FAIR WORK AUSTRALIA

6 January 2012

Mr Gerard Munday
Chairman
VANA Limited

General@vana.com.au

Dear Mr Munday

Re: Financial Report for VANA Limited for year ended 30 June 2011 - FR2011/2604

Further to my letter to you of 16 November 2011 requesting further information, the financial report of VANA Limited for the year ended 30 June 2011 has now been filed.

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.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Australia website. In particular, I draw your attention to fact sheet 08 which explains the timeline requirements, and fact sheet 09 which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met.

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 8661 7822 or by email at margaret.williams@fwa.gov.au.

Yours sincerely

MARGARET WILLIAMS
Organisations and Research

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone: (03) 8661 7822
International: (613) 8661 7822
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FOUNDED 1879. ACN 004 238 644

806-810 Nicholson Street
North Fitzroy VIC 3068

Tel.: (03) 9482 2911
Fax: (03) 9482 1799
Email: General@vana.com.au
Webpage: www.vana.com.au

I, Ron Thorpe being the Treasurer of the *VANA Ltd* certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on *27th October 2011 via email and access to the VANA Ltd website for members*; and
- that the full report was presented to *a* general meeting of members of the VANA Ltd on 24th November 2011 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature: R. S. Thorpe

Date: 24TH November 2011

[1] *The relevant regulations prescribe the designated officer for the purpose of s268 of the Fair Work (Registered Organisations) Act 2009 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

VANA Ltd - “Other expenses from continuing operations” in the Statement of Comprehensive

6-1220	Promotions N-stock	Income statement	2,101.45	-	2,101.45
6-1500	Rental - Photocopier	Income statement	5,558.40	-	5,558.40
6-4150	Accounting/Tax Advice	Income statement	1,750.18	-	1,750.18
6-4155	ASIC	Income statement	319.00	-	319.00
6-4450	Bank Charges	Income statement	2,679.22	-	2,679.22
6-4455	Bank Interest - Overdraft	Income statement	182.17	-	182.17
6-4500	Merchant Fees	Income statement	1,444.00	-	1,444.00
6-4600	Financial Exps - Other	Income statement	1,661.72	-	1,661.72
6-4700	Bad Debts	Income statement	865.94	6,318.00	7,183.94
6-6999	Other Expenses	Income statement	147.27	-	147.27
6-7250	Repairs & Maintenance	Income statement	11,634.31	-	11,634.31
6-7350	Tenancy Maintenance	Income statement	-	-	-
6-9505	YourNewsaget Website	Income statement	18,886.24	-	18,886.24
6-9510	NEW-WEB Monthly Fee	Income statement	3,270.00	-	3,270.00
6-9555	VANA Brochure Expenses	Income statement	8,639.00	-	8,639.00
6-9710	N-stock Rebates (ANF)	Income statement	3,494.55	-	3,494.55
6-9715	N-stock Rebates (Members)	Income statement	37,728.46	-	37,728.46
6-9850	So You Want To Be A N/A	Income statement	182.00	-	182.00
6-9870	Other Member Training	Income statement	335.48	-	335.48
6-9935	NOTY Winners Prize	Income statement	4,540.25	-	4,540.25
6-9940	Golf Day Event	Income statement	2,821.12	-	2,821.12
6-9991	New Member Business Cards	Income statement	4,080.00	-	4,080.00
6-9992	Other Sundry Items	Income statement	36.32	1,479.00	1,515.32
6.6900	Loss on Sale of Motor Vehicle	Income statement	-	-	-
9-2000	Financial Asset Revaluation	Income statement	-	-	-
			112,357.08	7,797.00	120,154.08

FAIR WORK AUSTRALIA

16 November 2011

Mr Gerard Munday
Chairman
VANA Limited

email: General@vana.com.au

Dear Mr Munday

Re: Financial Report for VANA Limited for year ended 30 June 2011 - FR2010/2604

I acknowledge receipt of the financial report of VANA Limited for the year ended 30 June 2011. The documents were lodged with Fair Work Australia on 25 October 2011.

The financial report has not been filed

I have examined the financial report. Following that examination I have identified a number of matters, the details of which are set out below, that I require you to attend to before the report can be filed.

Designated Officer's certificate

Section 268 of the RO Act requires the lodgement of a certificate signed and dated by the designated officer which certifies that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

I note that the designated officer's certificate was not lodged with the financial report. Please provide one as soon as possible.

Statement of Comprehensive Income

Disclosure of material items

As per previous years, the Statement of Comprehensive Income has disclosed a material amount under the title "Other expenses from continuing operations". Please provide details of any material class of similar items that may be contained within this item.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7822 or by email at margaret.williams@fwa.gov.au.

Yours sincerely

MARGARET WILLIAMS
Organisations and Research

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

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International: (613) 8661 7777
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Email: melbourne@fwa.gov.au

Financial Report For

VANA Ltd (ABN 38 004 238 644)

For the Year ended 30 June 2011

VANA LTD

ABN 38 004 238 644

CHAIRMAN'S REPORT 2011

Dear Members,

VANA, like many in our membership sees itself at a cross road. Do we continue to manage our business the way we have always done so, or do we choose to travel down a different road. A road based on the same principles and values, but with a new sense of purpose. Our membership needs help from their association more than ever before. As in the late 1900's when deregulation changed our industry creating competition into the market place, with the introduction of individual contracts, today we not only see this same unknown environment, but we see a global economy under threat of change that sees many of us battling to know which way to go. VANA today needs more than ever to show leadership and support as the Newsagency industry comes under attack from many different fronts.

