

Australian Consumers' Association

ABN : 72 000 281 925

Financial Statements

For the Year Ended 30 June 2015

Contents

For the Year Ended 30 June 2015

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Directors' Report

For the Year Ended 30 June 2015

Your directors present their report on the company for the financial year ended 30 June 2015.

Directors

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

Names	Appointed/Resigned
Robert Antulov	Resigned 27 th of November 2014
Allan Asher	
Sandra Davey	
William Davidson	
Frank Muller	
Nicole Rich	
Ben Slade	
Robert Southerton	Appointed 8 th of September 2014
Ian Spight	
Helen Wiseman	Appointed 27 th of November 2014
Jennifer Zanich	Appointed 23 rd of February 2015

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

Principal activities

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

Introduction

In the final year of our three-year Strategic Plan, our focus continued to be on redressing the inequality in bargaining power between consumers and businesses. We have done this through providing information to the general public, providing information and services to CHOICE members, and campaigning for policy, legislation and market arrangements that better meet the needs of Australian consumers.

The Company continues to enjoy a strong reputation for frank and fearless reporting of issues that matter to consumers. This year saw revenue increase, through modest growth in membership revenue and significant growth in revenue from other sources. This included a one-off grant of \$2.8M for the production of information to assist Australian consumers in the travel market through a 'travel hub'. This revenue growth, combined with effective cost control, resulted in a strong operating surplus of \$3.8m, which will allow us to further invest in providing better products and services to assist Australian consumers and grow our influence through campaigning. Without the travel grant (and associated expenses), the Company's net (trading) surplus was \$1.362M.

Campaigning & Policy

A strong year for our campaigning and policy work helped to achieve preservation of protection for consumers of financial advice services, introduction of a new system of nutritional labelling for packaged food, and agreement by governments to develop an information standard on free-range egg labelling. Over the year, the Company has more than doubled its campaign supporters to over 64,000, through increased engagement and effective use of social media.

Content and Digital Strategies

One of the Company's major achievements this year was the launch of a new website. Launched in March 2015, it can easily be viewed on mobile devices, improving access to information for consumers wherever they may be. While this was supported by a significant capital investment, it will require ongoing improvements in order to ensure that it meets the needs of consumers and CHOICE members. We will also invest through innovation in other digital products and services to assist consumers.

Directors' Report

For the Year Ended 30 June 2015

Strategy 2015-2018

The latter part of this year was also dedicated to the formulation of the Company's new three-year Strategy to support the purpose of the Company, as set out in our Constitution:

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

The new Strategy has four goals, supported by targets that we will use to measure our success.

2015-2018 Goals	Measured by improvements in:
DRIVE change in areas where we can have a significant impact for consumers	<ul style="list-style-type: none">• The percentage of Australians who know us for representing consumer rights• The number of campaign supporters, and the number of them who are engaged
EXPAND through innovation to assist consumers and grow revenue outside our existing business model	<ul style="list-style-type: none">• The number of new products and services we have trialled• The amount of revenue from new products and services
IMPROVE and grow our existing business	<ul style="list-style-type: none">• The amount of revenue from our core business• The average number of times visitors return to our website each month• Our Net Promoter Score
LIVE up to the standards we expect of others	<ul style="list-style-type: none">• Our staff engagement score• Our level of carbon emissions

Directors' Report

For the Year Ended 30 June 2015

Information on Directors

Robert Antulov

Director

Experience

Rob Antulov has experience in media, technology and consumer goods sectors, as an executive, entrepreneur, consultant and corporate advisor. Currently, Rob provides capital strategy and corporate advisory services as an Executive Director at Venture Advisory, a boutique corporate advisory firm. He is co-founder of 3eep Ventures Pty Ltd, a social and digital media incubation business, and is also an advisor to, and shareholder in, a number of early stage media and technology businesses. Rob is a Director of the Juvenile Diabetes Research foundation (JDRF). Rob has an MBA from the Australian Graduate School of Management in Sydney and a Bachelor of Engineering Degree (1st Class Honours, Elect) from the University of Western Australia. Rob was appointed to the CHOICE Board in November 2011. Rob chose not to seek re-election when his term ended in November 2014.

