choice

Australian Consumers' Association

(a company limited by guarantee)

A.B.N. 72 000 281 925

Financial Report for the Year Ended

30 June 2017

Contents

DIRECTORS' REPORT
For the Year Ended 30 June 2017

The Directors present their report together with the financial report of Australian Consumers' Association (the "Company") for the year ended 30 June 2017 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	
			No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Allan Asher		26/11/2016	4	3	2	1
Sandra Davey			6	6	10	10
William Davidson			6	5	13	11
Fiona Guthrie			6	5	7	5
Frank Muller		26/11/2016	4	4	4	4
Nicole Rich			6	6	5	5
Ben Slade			6	4	8	8
Robert Southerton			6	6	18	17
Anita Tang	7/03/2017		1	1	1	1
Helen Wiseman			6	6	6	6
Jennifer Zanich			6	6	10	10

Directors were in office for the entire year unless otherwise stated.

Qualifications, Experience and Special Responsibilities of Directors

Allan Asher
Allan has been a consumer policy maker, advocate, regulator and representative in Australia and overseas, working for a fairer society and a better deal for consumers for nearly 40 years. He has been a senior executive at CHOICE as well as its UK counterpart Which?, Campaigns Director of Consumers International, Deputy Chair of the ACCC (Australian Competition and Consumer Commission) and Commonwealth Ombudsman. He is currently engaged as consumer policy adviser at the Australia Indonesia Program for Economic Governance (AIPEG) in Jakarta, is Chair of the Foundation for Effective Markets and Governance (FEMAG), and is Senior Consultant to UNCTAD. Allan is Chair of the Therapeutic Goods Administration Consumer Complaints Panel and a member of the Code Authority of the Association for Data-Driven Marketing & Advertising (ADMA). Allan was appointed to the CHOICE Board in November 2013 and his term ended in November 2016.

Allan was a member of the Campaigns & Advocacy and Governance Committees.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Qualifications, Experience and Special Responsibilities of Directors (continued)

Sandra Davey
Sandra is an experienced digital and internet executive and is managing director of Product Space. Her love is helping organisations transform or streamline their digital product management practices to improve agility, innovation and customer satisfaction. Prior, Sandra was general manager for a boutique IPTV/tech company, general manager of product for Australia's first 4G consumer wireless broadband service, managed Telstra's multi-million dollar cross platform sport product portfolio, and was involved in bringing TiVo in the Australian market. Sandra served as a director and chair of the Australian Interactive Media Industry Association and was one of the co-founders and inaugural directors of the Australian Domain Name Authority (auDA). For her ongoing contributions to the digital media industry, Sandra was inducted into AIMIA's Hall of Fame in 2015. She also serves on the Marketing Advisory Committee to the Board of Bush Heritage Australia.

Sandra joined the Board in 2012, and was Chair of the Business Innovation Committee and a member of the Governance Committee during 2016-17. She was appointed Chair of the Board on 24 July 2017.

William Davidson
Bill is Managing Director of Australian Hearing, the nation's leading hearing specialist and largest provider of Government-funded hearing services. 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 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 in February 2009, Bill was co-opted onto the Board in November 2009, and then elected to the Board in November 2010.

Bill is Deputy Chair of the CHOICE Board and member of the Finance, Risk & Audit and Business Innovation Committees

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 on advocating for people on low incomes or in vulnerable circumstances to get a fair go, particularly in the financial services marketplace.

For the past eight years, Fiona has been the CEO of Financial Counselling Australia, the peak body for financial counsellors. 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 Panel, ASIC's External Advisory Panel, the Australian Government Financial Literacy Board and is a director of Financial Literacy Australia. Fiona holds a B.A., LLB and M.B.A.

Fiona is a member of the Finance, Risk & Audit and Campaigns & Advocacy Committees.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Qualifications, Experience and Special Responsibilities of Directors (continued)

Frank Muller
Frank is an experienced independent director with a 40-year career in public policy in Australia and the US in government, universities, private consulting and the community sector. He recently completed a 5 ½ year term as Commissioner of the National Transport Commission. Frank's career has spanned a wide range of policy and management areas, including environment, energy, transport, climate change, urban planning, consumer affairs, employment and local government. 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 and his term ended in November 2016.

Frank was Chair of the Campaigns & Advocacy Committee and a member of the Finance, Risk & Audit Committee.

Nicole Rich
Nicole is Executive Director - Family, Youth and Children's Law 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 in community legal centres. 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.