The past 12 months has seen our industry dealing with publisher reviews, openly stating the time is right for change. With the emergence of digital media and customers' expectations developing at a rapid pace, the Newsagency industry has seen all Australian Newsagency associations unite with leadership from the ANF. This much sort after unity is seen as a huge opportunity for the Newsagency industry to show its real power as a group of independent retailers united in their position they hold in all retail communities.

With no secrets around just how tough the retail market is today, VANA too has had to address the way they run the business of representing our membership. Clearly with the set of financial figures you read about in this annual report, a line in the sand needs to be drawn as to the way your association is being run. Tough decisions needed to be made, in depth questions needed to be asked. Changes have had to be made. The leadership your current board is showing today is saying they are up to this challenge. Members funds need to be managed responsibility, members support and representation need to be accountable. Like our retail businesses, VANA needs results. We need to see how VANA is adding value to your business, how VANA is supporting its members as they once again see an industry going through change. VANA members must have the confidence their associations has an understanding of their fears, their challenges and their investments.

Recently your Board made the bold decision not to replace its outgoing CEO, Peter Cowley. This decision has been based around the confidence the Board has in the staff at VANA and in the need to support the membership more than ever before. Projects like T2020 representation, developing the N-brand through consultation with the ANF and GNS and the introduction of a training induction program (VIP) are all areas your board sees as imperative in the future investment into our industry.

A major new initiative, "*love your newsagent*", has seen for the first time Australia wide, an association spending members funds on the newsagents brand. Through billboards, radio and print press advertising; the word "newsagent" is out in full force putting it in the front of our customers mind. The message of community, personnel service, family business is supported through a full point of sale "*love pack*" supplied free of charge to all Victorian newsagents. This love pack includes posters, badges and balloons, all the tools to help a newsagent bring new life into their store, re-enforcing their place in their community. This campaign will be just the beginning of VANA's commitment of supporting stores in their efforts to remain part of their community. VANA has already started planning our next " *love your newsagent*" campaign for 2012, learning from our current event on how to make it even better.

As many members are turning their efforts into distribution only businesses, VANA must remain relevant. With all the major publishers addressing our delivery model on a national level, association representation needs to be done effective and efficiently making sure all investments are recognised. VANA needs to investigate other ways of creating opportunities for its distribution members as added value to their membership.

The new VANA structure sees its Board leading from the front in its efforts to give members value for their membership. The staff at VANA of Sel, Oliver, Wayne and Matha have already shown their commitment to the membership and their belief in the Newsagency industry. The VANA Board would like to thank them for their efforts, and support their initiatives that will see many benefits for the membership.

I would also like to thank the VANA Board that has seen many Directors being asked to make some tough decisions over that past few months. These decisions have major impacts to the way VANA runs the business of supporting and representing its members. I thank them all for their belief in themselves and the industry that sees it needing strong leadership during our current challenging environment.

Finally, and most importantly, I would like to thank you, the members of VANA for your membership. The past few years have been challenging for all involved in retail, with the Newsagency industry no exception. The VANA Board understands the responsibility it has to reward member's commitment.

Members, Associations and Industry partners all have a responsibility to invest into the Newsagency Industry. Together, we can continue to make sure our business that is positioned uniquely in world retailing offering personal, community based, locally run businesses, continues to trade successfully. This privilege needs to be never taken for granted, and one that needs continued efforts and investment to maintain. At VANA, we welcome this responsibility and commit ourselves to the membership to achieve our collective goals.

Gerard Munday
VANA Chairman

VANA LIMITED
ABN 38 004 238 644

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

VANA LIMITED
ABN 38 004 238 644

TABLE OF CONTENTS

VANA LIMITED
ABN 38 004 238 644

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2011.

Directors

The names of the directors in office at any time during or since the end of the financial year are:
Mr R Wade (resigned 26 July 2011)
Mr G Tribe (resigned 13 May 2011)
Mr C Lawlor
Mr G Munday
Mr R Burgess
Mr C Samartzis
Mr W Roberts (resigned 2 July 2010)
Mr D Lacey (resigned 23 May 2011)
Mr J McCarthy (appointed 18 January 2011, resigned 16 September 2011)
Mr C Pecrora (appointed 22 February 2011)
Mr D Thorpe (appointed 26 July 2011)
Mr B Henwood (appointed 18 January 2011, resigned 26 July 2011)

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

Operating Results

The loss of the Company for the financial year after providing for income tax amounted to $215,622.

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Financial Affairs

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

Principal Activity

The principal activity of the Company during the financial year was to operate as a trade association. A review of the operations of the Company during the financial year and the results of those operations found that during the year, VANA Limited has continued working to ensure the growth and financial viability of the newsagency channel through offering industry representation, advocacy, human resource assistance, political lobbying and e-commerce advice. Over the past year VANA Limited has provided support, advice and information over a wide range of industrial relations and human resource issues. We have kept members informed on key industry issues through regional meetings, bulletins, the VANA Limited web site and numerous communications via mail, fax and emails. VANA Limited continues to investigate and negotiate deals for newsagents in a variety of arenas and lobbying to represent newsagents' interests at a state and national level. No significant change in the nature of these activities occurred during the year.

Objectives & Strategies

Short term
VANA continued servicing its members' needs to ensure their viability and operational requirements.

Long term
Ensure the future and enhancement of the newsagency channel and protection of members business and goodwill through government lobbying, supplier negotiations and member training and engagement.
All this being achieved in a financially responsible manner.

