate to contact myself or Hair and Beauty Australia Executive Director, Christina Arciuli, on 02 9221 9911 or via email at Christina@askhaba.com.au

Sincerely

A handwritten signature in black ink, appearing to read 'Mario Nasso', is written over a light blue horizontal line.

Mario Nasso
Honorary Secretary
On Behalf of Hair and Beauty Australia

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

**Financial Report For The Year Ended
30 June 2014**

HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

Financial Report For The Year Ended 30 June 2014

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

Your directors present this report on the company for the financial year ended 30 June 2014.

Directors

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

Maureen Harding
Ian Laidlaw
Mario Nasso
Brian Flohm
Peter Warbrick resigned (31/12/2013)
Craig Braun resigned (24/06/2014)
Sarkis Akle appointed (1/01/2014)
Donna Colombini appointed (1/01/2014)
Linda Fenech appointed (1/01/2014)
Peter Leslie appointed (1/01/2014)
Sheryle Pyatt appointed (1/01/2014)
Lara Schmitt appointed (1/01/2014)

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

Principal Activities

The principal activity of the company 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
- 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 hairdressors, 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:-

- Trustees of a superannuation entity or an exempt public sector superannuation scheme, or
- Directors of an entity 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.

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

- 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:

- 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

Maureen Harding	—	President (appointed on 1/1/2014)
Experience	—	43 years experience in the industry
Ian Laidlaw	—	President (resigned on 31/12/2013)
Experience	—	35 years experience in the industry
Mario Nasso	—	Honorary Secretary
Experience	—	47 years experience in the industry
Brian Flohm	—	Treasurer
Experience	—	62 years experience in the industry
Peter Warbrick	—	
Experience	—	30 years experience in the industry
Craig Braun	—	
Experience	—	15 years experience in the industry
Sarkis Akle	—	
Experience	—	18 years experience in the industry
Donna Colombini	—	
Experience	—	25 years experience in the industry
Linda Fenech	—	
Experience	—	12 years experience in the industry
Peter Leslie	—	
Experience	—	30 years experience in the industry
Sheryle Pyatt	—	
Experience	—	25 years experience in the industry
Lara Schmitt	—	
Experience	—	4 years experience in the industry

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

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	No. eligible to attend	No. attended
Maureen Harding	10	9
Ian Laidlaw	5	4
Mario Nasso	10	8
Brian Flohm	10	10
Peter Warbrick	5	4
Craig Braun	10	8
Sarkis Akle	5	5
Donna Colombini	5	4
Linda Fenech	5	1
Peter Leslie	5	5
Sheryle Pyatt	5	3
Lara Schmitt	5	5

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company 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 2014 was 1,014 (2013: 964).

Number of employees

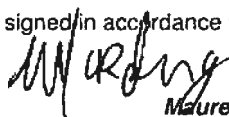
The number of employees as at 30 June 2014 measured on a full time basis was 2.5 (2013: 2.5).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 4 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director


Maureen Harding

Director


Brian Flohm

Dated this 23rd day of December 2014

Hill Rogers
Spencer Steer

Hair & Beauty Australia Limited

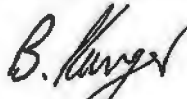
ABN 78 133 372 200

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 2014, 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



Brett Hanger
Partner

Registered Company Auditor Number: 345850

Dated this 23rd day of September 20 14 Sydney

Assurance Partners

T. +61 2 9232 5111	Level 5, 1 Chifley Square	GPO Box 7066	www.hr-ss.com.au	Practising as Hill Rogers Spencer	ABN 56 435 338 966
F. +61 2 9233 7950	Sydney NSW 2000 Australia	Sydney NSW 2001	info@hr-ss.com.au	Steer Assurance Partners	