Nicole was Chair of the Board and Chair of the Governance Committee during 2016-17.

Ben Slade
Ben is Managing Principal of the NSW practice of Maurice Blackburn, a national plaintiff and union law firm, where he specialises in consumer and other class actions. Ben worked at the Redfern Legal Centre and Legal Aid NSW before joining Maurice Blackburn 17 years ago. He has spent over 30 years in the consumer movement in Australia in community education, consultation, media, lobbying and litigation. He has a passion for consumer rights and he recognises the need to adopt a range of strategies to achieve positive outcomes for consumers. Ben was appointed to the CHOICE Board in November 2013.

Ben is a member of the Governance and Campaigns & Advocacy Committees.

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 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. He joined the Board in September 2014.

Robert is a member of the Business Innovation, Finance, Risk & Audit, and Governance Committees.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Qualifications, Experience and Special Responsibilities of Directors (continued)

Anita Tang

Anita has a strong background in public policy reform, having spent 12 years with the Cancer Council where she led the transformation of its advocacy work. Anita currently runs 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 Commission 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 and the Intellectual Disability Rights Service. She currently serves on the Centre for Australian Progress Board.

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 Campaigns & Advocacy Committee.

Helen Wiseman
Helen is a Chartered Accountant, businesswoman and former KPMG tax partner with over 28 years business experience across a range of industries including financial services, manufacturing and distribution, energy and natural resources and pharmaceuticals.

She is currently a founding director of Imalia, a for-purpose business established to empower women financially. Helen sits on a number of boards including Bidfood where she chairs the Audit and Risk Committee and is an Independent Non-Executive Director, WPG (Non-executive Director and Audit Committee Chair) and the Advisory Council of the Sydney Women's Fund. She is also the Patron for SHINE for Kids. Helen is also a professional mentor through The Executive Connection. Helen has a strong interest in seeing women are adequately represented in consumer advocacy.

Helen is Chair of the Finance, Risk & Audit Committee.

Jennifer Zanich
Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Jennifer is the managing partner of Stacked VB, a venture builder company that provides companies with experienced, functional expertise. Her prior roles include being CEO and founder of Paloma Mobile, a company that delivered services to new users of smartphones, predominantly in the developing world. Prior to Paloma, Jennifer spent 10 years in the US where she successfully started and funded companies including SeeSaw Networks and Xumii (later acquired by Myriad Group), and was CEO of Wedgetail Communications. 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 is a strong advocate for the start-up community in Australia as a contributor to the knowledge economy and GDP. She is an experienced Board member with over 15 years Board experience in executive and non-executive roles. She also holds several advisory and board roles in Australia and the US including Bullpen Capital, The Australian Venture Capital Committee and Sirca Technology. Jennifer was appointed to the Board in February 2015.

Jennifer is member of the Business Innovation and Campaigns & Advocacy Committees.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Company Particulars
The Australian Consumers' Association is incorporated in Australia. The address of the registered office and principal place of business is as follows:
57 Carrington Road,
MARRICKVILLE NSW 2204

Principal Activities
The principal activities of the entity during the financial year were the dissemination of consumer information through our website and publications, and advocacy on issues of importance to Australian consumers.

Objectives and Strategy
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.

In pursuing this purpose, we provide services and undertake activities that benefit Australian consumers at large, as well as providing services to CHOICE members.

The Company has completed the second of its three-year Strategy that focused on four major goals - DRIVE, EXPAND, IMPROVE and LIVE.

Some of the key outcomes relevant to these goals were:

DRIVE change in areas where we can have a significant impact for consumers	With over 100,000 campaign supporters we have been a strong voice for consumers covering a range of issues including: • the submission of a super complaint, Fare Play, to the ACCC on consumer rights in the airline industry • publishing in partnership with tenancy groups a major report on the experience of renters in the housing market • playing a leading role in the review of the Australian Consumer Law, particularly in relation to product safety and consumer guarantees

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Objectives and Strategy (continued)

