Annual Report

2022

Financial Statements for the Year Ended 30 June 2022

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

AUSTRALIAN Gift & Homewares ASSOCIATION

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PRESIDENT'S REPORT

To say that the last two years have been the most challenging in the history of the AGHA would never reveal just how difficult and challenging they have been. If anything, 2021-2022 was even more challenging given the inevitable carry over fatigue from 2020-2021. That said, it is a testament to the AGHA Management and Staff and ultimately the AGHA Members that the AGHA has survived through these difficult times.

On behalf of all AGHA members I would like to thank our CEO, Wayne Castle for his stellar efforts in navigating those seemingly endless challenges. Thanks also to the whole AGHA team for staging a great comeback Sydney Gift Fair in February 2022. It was very positive that the AGHA led the return to face-to-face trade exhibitions and the strong visitor turnout was most welcome.

Whilst our trading results for the 2021-2022 financial year were still negative, we are confident that the future of AGHA trade fairs remains positive and as we seek to navigate the new 'normal' we are exploring every opportunity to mitigate the risks to the core business. Our balance sheet remains strong and we look forward to rebuilding members equity. The coming 2022-2023 year will almost certainly see the AGHA return to profitability.

Having only been appointed to the AGHA Presidency in March this year, I would like to formally acknowledge and thank Michelle Lawson for her efforts as President and the AGHA Board for their time and effort. In particular, I would like to thank Tim Gillespie who has excelled as our Treasurer for the last few difficult years and is stepping down from the Board after the AGM. Tim's contribution and experience will be missed.

The way forward for the exhibition industry is likely to remain challenging. Globally, all event organisers are looking at how they can modify their business models to better reflect the often uncertain landscape for both exhibitors and visitors. Ultimately, as we have seen at the February Trade Fair, nothing is better than being able to engage with colleagues and customers face to face.
I look forward to working with the AGHA management, staff and Board to consider how best to face the challenges ahead.

Yours sincerely,

D Osmond

Dean Osmond
President

TREASURER'S REPORT

After two years of not being able to hold any events, it was with a great sense of relief that we were finally able to hold our annual February Fair this year and now more recently our very successful Melbourne August Fair.

Our inability to hold any events for 2 years due to COVID restrictions has caused the AGHA losses totalling $2.016 million during the last 2 financial years. This year's loss is reduced from LY to $798,527 as we were able to have at least one Fair and by a regime of very tight cost control being put in place. We sincerely believe this financially draining period is now well behind us and we can once again trade at a modest surplus in FY 2022/23 and into the future.

One of the big lessons we have learned out of the COVID period is the importance of the AGHA having a source of funds and assets to tide us over during times of trouble. If we had entered COVID shutdowns with no asset backing, we would not be here now. Sometimes I have heard members talk during my 32 years of involvement with the AGHA; why do we have so many assets and investments when we are a Not for Profit, Member owned entity? The last two years have answered that question very emphatically. The AGHA must trade at a surplus going forward. We must have funds to grow when opportunity presents and to protect our Association during times of trouble.

On a personal note, I am stepping down from the Board at the AGM and would like to thank my fellow Board members and our very dedicated staff, especially our CEO Wayne for a lot of hard work and dedication during what were very trying times for everyone.

I would also like to thank our members for their continued support during this period, especially those members who kept rolling over their stand payments as future credits and not asking for cash refunds. This was a significant help to our cash flow.

Tim C. Gillespie

Tim Gillespie
Treasurer

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report on Australian Gift & Homewares Association Limited for the financial year ended 30 June 2022.

DIRECTORS

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

Names	Position	Appointed/Resigned
Amie Gibson	Director	Appointed 27 Oct 2021, Resigned 14 Mar 2022
Andrew McLean	Director	
Christophe Rymer	Director	Resigned 11 January 2022
Dean Osmond	President	
Gregory Collier	Vice President	
Kevin Porter	Director	Resigned 11 March 2022
Michael Warner	Director	Retired 27 October 2021
Michelle Lawson	Director	Resigned 15 March 2022
Patricia Guest	Director	Retired 27 October 2021
Sharlene Toister	Director	Appointed 27 October 2021
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

The loss of the Company after providing for income tax amounted to $781,029 (2021: loss of $: 1,236,857).

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The Association retained 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.

