Australian Government
Registered Organisations Commission

14 November 2017

Ms Maureen Harding
President
Hair and Beauty Australia

By e-mail: vanessaw@askhaba.com.au

Dear Ms Harding

Hair and Beauty Australia
Financial Report for the year ended 30 June 2017 - FR2017/240

I acknowledge receipt of the financial report for the year ended 30 June 2017 for Hair and Beauty Australia (HABA). The financial report was lodged with the Registered Organisations Commission (ROC) on 3 November 2017.

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

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

General Purpose Financial Report (GPFR)

Materiality

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. The Statement of Profit or Loss reports $187,871 as sundry expenses, which is a material amount. In future, this item is required to be further divided to ensure that any material items within expenses are separately disclosed.

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

Yours faithfully

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

HABA
HAIR & BEAUTY AUSTRALIA
INDUSTRY ASSOCIATION

Hair & Beauty Australia

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER[1]

Certificate for the period ended 30/6/2017

I *Brian Flohm* being the *Treasurer* of the *Hair & Beauty Australia* certify:

- that the documents lodged herewith are copies of the full report Financial Report 2017 for the period ended *30/06/2017* referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the *[full report*[2] was provided to members of the reporting unit on *03/10/2017* and

- that the full report was presented to *[a general meeting of members on the 30/10/2017*

Signature of prescribed designated officer:

....

Name of prescribed designated officer: Mr Brian Flohm...

Title of prescribed designated officer: Treasurer ....

Dated: 04/11/ 2017 ....

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

[2] Adjust certificate as appropriate to reflect the facts.

P: 1800 997 795 GPO BOX 5050, Sydney NSW, 2001 E: info@askhaba.com.au

HAIR & BEAUTY AUSTRALIA

ABN: 78 133 372 200

Financial Report For The Year Ended 30 June 2017

HAIR & BEAUTY AUSTRALIA

ABN: 78 133 372 200

Financial Report For The Year Ended 30 June 2017

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

Your directors present this report on the company for the financial year ended 30 June 2017.

Directors

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

Maureen Harding
Sarkis Akle
Mario Nasso
Brian Flohm
Cosmo Nati
Graham Thatcher
Wendy Michetti
Helen Golisano
Alana Rowick
Deb Farnsworth Wood

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 Fair Work (Registered Organisations) Act 2009 (Cth).

c) To consider all matters affecting hairdressers, beauty therapists and related professionals, 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 such all other things as are incidental or conductive to the attainment of the above objects.
The results of those activities have been as follows:
- The company has grown membership in All states and territories to become a truly national body.
- The company has successfully represented members in both industrial courts and tribunals and to government and shadow government.
-The Company has provided seminars and presented at educational seminars to inform members.
-The deficit for the year amounted to ($63,097) (2016: (4,899))
-There have not been any significant changes in the nature of these activities.

Significant Changes in financial affairs

No significant changes in the financial affairs of the company occurred during the financial year.

Right of Members to resign

Members may resign, in accordance with section 174, as per 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 and 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:

- 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 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
Experience	—	46 years
Sarkis Akle	—	Vice President
Experience	—	21 years
Mario Nasso	—	Honorary Secretary
Experience	—	50 years
Brian Flohm	—	Treasurer
Experience	—	65 years
Cosmo Nati	—	
Experience	—	17 years
Graham Thatcher	—	
Experience	—	13 years
Wendy Michetti	—	
Experience	—	36 years
Helen Golisano	—	
Experience	—	36 years
Alana Rowick	—	
Experience	—	11 years
Deb Farnsworth Wood	—	
Experience	—	21 years

HAIR & BEAUTY AUSTRALIA
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	
	Number eligible to attend	Number attended
Maureen Harding	10	10
Sarkis Akle	10	7
Mario Nasso	10	6
Brian Flohm	10	10
Cosmo Nati	10	9
Graham Thatcher	10	7
Wendy Michetti	10	8
Helen Golisano	10	8
Alana Rowick	10	6
Deb Farnsworth Wood	10	4

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee; it is also registered under the Fair Work (Registered Organisations) Act 2009. 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 2017 was 991 (2016: 1,077).

