

AUSTRALIAN CONSUMERS' ASSOCIATION

ABN 72 000 281 925

CONSOLIDATED FINANCIAL REPORT

30 JUNE 2009

# Directors' Report

The directors present their report together with the consolidated financial report of the Australian Consumers' Association ("the company") for the year ended 30 June 2009 and the auditor's report thereon.

## **DIRECTORS OF AUSTRALIAN CONSUMERS' ASSOCIATION**

The directors of the company at any time during or since the end of the financial year are:

Robin Brown	Resigned October 2008
William Davidson	Resigned 8 August 2008
Rachel Dixon	Director since November 2006
Jenni Mack	Director since 2003 Elected Chair November 2006
Sandra Milligan	Director since November 2006
Ian Spight	Director since November 2006
Joan Staples	Retired November 2008
Peter Bray	Director since November 2007
Frank Muller	Director since November 2007
Charles Berger	Director elected November 2008
Nicole Rich	Director appointed November 2008

## **DIRECTORS OF CHOICE SWITCH PTY LIMITED**

Jenni Mack	Director appointed September 2008
Rachel Dixon	Director appointed September 2008
John Mickle	Director appointed September 2008
Janet Patterson	Director appointed September 2008
Nick Stace	Director appointed February 2009

## **COMPANY SECRETARY**

Norm Crothers was appointed company secretary on 5th June 2008. Norm is a professional engineer and Member of the Institution of Engineers, Australia, and has previously worked in manufacturing industry and public service as well as being a long serving staff member of the Australian Consumers' Association.

## **PRINCIPAL ACTIVITIES**

The principal activities of the company during the course of the financial year were consumer advocacy and the dissemination of consumer information through its website and the production of CHOICE magazine and other related publications. During the year the Australian Consumers' Association acquired a 60% shareholding in CHOICE Switch Pty Limited, a switching facilitation website for electricity and gas enabling Australian consumers to procure the best value services for energy consumption.

## **REVIEW AND RESULTS OF OPERATIONS**

The surplus for the year ended 30 June 2009 amounted to \$319,705 (2008: \$320,323).

## **DIVIDENDS**

No dividend was declared for the year ending 30 June 2009.

# Directors' Report (continued)

## STATE OF AFFAIRS

During the financial year the company entered an agreement with the Department of Treasury to operate the Grocery CHOICE website. This contract was subsequently terminated on 26 June 2009. During the year the company became the major shareholder in a new entity CHOICE Switch Pty Limited. The function of this organisation is to facilitate the switching of energy and gas providers for consumers. The website based operation provides the alternatives for energy providers, allowing consumers to make an informed financial decision.

## ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those environmental requirements as they apply to the Company.

## PROCEEDINGS ON BEHALF OF THE ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not a party to any such proceedings during the year.

## LIKELY DEVELOPMENTS

The Company will continue to address consumer issues and will look to increase the dissemination of information on such matters through CHOICE magazine and CHOICE Online. The near completion of the building renovations will result in an independent valuation of the building following the completion of the project. This will likely result in a significant non-operational write off for the year ending 30 June 2010 estimated at \$2,000,000. This will not have any impact on the cash position of the company.

## EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date of 30 June 2009 a final claim has been made to Treasury in connection with the early termination of the Grocery CHOICE contract. A termination benefit in accordance with the contract can be expected in the financial year ending 30 June 2010. The value of this benefit is still under review.

## INFORMATION ON CURRENT DIRECTORS

### Jenni Mack (Chair)

Jenni is an experienced Director and consumer advocate. She is a director of the new Financial Ombudsman Service having been a Director of the Financial Industry Complaints Service and Insurance Brokers Disputes scheme. She chairs the Australian Securities and Investments Commission's (ASIC) Consumer Advisory Panel and is a Director of the Travel Compensation Fund and the Australian Pesticides and Veterinary Medicines Authority. Jenni also sits on the Conduct Panel of the Migration Agents Registration Authority. She is a former member of the NSW Judicial Commission and was the Deputy Legal Services Commissioner in NSW in the mid 90s. She was the executive director of the Consumers' Federation of Australia in the early 90s and has worked as a political staffer and journalist. Jenni has a BA in Journalism and a Masters of Administrative Law and Policy. Jenni has served on Council from 2003. She is the Chair of the Governance Committee and a member of the Policy Advisory Committee.

### Sandra Milligan

Sandra is managing director of a company supplying children's books and resources to educational institutions. She was co-founder of The Good Universities Guides range of electronic and print publications, which provide independent, valuable information and advice to consumers. Sandra has been a teacher, researcher, senior officer in the state education system, a consultant to government and an entrepreneur. Over the last 20 years she's served on a range of public committees in the areas of education, consumer interests, women's interests and research. She has bachelor degrees in science and education and a master's degree in education, and is a fellow of the Australian Institute of Company Directors. Sandra joined Council in November 2006 and is a member of the Finance and Audit Committee.

