

# **HAIR & BEAUTY AUSTRALIA LIMITED**

**ABN: 78 133 372 200**

**Financial Report For The Year Ended  
30 June 2013**

# HAIR & BEAUTY AUSTRALIA LIMITED

ABN: 78 133 372 200

## Financial Report For The Year Ended 30 June 2013

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

Your directors present this report on the company for the financial year ended 30 June 2013.

**Directors**

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

Ian Laidlaw  
Christina Arciuli resigned (24/07/2012)  
Maureen Harding  
Mario Nasso  
Brian Flohm  
Peter Warbrick  
Sebastiana Todaro resigned (24/07/2012)  
Tony Auciello resigned (25/10/2012)  
Craig Braun  
John Brennan resigned (25/10/2012)

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

**Review of Principal Activities**

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

- a) To safeguard and promote the interests of hairdressing, beauty and related industries in respect of legislation, and to propose legislation which would promote those industries.
- b) To maintain registration as an industrial organisation of employers under the Fair Work (Registered Organisations) Act 2009
- 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 entity'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 entity'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.

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**Strategies**

To achieve its stated objectives, the entity 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 entity 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 entity and whether the entity's short-term and long-term objectives are being achieved.

**Information on Directors**

Ian Laidlaw	—	President
Experience	—	34 years experience in the industry
Christina Arciuli		
Experience	—	30 years experience in the industry
Maureen Harding	—	Treasurer
Experience	—	42 years experience in the industry
Mario Nasso	—	Secretary
Experience	—	46 years experience in the industry
Brian Flohm	—	Vice President
Experience	—	61 years experience in the industry
Peter Warbrick		
Experience	—	29 years experience in the industry
Sebastiana Todaro		
Experience	—	40 years experience in the industry
Tony Auciello		
Experience	—	33 years experience in the industry
Craig Braun		
Experience	—	14 years experience in the industry
John Brenan		
Experience	—	35 years experience in the industry

**Meetings of Directors**

During the financial year, 9 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	No. eligible to attend	No. attended
Ian Laidlaw	9	9
Christina Arciuli	1	1
Maureen Harding	9	8
Mario Nasso	9	5
Brian Flohm	9	8
Peter Warbrick	9	5
Sebastiana Todaro	1	-

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**ABN: 78 133 372 200**  
**OPERATING REPORT**

Tony Auciello	4	-
Craig Braun	9	6
John Brennan	4	-

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

**Number of Members**

The number of members as at 30 June 2013 was 964 (2012: 776).

**Number of Employees**

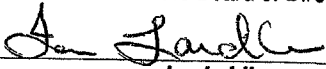
The number of employees as at 30 June 2013 measured on a full time basis was 2.5.

**Auditor's Independence Declaration**

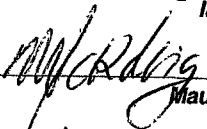
The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 4 of the financial report.

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

Director

  
\_\_\_\_\_  
*Ian Laidlaw*

Director

  
\_\_\_\_\_  
*J.P. 183055*  
*Maureen Harding*

Dated this

[day] *15<sup>th</sup>* day of *OCTOBER* [month] 2013

Hill Rogers  
Spencer Steer

## Hair & Beauty Australia Limited

ABN 78 133 372 200

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, 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 30<sup>th</sup> day of September 2013 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 2013**