Number of Employees
The number of employees as at 30 June 2017 which was measured on a full time equivalent basis was 3 (2016: 3).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 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 28th day of September 2017

hill rogers

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Level 5, 1 Chifley Square, Sydney NSW 2000 Australia
GPO Box 7066, Sydney NSW 2001

Hair & Beauty Australia

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 2017, 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
Assurance Partners

B Hanger

Brett Hanger
Partner

Registered Auditor no. AA2017/225

Dated this 25th day of September 2017 Sydney

HAIR & BEAUTY AUSTRALIA
ABN: 78 133 372 200
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
Revenue	2	479,024	497,680
Other income	2	63,568	7,653
Depreciation and amortisation expense	3	(28,190)	(29,711)
Repairs, maintenance and vehicle running expenses		(117)	(712)
Training expense		(4,385)	(8,983)
Audit fees	3	(4,500)	(4,500)
Marketing expenses		(48,742)	(11,709)
Fundraising expenses (Aust Union Beyond Blue)		(15,401)	-
Legal fees	3	(17,789)	(22,163)
Employee benefits expense			
- Office holders	3	(125,668)	(100,355)
- Employees	3	(173,026)	(171,726)
Sundry expenses		(187,871)	(160,373)
Current year surplus/(deficiency) before income tax		(63,097)	(4,899)
Tax expense		-	-
Net current year surplus/(deficiency)		(63,097)	(4,899)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land & building	8	232,960	285,960
Total other comprehensive income for the year		232,960	285,960
Total comprehensive income for the year		169,863	281,061
(Deficiency) attributable to the entity		(63,097)	(4,899)
Total comprehensive income attributable to the entity		169,863	281,061

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA
ABN: 78 133 372 200
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash on hand	4	181,817	178,165
Accounts receivable and other debtors	5	2,091	2,541
Financial assets	7	912,684	939,969
Other current assets	6	5,744	5,735
TOTAL CURRENT ASSETS		1,102,336	1,126,410
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,157,007	951,812
TOTAL NON-CURRENT ASSETS		1,157,007	951,812
TOTAL ASSETS		2,259,343	2,078,222
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	9	32,138	31,055
Employee provisions	10	10,791	4,384
Deferred income	11	204,542	200,774
TOTAL CURRENT LIABILITIES		247,471	236,213
TOTAL LIABILITIES		247,471	236,213
NET ASSETS		2,011,872	1,842,009
EQUITY			
Retained surplus		43,410	106,507
Reserves		1,968,462	1,735,502
TOTAL EQUITY		2,011,872	1,842,009

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA
ABN: 78 133 372 200
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Retained Surplus	General Reserve	Revaluation Reserve	Total
		$	$	$	$
Balance at 1 July 2015		296,443	1,298,634	150,908	1,745,985
Adjustment for prior period		(185,037)	-	-	(185,037)
Restated balance at 1 July 2015		111,406	1,298,634	150,908	1,560,948
Comprehensive Income					
Deficiency for the year attributable to the entity		(4,899)	-	-	(4,899)
Other comprehensive income for the year					
Gains on revaluation of land and buildings	8	-	-	285,960	285,960
Total other comprehensive income		-	-	285,960	285,960
Total comprehensive income attributable to the entity		(4,899)	-	285,960	281,061
Balance at 30 June 2016		106,507	1,298,634	436,868	1,842,009
Balance at 1 July 2016		106,507	1,298,634	436,868	1,842,009
Comprehensive Income					
Deficiency for the year attributable to the entity		(63,097)	-	-	(63,097)
Other comprehensive income for the year					
Gains on revaluation of land and buildings	8	-	-	232,960	232,960
Total other comprehensive income		-	-	232,960	232,960
Total comprehensive income attributable to the entity		(63,097)	-	232,960	169,863
Balance at 30 June 2017		43,410	1,298,634	669,828	2,011,872

For a description of each reserve, refer to Note 18.

The accompanying notes form part of these financial statements.