## Directors' Report (continued)

### **Ian Spight**

Ian is an experienced senior executive and the former managing director of Thomas Cook Australasia. Previously, he's been a trustee of the Travel Compensation Fund, director of the Australian Federation of Travel Agents and non-executive director of Travelex Australia Pty Ltd. Ian joined Council in November 2006 and is chair of the Finance and Audit Committee.

### **Rachel Dixon (Deputy Chair)**

Rachel is managing director of Handshake Media, a film, TV and new media production and consulting company, and General Manager (Australia) for the Platform, a provider of IT systems for online and mobile media distribution. She's a board member of the Australian Centre for Advanced Computing and Communications and the Australian Interactive Media Industry Association. She is a former senior executive with Film Australia and Film Victoria and a current member of the Strategic Industry Leaders Company for the Digital Content Industry Action Agenda. Rachel joined Council in November 2006 and is a member of both the Governance Committee and the Policy Advisory Committee.

### **Peter Bray**

Peter Bray has been working in the digital industry for 13 years. An expert in online consumer marketing and online branding, Peter's compelling style has been seen at numerous events both in Australia and overseas. He is the founder and Managing Director of 5 time AIMIA award winning digital agency Clear Blue Day ([www.digitalagency.com.au](http://www.digitalagency.com.au)), as well as being the NSW President of AIMIA. Peter is a member of the Finance and Audit Committee.

### **Frank Muller**

Frank Muller is a professorial visiting fellow at UNSW's Institute of Environmental Studies. He has a distinguished 32-year career in environmental, energy and land use policy in Australia and the US, working in government, universities, private consulting and the community sector. He currently lectures, writes and advises governments, business and community groups on climate change and sustainable development policy. Frank holds a Masters in Public Administration from Harvard University, a science degree from ANU and is a graduate of the Australian Institute of Company Directors. Frank joined Council in November 2007 and is the Chair of the Policy Advisory Committee.

### **Charles Berger**

Charles (Chuck) Berger is Director of Strategic Ideas at the Australian Conservation Foundation (ACF), one of Australia's leading environmental advocacy organisations. He leads ACF's work on new research and outreach projects to address the underlying drivers of environmental degradation, including unsustainable consumption, growth in resource use and population pressures. Chuck's work has included innovative projects in the areas of sustainable consumption, institutional reform, corporate responsibility, population dynamics, environmental taxation and sustainable economic transformation. Prior to his current role, Chuck was ACF's Legal Adviser for four years, and has also worked as a corporate lawyer in private practice in New York and Brussels. He holds law degrees from Yale University and the University of Frankfurt, Germany. Charles is a member of both the Governance Committee and Policy Advisory Committee.

### **Nicole Rich**

Nicole Rich is Director – Policy & Campaigns at the Consumer Action Law Centre, an independent, not-for-profit, campaign focused, casework and policy organisation. Prior to joining Consumer Action, Nicole was Senior Ministerial Adviser to the Victorian Minister for Consumer Affairs. She previously held the role of Supervising Solicitor at the Consumer Law Centre Victoria and has also worked as a lawyer at one of Australia's leading commercial law firms. Nicole was also the Victoria Law Foundation's Community Legal Centre Fellow for 2007-08, spending time in Los Angeles on the fellowship project. Nicole is committed to ensuring that the consumer interest is represented in policy debates and that consumers, particularly disadvantaged or vulnerable consumers, are given a voice on issues that affect them. She has produced significant research reports on bank penalty fees, access to energy and water, the cost of telecommunications services for low-income households and Australian and international consumer protection regulation, and is a regular media commentator on consumer issues. Nicole is a member of the Policy Advisory Committee.

# Directors' Report (continued)

## INFORMATION ON PAST DIRECTORS

### Robin Brown

Robin, formerly head of the Consumers' Federation of Australia, has served as consumer representative/nominee on a number of regulatory bodies in telecommunications, insurance, banking, drugs, chemicals and food. He initiated and is a director of the non-profit Foundation for Effective Markets and Governance. His other significant appointments are: ACT Community Inclusion Board, Direct Marketing Code Authority, Travel Compensation Fund Trustee, Burgmann College (ANU) Board, Australian Council for International Development – Code of Conduct Committee. He is a former president of the ACT Council of Social Service. Robin holds a BA and a master's degree in public policy. He served on Council from 2002 to November 2008.

### Joan Staples (Deputy Chair)

Joan is a Visiting Fellow in the Faculty of Law, University of NSW, where her area of research and teaching is the role of civil society in democracy. She has had a career in policy and advocacy in national non-government organisations across a number of sectors – environment, indigenous affairs, international development, social services and consumer affairs. She is a Consumer Representative on the Financial Ombudsman Service Panel. She is currently completing a PhD on what sort of relationship between civil society and government will strengthen democracy and be sustainable. She served on Council from 2000 until November 2008.

