

Australian Consumers' Association (Choice)

ABN: 72 000 281 925

Financial report

For the year ended 30 June 2020

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AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)

ABN: 72 000 281 925

DIRECTORS' REPORT

The directors present their report together with the financial report of Australian Consumers' Association (the "Company") for the year ended 30 June 2020 and the independent auditor's report thereon.

Directors

The names of directors in office during the financial year and at the date of this report and meetings attended during the year are as follows:

Director	Date appointed	Date of cessation	Board Meetings		Committee Meetings	
			E	A	E	A
Sandra Davey			6	6	12	11
William Davidson		28/11/2019	3	3	5	5
Fiona Guthrie			6	5	6	4
Ben Heuston		20/03/2020	4	2	6	6
Alexandra Kelly			6	6	7	7
Ben Naparstek			6	6	7	5
Nic Cola	28/11/2019		3	3	2	2
Robert Southerton			6	5	11	11
Anita Tang			6	5	7	7
Helen Wiseman			6	6	6	6
Jennifer Zanich		18/12/2019	3	3	3	3

E – Number of meetings eligible to attend

A – Number of meetings attended

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

Qualifications, Experience and Special Responsibilities of Directors

Sandra Davey - Chair

Sandra is an experienced digital and Internet executive and founder of Product Space. Her love is coaching and helping organisations streamline their digital product practices to improve agility, innovation and product success. Increasingly she works with organisations to unpack the cultural and structural issues that impact their ability to create value.

Her industry experience crosses telco/broadband, digital media, interactive TV, sport, libraries, industry associations and consumer advocacy.

Sandra served as a director and chair of the Australian Interactive Media Industry Association (AIMIA) during the 2000s and was one of the co-founders and inaugural directors of the Australian Domain Name Authority (auDA). For her contribution to the digital media industry, Sandra was inducted into AIMIA's Hall of Fame in 2015.

DIRECTORS' REPORT

She joined the Board of CHOICE in 2012 and was elected Chair in 2017. She chairs the Commercial Sustainability Committee and Investment Committee, and is a member of the Governance and Culture Committee and Technology and Data Committee. She also serves on the Board of auDA Pty Ltd and with the Editorial Board of the Business Agility Institute.

William Davidson (until December 2019)

Bill is CEO of the Worklink Group in Tropical North Queensland. Worklink provides support services to people experiencing mental health challenges, including employment services. Bill is committed to making a difference to people's lives by creating an environment that fosters positive impact at all times.

Bill was Managing Director of Australian Hearing from 2013 to 2018. For the 4 years prior to that he was Managing Director of Job Futures Limited, now known as CoAct.

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 is passionate about finding ways to provide fair competition and deliver a better deal for the Australian consumer.

Bill served on the CHOICE Board from November 2006 until August 2008. Following the appointment of Nick Stace as CEO in February 2009, Bill was co-opted onto the Board in November 2009, and then elected to the Board in November 2010. He was Deputy Chair of the Board and member of the Finance, Risk and Audit Committee, Commercial Sustainability Committee, and Impact and Engagement Committee.

Fiona Guthrie AM

Fiona has over 30 years' experience in consumer advocacy, including a number of years on the executive of the Consumers Federation of Australia. Her main interest has been in advocating for people on low incomes or in vulnerable circumstances to get a fair go, particularly in the financial services marketplace.

Fiona has been the CEO of Financial Counselling Australia, the peak body for financial counsellors for over a decade. She has held directorships on Energex Retail Pty Ltd, the Insurance Ombudsman Service and the Financial Ombudsman Service, and was previously chair of ASIC's Consumer Advisory Panel. Fiona is currently a member of the ACCC's Consumer Consultative Committee and a member of the boards of Way Forward Debt Solutions and the Queensland Competition Authority. Fiona holds a B.A., LLB and M.B.A.

Fiona was made a member of the Order of Australia in 2017 for her work in social welfare and financial counselling. She joined the Board in November 2015 and is a member of the Finance, Risk and Audit Committee and Investment Committee.

Alexandra Kelly

Alexandra is Director of Casework at the Financial Rights Legal Centre, which operates the National Debt Helpline in NSW, Mob Strong Debt Help and the Insurance Law Service. She is a member of the Law Council's Australian Consumer Law Committee and is the consumer representative on the Life Insurance Code Compliance Committee.

DIRECTORS' REPORT

She served on the Board of the Financial Counsellors of NSW from 2009 to 2012.

Alexandra has considerable experience developing consumer rights in the financial services sector through lobbying, working with regulators and government, and raising public awareness of issues in the media and through online financial literacy campaigns. She brings to the CHOICE Board high-level legal expertise, extensive sectoral knowledge, and understanding of social enterprises.

