

# **Australian Consumers' Association**

ABN : 72 000 281 925

## **Consolidated Financial Statements**

For the Year Ended 30 June 2013

# Australian Consumers' Association

ABN : 72 000 281 925

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For the Year Ended 30 June 2013

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## **Directors' Report**

### **For the Year Ended 30 June 2013**

Your directors present their report on the consolidated entity for the financial year ended 30 June 2013.

#### **Directors**

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

<b>Names</b>	<b>Appointed/Resigned</b>
Jenni Mack	
Ian Spight	
Frank Muller	
Peter Bray	Resigned January 2013
Nicole Rich	
William Davidson	
David Marcus	
Robert Antulov	
Sandra Davey	Appointed September 2012
Peter Fray	Appointed November 2012

Directors of CHOICE SWITCH PTY LIMITED are:

Jenni Mack	
Bill Davidson	Appointed September 2012
Rachel Dixon	Resigned September 2012
Alan Kirkland	Appointed September 2012
John Mickle	
Janet Patterson	
Nick Stace	Resigned September 2012

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

#### **Principal activities**

The principal activities of the entity during 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.

#### **Introduction**

The 2013 financial year saw two major changes to the Company. Alan Kirkland joined as the new CEO of the Company in August. Alan's previous role as Chief Executive of Legal Aid NSW brings extensive campaigning and consumer law experience. The Company also entered into the first year of its three-year Strategic Plan, with a strong focus on knowing more about our members, giving our members the right content when and how they need it, making our campaigns more personal to drive change, ensuring we remain a dynamic social business, and maintaining a passionate and dedicated workforce.

In spite of the difficult economy including a sluggish retail outlook, the Company continued to show growth in revenue with over 160,000 members looking to CHOICE as a trusted and independent ally in helping them make the right decisions. A healthy profit of over \$1.7m has allowed the Company to further bolster cash reserves in order to invest in better products and services for our members as well as continue outstanding campaigning work.

## **Directors' Report**

**For the Year Ended 30 June 2013**

### **Principal activities continued**

### **Campaigning & Policy**

The Company's relentless pursuit in getting a better and fairer deal for all consumers has continued this year across a number of industries. In this financial year, the Company has played a major part in highlighting the discriminatory tactics of software suppliers and digital rights holders against Australians, has worked hard in the food industry specifically pushing regulators for a fair definition of free-range eggs as well as achieving a victory with the endorsement of a clearer food labelling system.

### **Content and Digital Strategies**

As mentioned previously, this year saw the launch of the 2012-2015 Strategic Plan for the Company. The main pillars of the Plan are the development and implementation of Digital and Content strategies – providing valuable content to members when, and how, they want it. A significant amount of work was undertaken during the year in preparation of a new digital offering in the 2014 financial year.

### **Information on directors**

#### **Jenni Mack**

Experience

Chair/Director

Jenni is an experienced Director and a long serving consumer advocate. She is a director of the Financial Ombudsman Service and Food Standards Australia New Zealand and a trustee of the Travel Compensation Fund. She sits on the External Advisory Boards of the Australian Securities and Investments Commission, is Chair of ASIC's Consumer Advisory Panel and Deputy Chair of the Office of Migration Agents Registration Authority. Jenni 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 holds a BA in Journalism and a Masters of Administrative Law and Policy. Jenni was elected to the CHOICE Board in 2003.

Special Responsibilities

Chair of the Governance Committee and member of the Campaigns & Advocacy Committee.

#### **Ian Spight**

Experience

Director

Ian Spight was Managing Director of Thomas Cook's Australasian businesses and previously a Corporate Finance Director of Midland Bank (now HSBC). In his corporate career with Thomas Cook and Midland Bank, Ian held posts in London, Paris, San Francisco, New York and Sydney. Ian is now the Managing Director of a family company which operates travel agency and currency exchange services in NSW. He is a former Trustee of the Travel Compensation Fund, former Director of the Australian Federation of Travel Agents and former non-Executive Director of Travelex Australia Pty Limited. Ian was appointed to the CHOICE Board in 2006.