### William (Bill) Davidson

Bill is an experienced service industry professional. He's managed major services businesses across Australia, throughout Southeast Asia, and within the UK. Most recently Bill was managing director of Staging Connections, one of the world's biggest events management companies. He's also worked within the public sector in NSW and the UK. He's been a key member of the government team involved in two of the world's largest outsourcing exercises, in Strathclyde Regional Council, Scotland, and in the NSW State Government. Bill served on Council from November 2006 until August 2008.

## MEETINGS OF DIRECTORS

	DIRECTORS MEETINGS		FINANCE & AUDIT COMMITTEE	
	Meetings held while a Director	Meetings attended	Meetings held while a Director	Meetings attended
<b>CURRENT DIRECTORS</b>				
J Mack	7	7		
S Milligan	7	7	8	8
I Spight	7	6	8	6
R Dixon	7	6		
P Bray	7	7	2	1
F Muller	7	7		
C Berger	3	3		
N Rich	3	3		
<b>FORMER DIRECTORS</b>				
W Davidson	1	1	2	2
J Staples	4	4		
R Brown	3	1		
<b>CHOICE SWITCH PTY LTD</b>				
J Mickle	4	4		
J Patterson	4	4		
N Stace	1	1		
R Dixon	4	4		
J Mack	4	4		

# Directors' Report (continued)

## INDEMNIFICATION AND INSURANCE OF OFFICERS

### Indemnification

The Company has agreed to indemnify the following current directors of the Company, Jenni Mack, Rachel Dixon, Sandra Milligan, Ian Spight, Peter Bray, Frank Muller, Charles Berger, Nicole Rich, John Mickle, Janet Patterson and Nick Stace as well as the following former directors, Cynthia Cliff, Chris Field, Dianne Hill, Jan McClelland, Philip Marchionni, John Wood, Robin Brown, Joan Staples and William Davidson against all liabilities to another person (other than the Company) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of such liabilities, including costs and expenses.

### Insurance premiums

During the financial year the Company has paid insurance premiums amounting to \$10,000 (2008: \$13,190) in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors (detailed above) and officers. The insurance premiums relate to policies that provide for:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their positions, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

## Directors' Report (continued)

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out below and forms part of the director's report for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:



Rachel Dixon  
Director

Ian Spight  
Director

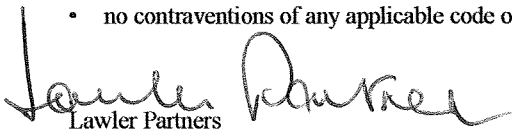
Dated: 10th September 2009

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

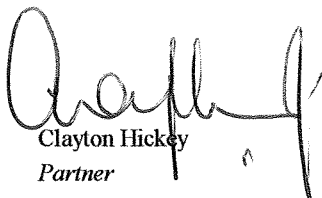
To: the directors of Australian Consumers' Association

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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



Lawler Partners



Clayton Hickey  
Partner

Sydney

2<sup>nd</sup> September, 2009

# Income statement

## FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent entity	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	4	15,315,464	16,186,161	15,234,794	16,186,161
Cost of sales		(1,993,497)	(2,351,701)	(1,993,497)	(2,351,701)
<b>Gross profit</b>		<u>13,321,967</u>	<u>13,834,460</u>	<u>13,241,297</u>	<u>13,834,460</u>
Other income	5	-	41,516	-	41,516
Technical and consumer research expenses		(4,061,756)	(4,558,124)	(4,061,756)	(4,558,124)
Editorial, quality control and production expenses		(1,268,685)	(1,553,056)	(1,268,685)	(1,553,056)
Marketing, advertising and promotion expenses		(2,996,979)	(3,809,497)	(2,942,825)	(3,809,497)
Subscriptions and customer services expenses		(1,267,904)	(1,295,124)	(1,267,904)	(1,295,124)
General and administrative expenses		(1,332,617)	(623,692)	(1,042,593)	(623,692)
Website expenses		(750,236)	(690,719)	(750,236)	(690,719)
Public affairs expenses		(1,926,222)	(1,671,178)	(1,926,222)	(1,671,178)
<b>Results from operating activities</b>		<u>(282,431)</u>	<u>(325,414)</u>	<u>(18,924)</u>	<u>(325,414)</u>
Financial income	8	496,733	645,737	496,733	645,737
<b>Surplus before minority share</b>		<u>214,302</u>	<u>320,323</u>	<u>477,810</u>	<u>320,323</u>
Share of loss minority interest		105,403	-	-	-
<b>Surplus before tax</b>		<u>319,705</u>	<u>320,323</u>	<u>477,810</u>	<u>320,323</u>
Income tax expense	3(c)	-	-	-	-
<b>Surplus for the year</b>		<u><u>319,705</u></u>	<u><u>320,323</u></u>	<u><u>477,810</u></u>	<u><u>320,323</u></u>

*The notes on pages 12 to 25 are an integral part of these financial statements.*