HAIR & BEAUTY AUSTRALIA
ABN: 78 133 372 200
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Commonwealth, state and local government grants		-	-
Receipts from membership fees and other income		536,924	499,425
Payments to suppliers and employees		(585,114)	(526,883)
Interest received		31,868	31,509
Net cash generated from operating activities	14	(16,322)	4,051
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(425)	(1,498)
Payment for held-to-maturity investments		20,399	(228,008)
Net cash used in investing activities		19,974	(229,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		-	-
Net increase in cash held		3,652	(225,455)
Cash on hand at beginning of the financial year		178,165	403,620
Cash on hand at end of the financial year	4	181,817	178,165

The accompanying notes form part of these financial statements.

The financial statements cover HAIR & BEAUTY AUSTRALIA as an individual entity, incorporated and domiciled in Australia. HAIR & BEAUTY AUSTRALIA is a company limited by guarantee.

The financial statements were authorised for issue on 28th September 2017 by the directors of the company.

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, 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 sated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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.

Accounting Policies

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(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 membership is recognised on an accrual basis.

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

(b) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) 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(e) 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.

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.

(d) 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 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 amount 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.

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 the occurrence of one or more events (a "loss event"), 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, are 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 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 account.

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 have 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.

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying amount 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 individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

(f) 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.

(g) Cash on Hand

Cash on hand includes 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.

(h) 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 method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(i) 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.

(j) 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*.

(k) 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.

(l) Comparative Figures

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

(m) 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.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key Estimates

Impairment

The freehold land and buildings were independently valued at 30 June 2017 by Noonan Property. The valuation was based on the fair value less costs of disposal. 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.

At 30 June 2017, the directors reviewed the key assumptions made by the valuers and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2017.

Key Judgements

(i) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(o) Economic Dependence

HAIR & BEAUTY AUSTRALIA 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 .

(p) New Accounting Standards for Application in Future Periods

Adoption of New Australian Accounting Standard requirements

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

Future Australian Accounting Standards Requirements

There were no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and applicable to the future reporting period that are expected to have a significant future financial impact on Hair and Beauty Australia.

(q) Prior Period Change

Hair and Beauty Australia changed its accounting policy in the prior year and recognised membership income on an accruals basis and recognised a corresponding deferred income as a liability. However, in error, only the movement in deferred income, year on year, was recognised and not the deferred income balance. This error has been rectified by restating the opening balance of deferred income and retained earnings for the earliest prior period presented. There has been no impact on the statement of profit or loss and other comprehensive income in either the current or prior periods. The following table summarises the impact:

Statement of financial position

	Previous	Correction	Revised
Deferred Income - 30/06/2016	$15,737	$185,037	$200,774
Retained earnings - 1/07/2015	$296,443	($185,037)	$111,406

Note 2 Revenue and Other Income

	2017 $	2016 $
Revenue		
Revenue received		
— Membership fees received	382,461	404,564
— Commission received	34,610	32,807
— Fee for services	36,970	31,471
	454,041	468,842
Grants and donations		
— Grants	-	-
— Donations	-	-
	-	-
Other revenue		
— Interest received on investments in government and fixed interest securities	24,983	28,838
	24,983	28,838
Total revenue	479,024	497,680
Other income		
— Levies	-	-
— Affiliation fees	-	-
— Capitation fees	-	-
— Rental income	2,400	2,400
— Other	12,576	5,253
— Fundraising Income (Art Union - Beyond Blue)	48,592	-
Total other income	63,568	7,653
Total revenue and other income	542,592	505,333