Achievement of objectives

During the year, VANA continued to service its members and engage the members in lobbying and working on changing supplier requirements. The enhanced training program (VIP) was developed with implementation in early 2012, as well as continuing to run the Retail Diploma in Newsagency Management, obtained from a government grant. All participants are expected to graduate in November 2011. The T2020 project was communicated to members with advisory groups being run in order to present submission to News Limited via the ANF in January 2011.

Performance Measures

Notwithstanding VANA returning a loss, the Directors are of the view that VANA achieved the objectives above and was a leader in the industry. The Board has worked on improving VANA's financial results by exploring additional opportunities that are valuable to VANA and the industry. A new VANA structure was adopted by the Board of Directors in August 2011 to address this loss.

Resignation

As outlined in rule 11 of Registered Rules of VANA Limited, a member or Associate Member of VANA Limited may resign their respective membership by written notice addressed and delivered to the Treasurer. A notice of resignation from membership or associate membership of VANA Limited will take effect from the day on which the notice is received by VANA Limited or any such later date specified in the notice.

Superannuation Trustees

No directors of VANA Limited are trustees for superannuation funds offered to its membership. Contributions for employees are made to superannuation funds, which are totally independent of VANA Limited.

Office Structure

VANA Limited employed 6 full-time and one part time staff members during the year ended 30 June 2011 (2010: 6 full time staff members). VANA Limited staff members continue to hold specific responsibilities through key portfolios. Staff report to the Chief Executive Officer who then reports at Board level. Board discussions and issues are reported to the Membership via the News Bulletin Hotline, VANA Website and Regional Group Meetings. The objective of the Association remains "to ensure the growth and financial viability of the Newsagency channel".

Membership

At 30 June 2011 VANA Limited had 439 members (2010: 463).

Information on Directors

The information on current directors is as follows:

Mr G Munday	– Chairman from May 2011
Experience	– Newsagent for 20 years
Mr C Pecrora	– Vice Chairman from May 2011
Experience	– Newsagent for 26 years
Mr C Lawlor	– Non-Executive Director
Experience	– Newsagent for 11 years
Mr R Burgess	– Executive Director
Experience	– Newsagent for 17 years
Mr C Samartzis	– Treasurer from July 2011
Experience	– Newsagent for 18 years
Other responsibilities	– Company secretary effective 30 August 2011.
Mr J McCarthy	– Non-Executive Director
Experience	– Newsagent for 31 years
Mr D Thorpe	– Non-Executive Director
Experience	– Retired 3 years ago from Hallmark after 41 years, remains involved in the industry on a consulting basis and is currently President of the Australian Greeting Card Association.

Company Secretary

Peter Cowley, the former CEO, held the position of Company Secretary since 7 July 2002 up to his retirement. Chris Samartzis assumed the position on 30 August 2011.

DIRECTORS' REPORT (continued)

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Mr R Wade (resigned 26 July 2011)	11	8
Mr G Tribe (resigned 13 May 2011)	10	9
Mr C Lawlor	11	8
Mr G Munday	11	10
Mr R Burgess	11	10
Mr C Samartzis	11	11
Mr W Roberts (Appointed 29 September 2009, resigned 2 July 2010)	1	-
Mr D Lacey (resigned 23 May 2011)	10	6
Mr J McCarthy (appointed 18 January 2011, resigned 16 September 2011)	6	6
Mr C Pecrora (appointed 22 January 2011)	5	5
Mr D Thorpe (appointed 26 July 2011)	-	-
Mr B Henwood (appointed 18 January 2011, resigned 26 July 2011)	6	4

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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

Director ______________________ Mr G Munday

Director ______________________ Mr C Samartzis

Dated: 27th day of September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF VANA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
27th September 2011

HLB Mann Judd (VIC Partnership)
Level 1 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (VIC Partnership) is a member of HLB International A world-wide network of independent accounting firms and business advisers

VANA LIMITED
ABN 38 004 238 644

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Revenue from continuing operations	2	**818,646**	833,639
Employee benefits expense		**(538,518)**	(510,454)
Depreciation and amortisation expenses	3	**(77,925)**	(83,372)
Administration expenses		**(10,096)**	(25,149)
Communication expenses		**(38,090)**	(39,976)
Directors' expenses		**(50,384)**	(50,004)
Insurance expenses		**(13,303)**	(19,409)
Meeting and conference expenses		**(17,551)**	(19,880)
Motor vehicle and travel expenses		**(21,800)**	(21,512)
Occupancy expenses		**(29,160)**	(34,728)
Professional fees expenses		**(43,387)**	(46,155)
Special events expenses		**(69,770)**	(86,505)
Other expenses from continuing operations		**(120,151)**	(106,965)
Finance costs expense	3	**(4,133)**	(6,261)
Profit/(loss) after related income tax expense	15	**(215,622)**	(216,731)
Other comprehensive income/(loss)			
Net gain/(loss) on revaluation of financial assets	14	**88,017**	98,400
Other comprehensive income/(loss)		**88,017**	98,400
Total comprehensive income/(loss)		**(127,605)**	(118,331)
Total comprehensive income/(loss) attributable to the members of VANA Limited		**(127,605)**	(118,331)

The accompanying notes form part of these financial statements.

