

Annual Report

2021

.....
Financial Statements for the Year Ended 30 June 2021
.....

Australian Gift & Homewares Association Limited | ABN 49 061 196 290
A company limited by guarantee and not having share capital

.....
AUSTRALIAN
Gift & Homewares
ASSOCIATION

TABLE OF CONTENTS

PRESIDENT'S REPORT	PAGE 3
TREASURER'S REPORT	PAGE 3
DIRECTORS' REPORT	PAGE 4
AUDITOR'S INDEPENDENCE DECLARATION	PAGE 4
FINANCIAL REPORT	
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	PAGE 5
STATEMENT OF FINANCIAL POSITION	PAGE 5
STATEMENT OF CHANGES IN EQUITY	PAGE 5
STATEMENT OF CASH FLOWS	PAGE 5
NOTES TO THE FINANCIAL STATEMENTS	PAGES 6-10
DIRECTORS' DECLARATION	PAGE 11
INDEPENDENT AUDITOR'S REPORT	PAGE 11
DISCLAIMER	PAGE 11
ADDITIONAL INFORMATION	PAGE 12

PRESIDENT'S REPORT

Dear members,

Well, were do we start on the crazy year we have all experienced. So many highs and so many lows - a real rollercoaster ride that unfortunately isn't going to end any day soon.

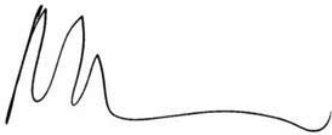
It is hard to believe that the Association has had to cancel its two major income earners being the Melbourne Gift Fair in August 2020 followed by the Sydney Gift Fair in February 2021. Like all of you, the Association has also had to review operations, staff levels and costs. Without very little income, it is no surprise that the Association has run at a loss for FY21. Our staff have continued to focus on events which have been sell outs, only to find their hard work hasn't come to fruition due to the cancellations. Thank you, team for the work you have done and will continue to do.

The Board and Management made some pretty big calls to cancel the trade fairs. Our decisions were calculated and right for not only our members but also the Association. The decisions were timely and allowed our members to focus on their businesses and participate/action other initiatives. As it turned out, to continue down the path of holding the events would have meant our members and the Association would have incurred unnecessary costs and pressure, to then only have the event cancelled closer to the dates - negative return on investment.

I want to take this opportunity of thanking past and present Boards and Management for the foresight to put surplus funds into investments for that rainy day. It certainly hasn't been a rainy day, it has turned out to be the storm of the century and because of those wise decisions, it has meant we are solvent, and this has allowed us to continue to operate albeit at a reduced capacity and refund our members their stand fees from cancelled events if requested.

Community sentiment is that we all need to support each other and how very true that is. We as an industry need to be support our fellow industry colleagues and I also ask you to reach out and check in with those colleagues. I also ask you to continue to support your industry association - the AGHA. Promote the association to your colleagues and retailers so memberships can grow. Purchase a marketing initiative such as catalogue advertising and attend the general meetings as we would love to see and hear from you.

We are a unique and strong community, and we must come together so we are stronger and more united than ever before. Stay safe and I look forward to seeing you in February 2022.



Michelle Lawson
President

TREASURER'S REPORT

It is with no great pleasure that I must report to members a net loss of \$1,236,857 for FY 2020/21. This is 100% due to our inability to hold any trade shows at all for last financial year. The Management and Board have acted very decisively since April 2020 to do our utmost to minimise our operating losses and this wastage of members funds.

Our CEO - Wayne Castle and his now much smaller team, have cut expenses to the bare minimum and have done their utmost to generate new forms of revenue and to access as much Gov't support as possible. However, it is hard to make a profit when Government mandated lockdowns force you to cease holding trade fairs. This has cost us over \$6 Million in lost revenue. As much as we have tried, it is difficult to replace that amount of revenue quickly.

Decisive and timely action by the Board and our Management has meant that losses from cancelling Shows has been kept to a bare minimum. We have been always acting in our members interests in the timely cancelling of our Shows so that both the AGHA and its exhibiting members have minimised losses. We have also been in a position financially to refund stand fees paid to members if they have requested a refund. This contrasts with the position taken by some other Gift fair organisers.