Alexandra holds a Bachelor of Laws (Hons) / Bachelor of Psychology and Master of Laws. She was appointed to the Board in 2017 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.

Ben Heuston (until March 2020)

Ben has almost two decades' experience growing new businesses, brands and service lines inside organisations that want to innovate. Ben has headed up digital, innovation and product teams in Media at Telstra, with Australia's largest magazine company and at the 30,000 member Copyright Agency where he stood up for creators. He is a former innovation consultant.

Ben currently works to develop improved customer experiences for consumers at Westpac Bank. He has an MBA from Cranfield University in the UK, is a Chartered Marketer, has a postgraduate diploma in Government and BA/LLB degrees from the University of Sydney.

Ben was appointed to the CHOICE Board in November 2018 and retired in March 2020.

Ben Naparstek

Ben has a decade's experience managing cross-functional teams across content, marketing and emerging technologies.

He's headed up online at SBS and served as the digital director of communications marketing firm Edelman, leading the Australian office's team of videographers, designers, UX experts, social curators, paid media specialists, programmers and producers.

Ben has served as editor-in-chief of Fairfax Media's Good Weekend magazine and national current affairs magazine The Monthly.

Currently, Ben is Director of Audible Originals, overseeing original documentaries, dramas and series for Audible, the Australian arm of the world's largest seller and producer of spoken word entertainment.

Ben was appointed to the CHOICE Board in October 2018 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.

Robert Southerton

Robert is an experienced professional in marketing, digital, analytics and statistics. He has a broad range of experience across IT, telecommunications, finance and biotechnology industries, having worked for companies including BT Financial Group, ING Direct and Unwired. He has a strong interest in data-driven decision making, and holds qualifications in statistics and operations research. He also holds a

DIRECTORS' REPORT

Foundations of Directorship qualification from the AICD, gained in 2015. Robert is currently the Managing Director and co-founder of Gondwana Genomics, an Australian biotechnology start-up exporting genetic technology developed in Eucalyptus.

Robert joined the CHOICE Board in September 2014, and is a member of the Finance, Risk and Audit Committee and the Governance and Culture Committee.

Anita Tang

Anita has a strong background in public policy reform and community organising, having spent 12 years with the Cancer Council where she led the transformation of its advocacy work. She now holds the position of Community Organising Director at Centre for Australian Progress, building capacity of civil society, following five years running her own advocacy and campaigning consultancy working with a range of NGOs to bring about social change. Anita has also held senior roles in policy and advocacy at the Community Services Commissions and the Social Issues Committee of the NSW Legislative Council. She has completed the Leadership, Organizing and Action: Leading Change program through Harvard University, as well as the Stanford Executive Program for Non-Profit Leaders. Anita has served on the Boards of the Council for Intellectual Disability NSW, the Intellectual Disability Rights Service and the Centre for Australian Progress. She is currently Chair of the Board of Democracy in Colour, a racial justice campaigning organisation.

She is a long-standing member of CHOICE and while at the Cancer Council led a number of collaborative projects with CHOICE, including campaigns against junk food advertising to children and the regulation and eventual ban of commercial solariums.

Anita joined the Board in March 2017 and is a member of the Commercial Sustainability Committee and Impact and Engagement Committee.

Helen Wiseman

Helen Wiseman is a non-executive director, professional mentor and philanthropist with over 30 years business experience across a range of sectors including technology, food, pharmaceutical, insurance, energy and not for profits. A former KPMG partner, Helen is a highly experienced audit committee chair having held this role for a number of boards.

Helen is currently a non-executive director and audit committee chair for the South African holding company of the global Bidfood foodservice business. She is also a director of Elixinol Global Limited and AIME. In 2018, Helen completed the 2018 INSEAD International Directors Program.

Helen also has a deep interest in supporting children of prisoners through her role as a Vice- Patron of SHINE for Kids. She also established the By My Side sub-fund of the Sydney Community Foundation to further her philanthropic support in this area.

Helen joined the CHOICE Board in November 2014 and is Chair of the Finance, Risk and Audit Committee and is a member of the Investment Committee.

DIRECTORS' REPORT

Jennifer Zanich (until December 2019)

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Jennifer spent 10 years in San Francisco, where she successfully started and funded several companies including one of the first programmatic ad networks, SeeSaw Networks and Xumii, a pioneer in mobile messaging (later acquired by Myriad Group), and was CEO of Wedgetail Communications, an enterprise security company. She is also experienced in corporate operations, strategy and marketing, having spent eight years as Microsoft's Marketing Director in Australia and Asia Pacific. Jennifer has created and delivered 12 products into international markets.