EXPAND through innovation to assist consumers and grow revenue outside our existing business model	We have launched and tested a number of new products to assist consumers including: • the second version of our augmented reality app CluckAR, which helps consumers to find genuine free range eggs • CHOICE.community – a new online community that allows consumers to interact with each other on issues of common concern, with over 12,000 members and posts covering over 1,100 topics • a trial of an energy concierge switching service, with a view to helping consumers find the best electricity deal and drive change in the market.
IMPROVE and grow our existing business	We have built a culture of continuous improvement, so that we can attract more consumers to CHOICE and provide information, tools and campaigns that better meet their needs. Two major new tools developed during the year were in the private health insurance market: • doineedhealthinsurance.com.au, which helps consumers to work out whether they need private health insurance • a new health insurance finder tool, which is the most comprehensive tool available to help consumers, covering over 20,000 policies across 34 providers. A range of other improvements to choice.com.au, supported by efforts to attract and retain more CHOICE members helped us to increase revenue from membership. We also achieved growth in revenue from our CHOICE Recommended licensing scheme and external testing.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Objectives and Strategy (continued)

LIVE up to the standards we expect of others.	We developed a diversity and inclusion action plan, with a view to ensuring that the profile of our workforce more closely matches that of the Australian population. We made a number of changes to practices and entitlements—including extending additional benefits to staff on parental leave. We continued to work on reducing our carbon footprint with the installation of LED lighting and a new air conditioning system, resulting in CHOICE being awarded the "Energy Smart Award" at the Inner West Business Environment Awards in 2016 for excellence in sustainable business practices. We developed a new relationship with the Consumer Council of Fiji and agreed on how we can work together to build a stronger consumer movement in the Pacific region, where many Australian corporates are active.

Performance measures
The Company measures its performance through a number of indicators including:

- Number of campaign supporters
- Percentage of campaign supporters who are engaged, taking two or more actions within a twelve-month period
- Number of new products and services tested or scaled
- Revenue from new products and services
- Core Revenue – revenue raised through membership, CHOICE Recommended licensing revenue, and external test research
- Engaged Reach - the monthly audience that is actively engaging with CHOICE through our digital channels.
- Net Promoter Score
- Staff Engagement
- Carbon emissions

These indicators are intended to help us measure whether we are improving CHOICE's future sustainability, which is a major priority for the Board as we enter the third year of our Strategy.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

Review of financial operations and results
CHOICE entered 2016-17 in a strong financial position, with $12.6m in cash. This was the result of strong surpluses with a total value of $8.3m over the past five years.

This financial position has allowed CHOICE to make strategic investments in both assets and innovation.

Some of the key areas of investment in assets were:
- improvements to our building and support infrastructure;
- major improvements to our website, which is the most important way in which we communicate with Australian consumers
- upgrading technology platforms that sit behind our website, which need to be secure and able to support future growth.

Some other areas of investment were reflected in increased operating expenditure.

Increased expenditure on website development and content production allowed us to employ more staff to design, build and maintain high quality digital tools (work that had previously been outsourced). This has helped us to make a number of smaller improvements to our website, contributing to growth in membership.

Increased expenditure on innovation reflects the full establishment of our 'New Things' team, which only commenced part-way through the prior year. The focus of this team is on experimenting with new ways to intervene in markets for the benefit of consumers, with the intention of identifying new sources of revenue to support our future sustainability. Because most of the work of this team was on early-stage experiments that have not yet resulted in new assets, the expenses are largely treated as operating rather than capital expenditure.

The results for the year ended 30 June 2017 show an overall deficit of $0.9m. Of this, $0.5m was due to drawing down upon a grant for work in the travel market, received in 2014-15. The balance of $0.4m largely represents expenditure on improvements and innovation in excess of what would otherwise have been a break-even position.

The investment in the organisation described above helped us to achieve an $862k increase in revenue, taking total revenue to a record level of $18.7m. This was driven in part by a 4% increase in memberships—the highest year-on-year increase in ten years.

The company ended the year in a strong position, with $11.2m in cash.

Events subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2017 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.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 June 2017

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 member of the Company is required to contribute a maximum of $1 each towards meeting any liabilities of the Company. As at 30 June 2017, the number of members was 5,869 (2016: 5,475).

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 2017 has been received and can be found on page 28 of the financial report.

This report is made in accordance with a resolution of directors.