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 member 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 2022 was 638 (2021: 564)

INFORMATION ON DIRECTORS

Name	Position	Experience as Board Member	Company
Amie Gibson	Director	1 year	Beloved Scents
Andrew McLean	Director	2 years	Royal Selangor
Christophe Rymer	Director	3 years	Francalia
Dean Osmond	President	2 years	BPM Lifestyle
Gregory Collier	Vice President	3 years	Colcam Enterprises
Kevin Porter	Director	5 years	Rayell
Michael Warner	Director	7 years	Keldan International
Michelle Lawson	Director	4 years	Darlin (Aust) Pty Ltd
Patricia Guest	Director	13 years	Madras Link Pty Ltd
Sharlene Toister	Director	1 year	Compendium
Timothy Gillespie	Treasurer	6 years	Ashdene Manufacturing Pty Ltd

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Amie Gibson	4	4
Andrew McLean	9	9
Christophe Rymer	4	3
Dean Osmond	8	8
Gregory Collier	9	9
Kevin Porter	5	5
Michael Warner	1	1
Michelle Lawson	5	5
Patricia Guest	1	1
Sharlene Toister	8	8
Timothy Gillespie	9	8

EVENTS AFTER THE REPORTING DATE

No 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.

FUTURE DEVELOPMENTS AND RESULTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

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 2022 has been received and can be found below.

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

Dean Osmond
Director

Timothy Gillespie
Treasurer

Dated this 27th day of September 2022

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:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF
Chartered Accountants

Kym Reilly
Partner

27 September 2022
Sydney, NSW

FINANCIAL REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 $	2021 $
Revenue	4	**1,870,373**	898,889
Other income	4	**21,921**	184,276
Direct costs		**(1,091,160)**	(264,318)
Employee benefits expense		**(1,148,587)**	(1,509,026)
Depreciation and amortisation expense		**(36,222)**	(37,149)
Travelling expenses		**(5,217)**	(1,127)
Communication expenses		**(21,297)**	(35,937)
Other expenses from ordinary activities	5	**(388,338)**	(422,975)
Loss before income tax		**(798,527)**	(1,187,367)
Income tax benefit/(expense)	6	**17,498**	(49,490)
Loss for the year		**(781,029)**	(1,236,857)
Other comprehensive income			
Effect of change in tax rates on prior year revaluations		**7,385**	11,076
Total comprehensive loss for the year		**(773,644)**	(1,225,781)

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022	Notes	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	7	**1,707,274**	2,139,171
Trade and other receivables	8	**399,505**	283,444
Other investments	9	**869,969**	970,515
Other assets	10	**897,810**	376,382
TOTAL CURRENT ASSETS		**3,874,558**	3,769,512
NON-CURRENT ASSETS			
Property, plant and equipment	11	**2,233,758**	2,269,772
Investment property	12	**1,150,000**	1,150,000
TOTAL NON-CURRENT ASSETS		**3,383,758**	3,419,772
TOTAL ASSETS		**7,258,316**	7,189,284
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**362,065**	2,721,219
Employee benefits	15	**219,786**	153,431
Contract liabilities	16	**3,292,086**	134,132
TOTAL CURRENT LIABILITIES		**3,873,937**	3,008,782
NON-CURRENT LIABILITIES			
Deferred tax liability	14	**3,866**	28,749
Employee benefits	15	**59,318**	56,914
TOTAL NON-CURRENT LIABILITIES		**63,184**	85,663
TOTAL LIABILITIES		**3,937,121**	3,094,445
NET ASSETS		**3,321,195**	4,094,839
MEMBERS FUNDS			
Retained earnings		**2,767,348**	3,548,377
Asset Revaluation Reserve	17	**553,847**	546,462
TOTAL MEMBERS FUNDS		**3,321,195**	4,094,839

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2022

	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2021	**3,548,377**	**546,462**	**4,094,839**
Loss for the year	**(781,029)**	**-**	**(781,029)**
Effect of change in tax rates on prior year revaluations	**-**	**7,385**	**7,385**
Balance at 30 June 2022	**2,767,348**	**553,847**	**3,321,195**
Balance at 1 July 2020	4,785,234	535,386	5,320,620
Loss for the year	(1,236,857)	-	(1,236,857)
Revaluation of land & buildings held at fair value	-	11,076	11,076
Balance at 30 June 2021	3,548,377	546,462	4,094,839