Jennifer has more than 18 years' experience as a non-executive director and is a Graduate of the Australian Institute of Company Directors. Jennifer also serves on the board of Jobhawk and as an advisor to Bullpen Capital, a US Venture Capital company.

Jennifer was appointed to the Board of CHOICE in 2015 and retired in December 2019.

Nic Cola

Nic Cola is currently a director at Satinay Partners, a consulting and advisory firm focused on advising media, market places, education and digital businesses. He also acts as Advisory Chair at Ford Peterson, a recruitment company focused on accounting and professional services, and Advisory Chair of Picaluna, a disruptor in the funeral industry.

Nic has over 22 years of general management and CEO experience in high growth, sales and marketing-led organisations, with expertise in delivering revenue and share growth across a diverse range of business models in traditional and digital media, education, and e-commerce. His key strengths are strategy, mergers and acquisitions, operations, digital transformation and change management.

His roles have included CEO of Open Colleges and CEO of Marketplaces at Fairfax Media where he was one of the founding executives of Fairfax Digital.

He was active in building the digital industry in Australia having been on the board of the Australian Interactive Multimedia Industry association (AIMIA) for several years as well as serving as Chairman of the Australian Internet Advertising Bureau.

Nic has a Bachelor of Business from UTS and is a graduate of the Australian Institute of Company Directors course. He joined the CHOICE Board in November 2019 and is a member of the Commercial Sustainability Committee.

Company Particulars

The Australian Consumers' Association (trading as CHOICE) is incorporated in Australia. The address of the registered office and principal place of business is:

57 Carrington Road
MARRICKVILLE NSW 2204

DIRECTORS' REPORT

Principal Activities

The principal activities of the Company during the financial year were the dissemination of consumer information to the general public and members of the Company through our website and publications, and advocacy on issues of importance to Australian consumers.

Company purpose

Recognising the inequality in bargaining power between consumers and businesses, the overall purpose of the Company is to work for fair, just and safe markets that meet the needs of Australian consumers.

Strategy

2019-20 was the second year of a three-year strategy that sets three key priorities for increasing CHOICE's impact and sustainability:

1. Increase the power of consumers
2. Engage more people
3. Grow our revenue

In 2019-20, we achieved strong results in each of these areas, despite the challenges created by the COVID-19 pandemic.

Increase the power of consumers

Ensuring that consumers have power when dealing with businesses has always been core to CHOICE's purpose. We aim to build the power of consumers by equipping them with information to help them find the right products and services, and by campaigning for changes to the law and to harmful businesses practices.

In 2019-20 we realised two of our long-term advocacy goals:

- consumers are now protected from unfair contract terms in insurance - which is likely to see changes to policies across the insurance sector; and
- mortgage brokers will be legally required to act in the best interests of their customers.

These were important steps in our ongoing work to rid the financial services sector of unfair practices and remuneration arrangements that encourage brokers and advisers to put their interests ahead of those of their customers.

Other important reforms that we helped to achieve during the year included:

- a ban on grandfathered commissions in financial advice
- an end to unfair late payment fees in the energy sector
- a requirement for funeral directors in New South Wales to disclose prices up-front, providing a model for reform in other states and territories.

DIRECTORS' REPORT

Our new partnership with Super Consumers Australia, through a specialist team based at CHOICE, also helped to drive a number of reforms in the superannuation sector, including fairer default insurance and agreement by a number of super funds to drop pandemic exclusion clauses from their insurance.

When the COVID-19 pandemic emerged, we focused our efforts on ensuring that consumers were adequately protected, campaigning for banks to treat customers in financial hardship fairly, for health insurers to suspend price rises and for state and territory governments to take action on price gouging, with some success in each of these areas.

Engage more people

As a member-based organisation, it is critical that consumers are engaged with our work. We seek to increase the way that people connect with us in two key ways:

- by visiting choice.com.au on a regular basis
- by participating in our campaigns for change

We achieved significant growth in each of these areas in 2019-20.

Traffic to choice.com.au grew by a healthy 8% year-on-year. This was the result of deliberate strategies to increase organic (or free) traffic from search engines like Google, the number of people who visit the site after receiving an email from CHOICE and the number of people who click through after seeing a post on social media. When the COVID-19 pandemic hit Australia, we focused on producing articles on issues where consumers needed our help, leading to a significant spike in traffic. In the final months of the year, increased demand for product reviews also helped to drive year-on-year growth in the number of visitors to choice.com.au.

The average number of people per month who participated in our campaigns increased by 57% year-on-year. This was partly due to growth in our overall community of supporters, from 188,000 to 228,500. It was also the result of campaigns on important issues that people cared deeply about, such as fair insurance cover for bushfires, the hardship policies of major banks and price gouging during the pandemic.