Special Responsibilities

Chair of the Finance, Audit & Risk Committee

## **Directors' Report**

**For the Year Ended 30 June 2013**

### **Information on directors continued**

**Frank Muller**

Director

Experience

Frank Muller is currently Commissioner of the National Transport Commission. He has a distinguished 38-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 was elected to the CHOICE Board in 2007.

Special Responsibilities

Chair of the Campaigns & Advocacy Committee

**Peter Bray**

Experience

Peter is acknowledged as a thought leader in the marketing space, particularly in the not for profit sector. He has advised many of Australia's most recognisable not-for-profits, including Mission Australia, The Fred Hollows Foundation and The Make a Wish Foundation. He founded one of Australia's most awarded digital agencies, Clear Blue Day, where he worked with both NFP and commercial clients. A passionate consumer advocate, Peter has always emphasised the need for truth in advertising, and only worked with clients that support this philosophy. He has led a variety of marketing agencies in Australia and overseas. Peter has been the National Vice President of the Australian Interactive Media Industry Association, and is one of only three Australian members to be invited to be an Executive Academy Member of the International Academy of Digital Arts and Science. Peter holds a Bachelor of Arts (Hons).

Special Responsibilities

Special advisor to the Chief Executive Officer on Digital Marketing.

**Nicole Rich**

Director

Experience

Nicole Rich is Director Family, Youth and Children's Law Services at Victoria Legal Aid and was previously its Director Research and Communications. She has considerable experience developing legal research and policy and leading consumer campaigns, including most recently as Director – Policy and Campaigns at the Consumer Action Law Centre from 2007 to 2011. Nicole has practised in the private profession and community legal centres and is also a current board member of the Telecommunications Universal Service Management Agency. 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. Nicole holds a BA along with LLB (Honours). Nicole was appointed to the CHOICE Board in 2008.

Special Responsibilities

Member of the Governance Committee and Campaigns & Advocacy Committee.

## **Directors' Report**

**For the Year Ended 30 June 2013**

### **Information on directors continued**

**William Davidson**

Director

Experience

Bill Davidson is CEO of Job Futures, a leading social enterprise committed to finding jobs for the more disadvantaged members of our community. He is also passionate about finding ways to provide fair competition and deliver a better deal for the Australian Consumer. Previously, Bill has operated at senior management levels in the Managed Services industry, both within the Private and Public sectors. He has extensive experience in the delivery of contracted, outsourced services here in Australia, and overseas in the UK and South East Asia. Bill was also the interim CEO of CHOICE in 2008 whilst we sought a new CEO. Bill served on the CHOICE Board from November 2006 until August 2008. Following the appointment of Nick Stace in February 2009, Bill was co-opted onto the Board in November 2009, and then elected to the Board in November 2010.

Special Responsibilities

Deputy Chair of the CHOICE Board and member of the Finance, Audit & Risk Committee.

**David Marcus**

Director

Experience

David consults in the fields of governance, risk and project management and Indigenous health. He recently worked for UNICEF advising on country office and program delivery. David has long been involved in consumer policy and advocacy. In 1979 he worked for the then Shadow Minister for Consumer Affairs as advisor on national consumer policy, and was deputy manager of CHOICE's policy and advocacy department from 1987-89, leading campaigns in areas such as telecommunications, food safety and aged care. David has also been a senior public servant working in public health and health financing. David was elected to the CHOICE Board in 2010.

Special Responsibilities

Member of the Governance Committee and Campaigns & Advocacy Committee.

**Robert Antulov**

Director

Experience

Rob has experience in media, technology and consumer goods sectors, as an executive, entrepreneur, consultant and corporate advisor. Currently, Rob provides capital strategy and corporate advisory services as an Executive Director at Venture Advisory, a boutique corporate advisory firm. He is co-founder of 3eep Ventures Pty Ltd, a social and digital media incubation business, and is also an advisor to, and shareholder in, a number of early stage media and technology businesses. Rob is a Director of the Sydney Film Festival, and of the Juvenile Diabetes Research foundation (JDRF). Rob has an MBA from the Australian Graduate School of Management in Sydney and a Bachelor of Engineering Degree (1st Class Honours, Elect) from the University of Western Australia. Rob was appointed to the CHOICE Board in November 2011.