Note 3 Expenses

		2017 $	2016 $
(a)	Consideration to employers for payroll deduction	-	-
	Fees/allowances - meeting and conferences	-	-
	Grants		
	Total paid that were $1,000 or less	-	-
	Total paid that exceeded $1,000	-	-
	Donations		
	Total paid that were $1,000 or less	-	-
	Total paid that exceeded $1,000	-	-
	Conference and meeting expenses	3,038	5,387
	Contractors/consultants	59,135	38,877
	Property expenses	20,349	19,816
	Information communications technology	22,647	32,365
(b)	Employee benefits expenses		
	Office holders		
	— salary and wages	107,819	82,245
	— superannuation	8,554	9,552
	— Leave and other entitlements	9,295	8,558
	— separation and redundancies	-	-
	— Other employee expenses	-	-
	Subtotal employee expenses holder of officers	125,668	100,355
	Employees other than office holders		
	— salary and wages	145,451	149,639
	— superannuation	14,767	16,663
	— Leave and other entitlements	12,808	5,424
	— Separation and redundancies	-	-
	— Other employee expenses	-	-
	Subtotal employee expenses employees other than office holders	173,026	171,726
	Total employee expenses	298,694	272,081
(c)	Depreciation and amortisation:		
	— land and buildings	24,960	24,960
	— furniture and equipment	3,230	4,751
	Total depreciation and amortisation	28,190	29,711
(d)	Audit fees		
	— audit services	4,500	4,500
	— taxation services	-	-
	Total Audit Remuneration	4,500	4,500
(e)	Legal fees		
	— Litigation	17,879	22,163
	— Other legal matters	-	-
	Total Legal fees	17,879	22,163
(f)	Capitation fees expenses	-	-
	Affiliation fees expense	-	-
	Compulsory levies	-	-
	Penalties via RO Act or RO regulation	-	-

Note 4 Cash on Hand

	2017 $	2016 $
CURRENT		
Cash at bank	181,564	177,911
Cash on hand	253	254
Total cash on hand as stated in the statement of financial position and statement of cash flows	181,817	178,165

Note 5 Accounts Receivable and Other Debtors

	Note	2017 $	2016 $
CURRENT			
Receivable from other reporting units		-	-
Accounts receivable		2,091	2,541
Provision for doubtful debts	5(a)	-	-
		2,091	2,541
Other debtors		-	-
Total current accounts receivable and other debtors		2,091	2,541

(a) Provision for doubtful debts

Movement in the provision for doubtful debts is as follows:

	$
Provision for doubtful debts as at 1 July 2015	
— Charge for the year	-
— Written off	-
Provision for doubtful debts as at 30 June 2016	-
— Charge for the year	-
— Written off	-
Provision for doubtful debts as at 30 June 2017	-

(b) Credit risk

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.

2017	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	2,091	-	1,998	1	-	92	-
Other debtors	-	-	-	-	-	-	-
Total	2,091	-	1,998	1	-	92	-

2016	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	2,541	-	2,541	-	-	-	-
Other debtors	-	-	-	-	-	-	-
Total	2,541	-	2,541	-	-	-	-

Note 6 Other Current Assets

	2017 $	2016 $
Prepayments	5,744	5,735
	5,744	5,735

Note 7 Financial Assets

	Note	2017 $	2016 $
CURRENT			
Financial assets at fair value through profit or loss	7a	912,684	939,969
a. **Financial assets at fair value through profit or loss**			
Westpac Bank term deposit	15	912,684	939,969

Note 8 Property, Plant and Equipment

	2017 $	2016 $
LAND AND BUILDINGS		
Buildings at fair value:		
— Independent valuation in 2017	1,144,000	-
— Independent valuation in 2016	-	936,000
Total buildings	1,144,000	936,000
Total land and buildings	1,144,000	936,000
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	51,294	50,868
Less accumulated depreciation	(38,287)	(35,056)
Less accumulated impairment losses	-	-
	13,007	15,812
Total plant and equipment	13,007	15,812
Total property, plant and equipment	1,157,007	951,812

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 $
2016			
Balance at the beginning of the year	675,000	19,065	694,065
Additions at cost	-	1,498	1,498
Revaluations	285,960	-	285,960
Depreciation expense	(24,960)	(4,751)	(29,711)
Carrying amount at the end of the year	936,000	15,812	951,812
2017			
Balance at the beginning of the year	936,000	15,812	951,812
Additions at cost	-	425	425
Revaluations	232,960	-	232,960
Depreciation expense	(24,960)	(3,230)	(28,190)
Carrying amount at the end of the year	1,144,000	13,007	1,157,007

Asset revaluations

The freehold land and buildings were independently valued at 30 June 2017 by Noonan Property. The valuation resulted in a revaluation increment of $232,960 being recognised in the revaluation surplus for the year ended 30 June 2017.