VANA LIMITED
ABN 38 004 238 644

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	4	**57,401**	245,141
Trade and other receivables	5	**84,623**	77,965
Other assets	6	**20,136**	26,093
TOTAL CURRENT ASSETS		**162,160**	349,199
NON-CURRENT ASSETS			
Financial assets	7	**1,243,107**	1,155,092
Property, plant and equipment	8	**2,540,854**	2,608,567
Intangible assets	9	**28,836**	41,386
TOTAL NON-CURRENT ASSETS		**3,812,797**	3,805,045
TOTAL ASSETS		**3,974,957**	4,154,244
CURRENT LIABILITIES			
Trade and other payables	10	**96,758**	116,476
Interest bearing liabilities	11	**43,525**	37,882
Provisions	12	**68,141**	39,245
Other	13	**46,332**	67,691
TOTAL CURRENT LIABILITIES		**254,756**	261,294
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	**-**	25,657
Provisions	12	**6,537**	26,024
TOTAL NON-CURRENT LIABILITIES		**6,537**	51,681
TOTAL LIABILITIES		**261,293**	312,975
NET ASSETS		**3,713,664**	3,841,269
EQUITY			
Reserves	14	**1,298,717**	1,210,700
Retained earnings	15	**2,414,947**	2,630,569
TOTAL EQUITY		**3,713,664**	3,841,269

The accompanying notes form part of these financial statements.

VANA LIMITED
ABN 38 004 238 644

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Reserve			
	General	Available for sale	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2009	**1,112,300**	**-**	**2,847,300**	**3,959,600**
Profit /(loss) for the year	-	-	(216,731)	(216,731)
Other comprehensive income	-	98,400	-	98,400
Balance at 30 June 2010	**1,112,300**	**98,400**	**2,630,569**	**3,841,269**
Profit /(loss) for the year	-	-	(215,622)	(215,622)
Other comprehensive income	-	88,017	-	88,017
Balance at 30 June 2011	**1,112,300**	**186,417**	**2,414,947**	**3,713,664**

The accompanying notes form part of these financial statements.

VANA LIMITED
ABN 38 004 238 644

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from member subscriptions		**423,265**	432,062
Other operating receipts		**347,954**	373,848
Payments to suppliers and employees		**(988,759)**	(977,193)
Interest received		**45,372**	75,572
Borrowing costs		**(4,133)**	(6,753)
Net cash provided by/(used in) operating activities	22(b)	**(176,301)**	(102,464)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant, equipment and intangibles		**12,272**	-
Payment for property, plant, equipment and intangibles		**(3,697)**	(8,426)
Net cash provided by/(used in) investing activities		**8,575**	(8,426)
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds from/(repayments of) borrowings		**(32,522)**	(23,411)
Net cash provided by/(used in) financing activities		**(32,522)**	(23,411)
Net increase/(decrease) in cash and cash equivalents held		**(200,248)**	(134,301)
Cash and cash equivalents at beginning of financial year		**245,141**	379,442
Cash and cash equivalents at end of financial year	22 (a)	**44,893**	245,141

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and the *Fair Work (Registered Organisations) Act 2009*.

The financial report is for the entity VANA Limited ("the Company") as an individual entity. VANA Limited is registered under the Fair Work (Registered Organisations) act 2009 and is a Company limited by guarantee (as described in note 20), incorporated and domiciled in Australia. It is a not-for-profit entity and has applied those "Aus" paragraphs in Australian Accounting Standards applicable to not-for-profit entities.

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 otherwise stated.

The financial report has been prepared on an accrual basis and is based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets and certain non-current assets (as stated), at fair value.

Accounting standards not previously applied

The Company has adopted the following new and revised Australian Accounting Standards ("AAS") issued by the AASB which are mandatory to the current reporting period. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

AASB 2009-5 Amendments to *Australian Accounting Standards arising from the Annual Improvements Project*

The Company has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

- AASB 101 'Presentation of Financial Statements': classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty.
- AASB 107 'Statement of Cash Flows': only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.
- AASB 117 'Leases': removal of specific guidance on classifying land as a lease.
- AASB 118 'Revenue': provides additional guidance to determine whether an entity is acting as a principal or agent.
- AASB 136 'Impairment of Assets': clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the Company.

Membership subscriptions are recognised on straight-line basis over the subscription period which is based on the financial year. Any amounts received for future subscription years are recognised as unearned income.

Commission and management fees are recognised when earned.

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

Other revenue (such as dividend) is recognised when the right to receive the revenue has been established.

The net gain/(loss) on sale of non-current assets is included as revenue/(expense) at that date control passes to the buyer. The gain/(loss) is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred as they approximate the pattern of consumption.

(c) Income Tax

No provision for income tax has been raised, as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(d) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement. Bad debts are written off when identified.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost less subsequent depreciation for buildings and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets.

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 costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment excluding land are depreciated over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

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

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Buildings	2.5 %	Straight Line
Plant and Equipment	10 - 30 %	Straight Line
Motor Vehicles	20 %	Straight Line

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

There has been no change in the depreciation rates used from the prior year.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of Assets

At each reporting date, the Company 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 indications exist, 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 expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash flows and when the Company 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 a class of asset, the Company 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 debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, including financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial Instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial Instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is 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 Company's financial instruments are limited to the following:

1) Loans and receivables, and

2) Available for sale financial assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are designated in this category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

They are subsequently measured at fair value with changes in fair value (i.e. unrealised gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

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 stated at amortised cost using the effective interest rate method. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value

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.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss. In the case of available for sale financial assets, a significant or prolonged decline in the fair value of a security below its costs is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value) is removed from equity and recognised in profit and loss. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available for sales are not reversed through profit and loss.