Special Responsibilities

Member of the Digital Advisory Group.

## **Directors' Report**

**For the Year Ended 30 June 2013**

### **Information on directors continued**

**Sandra Davey**

Director

Experience

Sandra Davey is an experienced digital media and Internet executive and currently holds the position of Country Manager for Netgem, specialists in IPTV and Connected Home solutions. She has wide-ranging experience in bringing new Internet and media based communications and entertainment products to market. She led the development of the end-to-end consumer product suite for Australia's first 4G network, led and managed the rollout and operations of cross-platform services for Telstra's multi-million dollar and award winning digital sports assets, and was part of the core team responsible for launching TiVo in the Australian market. Sandra plays an active role in the Digital Media industry having served as a Director as well as Chair of the Australian Interactive Media Industry Association. She was one of the co-founders and inaugural Directors of the Australian Domain Name Authority (auDA), has worked with the Internet Industry Association on Accessibility issues, and currently serves as a Director of the Connected TV Marketing Association. Sandra joined the Board in 2012.

Special Responsibilities

Member of the Governance Committee and Chair of the Digital Advisory Group

**Peter Fray**

Director

Experience

Peter Fray is one of Asia-Pacific's most experienced and respected media professionals. In a career spanning almost 30 years, he has been the editor or editor-in-chief of four major metropolitan mastheads, across Melbourne, Sydney and Canberra, and played a key role in the transition of the media industry from print to digital in Fairfax Media, the country's largest independent publisher. Under his editorship, the Sydney Morning Herald was named the best newspaper in the Asia-Pacific two years in a row (2009, 2010). He is passionate about the need to hold powerful institutions and people to account -- and the move towards an audience-first approach to journalism and other forms of content. After leaving Fairfax Media in mid-2012, Peter has forged a career as a media consultant and not-for-profit board member and is founder and Editor-in-Chief of Politifact Australia - a political fact-checking website. In 2013, he commenced as an Adjunct Professor in Media & Politics at Sydney University. Peter is also a published author and performed playwright. Peter was appointed to the CHOICE Board in 2012.

Special Responsibilities

Member of the Finance, Audit & Risk Committee and the Digital Advisory Group

**Directors' Report**  
**For the Year Ended 30 June 2013**

**Meetings of directors**

During the financial year, meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Jenni Mack	7	7
Ian Spight	7	6
Frank Muller	7	7
Peter Bray	4	4
Nicole Rich	7	7
William Davidson	7	6
David Marcus	7	7
Robert Antulov	7	7
Sandra Davey	6	5
Peter Fray	3	3
No meetings were held on behalf of CHOICE Switch Pty Ltd.	-	-

**Other items**

The Australian Consumers Association is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2013, the total amount that members of the company are liable to contribute if the company is wound up is \$1.00 (2012: \$1.00).

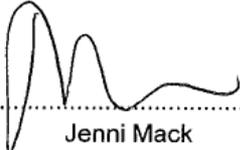
**After balance date events**

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

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 has been received and can be found on page 24 of the financial report.

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

Director:.....  
  
 Jenni Mack

Director:.....  
  
 Ian Spight

Dated: 3 September 2013

## **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 30 June 2013**

	2013	2012
Note	\$	\$
Revenue	2 <b>15,765,238</b>	15,526,641
Other income	2 <b>323,859</b>	265,193
Cost of Sales	<b>(1,535,581)</b>	(1,706,439)
<b>Gross Profit</b>	<b>14,553,516</b>	14,085,395
Technical and consumer research expenses	<b>(3,134,024)</b>	(3,045,404)
Editorial, website and content production expenses	<b>(2,185,559)</b>	(2,135,675)
Marketing, advertising and promotion expenses	<b>(2,342,751)</b>	(2,823,136)
Subscriptions and customer services expenses	<b>(530,655)</b>	(527,753)
General and administrative expenses	<b>(3,338,531)</b>	(3,143,486)
Campaigns & communications expenses	<b>(705,465)</b>	(716,316)
Other operating expenses	<b>(602,133)</b>	(519,076)
<b>Profit before income tax</b>	<b>1,714,398</b>	1,174,549
Income tax expense	-	-
<b>Profit for the year</b>	3 <b>1,714,398</b>	1,174,549
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income attributable to members of the entity</b>	<b>1,714,398</b>	1,174,549