9-10-17	
Mr Bill Davidson	Dated
Director	Sydney

9/10/17	
Ms Helen Wiseman	Dated
Director	Sydney

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	18,746,071	17,884,166
Other income	2	548,803	472,437
Cost of sales		(1,557,974)	(1,535,664)
Gross profit		**17,736,900**	**16,820,939**
Technical and consumer research expenses		(3,810,916)	(3,735,887)
Website development and content production expenses		(4,454,375)	(3,217,315)
Marketing, advertising and promotion expenses		(2,467,030)	(2,392,989)
Subscriptions and customer services expenses		(491,432)	(498,423)
General and administrative expenses		(3,538,253)	(3,868,118)
Campaigns and communications expenses		(1,301,168)	(1,074,273)
Innovation expenses		(1,193,290)	(387,172)
Other operating expenses		(1,410,123)	(836,765)
		(18,666,587)	(16,010,942)
(Deficit)/surplus before income tax		**(929,687)**	**809,997**
Income tax expense	1(n)	-	
(Deficit)/surplus for the year	3	**(929,687)**	**809,997**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income attributable to members of the entity		**(929,687)**	**809,997**

This statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial report.

Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,893,454	4,570,615
Other financial assets – Term deposits	5	8,261,328	8,047,751
Trade and other receivables	6	667,912	283,815
Inventories	7	6,624	5,081
Other assets	8	539,864	492,864
TOTAL CURRENT ASSETS		**12,369,182**	**13,400,126**
NON-CURRENT ASSETS			
Intangibles	9	1,745,613	1,024,404
Property, plant and equipment	10	9,294,485	8,685,476
TOTAL NON-CURRENT ASSETS		**11,040,098**	**9,709,880**
TOTAL ASSETS		**23,409,280**	**23,110,006**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,863,295	1,524,031
Deferred revenue	12	4,294,219	3,551,219
Provisions	13	537,612	424,653
TOTAL CURRENT LIABILITIES		**6,695,126**	**5,499,903**
NON-CURRENT LIABILITIES			
Deferred revenue	12	182,021	145,500
Provisions	13	73,323	76,106
TOTAL NON-CURRENT LIABILITIES		**255,344**	**221,606**
TOTAL LIABILITIES		**6,950,470**	**5,721,509**
NET ASSETS		**16,458,810**	**17,388,497**
EQUITY			
Accumulated surplus		16,458,810	17,388,497
TOTAL EQUITY		**16,458,810**	**17,388,497**

This statement of financial position is to be read in conjunction with the notes to the financial report.

Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		21,583,234	20,769,264
Payments to suppliers and employees		(21,175,243)	(19,852,324)
Net cash generated from operating activities		**407,991**	**916,940**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		238,271	254,863
Payment for property, plant and equipment		(1,205,508)	(688,172)
Payment for intangible assets		(904,338)	(443,160)
Net payments for term deposits		(213,577)	(4,174,874)
Net cash (used in) investing activities		**(2,085,152)**	**(5,051,343)**
Net (decrease) in cash and cash equivalents held		(1,677,161)	(4,134,403)
Cash and cash equivalents at the beginning of the financial year		4,570,615	8,705,018
Cash and cash equivalents at the end of the financial year	4	**2,893,454**	**4,570,615**

This statement of cash flows is to be read in conjunction with the notes to the financial report.

Statement of Changes in Equity
For the Year Ended 30 June 2017

	Accumulated surplus	Total
	$	$
Balance as at 1 July 2016	17,388,497	17,388,497
Deficit attributable to members	(929,687)	(929,687)
Balance at 30 June 2017	**16,458,810**	**16,458,810**
Balance at 1 July 2015	16,578,500	16,578,500
Surplus attributable to members	809,997	809,997
Balance at 30 June 2016	**17,388,497**	**17,388,497**

This statement of changes in equity is to be read in conjunction with the notes to the financial report.

Notes to the Financial Report
For the Year Ended 30 June 2017

1 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, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

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 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 by the directors of the company on 9 October 2017.

(c) Revenue and other income

Revenue from the sale of goods is recognised upon payment of the sales order or invoices.

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

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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).

(d) Current and non-current classification

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

Notes to the Financial Report
For the Year Ended 30 June 2017

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) **Current and non-current classification (continued)**

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.

(e) **Trade and other receivables**

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

(f) **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.

(g) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or 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.

Notes to the Financial Report
For the Year Ended 30 June 2017

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (continued)

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:

Class of Fixed Asset	Depreciation Rate
Buildings	2 - 2.5%
Plant and Equipment	5 - 33.3%
Intangibles	20 -33.3%
Motor Vehicles	20%

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.

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.

(h) 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.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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 profit or loss.

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.

(j) 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;
(c) 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
(d) less any reduction for impairment.

Notes to the Financial Report
For the Year Ended 30 June 2017

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Classification and subsequent measurement (continued)
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 assesses 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 impairment has arisen.

Impairment losses are recognised in the profit or loss.