Our Net Assets stand at \$4,094,839, so we remain solvent and in a strong position to continue our core business of representing our members and remaining in our role as the peak Industry body of the Gift and Homewares Industry in Australia.

We look forward to seeing everyone in Sydney in February 2022.



Tim Gillespie
Treasurer

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of Australian Gift & Homewares Association Limited (the Company), for the financial year ended 30 June 2021 and the auditor's report thereon.

DIRECTORS

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Andrew McLean	Director	Appointed 15 October 2020
Christophe Rymer	Director	
Dean Osmond	Director	Appointed 15 October 2020
Gregory Collier	Director	
Kevin Porter	Director	Appointed 15 October 2020
Julia Longmuir	Director	Retired 14 October 2020
Michael Warner	Director	
Michelle Lawson	President	
Patricia Guest	Vice President	
Richard Hogan	President	Resigned 29 July 2020
Timothy Gillespie	Treasurer	

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 activity of Australian Gift Homewares Association Limited during the financial year was operating as a Trade Association. No significant changes in the nature of the Company's activity occurred during the financial year.

The Company's short term objective is to continue to provide relevant services, including the delivery of trade fairs, to its Members.

The Company's long term objective is to grow the membership and influence of the Association for the benefit of its Members and the gift and homewares industry.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The loss of the Company for the financial year after providing for income tax amounted to \$1,236,857. 2020: profit of \$6,802).

A review of the operations and results of the Company during the financial year found that during the year, the Company had cancelled both fairs, resulting in an online offering. The Association will continue its traditional focus on providing a range of valuable services and benefits to its Members.

Company performance is consistently measured against internally set KPIs with a view to ensuring that targets and objectives are met.

IMPACTS OF COVID-19

The outbreak of global coronavirus COVID 19 pandemic and the related lockdown protocols have created a level of uncertainty about the future trading outlook for all organisations in Australia. It is not possible to reliably assess the potential impacts at the year end.

Other than the matter noted above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

INFORMATION ON DIRECTORS

The names of each person who was a director at the date of this report are:

Name	Position	Experience as Board Member	Company
Andrew McLean	Director	1 year	Royal Selangor
Christophe Rymer	Director	2 years	Francia
Dean Osmond	Director	1 year	BPM Lifestyle
Gregory Collier	Director	2 years	Colcam Enterprises
Kevin Porter	Director	4 years	Rayell
Michael Warner	Director	6 years	Keldan International
Michelle Lawson	President	3 years	Darlin (Aust) Pty Ltd
Patricia Guest	Vice President	12 years	Madras Link Pty Ltd
Timothy Gillespie	Treasurer	5 years	Ashdene Manufacturing Pty Ltd

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

MEMBERS GUARANTEE

Australian Gift & Homewares Association Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be

a member in the year prior to the winding up, is limited to \$100 per member, subject to the provisions of the company's constitution. The number of members as at 30 June 2021 was 564 (2020: 765).

EVENTS AFTER THE REPORTING DATE

The financial report was authorised for issue on 22 September 2021 by the Board of Directors

On the 8 July 2021 Victoria entered a state wide lockdown due to the COVID-19 outbreak. As a result of this outbreak the Melbourne Gift Fair scheduled to commence on the 31 July 2021 was cancelled on the 20 July 2021. As a result of this customers were entitled to receive a refund or prepay for the 2022 fair. As at 30 June 2021 these refunds have been factored into the balance sheet.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

MEETINGS OF DIRECTORS

During the financial year, 8 meetings of directors were held (3 Board Meetings and 5 Extraordinary Board Meetings). Attendances by each director during the year were as follows:

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Andrew McLean	8	7
Christophe Rymer	8	8
Dean Osmond	5	5
Gregory Collier	8	8
Kevin Porter	7	7
Michael Warner	8	7
Michelle Lawson	8	8
Patricia Guest	8	8
Timothy Gillespie	8	7

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2021 has been received and can be found on page 4 of the financial report.