(h) Trade and Other Payables

Trade payables and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement, plus related on-costs.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Classification of employee benefits as current and non-current liabilities

Employee benefits provisions are reported as current where the Company does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision can include both short-term benefits, that are measured at nominal values and long-term benefits that are measured at present values. Employee benefits provisions that are reported as non-current liabilities also include long-term benefits such as non-vested long service leave (that is, where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values.

Contributions to defined contribution superannuation plans are expensed when incurred.

(j) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Financial Assets

Non-current investments held in Newspower (Australia) Pty Ltd are measured using the cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed based on the underlying net assets of the investment Company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, computer software and development costs (where applicable). They are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Company.

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with finite useful lives are amortised over a 3 to 5 year period.

(n) Cash and Cash Equivalents

For the purposes of the Statement of Cashflows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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

(i) Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. When an impairment trigger exists, the recoverable amount of the asset is determined. Value in Use Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The Company has a portfolio of securities with a carrying value of $1,243,105 at the end of the reporting period. In assessing if there has been a significant or prolonged period of decline, significant was defined as where a financial asset's fair value at balance date had reduced by 20 per cent or more below its cost price, while prolonged was defined as where the fair value of an asset had been less than its cost base for a period of 12 months or more. The Directors do not believe that either of these conditions were met hence no impairment has been recognised during 2010/11.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Going Concern Basis

Notwithstanding the Company incurring a loss of $215,622 during the year ended 30 June 2010 (2010: losses of $216,731) and reducing its cash & cash equivalents by approximately $200,000 during the year (2010: decline of $134,301), the Company has applied the going concern basis for financial reporting purposes based on the following factors:

- the Company has and can assess funds held in its investment portfolio;
- the Company is in the process of exploring a number of new business initiatives which, if successful are likely to favourably impact the Company's net results and cashflow; and
- the Company has implemented cash saving strategies and continues to monitor its costs and cashflow to ensure that it is able to service its members in the most cost effective manner.

(q) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The Company's assessment of the impact of those new standards and interpretations applicable to the Company is set out below:

- AASB 9 *Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*

  This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the ISAB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measure at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the Company.

- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising for the Annual Improvements Project*

  These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the Company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- AASB 1053 *Application of Tiers of Australian Accounting Standards* & AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

  This Standard is applicable to annual reporting periods on or after 1 July 2013. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements. Even though it qualifies as a Tier 2, the Company will not adopt this standard for reduced disclosure.

- AASB 2010-5 *Amendments to Australian Accounting Standards*

  These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the Company.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures of Transfers of Financial Assets*

  These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the Company when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the Company continues to have a continuing exposure to the asset after the sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
NOTE 2: REVENUE			
Operating activities			
- commissions and management fees		50,976	74,471
- interest	2(a)	88,875	50,256
- rent		83,234	77,864
- member subscriptions		406,145	432,062
- special events revenue		118,742	95,072
- other revenue		70,674	103,914
		818,646	833,639
(a) Interest from:			
- other persons		88,875	50,256
NOTE 3: PROFIT/(LOSS) FROM ORDINARY ACTIVITIES			
Profit/(loss) from ordinary activities has been determined after:			
(a) Expenses			
Finance costs:			
- other persons		4,133	6,261
Depreciation of non-current assets			
- Buildings		43,846	43,846
- Motor vehicles		17,006	22,287
- Plant & equipment		2,001	2,591
Total Depreciation		62,853	68,724
Amortisation of non-current assets			
- intangible assets		15,072	14,648
Total depreciation and amortization		77,925	83,372
Bad and doubtful debts:			
- trade debtors		7,184	705
Remuneration of the auditors for			
- audit or review services		17,600	17,000
- other services		3,940	3,480
		21,540	20,480
Rental expense on operating leases			
- minimum lease payments		5,558	6,458
Rental expense on operating leases		5,558	6,458
Net gain/(loss) on disposal of non-current assets		6,237	-
Net (loss) on disposal of financial assets		-	(3,458)
Legal fees		1,400	1,059

	2011 $	2010 $
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	**1,500**	1,500
Cash at bank	**3,311**	42,611
Deposits at call	**52,590**	201,030
	57,401	245,141

NOTE 5: TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
CURRENT		
Trade receivables	**49,219**	46,764
Less provision for doubtful debts	**(9,712)**	(5,255)
	39,507	41,509
Other receivables	**45,116**	36,456
	84,623	77,965

Provision for doubtful debts

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	2011 $	2010 $
Opening	**(5,255)**	(4,888)
Charged	**(6,318)**	(367)
Written off	**1,861**	-
Closing	**(9,712)**	(5,255)

Credit Risk — Trade debtors:

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

			Past due but not impaired				
	Gross amount	**Past due and impaired**	**< 30**	**31 – 60**	**61 – 90**	**> 90**	**Within initial terms**
2011	94,335	9,712	-	5,539	5,781	5,883	67,420
2010	83,220	5,255	-	4,568	5,229	4,967	63,201

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

NOTE 6: OTHER ASSETS

	2011 $	2010 $
CURRENT		
Prepayments	**8,375**	14,617
Security deposits	**11,761**	11,476
	20,136	26,093

NOTE 7: FINANCIAL ASSETS

	2011 $	2010 $
NON-CURRENT		
Shares in other corporations		
- at cost	2	2
Available for sale financial assets		
- at fair value	1,243,105	1,155,090
	1,243,107	1,155,092

The Company holds 2 (2010: 2) fully paid shares in Newspower (Australia) Pty Ltd.