	Note	2013	2012
Revenue		\$	\$
	2	427,762	353,657
Other income	2	2,018	5,054
Depreciation and amortisation expense	3	(31,596)	(30,252)
Audit, legal and consultancy fees		(6,000)	(9,250)
Marketing expenses		(6,269)	(17,304)
Employee benefits expense			
- Office holders		(131,379)	(126,600)
- Employees		(95,402)	(94,050)
Sundry expenses		(94,599)	(146,299)
<b>Current year surplus before income tax</b>		<u>64,535</u>	<u>(65,044)</u>
Income tax expense		-	-
<b>Net current year surplus</b>		<u><u>64,535</u></u>	<u><u>(65,044)</u></u>
<b>Other comprehensive income:</b>			
<b>Total other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<u><u>64,535</u></u>	<u><u>(65,044)</u></u>
Total comprehensive income attributable to the entity		<u><u>64,535</u></u>	<u><u>(65,044)</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 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand			
Financial assets	4	158,011	89,290
Other current assets	5	644,250	615,127
	6	9,593	9,933
<b>TOTAL CURRENT ASSETS</b>		<u>811,854</u>	<u>714,350</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	590,954	610,792
<b>TOTAL NON-CURRENT ASSETS</b>		<u>590,954</u>	<u>610,792</u>
<b>TOTAL ASSETS</b>		<u>1,402,808</u>	<u>1,325,142</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other payables	8	40,923	27,792
<b>TOTAL CURRENT LIABILITIES</b>		<u>40,923</u>	<u>27,792</u>
<b>TOTAL LIABILITIES</b>		<u>40,923</u>	<u>27,792</u>
<b>NET ASSETS</b>		<u>1,361,885</u>	<u>1,297,350</u>
<b>EQUITY</b>			
Retained surplus		63,251	(1,284)
Reserves	14	1,298,634	1,298,634
<b>TOTAL EQUITY</b>		<u>1,361,885</u>	<u>1,297,350</u>

The accompanying notes form part of these financial statements.



**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Retained Surplus \$	General Reserve \$	Total \$
<b>Balance at 1 July 2011</b>		63,760	1,298,634	1,362,394
<b>Comprehensive Income</b>				
Deficit for the year attributable to the entity		(65,044)	-	(65,044)
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income attributable to members of the entity</b>		(65,044)	-	(65,044)
<b>Balance at 30 June 2012</b>		(1,284)	1,298,634	1,297,350
<b>Comprehensive Income</b>				
Surplus for the year attributable to the entity		64,535	-	64,535
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income attributable to members of the entity</b>		64,535	-	64,535
<b>Balance at 30 June 2013</b>		63,251	1,298,634	1,361,885

For a description of each reserve, refer to Note 14.

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 2013**

	Note	2013 \$	2012 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from membership fees and commission		437,972	346,642
Payments to suppliers and employees		(360,479)	(439,267)
Interest received		32,107	35,736
Interest paid		-	(3,598)
Net cash generated from operating activities	11	109,600	(60,487)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(11,757)	(1,485)
Payment for held-to-maturity investments		(29,122)	(20,673)
Net cash used in investing activities		(40,879)	(22,158)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease liabilities		-	(19,617)
Net cash used in financing activities		-	(19,617)
Net increase/(decrease) in cash held		68,721	(102,262)
Cash and cash equivalents at the beginning of the financial year		89,290	191,552
Cash and cash equivalents at the end of the financial year	4	158,011	89,290

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 2013**

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

**Note 1            Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and the Fair Work (Registered Organisations) Act 2009 and Regulations. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

The financial statements were authorised for issue on 24th September by the directors of the entity.

**Accounting Policies**

**(a) Revenue**

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

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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### Depreciation

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are 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 entity 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.

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

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

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

##### *(ii) 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 entity'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.

##### *(iii) 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 2013**

*Impairment*

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

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

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

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

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the entity 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 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.

**(e) Employee Provisions**

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

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

**(f) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(g) Accounts receivable and other debtors**

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

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(e) 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 an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period 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 entity 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 entity.

**(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 member will not continue to support HAIR & BEAUTY AUSTRALIA LIMITED.