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

Michael Warner
Director

Timothy Gillespie
Treasurer

Dated this 22nd day of September 2021

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

TO THE DIRECTORS OF AUSTRALIAN GIFT & HOMEWARES ASSOCIATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

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

PKF
Chartered Accountants

Kym Reilly
Partner

22 September 2021
Sydney, NSW

FINANCIAL REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	4	898,889	7,200,508
Other income	4	184,276	71,741
Direct costs		(264,318)	(4,673,723)
Employee benefits expense		(1,509,026)	(1,845,897)
Depreciation and amortisation expense	5	(37,149)	(52,582)
Travelling expenses		(1,127)	(95,910)
Communication expenses		(35,937)	(45,045)
Other expenses from ordinary activities	5	(422,975)	(479,122)
Fair value loss on revaluation of Investment Property	13	-	(121,000)
Loss before income tax		(1,187,367)	(41,030)
Income tax benefit/(expense)	6	(49,490)	47,832
Profit/(Loss) for the year		(1,236,857)	6,802

Other comprehensive income

Effect of change in tax rates on prior year revaluations		11,076	(126,667)
--	--	--------	-----------

Total comprehensive loss for the year		(1,225,781)	(119,865)
--	--	--------------------	------------------

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	7	2,139,171	355,144
Trade and other receivables	8	283,444	259,153
Other investments	9	970,515	914,751
Other assets	10	376,382	334,175
Assets held for sale	11	-	1,150,000
TOTAL CURRENT ASSETS		3,769,512	3,013,223
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,269,772	2,301,475
Investment property	13	1,150,000	1,150,000
Deferred tax assets	15	-	9,665
TOTAL NON-CURRENT ASSETS		3,419,772	3,461,140
TOTAL ASSETS		7,189,284	6,474,363
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	2,721,219	446,535
Employee benefits	16	153,431	199,291
Contract liabilities	17	134,132	460,137
TOTAL CURRENT LIABILITIES		3,008,782	1,105,963
NON-CURRENT LIABILITIES			
Deferred tax liability	15	28,749	-
Employee benefits	16	56,914	47,780
TOTAL NON-CURRENT LIABILITIES		85,663	47,780
TOTAL LIABILITIES		3,094,445	1,153,743
NET ASSETS		4,094,839	5,320,620
MEMBERS FUNDS			
Retained earnings		3,548,377	4,785,234
Asset Revaluation Reserve		546,462	535,386
TOTAL MEMBERS FUNDS		4,094,839	5,320,620

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2021

	Retained Earnings \$	Revaluation Reserve \$	Total Funds \$
Balance at 1 July 2020	4,785,234	535,386	5,320,620
Loss for the year	(1,236,857)	-	(1,236,857)
Effect of change in tax rates on prior year revaluations	-	11,076	11,076
Balance at 30 June 2021	3,548,377	546,462	4,094,839
Balance at 1 July 2019	4,778,432	662,053	5,440,485
Profit for the year	6,802	-	6,802
Revaluation of land & buildings held at fair value	-	(126,667)	(126,667)
Balance at 30 June 2020	4,785,234	535,386	5,320,620

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		2,581,827	4,479,634
Payments to suppliers and employees		(2,488,366)	(6,376,024)
Government Grant received		417,500	204,000
Interest received		266	5,777
Rental income received		70,965	72,452
Net cash provided by/(used in) investing activities		(582,192)	(1,614,161)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of intangible assets		57,281	120,060
Payment for property, plant and equipment		(5,446)	(48,809)
Proceeds from sale of assets held for sale		1,150,000	-
Net cash provided by/(used in) investing activities		1,201,835	71,251
Net decrease in cash and cash equivalents held		1,784,027	(1,542,910)
Cash and cash equivalents at beginning of year		355,144	1,898,054
Cash and cash equivalents at end of financial year	7	2,139,171	355,144

The accompanying notes form part of these statements.

FINANCIAL REPORT CONTINUED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The financial statements of Australian Gift & Homewares Association Limited (the "Company") is a not-for-profit entity, limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Australian Gift & Homewares Association Limited is Australian dollars.