# Statement of recognised Income and Expenditure

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated	Parent entity
Retained Earnings	\$	\$
Balance at 1 July 2007	4,555,680	4,555,680
Surplus attributable to the entity	320,323	320,323
<b>Balance at 30 June 2008</b>	<b>4,876,003</b>	<b>4,876,003</b>
Surplus attributable to the entity	319,705	477,810
<b>Closing balance 30 June 2009</b>	<b>5,195,708</b>	<b>5,353,813</b>
Reserves		
Balance at 1 July 2007	2,655,012	2,655,012
Surplus attributable to the entity	-	-
<b>Balance at 30 June 2008</b>	<b>2,655,012</b>	<b>2,655,012</b>
Surplus attributable to the entity	-	-
<b>Closing balance 30 June 2009</b>	<b>2,655,012</b>	<b>2,655,012</b>
Total		
Balance at 1 July 2007	7,210,692	7,210,692
Surplus attributable to the entity	320,323	320,323
<b>Balance at 30 June 2008</b>	<b>7,531,015</b>	<b>7,531,015</b>
Surplus attributable to the entity	319,705	477,810
<b>Closing balance 30 June 2009</b>	<b>7,850,720</b>	<b>8,008,825</b>

*The notes on pages 12 to 25 are an integral part of these financial statements*

# Balance Sheet

AS AT 30 JUNE 2009

	Note	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	9A	6,237,443	8,906,649	6,150,881	8,906,649
Trade and other receivables	10	413,633	190,203	398,172	190,203
Inventories	11	40,996	69,782	40,996	69,782
Prepayments		243,429	171,644	243,012	171,644
<b>Total current assets</b>		<b>6,935,501</b>	<b>9,338,278</b>	<b>6,833,061</b>	<b>9,338,278</b>
<b>Non-current assets</b>					
Property, plant and equipment	12	8,897,914	5,489,400	8,883,286	5,489,400
Investment in subsidiary	13	-	-	300,060	-
Due from subsidiary		-	-	274,990	-
Intangible assets	14	550,245	-	-	-
Security deposit		5,200	-	5,200	-
<b>Total non-current assets</b>		<b>9,453,359</b>	<b>5,489,400</b>	<b>9,463,536</b>	<b>5,489,400</b>
<b>Total assets</b>		<b>16,388,860</b>	<b>14,827,678</b>	<b>16,296,597</b>	<b>14,827,678</b>
<b>Current liabilities</b>					
Trade and other payables	15	1,870,988	743,880	1,861,608	743,880
Deferred revenue	16	4,679,951	4,919,193	4,679,951	4,919,193
Employee benefits	17	1,107,139	958,902	1,092,788	958,902
<b>Total current liabilities</b>		<b>7,658,078</b>	<b>6,621,975</b>	<b>7,634,347</b>	<b>6,621,975</b>
<b>Non-current liabilities</b>					
Deferred revenue		294,901	298,980	294,901	298,980
Employee benefits		358,523	375,708	358,523	375,708
Unsecured loans		226,637	-	-	-
<b>Total non-current liabilities</b>		<b>880,061</b>	<b>674,688</b>	<b>653,424</b>	<b>674,688</b>
<b>Total liabilities</b>		<b>8,538,139</b>	<b>7,296,663</b>	<b>8,287,771</b>	<b>7,296,663</b>
<b>Net assets</b>		<b>7,850,721</b>	<b>7,531,015</b>	<b>8,008,826</b>	<b>7,531,015</b>
<b>Equity</b>					
Reserves	18	2,655,012	2,655,012	2,655,012	2,655,012
Accumulated funds		5,195,708	4,876,003	5,353,813	4,876,003
<b>Total equity</b>		<b>7,850,720</b>	<b>7,531,015</b>	<b>8,008,825</b>	<b>7,531,015</b>

The notes on pages 12 to 25 are an integral part of these financial statements

# Statement of Cash flows

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts from customers		20,294,018	17,804,777	20,269,642	17,804,777
Cash paid to suppliers and employees		(19,337,469)	(18,578,364)	(19,062,695)	(18,578,364)
<b>Net cash from operating activities</b>	9B	<u>956,549</u>	<u>(773,587)</u>	<u>1,206,947</u>	<u>(773,587)</u>
<b>Cash flows from investing activities</b>					
Interest received		496,733	636,608	496,733	636,608
Rentals received		-	41,516	-	41,516
Cash receipts from shareholders		132,100	-	-	-
Loan to subsidiary		-	-	(300,000)	-
Investment in subsidiary		-	-	(275,000)	-
Payments for property, plant and equipment		(4,199,026)	(458,779)	(3,884,398)	(458,779)
Payments for intangible assets		(55,562)	-	-	-
Proceeds on sale of property, plant and equipment		-	25,987	-	25,987
<b>Net cash from investing activities</b>		<u>(3,625,755)</u>	<u>245,332</u>	<u>(3,962,665)</u>	<u>245,332</u>
Net increase in cash and cash equivalents		(2,669,206)	(528,255)	(2,755,768)	(528,255)
Cash and cash equivalents at 1 July		8,906,649	9,434,904	8,906,649	9,434,904
<b>Cash and cash equivalents at 30 June</b>		<u>6,237,443</u>	<u>8,906,649</u>	<u>6,150,881</u>	<u>8,906,649</u>