The directors reviewed the key assumptions made by the valuers on 30 June 2017. They have concluded that are satisfied that the carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2017.

Refer to Note 16 for detailed disclosures regarding the fair value measurement of the company's freehold land and buildings.

Note 9 Accounts Payable and Other Payables

CURRENT	Note	2017 $	2016 $
Payable to other reporting units		-	-
Accounts payable		2,506	5,279
Other current payables		23,131	18,030
Other payables (net amount of GST payable)		6,501	7,746
Payable to employees for membership payroll deductions		-	-
Legal fees payable			
- Litigation		-	-
- Other legal matters		-	-
	9(a)	32,138	31,055

(a) Financial liabilities at amortised cost classified as accounts payable and other payables

	Note	2017 $	2016 $
Accounts payable and other payables:			
— Total current		32,138	31,055
— Total non-current		-	-
Financial liabilities as accounts payable and other payables	15	32,138	31,055

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

Note 10 Employee Provisions

	2017	2016
CURRENT	$	$
Office Holders		
- Annual Leave	4,968	1,906
- Long service leave	-	-
- Separations and redundancies	-	-
- Other	-	-
Subtotal employee provisions - Office holders	4,968	1,906
Employees other than Office Holders		
- Annual Leave	5,823	2,478
- Long service leave	-	-
- Separations and redundancies	-	-
- Other	-	-
Subtotal employee provisions - employees other than Office holders	5,823	2,478
Total employee provisions	10,791	4,384
Current	10,791	4,384
Non Current	-	-
Total employee provisions	10,791	4,384

Analysis of total provisions:	Employee Benefits	Total
Opening balance at 1 July 2016	4,384	4,384
Additional provisions raised during the year	22,104	22,104
Amounts used	(15,697)	(15,697)
Balance at 30 June 2017	10,791	10,791

Employee Provisions

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested 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 Deferred Income

Membership fees received in advance	204,542	200,774
	204,542	200,774

Note 12 Events After the Reporting Period

No events or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect operations of the company, the results of those operation, or the state of affairs of the company in future financial years.

Note 13 Related Party Transactions

Key Management Personnel

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

The totals of remuneration paid to KMP of the company during the year are as follows:

	2017	2016
	$	$
KMP compensation:		
— short-term employee benefits	125,668	100,355
— post-employment benefits	-	-
— other long-term benefits	-	-
	125,668	100,355

Note 14 Cash Flow Information

	2017 $	2016 $
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year surplus	(63,097)	(4,899)
Non-cash flows:		
Depreciation and amortisation expense	28,190	29,711
Accrued interest income	6,885	2,669
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	450	(2,541)
Increase/(decrease) in accounts payable	(2,777)	2,217
(Increase)/decrease in accrued expenses and other payables	3,859	2,784
Increase/(decrease) in employee provisions	6,407	(8,867)
(Decrease)/Increase in deferred income	3,770	(12,509)
(Increase)/decrease in prepayments	(9)	(4,514)
	(16,322)	4,051

Note 15 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.

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:

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	4	181,817	178,165
Loans and receivables	5	2,091	2,541
Held-to-maturity investments	7(a), 16	912,684	939,969
Total financial assets		1,096,592	1,120,675
Financial liabilities			
Financial liabilities at amortised cost:			
— accounts payable and other payables	9(a)	32,138	31,055
Total financial liabilities		32,138	31,055

Refer to Note 16 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

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 while 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 exposure to 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	2017 $	2016 $
Cash on hand			
— AA Rated		181,817	178,165
	4	181,817	178,165

(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 analyses in relation to its operating, 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 table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold any derivative financial liabilities directly.