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 $	2021 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**2,374,135**	2,581,827
Payments to suppliers and employees		**(3,030,009)**	(2,488,366)
Government grants received		**101,718**	417,500
Interest received		**136**	266
Rental income received		**61,800**	70,965
Net cash (used in)/provided by operating activities		**(492,220)**	582,192
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		**60,531**	57,281
Payment for property, plant andt equipment		**(208)**	(5,446)
Proceeds from disposal of assets held for sale		**-**	1,150,000
Net cash provided by investing activities		**60,323**	1,201,835
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents held		**(431,897)**	1,784,027
Cash and cash equivalents at beginning of year		**2,139,171**	355,144
Cash and cash equivalents at end of financial year	7	**1,707,274**	2,139,171

The accompanying notes form part of these statements.

FOR THE YEAR ENDED 30 JUNE 2022

The financial report covers Australian Gift & Homewares Association Limited as an individual entity. Australian Gift & Homewares Association Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

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

The financial report was authorised for issue by the Directors on 27 September 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the Corporations Act 2001.

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, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Going concern

The company has incurred a loss of $781,029 (2021: $1,236,857) and negative cash outflows from operations of $492,220 (2021: $582,192 positive inflow).

The financial report has been prepared on the going concern basis. It is of the belief that the future planned Trade Fairs will continue to assist the Company to meets its future liabilities and commitments.

(b) 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 and Jobsaver 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).

(c) 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.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore 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 Group 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.

(e) 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.

(f) 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 asset's 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%
Leasehold improvements	10%

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.

(g) 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.

(h) 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.

(i) 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 significantly 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 assets 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.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and other liabilities.

(j) Impairment of non-financial assets

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

Where an 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 cash- generating 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 cash- generating 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.

(k) 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.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

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 and 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.

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.

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.

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	$	$
- Gift fair income	**1,548,245**	252,556
- Membership fees	**192,898**	183,157
- Commission	**26,312**	45,301
- Government grants	**101,718**	417,500
- Other revenue	**1,200**	375
	1,870,373	898,889
Other income		
- Interest income	**136**	266
- Rental income	**61,800**	70,965
- Investment (expense)/income	**13,306**	15,730
- Net change in fair value of financial assets	**(53,321)**	97,315
	21,921	184,276

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers refers to the following categories, based on timing of transfer of goods or services.

- At a point in time	**1,677,475**	715,732
- Over time	**192,898**	183,157
	1,870,373	898,889

5 Result for the year

The result for the year includes the following specific expenses:

Bad debts	**-**	(12,762)
Cleaning	**24,640**	10,324
Consulting fees	**105,586**	135,116
Insurance	**31,508**	30,903
IT Expenses	**149,099**	167,872
Postage	**1,775**	2,595
Printing and stationery	**4,227**	4,781
Subscriptions	**32,201**	36,314
Utilities	**23,946**	14,267
Other expenses	**15,356**	33,565
	388,338	422,975

6 Income Tax Expense

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

	2022	2021
	$	$
Deferred tax	**(17,498)**	49,490
	(17,498)	49,490

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	**(199,632)**	(308,715)
Tax effect of:		
- income and expenses subject to mutuality	**160,464**	112,849
- other assessable and non-deductible items	**(19,220)**	(9,106)
- tax losses not recognised	**40,010**	203,897
- benefit from previously unrecognised temporary differences	**880**	(7,512)
- tax effect of disposal of property	**-**	58,077
Income tax expense	**(17,498)**	49,490

7 Cash and Cash Equivalents

Cash on hand	**1,200**	1,200
Cash at bank	**1,706,074**	2,137,971
	1,707,274	2,139,171

8 Trade and Other Receivables

Trade receivables	**429,072**	50,108
Less provision for doubtful debts	**(50,108)**	(50,108)
	378,964	-
GST receivable	**-**	235,431
Other debtors	**20,541**	48,013
	399,505	283,444

9 Other investments

Financial assets at fair value through profit and loss

Australian equities	**313,367**	323,953
Fixed interest	**364,589**	379,151
Property	**27,840**	53,872
Convenience Retail REIT	**164,173**	213,539
	869,969	970,515

10 Other assets

Prepayments	**897,810**	376,382

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.