**(o) New Accounting Standards for Application in Future Periods**

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

**Note 2 Revenue and Other Income**

	2013	2012
<b>Revenue</b>	\$	\$
— Membership fees received	364,849	281,725
— Commission received	31,290	33,404
	<u>396,139</u>	<u>315,129</u>
<b>Other revenue</b>		
— interest received on investments and fixed interest securities	31,623	38,528
	<u>31,623</u>	<u>38,528</u>
<b>Total revenue</b>	<u>427,762</u>	<u>353,657</u>

**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<b>Other income</b>		
— Rental income	2,018	4,945
— Other	-	109
— Capitation fees	-	-
— Levies	-	-
<b>Total other income</b>	<u>2,018</u>	<u>5,054</u>
<b>Total revenue and other income</b>	<u>429,780</u>	<u>358,711</u>

**Note 3 Surplus for the Year**

<b>Expenses</b>	2013	2012
Depreciation and amortisation:	\$	\$
— land and buildings	24,960	24,960
— furniture and equipment	6,636	5,292
Total depreciation and amortisation	<u>31,596</u>	<u>30,252</u>
Auditor fees		
— audit services	6,000	9,250
— taxation services	-	-
Total Audit Remuneration	<u>6,000</u>	<u>9,250</u>

**Note 4 Cash on Hand**

	2013	2012
	\$	\$
<b>CURRENT</b>		
Cash at bank - unrestricted	157,713	89,232
Cash float	298	58
Total cash and cash equivalents as stated in the statement of financial position	<u>158,011</u>	<u>89,290</u>
Total cash and cash equivalents as stated in the cash flow statement	<u>158,011</u>	<u>89,290</u>

**Note 5 Financial Assets**

	2013	2012
	\$	\$
<b>CURRENT</b>		
Westpac Bank Term Deposit	644,250	615,127
	<u>644,250</u>	<u>615,127</u>

**Note 6 Other Current Assets**

	2013	2012
	\$	\$
Prepayments	9,593	9,933
	<u>9,593</u>	<u>9,933</u>

**Note 7 Property, Plant and Equipment**

	2013	2012
	\$	\$
<b>LAND AND BUILDINGS</b>		
Buildings at fair value:		
— At cost	624,000	624,000
— Less accumulated depreciation	(49,988)	(25,028)
Total buildings	<u>574,012</u>	<u>598,972</u>
Total land and buildings	<u>574,012</u>	<u>598,972</u>

**HAIR & BEAUTY AUSTRALIA LIMITED**

ABN: 78 133 372 200

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**PLANT AND EQUIPMENT**

Plant and equipment		
At cost	30,201	18,443
Less accumulated depreciation	(13,259)	(6,623)
	<u>16,942</u>	<u>11,820</u>
Total plant and equipment	<u>16,942</u>	<u>11,820</u>
Total property, plant and equipment	<u>590,954</u>	<u>610,792</u>

**Movements in Carrying Amounts**

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

	Land and Buildings \$	Plant and Equipment \$	Total \$
<b>2012</b>			
Balance at the beginning of the year	623,932	15,627	639,559
Additions at cost	-	1,485	1,485
Additions at fair value	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
Depreciation expense	(24,960)	(5,292)	(30,252)
Carrying amount at end of year	<u>598,972</u>	<u>11,820</u>	<u>610,792</u>
<b>2013</b>			
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>

**Asset revaluations**

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

At 30 June 2013 the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2012 and do not believe there has been a significant change in the assumptions at 30 June 2013. The directors therefore believe the carrying amount of the land correctly reflects the fair value less cost to sell at 30 June 2013.

**Note 8 Accounts Payable and Other Payables**

	Note	2013 \$	2012 \$
<b>CURRENT</b>			
Accounts payable		9,445	3,491
Other current payables		17,913	19,036
Employee benefit		6,806	3,765
GST Payable		6,759	1,500
	8(a)	<u>40,923</u>	<u>27,792</u>
		2013 \$	2012 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		40,923	27,792
— Total non-current		-	-
		<u>40,923</u>	<u>27,792</u>
Less annual leave entitlement		(6,806)	(3,765)
Financial liabilities as trade and other payables	12	<u>34,117</u>	<u>24,027</u>



**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**Note 9 Events After the Reporting Period**

No events have occurred after reporting date requiring disclose.