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		\$	\$
Revenue	2	437,502	427,762
Other income	2	9,550	2,018
Depreciation and amortisation expense	3	(35,342)	(31,596)
Audit, legal and consultancy fees		(4,850)	(6,000)
Marketing expenses		(4,313)	(6,269)
Employee benefits expense			
- Office holders	3	(58,968)	(132,398)
- Employees	3	(123,052)	(97,424)
Sundry expenses		(109,033)	(91,558)
Current year surplus before income tax		<u>111,494</u>	<u>64,535</u>
Tax expense		-	-
Net current year surplus		<u><u>111,494</u></u>	<u><u>64,535</u></u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property	8,17	<u>125,948</u>	-
Total other comprehensive income for the year		<u>125,948</u>	-
Total comprehensive income for the year		<u><u>237,442</u></u>	<u><u>64,535</u></u>
Net current year surplus attributable to the entity		<u>111,494</u>	<u>64,535</u>
Total comprehensive income attributable to the entity		<u><u>237,442</u></u>	<u><u>64,535</u></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 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	4	263,218	158,011
Accounts receivable and other debtors	5	4,630	-
Financial assets	6	669,153	644,250
Other current assets	7	5,456	9,593
TOTAL CURRENT ASSETS		942,457	811,854
NON-CURRENT ASSETS			
Property, plant and equipment	8	687,717	590,954
TOTAL NON-CURRENT ASSETS		687,717	590,954
TOTAL ASSETS		1,630,174	1,402,808
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	9	21,476	34,117
Employee provisions	10	9,371	6,806
TOTAL CURRENT LIABILITIES		30,847	40,923
TOTAL LIABILITIES		30,847	40,923
NET ASSETS		1,599,327	1,361,885
EQUITY			
Retained earnings		174,745	63,251
Reserves		1,424,582	1,298,634
TOTAL EQUITY		1,599,327	1,361,885

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 2014

	Retained Surplus \$	General Reserve \$	Revaluation Reserve \$	Total \$
Balance at 1 July 2012	(1,284)	1,298,634	-	1,297,350
Comprehensive Income				
Surplus for the year attributable to the entity	64,535	-		64,535
Other comprehensive income for the year	-	-		-
Total comprehensive income attributable to the entity	64,535	-	-	64,535
Balance at 30 June 2013	63,251	1,298,634	-	1,361,885
Balance at 1 July 2013	63,251	1,298,634	-	1,361,885
Comprehensive Income				
Surplus for the year attributable to members of the entity	111,494	-	-	111,494
Other comprehensive income for the year	-	-	125,948	125,948
Total comprehensive income attributable to the entity	111,494	-	125,948	237,442
Balance at 30 June 2014	174,745	1,298,634	125,948	1,599,327

For a description of each reserve, refer to Note 17.

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 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Commonwealth, State and Local Government grants		-	-
Receipts from membership fees and other income		457,430	437,972
Payments to suppliers and employees		(336,584)	(360,479)
Interest received		15,421	32,107
Dividends received		-	-
Interest paid		-	-
Net cash generated from operating activities	13	<u>136,267</u>	<u>109,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(6,157)	(11,757)
Payment for held-to-maturity investments		(24,903)	(29,122)
Net cash used in investing activities		<u>(31,060)</u>	<u>(40,879)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase in cash held		105,207	68,721
Cash on hand at beginning of the financial year		158,011	89,290
Cash on hand at end of the financial year	4	<u><u>263,218</u></u>	<u><u>158,011</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 2014

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.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, and the Fair Work (Registered Organisations) Act 2009 and Regulations, and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. 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 23 December 2014 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.

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

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 profit or loss.

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 valued and recognised 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 are 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(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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 2014

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	10-50%

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 recognised as income in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(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 recognised as expenses in 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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent 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.

(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.

(iv) 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.

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 written-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 reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

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 asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(e) Employee Provisions

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

(f) Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(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.

HAIR & BEAUTY AUSTRALIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

When the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding comparative period in addition to the minimum comparative financial statements must be disclosed.

(l) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. 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, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements.