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.

(k) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
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 cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Notes to the Financial Report
For the Year Ended 30 June 2017

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) **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 statement of financial position.

(m) **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 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.

(n) **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.

(o) **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.

(p) **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 Report

For the Year Ended 30 June 2017

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) **Critical accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1(l), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Report

For the Year Ended 30 June 2017

2. Revenue and Other Income

	2017	2016
	$	$
Revenue		
Revenue from sale of goods	6,003,090	6,300,833
Revenue from provision of services	12,742,981	11,583,333
Total revenue	**18,746,071**	**17,884,166**
Other income		
Interest income	238,271	245,717
Rental income	154,532	151,542
Grant income	156,000	75,178
Total other income	**548,803**	**472,437**
Total revenue and other income	**19,294,874**	**18,356,603**

3. (Deficit)/surplus for the Year

The result for the year includes the following specific expenses:

Employee benefits expense		
- Contributions to defined contribution superannuation funds	989,629	786,863
- Salaries excluding contributions to defined contribution superannuation funds	10,650,728	8,622,890
Total employee benefits	**11,640,357**	**9,409,753**
Depreciation and amortisation		
- land and buildings	254,530	169,947
- furniture and equipment	238,934	186,677
- intangible assets	286,164	210,976
Total depreciation and amortisation	**779,628**	**567,600**

4. Cash and Cash Equivalents

Cash on hand	8,897	3,000
Cash at bank	2,884,557	4,567,615
	2,893,454	**4,570,615**

Prior year Cash and Cash Equivalents of $8,047,751 has been reclassified to Other Financial Assets as these represent term deposits with maturity dates longer than 90 days.

5. Other Financial Assets

Short term deposits with maturity dates of 3-12 months	**8,261,328**	**8,047,751**

Notes to the Financial Report
For the Year Ended 30 June 2017

	2017 $	2016 $
6. Trade and Other Receivables		
CURRENT		
Trade receivables	643,809	227,029
Other receivables	24,103	56,786
	667,912	**283,815**
7. Inventories		
CURRENT		
Inventories – at cost	**6,624**	**5,081**
8. Other Assets		
CURRENT		
Prepayments	**539,864**	**492,864**
9. Intangibles		
DATABASE MANAGEMENT		
At cost	182,366	79,331
Less: accumulated amortisation	(101,601)	(79,331)
	80,765	**-**
WEBSITE DEVELOPMENT		
At cost	1,992,782	1,173,760
Less: accumulated amortisation	(473,326)	(235,690)
	1,519,456	**938,070**
PHONE APPLICATIONS		
At cost	171,651	86,334
Less: accumulated amortisation	(26,259)	-
	145,392	**86,334**
	1,745,613	**1,024,404**

Movements in Carrying Amounts

	Database Management $	Website Development $	Phone App $	Total $
Carrying amount at the beginning of year	-	**938,070**	**86,334**	**1,024,404**
Reclassification of assets	103,035	-	-	103,035
Additions	-	819,022	85,316	904,338
Amortisation charge	(22,270)	(237,636)	(26,258)	(286,164)
Carrying amount at the end of year	**80,765**	**1,519,456**	**145,392**	**1,745,613**

Notes to the Financial Report
For the Year Ended 30 June 2017

10. Property, Plant and Equipment

	2017 $	2016 $
LAND AND BUILDINGS		
Freehold Land at Deemed Cost	1,400,000	1,400,000
	1,400,000	**1,400,000**
Buildings at deemed cost		
Less: Accumulated Depreciation	8,787,242	8,256,398
	(1,939,322)	(1,684,792)
	6,847,920	**6,571,606**
PLANT AND EQUIPMENT		
Plant and equipment at Cost	7,872,440	7,422,932
Less: accumulated depreciation	(6,825,875)	(6,709,062)
	1,046,565	**713,870**
	9,294,485	**8,685,476**

Movements in Carrying Amounts

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

	Land and Buildings $	Plant and Equipment $	Total $
Carrying amount at the beginning of year	7,971,606	713,870	8,685,476
Reclassification of assets	-	(103,035)	(103,035)
Additions at cost	530,844	674,664	1,205,508
Depreciation expense	(254,530)	(238,934)	(493,464)
Carrying amount at the end of year	**8,247,920**	**1,046,565**	**9,294,485**

11. Trade and Other Payables

	2017 $	2016 $
CURRENT		
Trade payables	72,768	262,083
Other current payables	1,790,527	1,261,948
	1,863,295	**1,524,031**