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2011 $	2010 $
LAND & BUILDINGS		
Land:		
At cost	1,026,000	1,026,000
Building:		
At cost	1,753,837	1,753,837
Less accumulated depreciation	(258,509)	(214,663)
	1,495,328	1,539,174
Total land and buildings	2,521,328	2,565,174
PLANT AND EQUIPMENT		
(a) Plant & equipment:		
At cost	45,412	44,237
Less accumulated depreciation	(41,279)	(39,277)
	4,133	4,960
(b) Motor vehicles:		
Under lease	66,168	111,435
Less accumulated depreciation	(50,775)	(73,002)
	15,393	38,433
Total plant and equipment	19,526	43,393
Total property, plant and equipment	2,540,854	2,608,567

(a) 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 and previous financial years:

	Land	Building	Plant & equipment	Motor vehicles
	$	$	$	$
2011				
Balance at the beginning of the year	1,026,000	1,539,174	4,959	38,433
Additions	-	-	1,175	-
Disposal	-	-	-	(6,034)
Depreciation expense	-	(43,846)	(2,001)	(17,006)
Carrying amount at end of year	1,026,000	1,495,328	4,133	15,393

	Total
	$
2011	
Balance at the beginning of the year	2,608,567
Additions	1,175
Disposal	(6,034)
Depreciation expense	(62,853)
Carrying amount at end of year	2,540,854

	Land	Building	Plant & equipment	Motor vehicles
	$	$	$	$
2010				
Carrying amount at the beginning of the year	1,026,000	1,583,020	3,475	60,721
Additions	-	-	4,075	-
Depreciation expense	-	(43,846)	(2,591)	(22,287)
Carrying amount at the end of year	1,026,000	1,539,174	4,959	38,434

	Total
	$
2010	
Carrying amount at the beginning of the year	2,673,216
Additions	4,075
Depreciation expense	(68,724)
Carrying amount at the end of year	2,608,567

The Directors assessed the carrying value of the Company's land & building against its market value as at 30 June 2011 and 2010 with reference to advice provided by a professional valuer, and concluded that the value of the land & building was not overstated.

	Note	2011 $	2010 $
NOTE 9: INTANGIBLE ASSETS			
Other intangibles at cost		**73,134**	70,612
Less accumulated amortization		**(44,298)**	(29,226)
		28,836	41,386

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current and prior financial years:

	Website costs & computer software $	Total $
Balance at 30 June 2009	66,262	66,262
Additions	4,350	4,350
Balance at 30 June 2010	70,612	70,612
Additions	2,522	2,522
Balance at 30 June 2011	73,134	73,134
Balance at 30 June 2009	(14,578)	(14,578)
Amortisation expense	(14,648)	(14,648)
Balance at 30 June 2010	(29,226)	(29,226)
Amortisation expense	(15,072)	(15,072)
Balance at 30 June 2011	(44,298)	(44,298)
Net book value		
As at 30 June 2010	41,386	41,386
As at 30 June 2011	28,836	28,836

NOTE 10: TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Unsecured liabilities		
Trade payables	**52,906**	52,773
Sundry payables and accruals	**43,852**	63,703
	96,758	116,476

	Note	2011 $	2010 $
NOTE 11: INTEREST BEARING LIABILITIES			
CURRENT			
Secured liabilities			
Overdraft (ii)		**12,508**	-
Finance lease liability (i)	17	**25,553**	30,269
Unsecured liabilities			
Other interest bearing liability		**5,464**	7,613
Total		**43,525**	37,882
NON-CURRENT			
Secured liabilities			
Finance lease liability (i)	17	**-**	25,657

(i) The finance liabilities are secured by the motor vehicles to which they relate. The carrying value of the motor vehicles is disclosed in note 8 of the financial statements.

(ii) The overdraft facility is secured over the Company's premises as outlined in note 8 and the carrying value of the secured asset is disclosed in the same note.

NOTE 12: PROVISIONS

	Note	2011 $	2010 $
CURRENT			
Employee benefits - annual & long service leave	12(a)	**68,141**	39,245
NON-CURRENT			
Employee benefits - long service leave	12(a)	**6,537**	26,024
(a) Aggregate employee benefits liability		**74,678**	65,269
(b) Number of employees at year end		**7**	7

Directors are not paid any remuneration, rather they are reimbursed for costs incurred in discharging their duties as directors. They are not entitled to accrue leave entitlements and the above entitlements relate to entitlement accrued by employees of the Company.

NOTE 13: OTHER LIABILITIES

	Note	2011 $	2010 $
CURRENT			
Deferred income		**46,332**	67,691

NOTE 14: RESERVES

	Note	2011 $	2010 $
Available for sale financial assets reserve	(a)	**186,417**	98,400
General reserve	(b)	**1,112,300**	1,112,300
		1,298,717	1,210,700

(a) Available for sale financial assets reserve

	2011 $	2010 $
Movements during the financial year:		
Opening balance	**98,400**	-
Revaluation adjustment during the year	**88,017**	98,400
Closing balance	**186,417**	98,400

The available for sale financial asset reserve records revaluations of available for sale assets.

(b) General reserve

The general reserve was used to record amounts set aside of fund the future expansion of the Company.

	Note	2011 $	2010 $
NOTE 15: RETAINED EARNINGS			
Retained earnings at the beginning of the financial year		**2,630,569**	2,847,300
Net profit/(loss) attributable to members of the entity		**(215,622)**	(216,731)
Retained earnings at the end of the financial year		**2,414,947**	2,630,569

NOTE 16: FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Risk management policies

This note presents information about the Company's financial instrument risk management objectives, policies and processes for measuring and managing risk.