**Note 10 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.

Key Management Personnel Compensation	2013	2012
— Short-term benefits	\$ 131,379	\$ 126,600
— Post-employment benefits	-	-
— Other long-term benefits	-	-
	131,379	126,600

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

**Note 11 Cash Flow Information**

**Reconciliation of Cashflow from Operating Activities with Current Year Surplus**

Profit after income tax	2013	2012
	\$ 64,535	\$ (65,044)
Non cash flows		
Depreciation and amortisation expense	31,596	30,252
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable and other debtors	-	3,188
Increase/(decrease) in accounts payable and other payables	11,380	(11,105)
Increase/(decrease) in accrued expenses	(1,292)	1,819
Increase/(decrease) in provision	3,041	(11,234)
(Increase)/decrease in prepayments	340	(8,363)
	109,600	(60,487)

**Note 12 Financial Risk Management**

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

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	2013	2012
		\$	\$
<b>Financial assets</b>			
Cash on hand	4	158,011	89,290
Held-to-maturity investments			
— investments in fixed interest securities	5	644,250	615,127
<b>Total financial assets</b>		802,261	704,417
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
— trade and other payables	8(a)	34,117	24,027
<b>Total financial liabilities</b>		34,117	24,027

**Financial Risk Management Policies**

The committee is responsible for monitoring and managing the entity'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 entity 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 entity 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 entity 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.

**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(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 entity.

*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.

The entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

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	2013 \$	2012 \$
Cash on hand			
— AA Rated	4	158,011	89,290
		158,011	89,290

**(b) Liquidity risk**

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity 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 entity'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 entity does not hold directly any derivative financial liabilities.

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

*Financial liability and financial asset maturity analysis*

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Financial liabilities due for payment</b>	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and other payables (excluding estimated annual leave and deferred income)	34,117	24,027	-	-	-	-	34,117	24,027
Total expected outflows	34,117	24,027	-	-	-	-	34,117	24,027
<b>Financial Assets - cash flows realisable</b>								
Cash on hand	158,011	89,290	-	-	-	-	158,011	89,290
Other financial assets	644,250	615,127	-	-	-	-	644,250	615,127
Total anticipated inflows	802,261	704,417	-	-	-	-	802,261	704,417
Net (outflow) / inflow on financial instruments	768,144	680,390	-	-	-	-	768,144	680,390

**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(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 entity is also exposed to earnings volatility on floating rate instruments.

The financial instruments which expose the entity to interest rate risk are limited to fixed interest securities and cash on hand.

**Sensitivity Analysis**

The following table illustrates sensitivities to the entity'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.

<b>Year ended 30 June 2013</b>	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
+/- 1% in interest rates	+/-6442	+/-6442

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

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

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

**Fair Values**

**Fair value estimation**

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

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

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

	Footnote	2013		2012	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	158,011	158,011	89,290	89,290
Held-to-maturity financial assets					
— fixed interest securities	(ii)	644,250	644,250	615,127	615,127
<b>Total financial assets</b>		<u>802,261</u>	<u>802,261</u>	<u>704,417</u>	<u>704,417</u>
<b>Financial liabilities</b>					
Accounts payable and other payables	(i)	34,117	34,117	24,027	24,027
<b>Total financial liabilities</b>		<u>34,117</u>	<u>34,117</u>	<u>24,027</u>	<u>24,027</u>

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

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.
- (ii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

**HAIR & BEAUTY AUSTRALIA LIMITED**  
**ABN: 78 133 372 200**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**Note 13 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 2013 and 30 June 2012 are as follows:

	Note	2013 \$	2012 \$
Total borrowings		-	-
Less cash and cash equivalents	4	(158,011)	(89,290)
Net debt		(158,011)	(89,290)
Total equity (retained surplus and reserves)		1,361,885	1,297,350
Total capital		1,203,874	1,208,060
Gearing ratio		N/A	N/A

**Note 14 Reserves**

General Reserves

Retained earning transferred from Professional Hairdressers Association on business combination in 2011.