## Consolidated Statement of Financial Position

As At 30 June 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	6,597,293	4,252,819
Trade and other receivables	5	123,450	175,017
Inventories	6	19,353	18,788
Other assets	7	487,867	193,879
TOTAL CURRENT ASSETS		<u>7,227,963</u>	4,640,503
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,048,818	10,932,307
TOTAL NON-CURRENT ASSETS		<u>10,048,818</u>	10,932,307
TOTAL ASSETS		<u>17,276,781</u>	15,572,810
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	1,241,771	1,107,885
Deferred revenue	10	2,976,355	3,170,051
Provisions	11	704,632	666,392
TOTAL CURRENT LIABILITIES		<u>4,922,758</u>	4,944,328
NON-CURRENT LIABILITIES			
Deferred revenue	10	139,570	155,691
Provisions	11	359,084	331,820
TOTAL NON-CURRENT LIABILITIES		<u>498,654</u>	487,511
TOTAL LIABILITIES		<u>5,421,412</u>	5,431,839
NET ASSETS		<u>11,855,369</u>	10,140,971
<b>EQUITY</b>			
Retained earnings		11,855,369	7,485,959
Reserves		-	2,655,012
TOTAL EQUITY		<u>11,855,369</u>	10,140,971

## **Consolidated Statement of Changes in Equity**

**For the Year Ended 30 June 2013**

	<b>Retained Earnings</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2012</b>	<b>7,485,959</b>	<b>2,655,012</b>	<b>10,140,971</b>
Profit attributable to members	<b>1,714,398</b>	-	<b>1,714,398</b>
Reclassification of revaluation reserve	<b>2,655,012</b>	<b>(2,655,012)</b>	-
<b>Balance at 30 June 2013</b>	<b>11,855,369</b>	-	<b>11,855,369</b>
<b>Balance at 1 July 2011</b>	6,311,410	2,655,012	8,966,422
Profit attributable to members	1,174,549	-	1,174,549
<b>Balance at 30 June 2012</b>	<b>7,485,959</b>	<b>2,655,012</b>	<b>10,140,971</b>

## Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	2013	2012
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	17,522,402	17,288,039
Payments to suppliers and employees	<b>(15,208,191)</b>	(16,463,585)
Net cash generated from operating activities	<b>2,314,211</b>	824,454
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	219,221	141,406
Payment for property, plant and equipment	<b>(188,958)</b>	(301,304)
Proceeds from sale of property, plant and equipment	-	45,500
Net cash generated from/(used by) investing activities	<b>30,263</b>	(114,398)
Net increase in cash and cash equivalents held	<b>2,344,474</b>	710,056
Cash and cash equivalents at beginning of year	<b>4,252,819</b>	3,542,763
<b>Cash and cash equivalents at end of financial year</b>	<b>6,597,293</b>	4,252,819
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## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2013**

The financial statements are for the Australian Consumers Association a consolidated entity, incorporated and domiciled in Australia. The Australian Consumers Association is a company limited by guarantee. The Company consists of the Australian Consumers Association and CHOICE Switch Pty Ltd. The Australian Consumers Association has a 60% shareholding in the subsidiary.

#### **1 Summary of Significant Accounting Policies**

##### **Basis of preparation**

The Australian Consumers Association has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2011.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board 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 the financial statements are presented below and have been consistently applied unless stated otherwise.

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

The financial statements were authorised for issue on by the directors of the company on 3 September 2013.

##### **(a) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Australian Consumers Association at the end of the reporting period. A controlled entity is any entity over which the Australian Consumers Association has the power to govern the financial and operating policies so as to obtain benefits from its activities.

##### **(b) Revenue and other income**

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

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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 2013**

### **1 Summary of Significant Accounting Policies continued**

#### **(c) Inventories**

Inventories are measured at the lower of cost and current replacement cost. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition

#### **(d) Property, plant and equipment**

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

##### **Freehold Property**

Freehold land and buildings are shown at deemed cost.