Special Responsibilities

Member of the Digital Transformation Committee

Allan Asher

Director

Experience

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 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 a Visitor at the Australian National University, Regulatory Institutions Network. Allan was appointed to the CHOICE Board in November 2013.

Special Responsibilities

Member of the Finance Risk & Audit, Campaigns & Advocacy and Governance Committees.

Sandra Davey

Director

Experience

Sandra is an experienced digital media and Internet executive. Her most recent position has been General Manager for Netgem, a boutique software company that specialises in IPTV and Connected Home solutions and is the provider of Telstra's Award-winning consumer entertainment product, Telstra T-Box. Her specialty lies in bringing new Internet and media based products to emerging and/or established markets. She led the end to end consumer product suite for Australia's first 4G network, managed the rollout and ongoing operations of cross-platform services for Telstra's multi-million dollar and Award-winning digital sports assets and was an integral team member responsible for launching TiVo in the Australian market. Sandra plays an active role in the Tech/Digital Media industry having served as a Director and Chair of the Australian Interactive Media Industry Association. She was one of the co-founders and inaugural Directors of the Australian Domain Name Authority (auDA) and worked closely with the Internet Industry Association on Accessibility issues. Sandra joined the Board in 2012.

Special Responsibilities

Chair of the Digital Transformation Committee

William Davidson

Director

Experience

Bill Davidson 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.

Special Responsibilities

Deputy Chair of the CHOICE Board and member of the Finance, Risk & Audit and Digital Transformation Committees

Directors' Report

For the Year Ended 30 June 2015

Frank Muller	Director
Experience	Frank Muller is an experienced independent director with a 40-year career in public policy in Australia and the United States in government, universities, private consulting and the community sector. He recently completed a 5½ 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. He holds a Masters in Public Administration from Harvard University, a Science degree from ANU and is a graduate of the Australian Institute of Company Directors. Frank was elected to the CHOICE Board in 2007.
Special Responsibilities	Chair of the Campaigns & Advocacy Committee and member of the Finance, Risk & Audit Committee
Nicole Rich	Director
Experience	Nicole Rich is Director - Family, Youth and Children's Law Services at Victoria Legal Aid and was previously its Director - Research and Communications. She has considerable experience developing legal research and policy and leading consumer campaigns, including most recently as Director – Policy and Campaigns at the Consumer Action Law Centre from 2007 to 2011. Nicole is committed to ensuring that the consumer interest is represented in policy debates and that consumers, particularly disadvantaged or vulnerable consumers, are given a voice on issues that affect them. Nicole holds a BA along with LLB (Honours). Nicole was appointed to the CHOICE Board in 2008.
Special Responsibilities	Chair of the Board, Chair of the Governance Committee and a member of the Campaigns & Advocacy Committee.
Ben Slade	Director
Experience	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 in 2000. He has spent 30 years in the consumer movement in Australia involved 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.
Special Responsibilities	Member of the Governance and Campaigns & Advocacy committees
Robert Southerton	Director
Experience	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 has qualifications in statistics and operations research. He is currently the General Manager, and a Director, of Gondwana Genomics. Robert joined the Board in September 2014.
Special Responsibilities	Member of the Digital Transformation Committee
Ian Spight	Director
Experience	Ian Spight was Managing Director of Thomas Cook's Australasian businesses and previously a Corporate Finance Director of Midland Bank (now HSBC). In his corporate career with Thomas Cook and Midland Bank, Ian held posts in London, Paris, San Francisco, New York and Sydney. Ian is now the Managing Director of a family company which operates travel agency and currency exchange services in NSW. He is a former Trustee of the Travel Compensation Fund, former Director of the Australian Federation of Travel Agents and former non-Executive Director of Travelex Australia Pty Limited. Ian was appointed to the CHOICE Board in 2006.
Special Responsibilities	Chair of the Finance, Risk & Audit Committee (until May 2015)

Directors' Report

For the Year Ended 30 June 2015

Helen Wiseman

Director

Experience

Helen is a chartered accountant, businesswoman and former KPMG tax partner with over 25 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 she established to empower women financially. Helen sits on a number of boards including Shine for Kids (Chair), the Sydney Community Foundation, the War Widows Guild of Australia (NSW) and Advisory Board of the Sydney Women's Fund. She also chairs the Bidvest Foodservice Division Audit Committee. Helen has a strong interest in seeing women are adequately represented in consumer advocacy. She joined the CHOICE Board in November 2014.