**Note 15 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 16 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 2013 the number of members was 964.

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

On 1/10/2013 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 2013.

The committee of Management declares that in its opinion:

- a) the financial statements and notes, as set out on pages 5 to 18, 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) meeting 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;
- 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
  - (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



Ian Laidlaw

Director

 J.P. 183055

Maureen Harding

Dated this

[day] 1<sup>ST</sup> day of OCTOBER [month]

2013

Hill Rogers  
Spencer Steer

## Hair and Beauty Australia Limited

ABN 78 133 372 200

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

#### Report on the Financial Report

We have audited the accompanying financial report of Hair and Beauty Australia Limited, which comprises the statement of financial position as at 30 June 2013, 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

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	

Hill Rogers  
Spencer Steer

## 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 2013 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 *8th* day of *October* 20 *13* Sydney



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

19 February 2014

Dear Mr Kellett

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

In my capacity to act on behalf of the Secretary, I confirm the following to be accurate;

1. On 24<sup>th</sup> September 2013 the Committee of Management were presented with both the full and concise financial statements of Hair and Beauty Australia Limited for the financial year ending June 2012 as audited by Hill Rogers Spencer Steer.
2. On 25<sup>th</sup> November 2013 the full audited financial statements were made available to all members of Hair and Beauty Australia.
3. On 25 November 2013 the full financial statements were presented to Members at the Annual General Meeting of Hair and Beauty Australia.

Should you require any further information please don't hesitate to contact myself on 02 9221 9911 or via email at [christina@askhaba.com.au](mailto:christina@askhaba.com.au)

Sincerely,

A handwritten signature in black ink, appearing to read "Christina Acriuli", is written over a light blue horizontal line.

Christina Acriuli  
Executive Director  
On Behalf of Hair and Beauty Australia



12 April 2014



Ms Kerri-Ann Allen  
Hair and Beauty Australia  
[kerri-ann@askhaba.com.au](mailto:kerri-ann@askhaba.com.au)

Dear Ms Allen,

**Hair and Beauty Australia  
Financial Report for the year ended 30 June 2013 - [FR2013/363]**

I acknowledge receipt of the financial report of the Hair and Beauty Australia. The documents were lodged with the Fair Work Commission on 19 February 2014 .

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 2014 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 Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report:

**Disclosure of employee expenses/provisions to office holders and other employees**

The Reporting Guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses to holders of office (item 17(f)) and employee expenses to other employees (item 17(g)).

I note that the statement of comprehensive income does not distinguish between employee expenses for office holders and other employees. Employee expenses for office holders and other employees should be separately disclosed.

The employee expense note to the financial statements has disclosed wages and salaries separately for officer holders and employees, but does not separately disclose superannuation, leave and other entitlements, separation and redundancies and other employee expenses provided for officers and employees.

The employee provisions note to the financial statements has disclosed annual leave and long service leave separately for office holders and employees, but does not separately disclose separation and redundancies and other employee provisions provided for officers and employees.

The Reporting Guidelines require that all employee and office holder benefits be detailed separately (refer to items 17(f), 17(g), 21(c) and 21(d)).

Reports must be provided to Members at least 21 days before the General Meeting of Members

The designated officer's certificate states that the financial report was provided to members on 24 November 2013 and presented to a general meeting of members on the same date. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit only provided members the financial report on the same day as the general meeting.

Please note that subsection 265(5) is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

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

If you have any queries regarding this letter, please contact me on (03) 8661 7812 or via email at [nick.salzberg@fwc.gov.au](mailto:nick.salzberg@fwc.gov.au).

Yours sincerely



Nick Salzberg  
Regulatory Compliance Branch  
Fair Work Commission