The strong year-on-year growth in these areas demonstrated a return on our investment in recent years in improving choice.com.au and building our capability as an organisation to engage large numbers of consumers in our campaigns.

Grow our revenue

Through 2019-20 we made it a major priority to improve CHOICE membership, so that we are able to attract more people and encourage members to stay with us for longer. This program of work included:

- research on what motivates people to join CHOICE and stay with us
- changes to how we describe CHOICE to potential members
- a new advertising campaign focusing on CHOICE members' stories
- new payments technology, to improve the experience of signing up to CHOICE.

DIRECTORS' REPORT

These changes helped us to achieve 1.8% growth in membership revenue. While membership had started to grow before the COVID-19 pandemic, our focus on producing information that was helpful in that context helped us to attract even more people to CHOICE. This saw total memberships grow by 7,111 (4%) in the second half of the year.

The CHOICE Recommended licensing scheme faced difficult conditions through 2019-20 as flat retail trading conditions reduced demand for licences. Despite demand further weakening as a result of the pandemic, total revenue still increased by 5.1% year-on-year. Revenue from testing for external clients in our labs was affected by the temporary closure of our labs and remained relatively flat overall.

In the second half of 2019-20 we began offering people the opportunity to make donations to CHOICE. While still in an experimental phase, this demonstrated strong interest from some members and supporters, providing a basis for further work in 2020-21.

This combination of strategies helped us to grow total revenue by 5.1%.

Performance measures

Consistent with the key areas of our strategy, we measure our performance through:

- the number of meaningful wins that we achieve for consumers
- the number of consumers helped to make decisions through our tools and services
- the number of people connected to CHOICE through our digital channels
- growth in total revenue.

The Board sets annual targets for each area and monitors performance through the year. As noted in the commentary above, the organisation achieved growth in all of these areas in 2019-20.

Review of financial operations and results

2019-20 represented the final year of a four-year investment strategy that has involved planned deficit budgets to build the organisation's capabilities in innovation, digital product development, technology and digital campaigning.

This strategy needs to be understood in the context of our long-term financial performance. In the five years to 2015-16, we reported above-budget surpluses with a total value of \$6.31M. As the organisation was then in a strong financial position, which in addition to its cash reserves included a substantial property asset in the form of CHOICE's building in Marrickville, the Board decided to reinvest some of the cash that had been accumulated to grow the organisation's capabilities in areas that were critical to its future sustainability.

Over the four years from 2016-17 these strategic investments have translated into deficits with a total value of \$3.7M (excluding expenditure related to the travel grant explained below). In the first few years of this investment strategy, expenses grew faster than revenue but it was always the Board's intention that as the organisation's capabilities matured, revenue would begin to grow faster than expenses, bringing the budget back towards surplus. The impact of this strategy is evident in the 2019-20 results.

DIRECTORS' REPORT

Our revenue in 2019-20 increased by 5.1% to \$22.02M, fuelled by a 1.8% increase in membership revenue and a 17.2% increase in revenue from other sources, including the CHOICE Recommended licensing scheme. Non-membership revenue accounted for 23.7% of total revenue, slightly up from 21.3% the previous year. This is in line with our strategy to diversify our revenue sources so that we are less exposed to fluctuations in membership revenue. Consistent with our multi-year investment strategy, annual revenue has now grown by \$3.66M or 19.9% over the past four years.

Operating expenditure (excluding cost of sales and expenditure on the Travel Hub project) increased by \$0.26M (1.24%) to \$21.03M. If expenses related to the Super Consumers Australia project (which is funded under an agreement) are also excluded, operating expenditure decreased by 0.84%, reflecting an ongoing focus on cost management in our core operations. This included a reduction in innovation expenses, as we replaced our large innovation team with a smaller prototyping team. At the same time, we increased expenditure in the strategically important areas of consumer research, digital product development, data & technology. These investments improved the way we help consumers through choice.com.au, which was critical to the strong year-on-year growth in website traffic and memberships.

\$454k (2.1%) of operating expenditure was on activities to help consumers in the travel market, funded by a multi-year grant provided in 2014-15. While the income from that grant was recognised in full when it was received, the expenditure is recognised in each subsequent year (see note 21).

We ended the year with a deficit of \$0.89M, of which \$0.45M was due to expenditure funded by the travel grant and \$0.44M was from operating activities. While this deficit was higher than we had budgeted, we were pleased with this result given the challenging economic conditions created by the COVID-19 pandemic.