Note 2 Revenue and Other Income

	2014	2013
Revenue	\$	\$
Revenue from (non-reciprocal) government grants and other grants		
— Membership fees received	378,844	364,849
— Commission received	31,661	31,290
	<u>410,505</u>	<u>396,139</u>
Other revenue		
— Interest received on investments in government and fixed interest securities	26,997	31,623
	<u>26,997</u>	<u>31,623</u>
Total revenue	<u>437,502</u>	<u>427,762</u>

HAIR & BEAUTY AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Other income		
— Affiliation fees	-	-
— Capitation fees	-	-
— Rental income	3,000	2,018
— Seminar income	6,550	-
Total other income	9,550	2,018
Total revenue and other income	447,052	429,780

Note 3 Surplus for the Year

	2014	2013
	\$	\$
Expenses		
Depreciation and amortisation:		
— land and buildings	24,960	24,960
— furniture and equipment	10,382	6,636
Total depreciation and amortisation	35,342	31,596
Grants and donation given	-	-
Auditor fees		
— audit services	4,850	6,000
— taxation services	-	-
Total Audit Remuneration	4,850	6,000
Employee benefits expenses		
Office holders		
— salary and wages	58,299	124,517
— superannuation	669	6,862
— Leave and other entitlements	-	1,019
— Separation and redundancies	-	-
— Other employee expenses	-	-
Subtotal employee expenses holders of officers	58,968	132,398
Employees		
— salary and wages	110,380	88,761
— superannuation	10,107	6,641
— Leave and other entitlements	2,565	2,022
— Separation and redundancies	-	-
— Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	123,052	97,424
Total employee expenses	182,020	229,822

Note 4 Cash on Hand

	2014	2013
	\$	\$
CURRENT		
Cash at bank - unrestricted	263,151	157,713
Cash float	67	298
Total cash and cash equivalents as stated in the statement of financial position	263,218	158,011
Total cash and cash equivalents as stated in the cash flow statement	263,218	158,011

HAIR & BEAUTY AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 5 Accounts Receivable and Other Debtors

	Note	2014 \$	2013 \$
CURRENT			
Accounts receivable		660	-
Provision for doubtful debts	5(a)	-	-
		660	-
Other debtors		3,970	-
Total current accounts receivable and other debtors	14	4,630	-

(a) Provision for Doubtful Debts

Movement in the provision for doubtful debts is as follows:

	\$
Provision for doubtful debts as at 30 June 2013	-
— Charge for year	-
— Written off	-
Provision for doubtful debts as at 30 June 2014	-

(b) Credit Risk - Accounts Receivable and Other Debtors

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the company is considered to relate to the class of assets described as "accounts receivable and other debtors".

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.

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

2014	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Accounts receivable	660	-	220	220	220	-	-
Other debtors	3,970	-	3,970	-	-	-	-
Total	4,630	-	4,190	220	220	-	-

Note 6 Financial Assets

	2014 \$	2013 \$
CURRENT		
Westpac Term Deposit	669,153	644,250
	669,153	644,250

Note 7 Other Current Assets

	2014 \$	2013 \$
Prepayments	5,456	9,593
	5,456	9,593

Note 8 Property, Plant and Equipment

LAND AND BUILDINGS

Buildings at fair value:

— Independent valuation	749,948	624,000
Less accumulated depreciation	(74,948)	(49,988)
Total buildings	675,000	574,012
Total land and buildings	675,000	574,012

PLANT AND EQUIPMENT

Plant and equipment

At cost	36,358	30,201
Less accumulated depreciation	(23,641)	(13,259)
Total plant and equipment	12,717	16,942
Total property, plant and equipment	687,717	590,954

HAIR & BEAUTY AUSTRALIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 \$
2013			
Balance at the beginning of the year	598,972	11,820	610,792
Additions at cost	-	11,758	11,758
Additions at fair value	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
Depreciation expense	(24,960)	(6,636)	(31,596)
Carrying amount at end of year	<u>574,012</u>	<u>16,942</u>	<u>590,954</u>
2014			
Balance at the beginning of the year	574,012	16,942	590,954
Additions at cost	-	6,157	6,157
Additions at fair value	-	-	-
Disposals	-	-	-
Revaluations	125,948	-	125,948
Depreciation expense	(24,960)	(10,382)	(35,342)
Carrying amount at end of year	<u>675,000</u>	<u>12,717</u>	<u>687,717</u>

Asset revaluations

The freehold land and buildings were independently valued at 30 June 2014 by Noonan Property. The valuation resulted in a revaluation increment of \$125,948 being recognised in the revaluation surplus for the year ended 30 June 2014.