Special Responsibilities Chair of the Finance, Risk & Audit Committee (from May 2015)

Jennifer Zanich

Director

Experience

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Most recently she was the CEO of Paloma Mobile, a company she co-founded, which offers mobile phone services to the three billion 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, and their potential as contributors to the knowledge economy and GDP. She is an experienced Board member, holding several advisory and board roles in Australia and the US including Bullpen Capital, The Australian Venture Capital Committee, the Capital Markets CRC and Sirca Technology. Jennifer was appointed to the Board in February 2015.

Special Responsibilities Member of the Digital Transformation Committee

Directors' Report

For the Year Ended 30 June 2015

Meetings of directors

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

	Directors' Meetings		Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Antulov	4	4	5	4
Allan Asher	7	6	13	11
Sandra Davey	7	7	7	6
William Davidson	7	7	12	10
Frank Muller	7	6	9	8
Nicole Rich	7	6	6	6
Ben Slade	7	7	8	7
Robert Southerton	6	5	5	5
Ian Spight	7	5	6	6
Helen Wiseman	4	4	3	2
Jennifer Zanich	3	3	1	1

Other items

The Australian Consumers' Association is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are each liable to contribute if the company is wound up is \$1.00 (2014: \$1.00).

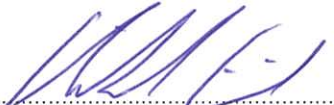
Events after the end of the Reporting Period

NIL

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 2015 has been received and can be found on page 23 of the financial report.

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

Director: 
Nicole Rich

Director: 
Helen Wiseman

Dated 7 September 2015

Statement of Comprehensive Income

For the Year Ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue	2	16,854,310	16,106,364
Other income	2	3,152,931	326,436
Cost of sales		(1,558,360)	(1,717,709)
Gross profit		18,448,881	14,715,091
Technical and consumer research expenses		(3,332,538)	(3,189,381)
Editorial, website and content production expenses		(3,455,413)	(3,692,211)
Marketing, advertising and promotion expenses		(2,327,082)	(2,323,852)
Subscriptions and customer services expenses		(445,434)	(545,422)
General and administrative expenses		(3,461,701)	(3,026,606)
Campaigns and communications expenses		(1,025,546)	(703,171)
Other operating expenses		(599,161)	(445,383)
		(14,646,875)	(13,926,026)
Profit before income tax		3,802,006	789,065
Income tax expense	1(l)	-	-
Profit for the year	3	3,802,006	789,065
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the entity		3,802,006	789,065

Statement of Financial Position

As At 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	8,705,018	5,567,686
Other financial assets	5	3,882,023	2,307,043
Trade and other receivables	6	421,066	318,271
Inventories	7	6,195	21,786
Other assets	8	488,406	437,886
TOTAL CURRENT ASSETS		13,502,708	8,652,672
NON-CURRENT ASSETS			
Intangibles	9	792,220	699,369
Property, plant and equipment	10	8,353,008	9,098,828
TOTAL NON-CURRENT ASSETS		9,145,228	9,798,197
TOTAL ASSETS		22,647,936	18,450,869
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,772,144	1,707,668
Deferred revenue	12	3,653,769	3,372,840
Provisions	13	379,147	351,644
TOTAL CURRENT LIABILITIES		5,805,060	5,432,152
NON-CURRENT LIABILITIES			
Deferred revenue	12	121,894	140,533
Provisions	13	142,482	101,690
TOTAL NON-CURRENT LIABILITIES		264,376	242,223
TOTAL LIABILITIES		6,069,436	5,674,375
NET ASSETS		16,578,500	12,776,494
EQUITY			
Accumulated surplus		16,578,500	12,776,494
TOTAL EQUITY		16,578,500	12,776,494

Statement of Changes in Equity
For the Year Ended 30 June 2015

	Accumulated surplus	Total
	\$	\$
Balance at 1 July 2014	12,776,494	12,776,494
Profit attributable to members	3,802,006	3,802,006
Balance at 30 June 2015	16,578,500	16,578,500
Balance at 1 July 2013	11,987,429	11,987,429
Profit attributable to members	789,065	789,065
Balance at 30 June 2014	12,776,494	12,776,494

Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		22,141,949	18,276,593
Payments to suppliers and employees		(17,438,715)	(16,349,370)
Net cash generated from operating activities		<u>4,703,234</u>	<u>1,927,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		259,785	217,094
Payment for property, plant and equipment		(165,128)	(229,203)
Payment for Intangible assets		(186,979)	(637,678)
Net proceeds from/(payments for) Term Deposits		(1,473,580)	152,178
Net cash used in investing activities		<u>(1,565,902)</u>	<u>(497,609)</u>
Net increase/(decrease) in cash and cash equivalents held		3,137,332	1,429,614
Cash and cash equivalents at the beginning of the financial year		5,567,686	4,138,072
Cash and cash equivalents at the end of the financial year	4	<u>8,705,018</u>	<u>5,567,686</u>

Notes to the Financial Statements

For the Year Ended 30 June 2015

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 7 September 2015.

(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) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

(e) 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.

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	10 - 33.3%

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

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

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.

(f) 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 2-3 years and are assessed annually for impairment.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

(g) 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.

(h) 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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.

(i) Employee benefits

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

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

(j) 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.

(k) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

(l) 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.

(m) 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.

(n) 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.

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015 \$	2014 \$
2 Revenue and Other Income		
Revenue		
Revenue from sale of goods	6,635,241	7,214,207
Revenue from provision of services	10,219,069	8,892,157
Total revenue	16,854,310	16,106,364
Other income		
Interest income	242,185	219,401
Rental Income	111,317	107,035
Government grant for Travel Hub content	2,799,429	-
Total other income	3,152,931	326,436
Total revenue and other income	20,007,241	16,432,800
3 Profit for the Year		
The result for the year includes the following specific expenses		
Employee benefits expense		
- Contributions to defined contribution superannuation funds	688,513	631,170
- Salaries excluding contributions to defined contribution superannuation funds	7,523,378	7,083,052
Total employee benefits	8,211,891	7,714,222
Depreciation and amortisation		
- land and buildings	177,303	172,164
- furniture and equipment	162,390	196,603
- software	566,208	810,427
- intangible assets	94,128	9,916
Total depreciation and amortisation	1,000,029	1,189,110
4 Cash and Cash Equivalents		
Cash on hand	3,000	3,000
Cash at bank	8,702,018	4,137,369
Short term deposits with maturity dates of less than 3 months	-	1,427,317
	8,705,018	5,567,686
5 Other Financial Assets		
Short term deposits with maturity dates of 3-12 months	3,882,023	2,307,043
6 Trade and Other Receivables		
CURRENT		
Trade receivables	352,497	252,396
Other receivables	68,569	65,875
	421,066	318,271

Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015 \$	2014 \$
7 Inventories		
CURRENT		
Inventories - at cost	6,195	21,786
8 Other Assets		
CURRENT		
Prepayments	488,406	437,826
Other	-	60
	488,406	437,886
9 Intangibles		
DATABASE MANAGEMENT		
At cost	79,331	79,331
Less accumulated amortisation	(49,582)	(9,916)
	29,749	69,415
WEBSITE DEVELOPMENT		
At cost	816,933	629,954
Less accumulated amortisation	(54,462)	-
	762,471	629,954
	792,220	699,369

Movements in Carrying Amounts

	Database Management \$	Website Development \$	Total \$
Carrying amount at the beginning of the year	69,415	629,954	699,369
Additions	-	186,979	186,979
Amortisation charge	(39,666)	(54,462)	(94,128)
Carrying amount at the end of the year	29,749	762,471	792,220

10 Property, Plant and Equipment

LAND AND BUILDINGS

Freehold land		
At deemed cost	1,400,000	1,400,000
Buildings		
At deemed cost	7,956,913	7,936,038
Less accumulated depreciation	(1,501,486)	(1,324,183)
	6,455,427	6,611,855
	7,855,427	8,011,855

Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015 \$	2014 \$
10 Property, Plant and Equipment (continued)		
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	7,028,567	6,903,504
Less accumulated depreciation	(6,530,986)	(5,816,532)
	497,581	1,086,972
	8,353,008	9,098,827