*The notes on pages 12 to 25 are an integral part of these financial statements*

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 1. REPORTING ENTITY

Australian Consumers' Association (the 'company') is a Company domiciled in Australia. The address of the company's registered office is 57 Carrington Road, Marrickville NSW 2204. The company consists of the Australian Consumers' Association, a company limited by guarantee and CHOICE Switch Pty Limited. The Australian Consumers' Association has a 60% shareholding in the subsidiary.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial report was authorised for issue by the directors on 27 August 2009.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

### (c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue recognition

#### (i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement when the fee in respect of services provided is receivable. Costs in relation to project testing performed are expenses as incurred, unless it is probable the costs will be recovered, in which case revenue is recognised on the extent of costs incurred. No revenue is recognised if there are significant uncertainties regarding recover of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

#### (ii) Rental Income

Rental income is recognised over a straight line basis over the term of the lease which terminated on 31 December 2007.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (c) Income tax

No income tax is payable for the year ending 30 June 2009.

### (d) Financial Instruments

#### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalent, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, and directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivate financial instruments are measured as described below.

#### *Trade and other payables:*

Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally settled within 30 days.

#### *Trade and other receivables:*

Trade and other receivables are measured at their amortised cost less impairment losses.

### (e) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

#### (ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation methods, useful lives and residual values are reassessed at reporting date.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Property, plant and equipment (continued)

#### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Buildings 83 years
- Plant and equipment 3 to 12 1/2 years

The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

### (f) Impairment

#### (i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

#### (ii) Non financial assets

The carrying amount of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset company that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit (company of units) on a pro-rata basis.

The recoverable amount of any asset or cash-generating unit is the greater of its value in use and its fair values less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Impairment (continued)

#### (ii) *Non financial assets (continued)*

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or not longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of marketing, selling and distribution expenses.

The cost of inventories is allocated on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

### (h) Employee benefits

#### (i) *Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

#### (ii) *Short-term benefits*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees, services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation, insurance, and fringe benefits tax.

#### (iii) *Long-term service benefits*

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs.

### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and term deposits.

### (j) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

### (k) Finance income

Interest income is recognised in the income statement as it accrues, using the effective interest method, net of any withholding tax.

### (l) Intangible Assets

Intangible Assets are initially recognised at cost and tested annually for impairment and carried at cost less accumulated impairment losses.

## FOR THE YEAR ENDED 30 JUNE 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m)

The following Accounting Standards issued or amended and are applicable to the entity but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Entity
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 AASB 101 AASB 107 AASB 111 AASB 116 AASB 138	First time adoption of AIFRS Presentation of Financial Statements Cash Flow Statements Construction Contracts Property, Plant and Equipment Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the entity's financials as the company already capitalises borrowing costs related to qualifying assets.	1.1.2009 1.7.2009
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009 1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure.	1.1.2009 1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009 1.7.2009

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>4. REVENUE</b>				
Revenue from sale of goods	7,872,103	9,040,261	7,872,103	9,040,261
Revenue from rendering of services	<u>7,443,361</u>	<u>7,145,900</u>	<u>7,362,691</u>	<u>7,145,900</u>
	<u>15,315,464</u>	<u>16,186,161</u>	<u>15,234,794</u>	<u>16,186,161</u>
<b>5. OTHER INCOME</b>				
Rental income	<u>-</u>	<u>41,516</u>	<u>-</u>	<u>41,516</u>
<b>6. AUDITOR'S REMUNERATION</b>				
Audit and preparation of financial statements	<u>35,000</u>	<u>26,500</u>	<u>30,000</u>	<u>26,500</u>
<b>7. PERSONNEL EXPENSES</b>				
Salaries and wages	7,943,916	6,427,796	7,836,088	6,427,796
Increase in employee benefits provisions	131,051	295,415	116,700	295,415
Contributions to superannuation fund	596,040	538,068	588,074	538,068
	<u>8,671,007</u>	<u>7,261,279</u>	<u>8,540,862</u>	<u>7,261,279</u>
<b>8. FINANCIAL INCOME</b>				
Interest income	<u>496,733</u>	<u>645,737</u>	<u>496,733</u>	<u>645,737</u>
<b>9A. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	3,200	3,000	3,000	3,000
Cash at bank	393,270	218,986	306,908	218,986
Term deposits	5,840,973	8,684,663	5,840,973	8,684,663
Cash and cash equivalents in the statement of cash flows	<u>6,237,433</u>	<u>8,906,649</u>	<u>6,150,881</u>	<u>8,906,649</u>