Importantly, it was a significant reduction from \$1.78M (\$1.53M of which was due to operating activities outside the travel grant) reported in 2018-19, demonstrating the Board's strategy of moving the budget back towards a surplus after several years of deep investment.

As the expenses that contributed to the deficit included non-cash items - in particular, over \$1M in depreciation expenses - our financial assets improved slightly despite the deficit. Our cash and investments balance increased by \$0.41M (excluding cash used from the travel grant). We ended the year with \$9.85M in cash and term deposits, providing a significant buffer over the cash reserves floor set by the Board.

Impact of COVID-19

In the early stages of the pandemic in Australia, CHOICE focused on helping consumers by providing factual information on products and services related to the pandemic. This saw an increase in traffic to choice.com.au. In the latter part of the financial year, there was an increase in demand for reviews of household goods and appliances, contributing to growth in CHOICE memberships. At the same time, demand for CHOICE Recommended licences reduced due to uncertainty in retail markets. These trends continued into the early months of 2020-21.

DIRECTORS' REPORT

CHOICE's response during the pandemic focused on supporting the health and wellbeing of employees while taking measures to mitigate potential negative financial impacts.

In response to growth in the rate of infections in Sydney, we closed our building from late March to late May 2020 and supported all staff to work from home. While some staff were able to return to the building from late May, most continued to work from home. Throughout this period we were able to maintain services to members, despite a temporary interruption to laboratory operations while the building was closed.

We negotiated a lease extension with the tenant of our Marrickville building to secure this source of revenue for a further five years. We also continued to identify savings in operating expenditure. Management has conducted a review of assets, including our building, and has not identified any impairments.

Given the uncertain economic conditions, it is difficult to predict the impact of COVID-19 for 2020-21 but the Company's strong financial position going into the year puts it in a good position to withstand further volatility in revenue.

Events subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely development and expected results of operations

The Company expects to maintain the present status and level of operations.

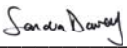
Members Liability

The Company is incorporated under the Corporations Act 2001 (Cth) and is a public company limited by guarantee. If the Company is wound up, the Company's constitution states that each voting member of the Company is required to contribute a maximum of \$1 each towards meeting any liabilities of the Company. As at 30 June 2020 the number of voting members was 6,102 (2019: 5,806).

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Signed in accordance with a resolution of the board of directors.

Director: 
Sandra Davey

Director: 
Helen Wiseman

Dated this 28th day of September 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Australian Consumers' Association for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