Movements in Carrying Amounts

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

	Land and Buildings \$	Plant and Equipment \$	Total \$
Carrying amount at the beginning of the year	8,011,855	1,086,972	9,098,827
Additions at cost	20,875	144,253	165,128
Depreciation expense	(177,303)	(728,598)	(905,901)
Disposal at cost	-	(19,190)	(19,190)
Depreciation written off on disposals	-	14,144	14,144
Carrying amount at the end of the year	7,855,427	497,581	8,353,008

11 Trade and Other Payables

	2015 \$	2014 \$
CURRENT		
Trade payables	506,155	592,941
Other current payables	1,265,989	1,114,727
	1,772,144	1,707,668

12 Deferred Revenue

CURRENT		
Subscription revenue	2,977,910	2,949,970
CHOICE Recommended	499,061	184,686
Other revenue	176,798	238,184
	3,653,769	3,372,840
NON-CURRENT		
Subscription revenue	121,894	140,533

Notes to the Financial Statements

For the Year Ended 30 June 2015

	2015 \$	2014 \$
13 Provisions		
CURRENT		
Long service leave	379,147	351,644
NON-CURRENT		
Long service leave	142,482	101,690
Movements in Carrying Amounts:	Long service leave \$	Total \$
Carrying amount at the beginning of the year	453,334	453,334
Additional provisions raised during the year	87,304	87,304
Amounts used	(19,009)	(19,009)
Carrying amount at end of the year	521,629	521,629

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.

14 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the company did not have any contingencies at 30 June 2015 (30 June 2014: 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 of the company during the year are as follows:

	2015 \$	2014 \$
Key management personnel compensation	1,238,332	1,226,944

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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

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 2015.

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:

		2015 \$	2014 \$
	Note		
Financial Assets			
Cash and cash equivalents	4	8,705,018	5,567,686
Other financial assets	5	3,882,023	2,307,043
Loans and receivables	6	421,066	318,271
Total financial assets		13,008,107	8,193,000
Financial Liabilities			
Trade and other payables	11	1,772,144	1,707,668
Total financial liabilities		1,772,144	1,707,668

19 Capital and lease commitments

Capital commitments

As at the time of signing the accounts CHOICE had no financial commitments for any capital expenditure. (2014: \$186,979).

Lease commitments

The company has no operating or finance lease commitments at 30 June 2015 (2014: \$Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2015

20 Travel Hub Funding Disbursement

The following details the expense allocation for the reporting period.

	2015 \$	2014 \$
Funding		
Grant receipt	2,799,429	-
Total funding	2,799,429	-
Expenses		
Research Phase 1	74,427	-
Research Phase 2	7,000	-
Research Phase 3	-	-
Research – content	3,220	-
Selector tool	-	-
Digital development	131	-
SEM	-	-
Online advertising	459	-
Travel expenses	188	-
Telephone	10	-
Consultation	200	-
Media expenses	-	-
Content production	5,360	-
Salaries	265,235	-
Memberships	-	-
Publications	-	-
IT expenses	3,440	-
Total Expenses	359,670	-
Funding Balance	2,439,759	-

As indicated in the introduction to the Directors' Report, the Company's revenue for the year includes a one-off grant of \$2.8M for the production of information to assist Australian consumers in the travel market. Against this grant, the Company has spent \$359,670 in this financial year to meet its duties pursuant to the grant, resulting in a funding balance of \$2.4M. Without this grant (and associated expenses), the Company's net (trading) surplus was \$1.362M.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. The financial statements and notes, as set out on pages 7 to 21, 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 2015 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



Nicole Rich

Director



Helen Wiseman

Dated 7 September 2015

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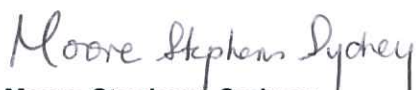
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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION

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 2015, 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.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney this 7th day of September 2015

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

We have audited the accompanying financial report of Australian Consumers' Association, a company limited by guarantee, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of Australian Consumers' Association 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 (including Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion the financial report of Australian Consumers' Association is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney this 7th day of September 2015