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>9B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash flows from operating activities</b>				
Surplus for the period before minority interest	214,302	320,323	477,810	320,323
Adjustments for:				
Depreciation	420,140	336,583	414,823	336,583
Financial income	(496,733)	(636,608)	(496,733)	(636,608)
Other income	-	(41,516)	-	(41,516)
Loss on sale of plant and equipment	-	12,886	-	12,886
<b>Operating profit before changes in working capital and provisions</b>	<u>137,709</u>	<u>(8,332)</u>	<u>395,900</u>	<u>(8,332)</u>
Decrease/(increase) in receivables	(223,430)	(17,915)	(207,969)	(17,915)
Decrease/(increase) in inventories	28,786	22,338	28,786	22,338
Decrease/(increase) in other current assets	(71,785)	(83,611)	(71,368)	(83,611)
Increase/(decrease) in payables	1,226,240	(712,428)	1,188,218	(712,428)
Increase/(decrease) in employee benefits	102,350	295,415	116,701	295,415
Increase/(decrease) in deferred revenue	(243,321)	(269,053)	(243,321)	(269,053)
<b>Net cash from operating activities</b>	<u>956,549</u>	<u>(773,587)</u>	<u>1,206,947</u>	<u>(773,587)</u>

## 10. TRADE AND OTHER RECEIVABLES

### Current

Trade debtors	31,306	132,985	15,845	132,985
Other debtors	<u>382,327</u>	<u>57,218</u>	<u>382,327</u>	<u>57,218</u>
	<u>413,633</u>	<u>190,203</u>	<u>398,172</u>	<u>190,203</u>

## 11. INVENTORIES

### Current

Holders and binders — at cost	-	2,174	-	2,174
Publications — at net realisable value	40,996	67,608	40,996	67,608
Work in progress — at cost	-	-	-	-
	<u>40,996</u>	<u>69,782</u>	<u>40,996</u>	<u>69,782</u>

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	Parent Entity
Land and Buildings	\$	\$
<b>Cost</b>		
Balance as at 1 July 2007	5,001,441	5,001,441
Acquisitions	251,731	251,731
Disposals	—	—
<b>Balance as at 30 June 2008</b>	<u>5,253,172</u>	<u>5,253,172</u>
Balance as at 1 July 2008	5,253,172	5,253,172
Acquisitions	2,938,042	2,938,042
Disposals	—	—
<b>Balance as at 30 June 2009</b>	<u>8,191,214</u>	<u>8,191,214</u>
<b>Depreciation and impairment losses</b>		
Balance as at 1 July 2007	467,783	467,783
Depreciation for the year	43,200	43,200
Disposal	—	—
<b>Balance as at 30 June 2008</b>	<u>510,983</u>	<u>510,983</u>
Balance as at 1 July 2008	510,983	510,983
Depreciation for the year	180,072	180,072
Disposals	—	—
<b>Balance as at 30 June 2009</b>	<u>691,055</u>	<u>691,055</u>
<b>Carrying amounts</b>		
At 1 July 2007	4,533,658	4,533,658
At 30 June 2008	<u>4,742,189</u>	<u>4,742,189</u>
At 1 July 2008	4,742,189	4,742,189
At 30 June 2009	<u>7,500,159</u>	<u>7,500,159</u>

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 12. PROPERTY, PLANT AND EQUIPMENT

Plant and Equipment	Consolidated \$	Parent Entity \$
<b>Cost</b>		
Balance as at 1 July 2007	3,038,869	3,038,869
Acquisitions	207,048	207,048
Disposals	(91,776)	(91,776)
<b>Balance as at 30 June 2008</b>	<u>3,154,141</u>	<u>3,154,141</u>
Balance as at 1 July 2008	3,154,141	3,154,141
Acquisitions	978,318	958,372
Disposals	(87,703)	(87,703)
<b>Balance as at 30 June 2009</b>	<u>4,044,756</u>	<u>4,024,810</u>
<b>Depreciation and impairment losses</b>		
Balance as at 1 July 2007	2,166,449	2,166,449
Depreciation for the year	293,383	293,383
Disposal	(52,902)	(52,902)
<b>Balance as at 30 June 2008</b>	<u>2,406,930</u>	<u>2,406,930</u>
Balance as at 1 July 2008	2,406,930	2,406,930
Depreciation for the year	240,071	234,753
Disposals	-	-
<b>Balance as at 30 June 2009</b>	<u>2,647,001</u>	<u>2,641,683</u>
<b>Carrying amounts</b>		
At 1 July 2007	872,420	872,420
At 30 June 2008	<u>747,211</u>	<u>747,211</u>
At 1 July 2008	747,211	747,211
At 30 June 2009	<u>1,397,755</u>	<u>1,383,127</u>