Refer to Note 15 for detailed disclosures regarding the fair value measurement of the company's freehold land and buildings.

Note 9 Accounts Payable and Other Payables

	Note	2014 \$	2013 \$
CURRENT			
Accounts payable		6,045	9,445
Other current payables		9,780	11,154
GST Payable		5,651	6,759
	9(a)	<u>21,476</u>	<u>34,117</u>
		2014 \$	2013 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Accounts payable and other payables			
— Total current		21,476	34,117
— Total non-current		-	-
		<u>21,476</u>	<u>34,117</u>
Financial liabilities as trade and other payables	14	<u>21,476</u>	<u>34,117</u>

The average credit period on accounts payable and other payables (excluding GST payable) is 1 month. No interest is payable on outstanding payables during this period.

Note 10 Employee Provisions

	2014 \$	2013 \$
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2013	6,806	3,765
Additional provisions raised during year	2,565	3,041
Amounts used	-	-
Balance at 30 June 2014	<u>9,371</u>	<u>6,806</u>
Officer holders		
Annual leave	-	2,003
Long service leave	-	-
Separations and redundancies	-	-
Others	-	-
Subtotal employee provisions - office holders	<u>-</u>	<u>2,003</u>

HAIR & BEAUTY AUSTRALIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Employees other than office holders		
Annual leave	9,371	4,803
Long service leave	-	-
Separations and redundancies	-	-
Others	-	-
Subtotal employee provisions - employees other than office holders	9,371	4,803
Total employee provisions	9,371	6,806
	2014	2013
Analysis of Employee Provisions	\$	\$
Current	9,371	6,806
Non-current	-	-
	9,371	6,806

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave only.

The current portion for this provision includes the total amount accrued for annual leave entitlements due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 11 Events After the Reporting Period

No events have occurred after reporting date requiring disclose.

Note 12 Related Party Transactions

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.

	2014	2013
Key Management Personnel Compensation	\$	\$
— Short-term benefits	58,968	131,379
— Post-employment benefits	-	-
— Other long-term benefits	-	-
	58,968	131,379

Note 13 Cash Flow Information

Reconciliation of Cashflow from Operating Activities with Current Year Surplus	2014	2013
	\$	\$
Profit after income tax	111,494	64,535
Non cash flows		
Depreciation and amortisation expense	35,342	31,596
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable and other debtors	(4,630)	-
Increase/(decrease) in accounts payable and other payables	(11,071)	11,380
Increase/(decrease) in accrued expenses	(1,570)	(1,292)
Increase/(decrease) in provisions for employee benefits	2,565	3,041
(Increase)/decrease in prepayments	4,137	340
	136,267	109,600

Note 14 Financial Risk Management

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

The carrying amounts 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:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Financial assets			
Cash on hand	4	263,218	158,011
Accounts receivable and other debtors	5	4,630	-
Held-to-maturity investments			
— investments in fixed interest securities	6	669,153	644,250
Total financial assets		<u>937,001</u>	<u>802,261</u>
Financial liabilities			
Financial liabilities at amortised cost			
— accounts payable and other payables	9(a)	21,476	34,117
Total financial liabilities		<u>21,476</u>	<u>34,117</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.

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	2014 \$	2013 \$
Cash on hand			
— AA Rated		263,218	158,011
	4	<u>263,218</u>	<u>158,011</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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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	
	2014	2013	2014	2013	2014	2013	2014	2013
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and other payables (excluding estimated annual leave and deferred income)	21,476	34,117	-	-	-	-	21,476	34,117
Finance lease liabilities							-	-
Total expected outflows	21,476	34,117	-	-	-	-	21,476	34,117
Financial Assets - cash flows realisable								
Cash on hand	263,218	158,011	-	-	-	-	263,218	158,011
Accounts receivable and other debtors	4,630	-	-	-	-	-	4,630	-
Other financial assets	669,153	644,250	-	-	-	-	669,153	644,250
Total anticipated inflows	937,001	802,261	-	-	-	-	937,001	802,261
Net (outflow) / inflow on financial instruments	915,525	768,144	-	-	-	-	915,525	768,144

(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.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

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 2014	Profit	Equity
	\$	\$
+/- 1% in interest rates	+/-6,691	+/-6,691
Year ended 30 June 2013	Profit	Equity
	\$	\$
+/- 1% in interest rates	+/-6,442	+/-6,442

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

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Fair value estimation

Cash on hand, 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 provided for annual leave which is outside the scope of AASB 139.