Notes to the Financial Report
For the Year Ended 30 June 2017

	2017	2016
	$	$
12. Deferred Revenue		
CURRENT		
Subscription revenue	3,377,597	2,928,698
CHOICE Recommended	749,125	606,171
Other revenue	167,497	16,350
	4,294,219	**3,551,219**
NON-CURRENT		
Subscription revenue	**182,021**	**145,500**

13. Provisions

	2017	2016
CURRENT		
Long service leave	**537,612**	**424,652**
NON-CURRENT		
Long service leave	**73,323**	**76,106**
Total Provisions	**610,935**	**500,758**

Movements in Carrying Amounts:	**Long service leave**	**Total**
	$	$
Carrying amount at the beginning of the year	**500,758**	**500,758**
Additional provisions raised during the year	143,795	143,795
Amounts used	(33,618)	(33,618)
Carrying amount at end of the year	**610,935**	**610,935**

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(k).

Notes to the Financial Report
For the Year Ended 30 June 2017

14. Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the company did not have any contingencies at 30 June 2017 (30 June 2016: None).

15. Events after the end of the Reporting Period

There were no events subsequent to the end of the reporting period.

16. Interests of Key Management Personnel

The totals of remuneration paid to key management personnel (headcount of 8 [2016: 7]) of the company during the year are as follows:

	2017	2016
	$	$
Key Management Personnel Compensation	**1,471,874**	**1,207,711**

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.

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 entity does not have any derivative instruments at 30 June 2017.

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

	Note	2017 $	2016 $
Financial Assets			
Cash and cash equivalents	4	2,893,454	4,570,615
Other financial assets	5	8,261,328	8,047,751
Loans and receivables	6	667,912	283,815
Total Financial Assets		**11,822,694**	**12,902,181**
Financial Liabilities			
Trade and other payables	11	1,863,295	1,524,031
Total Financial Liabilities		**1,863,295**	**1,524,031**

Notes to the Financial Report

For the Year Ended 30 June 2017

19. Capital and Lease Commitments

Capital Commitments

As at the time of signing the accounts the company had no financial commitments for any capital expenditure (2016: $Nil).

Lease Commitments

The company has no operating or finance lease commitments at 30 June 2017 (2016: $Nil)

20. Travel Hub Funding Disbursement

The following details the expense allocation for the reporting period.

	2017 $	2016 $
Funding		
Grant receipt	-	-
Funding Opening Balance	**1,980,777**	**2,439,759**
Expenses		
Phase 2 - quantitative research	-	15,550
Phase 3 - quantitative research	15,491	-
Project manager	12,386	4,605
Travel Insurance Selector Tool	-	13,848
Content creation	14,695	18,235
Content publishing	20,753	83,748
Digital producer	7,454	39,814
Creation of digital assets	9,067	6,817
SEM and promoted content	262,291	194,000
Marketing manager	556	1,430
Travel and accommodation	4,529	1,914
Policy and project officer	145,829	77,021
Other	35,475	2,000
Total Expenses	**528,526**	**458,983**
Funding Closing Balance	**1,452,251**	**1,980,777**

The Company received a one-off grant of $2.8M in the financial year ended 30 June 2015. This grant was to be used over a 4 and a half year term ending in January to better provide information, tools and advice to Australian consumers in the travel market. Against this grant, the Company has spent $528,526 in this financial year to meet its objectives pursuant to the grant. This is now the third year of the agreement and the Company has spent a total of $1,347,179 over the term, resulting in a funding balance of $1.45m. The Company expects the project to run until 2021. Without the expenses attributable to this project, the Company's net deficit was $0.4m for the financial year.

Australian Consumers' Association
ABN: 72 000 281 925

Directors' Declaration

30 June 2017

In the directors' opinion:

1. The financial statements and notes, as set out on pages 10 to 26, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position of the company as at 30 June 2017 and of its performance for the year ended on that date.

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 .... Director ....
Bill Davidson Helen Wiseman

Dated 9 October 2017

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 2017, 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 any applicable code of professional conduct in relation to the audit.

Melissa Alexander

M A ALEXANDER
Partner

PITCHER PARTNERS
Sydney

9 October 2017

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 2017, 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 of the Company.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* "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

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 management.
- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

Melissa Alexander
M A ALEXANDER
Partner

Pitcher Partners
PITCHER PARTNERS
Sydney

9 October 2017