### Valuations

The independent valuation of the company's freehold land and buildings was last carried out as at 30 June 2006 on the basis of fair value for existing use resulting in a valuation of freehold land of \$2,830,000 and a valuation of buildings of \$3,010,000. As the freehold land and buildings are recorded at cost, the valuation has not been brought to account. A current revaluation has been undertaken subsequent to balance date, however the report from the independent valuer (Rushton's) is not available as at the date of this report.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>13. INVESTMENT IN SUBSIDIARY</b>				
Shareholding in controlled entities	-	-	300,060	-
	<b>Country of</b>		<b>% owned</b>	<b>% owned</b>
	<b>Incorporation</b>		<b>2009</b>	<b>2008</b>
CHOICE Switch Pty Ltd	Australia		60%	-
<b>14. INTANGIBLE ASSETS</b>				
Website development	472,603	-	-	-
Intellectual Property	77,642	-	-	-
	<u>550,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>15. TRADE AND OTHER PAYABLES</b>				
<i>Current</i>				
Trade creditors	1,332,968	359,550	1,323,588	359,550
Other trade payables and accrued expenses	538,020	384,330	538,020	384,330
	<u>1,870,988</u>	<u>743,880</u>	<u>1,861,608</u>	<u>743,880</u>
<b>16. DEFERRED REVENUE</b>				
<i>Current</i>				
Subscriptions In advance	<u>4,679,951</u>	<u>4,919,193</u>	<u>4,679,951</u>	<u>4,919,193</u>
<i>Non current</i>				
Subscriptions In advance	<u>294,901</u>	<u>298,980</u>	<u>294,901</u>	<u>298,980</u>
<b>17. EMPLOYEE BENEFITS</b>				
<i>Current</i>				
Liability for annual leave	664,526	569,373	650,175	569,373
Liability for long service leave	179,262	187,854	179,262	187,854
Liability for unpaid salaries	263,351	201,675	263,351	201,675
	<u>1,107,139</u>	<u>958,902</u>	<u>1,092,788</u>	<u>958,902</u>
<i>Non current</i>				
Liability for long service leave	<u>358,523</u>	<u>375,708</u>	<u>358,523</u>	<u>375,708</u>

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>18. RESERVES</b>				
Asset Revaluation	<u>2,655,012</u>	<u>2,655,012</u>	<u>2,655,012</u>	<u>2,655,012</u>

## Nature and purpose of reserves

### *Asset revaluation*

The asset revaluation reserve includes the net revaluation increments arising from the revaluation of the freehold land and buildings, in prior years. The Company adopted the deemed cost basis for measuring the freehold land and buildings under previous AGAAP and accordingly the asset revaluation reserve is no longer available to be used to offset future write-downs of the freehold land and buildings.

### *Capital*

Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital reserve.

## 19. FINANCIAL RISK MANAGEMENT

### A. Financial Risk Management Policies

The entity's financial instruments consists of deposits with banks, short-terms investments, credit card facilities, accounts receivable and payable.

The entity does not have any derivative instruments at 30 June 2009.

### Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. A Finance Committee meets at least quarterly with senior Management to review the financial performance of the entity and identify any potential risk in the following areas.

**Interest rate risk:** With such a significant value of cash on term deposits, a significant downward movement to current interest rates could impact on the annual revenue from this source. As this is not the main source of revenue to the entity the risk is assessed as low.

**Liquidity risk:** Liquidity risk is assessed as low, the subscription cycle of the entity allows for constant and generous cash inflows to meet any expected outflows of the entity.

**Credit risk:** The entity does not have any material credit risk exposure to any single receivable or company. The majority of the revenue stream for the entity is on a cash basis and credit is not extended to subscribers. The debtors balance of the entity at any one time is marginal and is represented by monies owing by Government Departments and affiliated consumer organisations and as such the credit risk is immaterial.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## B. Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instrument of a fixed period of maturity, as well as management's expectation of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted average Effective Interest Rate		Fixed interest Rate Maturing within three (3) months		Fixed Interest Rate		Non Interest Bearing		TOTAL	
	2009 %	2008 %	2009	2008	2009	2008	2009	2008	2009	2008
<b>Financial Assets</b>	4.89%	7.07			0.00	0.00				
Cash at bank/on hand							396,470	221,986	396,470	221,986
Trade and other Receivables							413,633	190,203	413,633	190,203
Inventories							40,996	69,783	40,996	69,783
Prepayments							243,429	171,644	243,429	171,644
Investments			5,690,332	8,543,112	150,641	141,551			5,840,973	8,684,663
<b>Total Financial Assets</b>			5,690,332	8,543,112	150,641	141,551	1,094,528	653,615	6,935,501	9,338,278
<b>Financial Liabilities</b>										
Trade and sundry payables							1,870,988	743,880	1,870,988	743,880
<b>Total Financial Liabilities</b>							1,870,988	743,880	1,870,988	743,880

Trade and sundry payables are expected to be paid as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Less than 6 months	1,870,988	743,880	1,861,608	743,880
6 months to 1 year	-	-	-	-

## C. Net Fair Values

The net fair value of investments is assessed on a cash basis and as such their value can be recognised at their cash value. For other assets and other liabilities the net fair value is as per their carrying value. The entity does not hold any assets available for sale.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 20. RELATED PARTIES COMPENSATION

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

- All directors of the Company
- Peter Kell — Chief Executive Officer; resigned August 2008
- William Davidson - Acting Chief Executive Officer; September 2008 to February 2009
- Nicholas Stace - Chief Executive Officer/Director; appointed February 2009
- Anny Friis - Editorial Director, appointed January 2007
- Jennifer Docherty - Director Membership Services; appointed December 2008
- Gordon Renouf — General Manager Policy and Campaigns
- Norm Crothers — Deputy Chief Executive Officer/Chief Financial Officer; retired June 2009
- Norm Crothers — Company Secretary
- John Mickle - Director

### Transactions with key management personnel

In addition to salaries, the Company also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

All directors of the Company act in an honorary capacity and therefore receive no compensation benefits.