##### **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

##### **Depreciation**

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2-2.5%
Plant and Equipment	10-33.3%

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

Each asset class's carrying amount is written down immediately to its recoverable amount if the class's carrying amount is greater than its estimated recoverable amount.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of Significant Accounting Policies continued**

#### **(d) Property, plant and equipment continued**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings. These gains or losses are included in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### **(e) Impairment of assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate future cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

#### **(f) Financial instruments**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### **Classification and subsequent measurement**

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

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of Significant Accounting Policies continued**

#### **(f) Financial instruments continued**

- (a) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (b) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### **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 the end of each reporting period, the entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

#### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### **(g) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of Significant Accounting Policies continued**

#### **(h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

#### **(i) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 the expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables and payables in the consolidated statement of financial position.

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

#### **(j) Income tax**

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

#### **(k) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### **(l) Comparative figures**

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be presented.

#### **(m) Trade and other payables**

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of Significant Accounting Policies continued**

#### **(n) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. There were no critical accounting estimates or judgements applied in the financial statements.

## Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
<b>2 Revenue and Other Income</b>		
<b>Revenue</b>		
Revenue from sale of goods	7,669,255	7,984,153
Revenue from provision of services	8,095,983	7,542,488
<b>Total revenue</b>	<u>15,765,238</u>	<u>15,526,641</u>
<b>Other income</b>		
Interest income	219,996	174,277
Rental Income	103,463	90,416
Profit on sale of fixed asset	400	500
<b>Total other income</b>	<u>323,859</u>	<u>265,193</u>
<b>Total revenue and other income</b>	<u>16,089,097</u>	<u>15,791,834</u>
<b>3 Profit for the Year</b>		
<b>(a) The result for the year includes the following specific expenses</b>		
Employee benefits expense		
- Contributions to defined contribution superannuation funds	551,359	521,630
- Salaries excluding contributions to defined contribution superannuation funds	6,522,958	6,410,155
<b>Total employee benefits</b>	<u>7,074,317</u>	<u>6,931,785</u>
Depreciation and amortisation		
- land and buildings	158,262	158,262
- furniture and equipment	178,071	114,394
- software	740,139	746,312
<b>Total depreciation and amortisation</b>	<u>1,076,472</u>	<u>1,018,968</u>
<b>4 Cash and Cash Equivalents</b>		
Cash on hand	3,000	3,000
Cash at bank	2,993,610	1,407,932
Short-term deposits	3,600,683	2,841,887
	<u>6,597,293</u>	<u>4,252,819</u>
<b>5 Trade and Other Receivables</b>		
<b>CURRENT</b>		
Trade receivables	36,765	77,415
Other receivables	86,685	97,602
	<u>123,450</u>	<u>175,017</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
<b>6 Inventories</b>		
CURRENT		
Inventories - at cost	19,353	18,788
	<u>19,353</u>	<u>18,788</u>
<b>7 Other Assets</b>		
CURRENT		
Prepayments	487,867	193,879
	<u>487,867</u>	<u>193,879</u>
<b>8 Property, Plant and Equipment</b>		
LAND AND BUILDINGS		
Freehold land		
At deemed cost	1,400,000	1,400,000
Buildings		
At deemed cost	7,913,102	7,913,102
Less accumulated depreciation	(1,152,019)	(993,758)
	<u>6,761,083</u>	<u>6,919,344</u>
	<u>8,161,083</u>	<u>8,319,344</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	6,698,418	7,343,425
Less accumulated depreciation	(4,810,683)	(4,730,462)
	<u>1,887,735</u>	<u>2,612,963</u>
	<u>10,048,818</u>	<u>10,932,307</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 8 Property, Plant and Equipment continued

#### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year. Depreciation on motor vehicles is not expensed through the statement of profit or loss and other comprehensive income as it is included in the salary sacrifice arrangement of individual employees.