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	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Accounts payable and other payables (excluding estimated annual leave and deferred income)	32,138	31,055	-	-	-	-	32,138	31,055
Total expected outflows	32,138	31,055	-	-	-	-	32,138	31,055
Financial Assets - cash flows realisable								
Cash on hand	181,817	178,165	-	-	-	-	181,817	178,165
Accounts receivable and other debtors	2,091	2,541	-	-	-	-	2,091	2,541
Other financial assets	912,684	939,969	-	-	-	-	912,684	939,969
Total anticipated inflows	1,096,592	1,120,675	-	-	-	-	1,096,592	1,120,675
Net (outflow) / inflow on financial instruments	1,064,454	1,089,620	-	-	-	-	1,064,454	1,089,620

(c) Market Risk

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 financial instruments that expose the company to interest rate risk are limited to fixed interest securities and cash on hand.

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 of 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 2017	Surplus $	Equity $
+/- 1% in interest rates	+/-10,945	+/-10,945

Year ended 30 June 2016	Surplus $	Equity $
+/- 1% in interest rates	+/-11,181	+/-11,181

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

Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

Note 16 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;
— available-for-sale financial assets; and
— 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 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

— 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 2017
			Total
Recurring fair value measurements	**Note**	$	$
Financial assets			
Held-to-maturity investments			
— Investments in fixed interest securities (Level 1)	7	912,684	912,684
Total financial assets recognised at fair value		912,684	912,684
Non-financial assets			
Freehold land			
— Land & Building (Level 2)	8	1,144,000	1,144,000
Total non-financial assets recognised at fair value		1,144,000	1,144,000

			30 June 2016
			Total
Recurring fair value measurements	**Note**	$	$
Financial assets			
Held-to-maturity investments			
— Investments in fixed interest securities (Level 1)	7	939,969	939,969
Total financial assets recognised at fair value		939,969	939,969
Non-financial assets			
Freehold land			
— Land & Building (Level 2)	8	936,000	936,000
Total non-financial assets recognised at fair value		936,000	936,000

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	**Fair value ($) at 30 June 2017**	**Valuation technique(s)**	**Inputs used**
Non-financial assets			
Freehold Buildings	1,144,000	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	1,144,000		

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

(c) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- accounts receivable and other debtors
- fixed interest securities
- accounts payable and other payables

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

Note 17 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 manages 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 2017 and 30 June 2016 are as follows:

	Note	2017 $	2016 $
Total borrowings		-	-
Less cash on hand	4	(181,817)	(178,165)
Net debt		(181,817)	(178,165)
Total equity (retained surplus and reserves)		2,011,872	1,842,009
Total capital		1,830,055	1,663,844
Gearing ratio		N/A	N/A

Note 18 Reserves

Revaluation Reserve

The revaluation reserve records revaluations of non-current assets.

Note 19 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or commissioner:

(1) A member of a reporting unit, or the commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Note 20 Entity Details

The registered office of the entity is:

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

The principal place of business is:

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

Note 21 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $100 towards meeting any outstanding obligations of the entity. At 30 June 2017 the number of members was 991.

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

In accordance with a resolution of the directors of HAIR & BEAUTY AUSTRALIA LTD, the directors declare that:

On 28th September 2017, the committee of Management of Hair and Beauty Australia passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

The committee of Management declares that in its opinion:

(a) the financial statements and notes as set out on page 5 to 22, are in accordance with the Corporations Act 2001;

(b) the financial statements and notes comply with the Australian Accounting Standards;

(c) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

(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 RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

(vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.

(g) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

Director

Maureen Harding

Director

Brian Flohm

Dated this 28th day of September 2017

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Independent Audit Report to the Members of Hair and Beauty Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hair and Beauty Australia (the Reporting Unit), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Hair and Beauty Australia as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

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

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

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

Report on the Recovery of Wages Activity financial report

Hair and Beauty Australia has not undertaken any recovery of wages activity during the financial year and is stated in the Committee of Management Statement note g.

Hill Rogers
Assurance Partners

B. Hanger

Brett Hanger
Partner

Registered Auditor no. AA2017/225

Dated this 4th day of October 2017