The Board of Directors has responsibility for the establishment and oversight of the risk management framework to identify and analyse the risks faced by the Company.

The Company's principal financial instruments comprise cash and short-term deposits, available for sale financial assets, accounts receivable/payable and finance leases. During the 2006/07 financial year the Company invested $1.8 million in managed funds through Portfolio Care. These funds are managed by third parties to achieve the growth targets set by the Board of Directors, which evaluates the performance of its portfolio based on reports received from the external financial advisor.

The Company's activities expose it primarily to the financial risks of changes in interest rates, price risk, liquidity risk and credit risk. The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purposes. The Board reviews and agrees policies for managing each of these risks and undertakes regular monitoring of the performance of its financial assets and liabilities.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(a) Interest Rate Risk Exposure

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value and/or future cash flow will fluctuate as a result of changes in market interest rates, is limited to assets and liabilities bearing variable interest rates. At 30 June 2010 & 2011, the majority of the Company's interest bearing liabilities is at fixed rate. The Company also holds a number of term deposits with fixed interest rates and term, which are held to maturity. The maturity profile of the Company's financial instruments is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 to 5 Years		Floating Interest Rate within 1 Year	
	2011 %	2010 %	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Financial Assets:								
Cash	**3.17**	4.30	**51,477**	201,030	-	-	**4,424**	42,611
Receivables	-	-	-	-	-	-	-	-
Available for Sale Assets	-	-	-	-	-	-	**24,652**	13,696
Total Financial Assets			**51,477**	201,030	-	-	**29,076**	56,307
Financial Liabilities:								
Trade and sundry creditors	-	-	-	-	-	-	-	-
Interest bearing liabilities	**10.29**	8.94	**31,017**	37,882	-	25,657	**12,508**	-
Total Financial Liabilities			**31,017**	37,882	-	25,657	**12,508**	-

NOTE 16: FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

	Non Interest Bearing		Total	
	2011	2010	2011	2010
Financial Assets:	$	$	$	$
Cash	**1,500**	1,500	**57,401**	245,141
Receivables	**84,623**	77,965	**84,623**	77,965
Available for Sale Assets	**1,218,453**	1,141,394	**1,243,105**	1,155,090
Total Financial Assets	**1,304,576**	1,220,859	**1,385,129**	1,478,196
Financial Liabilities:				
Trade and sundry creditors	**96,758**	116,476	**96,758**	116,476
Interest bearing liabilities	**-**	-	**43,525**	63,539
Total Financial Liabilities	**96,756**	116,476	**140,283**	180,015

(b) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and limits reviewed annually. Trade receivables consist of a large number of members and customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single party or any economic entity of counter parties having similar characteristics.

The credit risk on liquid funds and bank bills is limited because the counter parties are recognised banking institutions. Trade receivables are concentrated in Australia. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net Fair Values

The directors consider that the carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value.

Financial Instruments measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's Available for Sale Financial assets are valued using Level 1 (quoted market prices) in 2011 and 2010.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has in place a framework to manage the Company's short, medium and long term funding and liquidity. The Company manages the liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows by matching the maturity profiles of financial assets and liabilities.

(e) Price risk management

The Company is exposed to equity securities price risk through the managed funds held with Portfolio Care. This arises from investments held by the Company and classified as available-for-sale. The Company is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors based on advices provided by external financial advisor. The majority of the Company's equity investments are publicly traded funds.

NOTE 16: FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(f) Sensitivity analysis

The table below details the Company's sensitivity to shift in interest rate and price risk. The exposure is based on management's best estimate of the possible effects of changes in interest rate and price risks as at 30 June 2011 and 2010.

		Interest rate risk				Other price risk			
		(1%)	(1%)	1%	1%	(10%)	(10%)	5%	5%
	2011	Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
Cash	3,311	(33)	(33)	33	33	-	-	-	-
Other financial assets	1,243,105	-	(247)	-	247	-	(121,845)	-	60,923
Total increase/(decrease)		(33)	(280)	33	280	-	(121,845)	-	60,923

		Interest rate risk				Other price risk			
		(1%)	(1%)	1%	1%	(10%)	(10%)	10%	10%
	2010	Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
Cash	42,611	(426)	(426)	426	426	-	-	-	-
Other financial assets	1,155,090	(137)	(137)	-	137	(114,139)	(114,139)	-	114,139
Total increase/(decrease)		(563)	(563)	426	563	(114,139)	(114,139)	-	114,139

(g) Capital Management

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its operations and that returns from Investments are maximised. The Board ensures that the overall risk management strategy is in line with this objective. 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 Company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing its 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 Company since the previous year. The strategy of the Company is to maintain a gearing ratio to as low a level as possible.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	Note	2011 $	2010 $
(a) Finance leasing commitments			
Payable - minimum lease payments			
- not later than 12 months		**27,117**	33,840
- between 12 months and 5 years		**-**	27,117
Minimum lease payments		**27,117**	60,957
Less future finance charges		**(1,564)**	(5,031)
Total finance lease liability		**25,553**	55,926
Represented by:			
Current liability	11	**25,553**	30,269
Non-current liability	11	**-**	25,657
		25,553	55,926

Finance leases on motor vehicles of which there are 2 (2010: 2), commencing between 2006 and 2008 are five-year leases all with an option to purchase at the end of the lease term. No debt covenants or other such arrangements are in place. The value of the secured assets under lease is disclosed in note 8.

The Company also leases office equipment via operating leases and the commitments are considered to be immaterial to be disclosed.