	<b>Land and Buildings</b>	<b>Plant and Equipment</b>	<b>Total</b>
	\$	\$	\$
Balance at the beginning of the year	8,319,345	2,612,962	10,932,307
Additions at cost	-	192,983	192,983
Depreciation expense	(158,262)	(918,210)	(1,076,472)
<b>Carrying amount at the end of the year</b>	<b>8,161,083</b>	<b>1,887,735</b>	<b>10,048,818</b>

### 9 Trade and Other Payables

	2013	2012
	\$	\$
CURRENT		
Trade payables	525,409	542,692
Other current payables	716,362	565,193
	<b>1,241,771</b>	<b>1,107,885</b>

### 10 Deferred Revenue

CURRENT		
Deferred revenue	2,976,355	3,170,051
NON-CURRENT		
Deferred revenue	139,570	155,691
	<b>3,115,925</b>	<b>3,325,742</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
<b>11 Provisions</b>		
CURRENT		
Annual leave	509,106	521,597
Long service leave	195,526	144,795
	<u>704,632</u>	<u>666,392</u>
NON-CURRENT		
Long service leave	<u>359,084</u>	<u>331,820</u>

### Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

### 12 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the company did not have any contingencies at 30 June 2013 (30 June 2012 : None).

### 13 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

### 14 Interests of Key Management Personnel

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2013	2012
	\$	\$
Key management personnel compensation	<u>1,022,233</u>	<u>986,546</u>

### 15 Related Party Transactions

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

There were no related party transactions during the year.

## Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$

### 16 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, credit card facilities and accounts receivable and payable. The entity does not have any derivative instruments at 30 June 2013.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note		
<b>Financial Assets</b>			
Cash and cash equivalents	4	<b>6,597,293</b>	4,252,819
Loans and receivables	5	<b>123,450</b>	175,017
<b>Total financial assets</b>		<b>6,720,743</b>	<b>4,427,836</b>
<b>Financial Liabilities</b>			
Trade and other payables	9	<b>1,241,771</b>	1,107,885
<b>Total financial liabilities</b>		<b>1,241,771</b>	<b>1,107,885</b>

### 17 Reserves

#### (a) Revaluation Surplus

Following the adoption of the fair value of the building, as the deemed cost, it was considered appropriate to eliminate the revaluation reserve by reclassifying as retained earnings.

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 18 Parent entity

The following information has been extracted from the books and records of the parent, Australian Consumers' Association and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Australian Consumers' Association has been prepared on the same basis as the consolidated financial statements except as disclosed below.

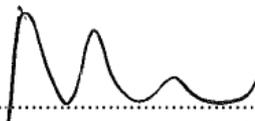
	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Consolidated Statement of Financial Position</b>		
<b>ASSETS</b>		
Current assets	7,227,963	4,640,503
Non-current assets	10,048,878	10,932,367
<b>TOTAL ASSETS</b>	<b>17,276,841</b>	<b>15,572,870</b>
<b>LIABILITIES</b>		
Current liabilities	4,922,758	4,944,328
Non-current liabilities	498,654	487,511
<b>TOTAL LIABILITIES</b>	<b>5,421,412</b>	<b>5,431,839</b>
<b>NET ASSETS</b>	<b>11,855,429</b>	10,141,031
<b>EQUITY</b>		
Reserves	-	2,655,012
Retained earnings	11,855,429	7,486,019
<b>TOTAL EQUITY</b>	<b>11,855,429</b>	<b>10,141,031</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>		
Total comprehensive income for the year	1,714,398	1,174,549

## **Directors' Declaration**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 22, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
  - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and consolidated group.
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.

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

Director: .....  
  
Jenni Mack

Director .....  
  
Ian Spight

Dated: 3 September 2013

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

### To the Directors of Australian Consumers' Association and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

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



**LAWLER PARTNERS**  
Chartered Accountants



**SCOTT TOBUTT**  
Partner

Dated: 3 September 2013

Sydney

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

### Report on the Financial Report

We have audited the accompanying financial report of Australian Consumers' Association, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity.

#### *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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *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 about 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 of the financial report that gives a true and fair view 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.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Consumers' Association, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *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 and the consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



LAWLER PARTNERS  
Chartered Accountants



SCOTT TOBUTT  
Partner

Dated: 3 September 2013

Sydney