NOTE 1: BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements adopted by Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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 and financial assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

Notwithstanding the Company's deficiency in sales and loss in the current financial year and up until signing as a consequence of COVID 19, the financial report has been prepared on the going concern basis. This basis has been adopted as a result of the increase in vaccinated rates and the Company announcing and taking bookings for the January 2022 Trade Fair. It is of the belief that the future planned Trade Fairs will continue to assist the Company to meet its future liabilities and commitments.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Gift fair income

Gift fair income is recognised at the point in time that the control of the services pass to the customer, being when gift fairs are held.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Membership fees

Revenue from membership subscriptions is recognised on a straight-line basis over the period the performance obligations are satisfied.

Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

Rental income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Investment income

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income

Interest is recognised using the effective interest method.

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

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

(e) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively

(f) Cash and Cash Equivalents

Cash and cash equivalents comprises cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(g) Property, plant and equipment

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	5% - 10%
Plant and Equipment	5% - 20%
Motor vehicles	15%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Investment property

Investment property is held to generate long-term rental yields and/or capital growth. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of profit or loss as other income/expenses.

(i) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

FINANCIAL REPORT CONTINUED

(j) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using

the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised

(k) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cashgenerating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cashgenerating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(l) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period 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. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements, management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of Investment properties

Investment properties are held for long-term commercial rental yields. They are carried at fair value. Changes in fair values are presented in the statement of profit or loss.

The investment properties are revalued annually based on independent assessments by external valuers having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Investment properties consist of two identical industrial units situated at 11-21 Underwood Road, Homebush. As at 30 June 2020, the company has received an offer of \$1,150,000 for the sale of one of the investment properties held, this offer has been used to assess the fair

FINANCIAL REPORT CONTINUED

value of the investment properties as it is indicative of current active market conditions. As a result a fair value loss of \$121,000 has been recorded in the statement of profit or loss for the 30 June 2020 financial year.

Key estimates - land and building held at fair value

The Company carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained at least triennially, and at the end of each reporting period the directors update their assessment of the fair value, taking into account the most recent valuations and movements in the market.

Land and buildings also consist of units at 11-21 Underwood Road, Homebush. Directors have applied the value per sqm of the revalued investment properties to the land and buildings to determine the fair value at 30 June 2020, with a loss on revaluation of \$126,667 (net of tax) recorded in the revaluation reserve and recognised as other comprehensive income.

Key estimates - provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of COVID 19 and forward looking information that is available.

NOTE 4: REVENUE AND FINANCE INCOME	2021	2020
	\$	\$
Revenue from continuing operations		
– Gift fair income	252,556	6,668,484
– membership fees	183,157	214,632
– commission	45,301	95,529
– Government grants	417,500	215,500
– other revenue	375	6,363
Total Revenue	898,889	7,200,508
Other Income		
– Interest income	266	5,777
– Rental income	70,965	72,454
– Investment income	15,729	12,562
– Net change in fair value of financial assets	97,315	(19,052)
	184,275	71,741

NOTE 5: REVENUE AND FINANCE INCOME

Result for the year includes the following expenses:

Depreciation and amortisation expense	2021	2020
Depreciation	37,149	40,676
Amortisation	-	11,906
	37,149	52,582

Other expenses

Bad debts written off	(12,762)	47,990
Loss on disposal of assets	-	4,762
Cleaning expense	10,324	15,616
Consulting fees	135,116	98,499
Insurance expense	30,903	40,579
Computer expenses	167,872	165,525
Postage expense	2,595	4,679
Printing and photocopying expense	4,781	7,811
Subscriptions expense	36,314	43,797
Utilities	14,267	19,651
Other expenses	33,565	30,213
	422,975	479,122

NOTE 6: INCOME TAX EXPENSE

(a) The major components of tax expense / (income) comprise:

	2021	2020
	\$	\$
Deferred tax	49,490	(47,832)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020:t 27.5%)	(308,715)	(11,283)
Add/(Less):		
Tax effect of:		
– Income and expenses subject to mutuality	112,849	(44,645)
– Other assessable and non-deductible items	(9,106)	(7,820)
– Tax losses not recognised	203,897	24,120
– Benefit from previously unrecognised temporary differences	(7,512)	(8,204)
– Tax effect of disposal of property	58,077	-
Income tax (benefit)/expense	49,490	(47,832)