The key management personnel compensation included in "employee expenses" are as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	785,021	781,046	733,150	781,046
Long-term employee benefits	110,706	45,044	110,706	45,044
Post-employment benefits	50,883	59,709	46,850	59,709
	<u>946,610</u>	<u>885,799</u>	<u>890,706</u>	<u>885,799</u>

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 21. SEGMENT REPORTING

The company operates predominantly in one business segment. The principal activities of the company are the dissemination of consumer information through its publications and website. The company operates predominantly in one geographic segment being Australia.

## 22. SUBSEQUENT EVENTS

The only event subsequent to the balance date is the liquidated damages claim from Treasury following the termination of the Grocery CHOICE Contract. This financial Inflow will appear In the Income Statement for the year ending 30 June 2010.

## 23. MEMBERS' GUARANTEE

The parent entity (Australian Consumers' Association) is limited by guarantee. Each member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up whilst they are a member, or within one year afterwards for payment of the debts and liabilities of the Company contracted before they ceased to be a member for the Company's charges and expenses of winding up and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding \$1.00 per member.

## 24. CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its normal operations and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective and adequate capital investments are held to meet the financial liabilities of the organisation along with adequate scope for operating cash flow in the event of any disaster.

Annual cash flow projections and ongoing forecasts are monitored to identify any significant change in operational activities.

There has been no change to the strategy adopted by management to control the capital of the entity since the previous year and both the current ratio and debt ratio is reviewed on a monthly basis.

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

As the entity has no financial debt the gearing ratio is not applicable for the years ended 30 June 2009 and 30 June 2008, however the details are provided below for establishment of this fact.

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial liabilities	-	-	-	-
Trade and other payables	1,870,988	743,880	1,861,608	743,880
Total	1,870,988	743,880	1,861,608	743,880
Less cash and cash equivalents	6,237,443	8,906,649	6,150,881	8,906,649
Net (surplus)/debt	(4,366,455)	(8,162,769)	(4,289,273)	(8,162,769)
Total equity (reserves + retained earnings)	7,850,721	7,531,015	8,008,826	7,531,015
<b>Total capital</b>	<b>(3,484,266)</b>	<b>631,754</b>	<b>(3,719,553)</b>	<b>631,754</b>

# Directors' Declaration

In the opinion of the directors of the Australian Consumers' Association ("the Company"):

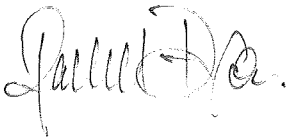
(a) the financial statements and notes, set out on pages 7 to 25 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with the resolution of the directors:



Rachel Dixon  
Director

Dated: 10th September 2009



Ian Spight  
Director

Dated: 10th September 2009

**Australian Consumers' Association ABN 72 000 281 925**

## **Independent Audit Report to the members of Australian Consumers' Association**

Sydney  
Melbourne  
Newcastle  
Brisbane

### **Scope**

We have audited the accompanying financial report of Australian Consumers' Association Ltd ("the Company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expenditure and cash flow statement for the year ended that, statement of significant accounting policies, other explanatory notes 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 (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **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 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 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.

Lawler Partners  
Audit & Assurance  
(a Limited Partnership)  
ABN 91 850 861 839

Sydney  
Level 9, 1 O'Connell Street  
Sydney NSW 2000 Australia  
GPO Box 5446 Sydney NSW 2001

telephone 02 8346 6000  
facsimile 02 8346 6099

info@lawlerpartners.com

Newcastle  
763 Hunter Street  
Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309

telephone 02 4962 2688  
facsimile 02 4962 3245  
DX 4303

mail@lawlerpartners.com.au

INDEPENDENT MEMBER OF  
**POLARIS**  
INTERNATIONAL

Australian Consumers' Association ABN 72 000 281 925

## Independent Audit Report to the members of Australian Consumers' Association

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, previously provided to the directors of Australian Consumer's Association, would be in the same terms if provided to the directors as at the date of this auditor's report.

### Auditor's Opinion

In our opinion the financial report of Australian Consumers' Association 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 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

  
**LAWLER PARTNERS**  
Chartered Accountants

  
**CLAYTON HICKEY**  
Partner

Sydney

Date:

21<sup>st</sup> September, 2009.