M A ALEXANDER
Partner

PITCHER PARTNERS
Sydney

28 September 2020

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue			
Revenue from contracts with customers	2	21,549,338	20,593,333
Other revenue	3	468,605	359,411
Cost of sales		<u>(1,431,531)</u>	<u>(1,715,512)</u>
Gross profit		<u>20,586,412</u>	<u>19,237,232</u>
Less: expenses			
Technical and consumer research		(4,549,280)	(3,579,438)
Editorial content		(1,640,533)	(1,970,874)
Digital product development		(3,052,512)	(2,794,677)
Data & technology		(2,000,026)	(1,394,347)
Marketing		(2,111,512)	(1,973,672)
Subscriptions and customer services		(628,252)	(551,809)
General and administrative		(3,205,394)	(3,042,313)
Campaigns and communications		(1,546,545)	(1,493,553)
Innovation		(244,221)	(2,338,318)
Depreciation and amortisation		(1,068,909)	(1,067,768)
Facility and other operating		(315,209)	(328,489)
Superannuation Consumer Australia project		(664,380)	(234,867)
Travel Hub project	21	<u>(454,043)</u>	<u>(250,690)</u>
Total operating expenses		<u>(21,480,816)</u>	<u>(21,020,815)</u>
Income tax expense	1 (g)	-	-
Deficit for the year		<u>(894,404)</u>	<u>(1,783,583)</u>
Other comprehensive income for the year		-	-
Total comprehensive loss attributable to the members of the entity		<u>(894,404)</u>	<u>(1,783,583)</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5	2,202,029	2,085,988
Other financial assets	6	7,646,263	7,541,499
Trade and other receivables	7	859,680	769,707
Inventories	8	-	1,824
Other assets	9	<u>635,993</u>	<u>644,939</u>
Total current assets		<u>11,343,965</u>	<u>11,043,957</u>
Non-current assets			
Intangible assets	10	685,683	1,199,121
Property, plant and equipment	11	<u>8,754,662</u>	<u>8,993,223</u>
Total non-current assets		<u>9,440,345</u>	<u>10,192,344</u>
Total assets		<u>20,784,310</u>	<u>21,236,301</u>
Current liabilities			
Trade and other payables	12	2,486,715	2,097,881
Contract liabilities	13	5,562,307	5,596,927
Provisions	14	<u>573,554</u>	<u>495,945</u>
Total current liabilities		<u>8,622,576</u>	<u>8,190,753</u>
Non-current liabilities			
Contract liabilities		263,218	227,907
Provisions	14	<u>108,267</u>	<u>132,988</u>
Total non-current liabilities		<u>371,485</u>	<u>360,895</u>
Total liabilities		<u>8,994,061</u>	<u>8,551,648</u>
Net assets		<u>11,790,249</u>	<u>12,684,653</u>
Equity			
Accumulated surplus		<u>11,790,249</u>	<u>12,684,653</u>
Total equity		<u>11,790,249</u>	<u>12,684,653</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated surplus \$	Total equity \$
Balance as at 1 July 2018	14,468,236	14,468,236
Deficit attributable to members	<u>(1,783,583)</u>	<u>(1,783,583)</u>
Total comprehensive income for the year	<u>(1,783,583)</u>	<u>(1,783,583)</u>
Balance as at 30 June 2019	<u>12,684,653</u>	<u>12,684,653</u>
Balance as at 1 July 2019	12,684,653	12,684,653
Deficit attributable to members	<u>(894,404)</u>	<u>(894,404)</u>
Total comprehensive income for the year	<u>(894,404)</u>	<u>(894,404)</u>
Balance as at 30 June 2020	<u>11,790,249</u>	<u>11,790,249</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Cash receipts from customers		23,728,322	23,270,718
Payments to suppliers and employees		<u>(23,253,350)</u>	<u>(23,578,527)</u>
Net cash provided by / (used in) operating activities		<u>474,972</u>	<u>(307,809)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		38,957	-
Payments for property, plant and equipment		(430,720)	(328,500)
Payments for intangible assets		-	(164,138)
Interest received		137,596	191,584
Net payments for term deposits		<u>(104,764)</u>	<u>(682,604)</u>
Net cash used in investing activities		<u>(358,931)</u>	<u>(983,658)</u>
Reconciliation of cash and cash equivalents			
Net increase / (decrease) in cash held		116,041	(1,291,467)
Cash and cash equivalents at the beginning of the financial year		<u>2,085,988</u>	<u>3,377,455</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,202,029</u></u>	<u><u>2,085,988</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New and revised accounting standards effective at 30 June 2020

The Company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases (AASB 16), AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15: Revenue from Contracts with Customers (AASB 15).

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

AASB 16: Leases

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

CHOICE acknowledges this change in accounting standard, however, with no leases it was not impacted and CHOICE and has not recorded any right of use assets or lease liabilities.

AASB 1058: Income for not-for-profit entities and AASB 15: Revenue from contracts with customers

AASB 1058 replaces the income recognition requirements in AASB 1004: Contributions applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: Revenue from Contracts with Customers. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer (and therefore accounted for under AASB 15) if the agreement:

- a) creates enforceable rights and obligations between the parties; and
- b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 15 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer under AASB 15, the arrangement is accounted for in accordance with AASB 1058.

CHOICE acknowledges this change in revenue accounting standards, however, following a review of each revenue stream; no adjustments have been made to revenue recognition or measurement of revenue from contracts with customers or other revenue this year or in 2019, as CHOICE has not been impacted by the new standards.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Further details of the Company's accounting policy in relation to accounting for revenue under AASB 1058 and revenue from contracts with customers under AASB 15 are contained in Note 2.

(b) Basis of preparation of the financial report

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.

The financial statements, except 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 select 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 by the directors of the Company on 28 September 2020.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Accounting Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

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.

(f) Goods and services tax (GST)

Revenues, expenses and purchased 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 statement of financial position.

Cash flows are presented in the 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.

(g) Income tax

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

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020 \$	2019 \$
Revenue from sale of goods	5,414,458	5,411,876
Revenue from provision of services	16,134,880	15,181,457
	<u>21,549,338</u>	<u>20,593,333</u>

Accounting policy - Revenue

The Company primarily derives revenue from the sale of goods, rendering of services, grants, interest and rent.

Revenue from the sale of goods is recognised at the point in time when performance obligation, being the transfer of the item to the customer, is complete.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenue from rendering of a service is recognised over time as the performance obligation, being the provision of services from which customers receive benefit, is provided.

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

NOTE 3: OTHER REVENUE

	2020	2019
	\$	\$
Interest	137,596	191,584
Rent	272,939	166,573
Sundry	58,070	1,253
	<u>468,605</u>	<u>359,410</u>

Accounting policy - Revenue

Rental income is recognised over time as the performance obligation, being the provision of the property being let, is provided.