NOTE 7: CASH AND CASH EQUIVALENTS

Cash on hand	1,200	1,200
Cash at bank	2,137,971	353,944
	2,139,171	355,144

NOTE 8: TRADE AND OTHER RECEIVABLES

	\$	\$
CURRENT		
Trade receivables (a)	50,108	216,385
Less provision for doubtful debts	(50,108)	(62,871)
GST receivable	235,431	-
Grant receivable	-	63,500
Other debtors	48,013	42,139
	283,444	259,153

(a) Included in trade debtors are amounts owing by members relating to unearned income for future trade fairs (Note 17).

NOTE 9: OTHER INVESTMENTS

CURRENT	2021	2020
Investments at fair value through profit and loss		
– Australian equities	323,953	279,229
– Fixed interest	379,151	382,487
– Property	53,872	57,865
– Convenience Retail REIT	213,539	195,170
	970,515	914,751

(a) Movement in financial assets held at fair value through profit or loss:

Opening balance	914,751	1,033,219
Fair value increase / (decrease)	76,613	(19,052)
Sale of investments	(20,850)	(120,060)
Net income	-	20,644
	970,514	914,751

NOTE 10: OTHER ASSETS

CURRENT	2021	2020
Prepayments	376,382	334,175

Prepayments represent expenditure incurred on events held subsequent to year end and include venue hire, registration costs, salaries and contractor costs attributable to the event.

NOTE 11: ASSETS HELD FOR SALE

Assets held for sale		
Investment property	-	1,150,000

One of the investment properties at 11 21 Underwood Road, Homebush was listed for sale in the 2020 financial year. This property was sold in August 2020.

FINANCIAL REPORT CONTINUED

NOTE 12: PROPERTY, PLANT AND EQUIPMENT	2021	2020
	\$	\$
LAND & BUILDINGS		
At fair value	2,068,456	2,068,456
Less accumulated depreciation	(11,789)	-
	<u>2,056,667</u>	<u>2,068,456</u>
IMPROVEMENTS		
At cost	310,478	310,478
Less accumulated depreciation	(133,221)	(131,208)
	<u>177,257</u>	<u>179,270</u>
PLANT AND EQUIPMENT		
At cost	1,048,772	1,050,782
Less accumulated depreciation	(1,012,924)	(997,033)
	<u>35,848</u>	<u>53,749</u>
MOTOR VEHICLES		
At cost	27,038	27,038
Less accumulated depreciation	(27,038)	(27,038)
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>2,269,772</u>	<u>2,301,475</u>

(a) 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:

	Plant &				
	Buildings	Motor Vehicles	Equipment	Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2021					
Balance at the beginning of the year	2,068,456	-	53,749	179,270	2,301,475
Additions	-	-	5,446	-	5,446
Depreciation expense	(11,789)	-	(23,347)	(2,013)	(37,149)
Carrying amount at end of the year	<u>2,056,667</u>	<u>-</u>	<u>35,848</u>	<u>177,257</u>	<u>2,269,772</u>

NOTE 13: INVESTMENT PROPERTY	2021	2020
	\$	\$
Opening fair value	1,150,000	2,421,000
Transfers		
Transfers to assets held for sale	-	(1,150,000)
Fair value adjustments	-	(121,000)
Balance at end of the year	<u>1,150,000</u>	<u>1,150,000</u>

The Company owns one unit at 11 21 Underwood Road Homebush, which are located adjacent to the Company's office premises at Unit 58 within the same industrial estate. The properties were purchased for the purpose of generating long term rental yields and capital growth.

During the year, one of the units had been sold for \$1,150,000. The disposal price have been used to assess the fair value of the investment properties as it is indicative of current active market conditions. As a result there has been no change to the fair value as at 30 June 2021.