Note 15 Fair Value Measurements

The Company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- freehold land and buildings.

The Company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13 'Fair Value Measurement' requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Valuation techniques

The Company selects Level 1 valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value.

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2014	
		Total	
Recurring fair value measurements	Note	\$	\$
Financial assets			
Held-to-maturity investments			
— Investments in fixed interest securities (Level 1)	6	669,153	669,153
Total financial assets recognised at fair value		669,153	669,153
Non-financial assets			
Land & building (Level 2)			
Total non-financial assets recognised at fair value		675,000	675,000
		30 June 2013	
		Total	
Recurring fair value measurements	Note	\$	\$
Financial assets			
Held-to-maturity investments			
— Investments in fixed interest securities (Level 1)	6	644,250	644,250
Total financial assets recognised at fair value		644,250	644,250

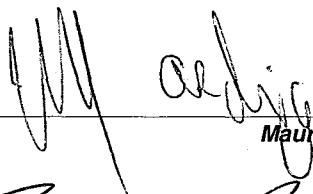
HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
COMMITTEE OF MANAGEMENT STATEMENT

On 23 September 2014 the committee of Management of Hair and Beauty Australia passed the following in relation to the general purpose financial report (GPFR) of the organisation for the financial year ended 30 June 2014.

The committee of Management declares that in its opinion:

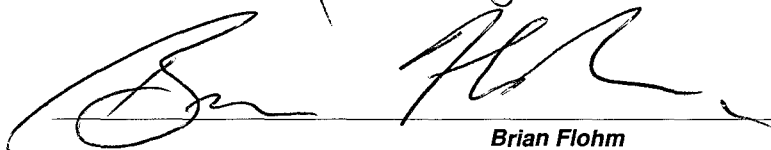
- a) the financial statements and notes, as set out on pages 5 to 20, are in accordance with the Corporation Act 2001
- b) the financial statements and notes comply with Australian Accounting Standards;
- c) the financial statements and notes comply with the reporting guidelines of the General Manager 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 entity for the financial year to which they relate;
- e) there are reasonable grounds to believe that the reporting entity for the financial year to which they relate; and when they become due and payable; and
- f) during the financial year to which the GPFR relates and since the end of the 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 entity 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 entity 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 entity 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 Managers; 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;
 - (vi) no revenue has been derived from undertaking recovery of wages activity during the reporting period.
- g) Notice under section 272 of the Fair Work (Registered Organisations) Act 2009:
 - (i) A member of a reporting entity, or the General Manager, may apply to the reporting entity for specified prescribed information in relation to the reporting entity 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 to the reporting entity.
 - (iii) A reporting entity must comply with an application made under subsection (1).

Director



Maureen Harding

Director



Brian Flohm

Dated this 23rd day of September 2014

HAIR & BEAUTY AUSTRALIA LIMITED
ABN: 78 133 372 200
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Non-financial assets

Land & building (Level 2)	8	574,012	574,012
Total non-financial assets recognised at fair value		574,012	574,012

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

Note 16 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 2014 and 30 June 2013 are as follows:

	Note	2014 \$	2013 \$
Total borrowings		-	-
Less cash on hand	4	(263,218)	(158,011)
Net debt		(263,218)	(158,011)
Total equity (retained surplus and reserves)		1,599,327	1,361,885
Total capital		1,336,109	1,203,874
Gearing ratio		N/A	N/A

Note 17 Reserves

(a) Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature.

Note 18 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 place of business is:

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

Note 19 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 2014 the number of members was 1014.

Hair and Beauty Australia Limited

ABN 78 133 372 200

Independent Auditor's 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 2014, the statement of profit and loss and other 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 2014 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



Brett Hanger
Partner

Registered Company Auditor Number: 345850

Dated this 6th day of January 20 15 Sydney