Interest revenue is recognised as interest accrues.

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

NOTE 4: DEFICIT FOR THE YEAR

The result for the year includes the following specific expenses:

Employee benefits expense

- Salaries excluding contributions to defined contribution superannuation funds	12,894,075	12,749,278
- Contributions to defined contribution superannuation funds	1,204,357	1,168,134
Total employee benefits	<u>14,098,432</u>	<u>13,917,412</u>

Depreciation and amortisation

- Land and buildings	302,917	288,886
- Plant and equipment	345,668	274,353
- Intangible assets	420,323	504,529
Total employee benefits	<u>1,068,908</u>	<u>1,067,768</u>

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	1,386	1,252
Cash at bank	2,200,643	2,084,736
	<u>2,202,029</u>	<u>2,085,988</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: CASH AND CASH EQUIVALENTS (CONTINUED)

Accounting policy - Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits 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 borrowings within short-term borrowings in the current liabilities in the statement of financial position.

	2020	2019
	\$	\$

NOTE 6: OTHER FINANCIAL ASSETS

Short term deposits with maturity dates of 1-12 months

	7,646,263	7,541,499
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NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

Receivables from contracts with customers
 Other receivables

	801,219	742,432
	58,461	27,275
	859,680	769,707

Accounting policy - Receivables from contracts with customers

A receivable from a contract with a customer represents the Company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

NOTE 8: INVENTORIES

CURRENT

At cost

Inventories

	-	1,824
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Accounting policy - Inventories

Inventories are measured at the lower of cost and net realisable value. 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.

NOTE 9: OTHER ASSETS

CURRENT

Prepayments
 Accrued income

	524,713	619,011
	111,280	25,928
	635,993	644,939

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 10: INTANGIBLE ASSETS		
Website development & work in progress at cost	2,262,828	2,355,840
Less: Accumulated amortisation	<u>(1,591,101)</u>	<u>(1,192,945)</u>
	<u>671,727</u>	<u>1,162,895</u>
Database management at cost	190,679	190,679
Less: Accumulated amortisation	<u>(176,723)</u>	<u>(154,453)</u>
	<u>13,956</u>	<u>36,226</u>
Computer software at cost	3,817,502	3,817,502
Less: Accumulated amortisation	<u>(3,817,502)</u>	<u>(3,817,502)</u>
Total intangible assets	<u>685,683</u>	<u>1,199,121</u>

Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Website development & work in progress		
Opening balance	1,162,895	1,728,069
Addition	4,400	164,138
Write-offs	(77,739)	(193,547)
Amortisation charge	(398,053)	(481,953)
Reclassification to property, plant and equipment	<u>(19,776)</u>	<u>(53,812)</u>
Closing balance	<u>671,727</u>	<u>1,162,895</u>
Database management		
Opening balance	36,226	58,495
Amortisation charge	<u>(22,270)</u>	<u>(22,269)</u>
Closing balance	<u>13,956</u>	<u>36,226</u>
Computer software		
Opening balance	-	1,344
Disposals	-	(1,037)
Amortisation charge	<u>-</u>	<u>(307)</u>
Closing balance	<u>-</u>	<u>-</u>

Accounting policy - Intangible assets

Intangible assets are initially recognised at cost. They have a finite life and are carried at cost less any accumulated amortisation or impairment losses. Intangibles have a useful life of 3-5 years and are assessed annually for impairment.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at deemed cost	1,400,000	1,400,000
Buildings at deemed cost	9,218,389	9,168,983
Less: Accumulated amortisation	(2,793,698)	(2,500,409)
	6,424,691	6,668,574
Total land and buildings	7,824,691	8,068,574
Plant and equipment		
Plant and equipment at cost	4,858,679	4,520,282
Less: Accumulated amortisation	(3,928,708)	(3,595,633)
	929,971	924,649
Total property, plant and equipment	8,754,662	8,993,223

Reconciliations

Movement in carrying amounts:

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

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

Freehold land and buildings

Opening carrying amount	8,068,574	8,215,878
Additions	54,634	98,800
Depreciation expense	(302,917)	(288,886)
Reclassification of assets from intangible assets	4,400	42,782
Closing carrying amount	7,824,691	8,068,574

Plant and equipment

Opening carrying amount	924,649	1,062,698
Additions	371,686	229,700
Disposals	(31,207)	(104,426)
Depreciation expense	(345,668)	(274,353)
Write-offs	(4,866)	-
Reclassification of assets from intangible assets	15,376	11,030
Closing carrying amount	929,970	924,649

Accounting policy - Property, plant and equipment

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

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold Property

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Plant and equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and any accumulated 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.