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT	2021	2020
Trade creditors	2,675,141	386,308
GST Payable	-	1,972
Sundry creditors and accruals	46,078	58,255
	<u>2,721,219</u>	<u>446,535</u>

NOTE 15: TAX	2021	2020
	\$	\$
Recognised deferred tax assets and liabilities		
Deferred tax assets/(liabilities) have been recognised in respect of the following items:		
Other Investments	(78,066)	(57,268)
Investment property	(51,502)	(100,465)
Land and buildings	(192,001)	(203,077)
Provisions and accruals	45,790	4,949
Prepayments	(69,956)	(5,537)
Unused capital losses	312,986	371,063
Deferred tax asset / (liability)	<u>28,749</u>	<u>9,665</u>

Unused tax losses for which no deferred tax asset has been recognised @ 26% (2020: 27.5%)

Deferred tax liabilities

NOTE 16: EMPLOYEE BENEFITS

CURRENT	2021	2020
Long service leave liability	33,643	44,607
Annual leave liability	119,788	154,684
	<u>153,431</u>	<u>199,291</u>

NON-CURRENT
Long service leave liability

(a) Aggregate employee entitlements liability

(b) Number of employees at year end

NOTE 17: CONTRACT LIABILITIES

CURRENT	2021	2020
Contract liability	134,132	460,137

Contract liabilities consist of unearned income for amounts received from members for future trade fairs.

NOTE 18: RESERVES

Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

NOTE 19: FINANCIAL RISK MANAGEMENT

The main risks Australian Gift & Homewares Association Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable.

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

Financial Assets	2021	2020
	\$	\$
<i>Held at amortised cost</i>		
Cash on cash equivalents	2,139,171	355,144
Trade and other receivables	283,444	259,153
<i>Financial assets at fair value through profit or loss</i>		
Investment portfolio	970,515	914,751
Total financial assets	<u>3,393,130</u>	<u>1,529,048</u>
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	2,721,219	446,535
Total financial liabilities	<u>2,721,219</u>	<u>446,535</u>

NOTE 20: KEY MANAGEMENT PERSONNEL DISCLOSURES

The total remuneration paid to key management personnel of the Company is \$ 190,580 (2020: \$ 197,323).

No director has received or became entitled to receive, during or since the end of the financial year, any form of income from the Company.

FINANCIAL REPORT CONTINUED

NOTE 21: FAIR VALUE MEASUREMENT

The Company measures the following assets at fair value on a recurring basis:

- Property, plant and equipment - land and buildings;
- Investment property; and
- Financial assets.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the company:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2021				
Recurring fair value measurements				
Property, plant and equipment - land and buildings	-	2,056,667	-	2,056,667
Investment Property	-	1,150,000	-	1,150,000
Financial assets	970,515	-	-	970,515
30 June 2020				
Recurring fair value measurements				
Property, plant and equipment - land and buildings	-	2,068,456	-	2,068,456
Investment Property	-	1,150,000	-	1,150,000
Assets held for sale	-	1,150,000	-	1,150,000
Plant and Equipment	914,751	-	-	914,751

Level 2 measurements

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by external valuers having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Investment properties consist of one industrial units situated at 11-21 Underwood Road, Homebush. During the year, one of the units had been sold for \$1,150,000. The disposal price and directors valuation has been used to assess the fair value of the investment properties as it is indicative of current active market conditions. As a result no change to the fair value has been recorded in the statement of profit or loss for the 30 June 2021 financial year.

The basis of the valuation of land and buildings is fair value. Valuations are based on current prices for similar properties in the same location and condition. Land and buildings also consist of units at 11-21 Underwood Road, Homebush. Directors have applied the value per sqm of the revalued investment properties to the land and buildings to determine their fair value at 30 June 2021.

NOTE 22: RELATED PARTIES

Key Management personnel and director transactions:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 20: Key Management Personnel Disclosures and the and the remuneration report in the Directors' Report.

The only transactions with these entities during the year were fees paid for trade exhibitions by businesses owned or operated by the Directors. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to no-key management personnel related entities on an arm's length basis.

NOTE 23: CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

NOTE 24: MEMBERS' GUARANTEE

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding's and obligations of the Company. At 30 June 2021 the number of members was 564 (2020: 765).