NOTE 18: REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' remuneration

Number of directors whose income from the Company or any related parties was within the following bands:	2011 No.	2010 No.
$0 - $9,999	**12**	10

The names of directors who have held office during the financial year are:

Mr R Wade (resigned 26 July 2011)
Mr G Tribe (resigned 13 May 2011)
Mr C Lawlor
Mr G Munday
Mr R Burgess
Mr C Samartzis
Mr W Roberts (resigned 2 July 2010)
Mr D Lacey (resigned 23 May 2011)
Mr J McCarthy (appointed 18 January 2011, resigned 16 September 2011)
Mr C Pecrora (appointed 22 February 2011)
Mr D Thorpe (appointed 26 July 2011)
Mr B Henwood (appointed 18 January 2011, resigned 26 July 2011)

Directors are not paid any remuneration, rather they are reimbursed for costs incurred in discharging their duties as directors. The aggregate amount paid is disclosed in the Statement of Comprehensive Income.

NOTE 19: RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

The non-executive directors have been identified in preceding note and they are not remunerated.

Compensation of Key Management Personnel		
Short term	**446,444**	410,409
Post-employment	**36,824**	31,138
Total	**483,268**	441,547

Note: The above figures for short term relate to salaries and the figures for Post-employment relate to entitlements.

NOTE 20: MEMBERS' GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. At 30 June 2011 the number of members was 439 (2010: 463).

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

With the exception of the matters outlined below, no other matters or circumstances have arisen since the end of the financial year to the date of this report that have or may significantly affect the activities of the Company, the results of those activities or the state of affairs of the Company in the ensuing or any subsequent financial years.

- The financial statements were authorised for issue in accordance with a resolution of the board of directors dated the day of the Directors' Report.
- Four of the Company's Directors resigned post 30 June 2011.
- Subsequent to 30 June 2011, management has noted significant movements in the value of its financial assets caused in the main by market volatilities. The value of the Company's holding of financial assets has been affected as a result and its fair value was approximately $1.077 million at the date of the Directors' Report. No adjustment has been recognised in the Company's financial statements.

	Note	2011 $	2010 $

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the Statement of cashflows is reconciled to the related items in the statement of financial position as follows:

	Note	2011 $	2010 $
Overdraft	11	**(12,508)**	-
Cash on hand	4	**1,500**	1,500
Cash at bank	4	**3,311**	42,611
Deposits at call	4	**52,590**	201,030
		44,893	245,141

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

	2011 $	2010 $
Loss from ordinary activities after income tax	**(215,622)**	(216,731)
Non-cash flows in profit from ordinary activities		
Amortisation	**15,072**	14,648
Depreciation	**62,853**	68,724
Charges to provisions	**9,409**	11,241
(Gain)/loss of sale of non-current assets	**(6,237)**	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(6,658)**	(19,010)
(Increase)/decrease in other assets	**5,957**	7,276
(Decrease)/Increase in payables & unearned income	**(41,075)**	31,388
Cash inflows/(outflows) from operations	**(176,301)**	(102,464)

NOTE 23: INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of Section 272(5) of the Fair Work (Registered Organisations) Act 2009:

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

(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 24: COMPANY DETAILS

The registered office of the Company is:

VANA Limited

806 – 810 Nicholson Street

North Fitzroy

Melbourne Vic 3068

VANA LIMITED
ABN 38 004 238 644

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 27 are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the financial year ended on that date of the Company.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, based on the factors outlined in Note 1 (p).

This declaration is made in accordance with a resolution of the directors.

Director ______________________ Director ______________________
Mr G Munday Mr C Samartzis

Dated: 27th day of September 2011

VANA LIMITED
ABN 38 004 238 644

COMMITTEE OF MANAGEMENT STATEMENT

On 27th September 2011 the Board of Directors of the VANA Limited, being the committee of management of the organisation, adopted the following resolution in relation to the general purpose financial report for the Company for the financial year ended 30 June 2011.

1. The directors declare in relation to the general purpose financial report that in their opinion:
   (a) the financial statements and notes comply with the Australian Accounting Standards;
   (b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;
   (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
   (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
   (e) during the financial year to which the general purpose financial report relates and since the end of that year:
      (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
      (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
      (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
      (iv) the organisation has consisted of a single report unit; and
      (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under Section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to a member or the General Manager of FWA; and
      (vi) there has been compliance with any order for inspection of financial records made by FWA under Section 272 of the Fair Work (Registered Organisations) Act 2009.
   (f) the organisation has not undertaken any recovery of wages activity.

DESIGNATED OFFICER: Mr G Munday
POSITION OF OFFICER: Chairman of the Board of Directors

SIGNATURE: ....
Dated: 27th day of September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANA LIMITED

Report on the Financial Report
We have audited the accompanying financial report of VANA Limited ("the Company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, the directors' declaration and the Committee of Management Statement.

Directors' Responsibility for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) 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. Those 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 judgement, 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 Company'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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*, provided to the directors of the Company, would be in the same terms if provided to the directors as at the time of this auditor's report.

HLB Mann Judd (VIC Partnership)
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HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Opinion

In our opinion the financial report of VANA Limited is in accordance with:

a) the *Corporations Act 2001*, including:
   i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

b) the *Fair Work (Registered Organisations) Act 2009,* including
   i) presenting fairly the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   ii) the requirements of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the Company's financial report for the financial year ended 30 June 2011 included in the Company's annual report and on its website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
27th September 2011

Member of CPA Australia and holder of a Public Practice Certificate