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2-20%	Straight line
Plant and equipment	5-33.3%	Straight line
Motor vehicles	20%	Straight line

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

NOTE 12: TRADE AND OTHER PAYABLES

	2020	2019
CURRENT	\$	\$
Trade payables	288,345	286,563
Other current payables	2,198,370	1,811,318
	<u>2,486,715</u>	<u>2,097,881</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)

Accounting policy - Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled and are included in other current payables. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

	2020	2019
	\$	\$
NOTE 13: CONTRACT LIABILITIES		
CURRENT		
Contract liabilities from provision of services	5,562,307	5,596,927
NON-CURRENT		
Contract liabilities from provision of services	263,218	227,907

Accounting policy - Contract liabilities

A contract liability represents the Company's obligation to transfer goods or services to the customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Company transfers the contracted goods or services to the customer.

NOTE 14: PROVISIONS

CURRENT		
Long service leave	573,554	495,945
NON-CURRENT		
Long service leave	108,267	132,988
Total provision	681,821	628,933

Movements in carrying amounts:

	Long service
	Leave
	\$
Carrying amount at beginning of the year	628,933
Additional provisions raised during the year	89,803
Amounts used	(36,915)
Carrying amount at end of the year	681,821

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: PROVISIONS (CONTINUED)

Accounting policy – Provisions

Provisions are recognised when the Company 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Accounting policy – Provision for Long-term Employee Benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs. 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.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the Company there are no contingencies to disclose at 30 June 2020 (30 June 2019: none).

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2020	2019
	\$	\$
Key management personnel compensation	<u>1,806,644</u>	<u>1,631,869</u>

NOTE 17: 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.

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: 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 Company does not have any derivative instruments at 30 June 2020.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2020	2019
	\$	\$
Financial assets		
- Cash and cash equivalents	2,202,029	2,085,988
- Other financial assets	7,646,263	7,541,499
- Trade and other receivables	859,680	769,707
Total financial assets	<u>10,707,972</u>	<u>10,397,194</u>
Financial liabilities		
- Trade and other payables	2,486,717	2,097,881
Total financial liabilities	<u>2,486,717</u>	<u>2,097,881</u>

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- a) the operations, in financial years subsequent to 30 June 2020, of the Company, or
- b) the results of those operations, or
- c) the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

NOTE 20: CAPITAL COMMITMENTS

Capital commitments

As at the time of signing the financial statements the Company had no financial commitments for any capital expenditure (2019: \$Nil).

Lease Commitments

The company has no operating or finance lease commitments at 30 June 2020 (2019: \$Nil).

AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
ABN: 72 000 281 925

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: TRAVEL HUB FUNDING DISBURSEMENT

Funding	2020	2019
	\$	\$
Grant receipt	-	-
Funding opening balance	<u>540,480</u>	<u>791,170</u>
 Expenses		
Project manager	1,080	955
Travel Insurance Selector Tool	258,642	15,000
Content creation and publishing	144,404	94,037
Digital producer	293	4,526
Advertising and promoted content	-	80,417
Marketing manager	3,465	4,583
Travel and accommodation	90	4,475
Policy and project officer	25,341	44,697
Legal	16,346	-
Other	4,382	2,000
Total Expenses	<u>454,043</u>	<u>250,690</u>
Funding Closing Balance	<u>86,437</u>	<u>540,480</u>

The Company received a one-off grant of \$2.8M during the financial year ended 30 June 2015. This grant was to be used over a four and a half year term ending in January 2019 to better provide information, tools and advice to Australian consumers in the travel market. Against this grant, the Company has spent \$454,043 in this financial year to meet its objectives pursuant to the grant. This is now the fifth year of the agreement and the Company has spent a total of \$2,712,993 over the term, resulting in a funding balance of \$86,437 at year end. The grant period has been extended and the Company expects the project to complete in 2021.

NOTE 22: MEMBERS' GUARANTEE

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$1 each towards meeting any outstandings and obligations of the Company. At 30 June 2020 the number of voting members was 6,102 (2019: 5,806). The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$6,102.


AUSTRALIAN CONSUMERS' ASSOCIATION (CHOICE)
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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 12 - 27, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: 

Sandra Davey

Director: 

Helen Wiseman (Sep 30, 2020 14:29 GMT+13)
Helen Wiseman

Dated this 28th day of September 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION
ABN 72 000 281 925**

Report on the Financial Report

Opinion

We have audited the financial report of Australian Consumers' Association ("the Company"), a company limited by guarantee, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors 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.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION
ABN 72 000 281 925**



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

Melina Alexander

M A Alexander
Partner

Pitcher Partners

Pitcher Partners
Sydney

28 September 2020