NOTE 25: IMPACT OF COVID-19

The outbreak of global coronavirus (COVID 19) pandemic and the related lockdown protocols have created a level of uncertainty about the future trading outlook for all organisations in Australia. It is not possible to reliably assess the potential impacts at the year end.

On the 8 July 2021 Victoria entered a state wide lockdown due to the COVID-19 outbreak. As a result of this outbreak the Melbourne Gift Fair scheduled to commence on the 31 July 2021 was cancelled on the 20 July 2021. As a result of this customers were entitled to receive a refund or prepay for the 2022 fair. As at 30 June 2021 these refunds have been factored into the balance sheet

Other than the matter noted above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

NOTE 26: EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial report was authorised for issue on 22 September 2021 by the Board of Directors.

On the 8 July 2021 Victoria entered a state wide lockdown due to the COVID-19 outbreak. As a result of this outbreak the Melbourne Gift Fair scheduled to commence on the 31 July 2021 was cancelled on the 20 July 2021. As a result of this customers were entitled to receive a refund or prepay for the 2022 fair. As at 30 June 2021 these refunds have been factored into the balance sheet.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

NOTE 27: COMPANY DETAILS

The registered office of the Company is:
Australian Gift & Homewares Association Limited
Unit 58, 11-21 Underwood Road, Homebush NSW 2140

INDEPENDENT AUDIT REPORT

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5-10, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Michael Warner
Director



Timothy Gillespie
Treasurer

Dated this 22nd day of September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN GIFT & HOMEWARES ASSOCIATION LIMITED REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the financial report of Australian Gift & Homewares Association Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Responsibilities for the Audit of the Financial Report

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

economic decisions of users taken on the basis of the financial report.

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

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

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



PKF
Chartered Accountants

22 September 2021
Sydney, NSW



Kym Reilly
Partner

DISCLAIMER - TRADING PROFIT AND LOSS ACCOUNT

The additional financial data presented on page 34 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2021. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Australian Gift & Homewares Association Limited) in respect of such data, including any errors or omissions therein however caused.



Kym Reilly
Partner

22 September 2021
Sydney, NSW

ADDITIONAL FINANCIAL INFORMATION

TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
INCOME		
Gift fair income	-	6,668,484
LESS DIRECT COSTS		
Venue costs	65,144	2,068,660
Other direct costs	221,166	2,508,015
Total direct costs	286,310	4,576,675
GROSS PROFIT	(286,310)	2,091,809
LESS EXPENSES		
Auditor's remuneration	30,000	30,000
Bank charges and fees	19,158	57,595
Contractors	61,916	68,498
Depreciation and amortisation	37,149	52,582
Insurance	30,903	40,578
IT & Systems	167,872	165,525
Postage	2,595	4,680
Printing and stationery	5,651	10,044
Rates and taxes	13,400	14,269
Salaries and wages	1,509,026	1,836,793
Subscriptions	36,314	36,811
Sundry expenses	33,173	198,507
Telephone	35,937	44,835
Travel and accommodation	1,127	50,124
TOTAL EXPENSES	1,984,221	2,610,841
NET LOSS	(2,270,531)	(519,032)
OTHER OPERATING INCOME		
Members' subscriptions	183,157	214,632
Finance income	184,276	71,741
Commission	45,301	95,528
Government Grant	417,500	215,500
Other income	252,931	1,601
TOTAL OTHER OPERATING INCOME	1,083,165	599,002
Loss on revaluation of Investment Property	-	121,000
OPERATING LOSS BEFORE INCOME TAX	(1,187,367)	(41,030)
Income tax benefit	(49,490)	47,832
OPERATING (LOSS) / PROFIT		
AFTER INCOME TAX	(1,236,857)	6,802

AUSTRALIAN Gift & Homewares ASSOCIATION

Australian Gift & Homewares Association Limited
ABN 49 061 196 290

Unit 58, 11-21 Underwood Road, Homebush NSW 2140 | Locked Bag 103, Silverwater NSW 1811
T +61 2 9763 3222 | 1300 441 384 | F 02 9746 9955 | E contact@agha.com.au | W www.agha.com.au