11 Property, plant and equipment

Land and buildings		
At fair value	**2,068,456**	2,068,456
Less accumulated depreciation	**(23,578)**	(11,789)
	2,044,878	2,056,667
Motor vehicles		
At cost	**27,038**	27,038
Less accumulated depreciation	**(27,038)**	(27,038)
	-	-
Plant and equipment		
At cost	**1,048,980**	1,048,772
Less accumulated depreciation	**(1,035,344)**	(1,012,924)
	13,636	35,848
Leasehold improvements At cost	**310,478**	310,478
Less accumulated depreciation	**(135,234)**	(133,221)
	175,244	177,257
Total property, plant and equipment	**2,233,758**	2,269,772

Land and buildings also consist of a unit at 11-21 Underwood Road, Homebush. Directors have applied the value per sqr metre of the revalued investment properties to the land and buildings to determine the fair value at 30 June 2022, with no change to the fair value recorded in the revaluation reserve and recognised as other comprehensive income.

(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:

	Buildings $	Plant and Equipment $	Improvements $	Total $
Year ended 30 June 2022				
Balance at the beginning of year	**2,056,667**	**35,848**	**177,257**	**2,269,772**
Additions	**-**	**208**	**-**	**208**
Depreciation expense	**(11,789)**	**(22,420)**	**(2,013)**	**(36,222)**
Balance at the end of the year	**2,044,878**	**13,636**	**175,244**	**2,233,758**

12 Investment Property

	2022 $	2021 $
Owned Property		
At fair value	**1,150,000**	1,150,000

The Company owns one unit at 11-21 Underwood Road Homebush, which is 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 previous financial year, an identical unit at the same address was sold for $1,150,000. The disposal price has 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 2022 and 2021.

13 Trade and Other Payables

Trade creditors	**227,429**	2,675,141
GST payable	**68,485**	-
Sundry creditors and accruals	**66,151**	46,078
	362,065	2,721,219

The trade creditors balance in 2021 includes a total of $2.4m refundable to customers as a result of canceling the August 2021 Melbourne Gift Fair due to COVID restrictions in place.

14 Deferred tax assets and liabilities

Deferred tax assets/(liabilities) have been recognised in respect to the following items:

Other investments	**(50,471)**	(78,066)
Investment Property	**(53,165)**	(51,502)
Land and buildings	**(184,616)**	(192,001)
Provisions and accruals	**6,798**	45,790
Prepayments	**(18,271)**	(65,956)
Unused capital losses	**295,859**	312,986
Deferred tax liabilities	**(3,866)**	(28,749)

15 Employee Benefits

CURRENT		
Long service leave liability	63,548	33,643
Annual leave liability	156,238	119,788
	219,786	153,431
NON-CURRENT		
Long service leave liability	59,318	56,914

16 Contract Balances

Contract liabilities	3,292,086	134,132

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

17 Reserves

Asset revaluation reserve	553,847	546,462

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

18 Fair Value Measurement

The Company measures the following assets and liabilities 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 2022	$	$	$	$
Recurring fair value measurements				
Land and buildings	-	**2,044,878**	-	**2,044,878**
Investment Property	-	**1,150,000**	-	**1,150,000**
Other investments	**869,969**	-	-	**869,969**

	Level 1	Level 2	Level 3	Total
30 June 2021	$	$	$	$
Recurring fair value measurements				
Land and buildings	-	2,056,667	-	2,056,667
Investment Property	-	1,150,000	-	1,150,000
Other investments	970,515	-	-	970,515

Level 1 measurements

The basis of the valuation of financial assets is fair value. Level 1 assets include assets that have a regular mark-to- market mechanism for setting a fair market value. These assets are considered to have a readily observable, transparent price, and therefore a reliable fair market value.

Other investments consist of investments on domestic and international shares and other investments at fixed interest.

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 unit situated at 11-21 Underwood Road, Homebush. During the previous 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 2022 financial year.

The basis of 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 consists of units at 11-21 Underwood Road, Homebush. Directors have applied the value per sqr metre of the revalued investment properties to the land and buildings to determine their fair value at 30 June 2022.

19 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is $241,038 (2021: $190,580).

20 Auditors' Remuneration

	2022	2021
	$	$
Remuneration of the auditor PKF, for:		
- auditing or reviewing the financial statements	**22,500**	21,800

21 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 19.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

The only transactions with these entities during the year were fees paid for trade exhibitions and membership by businesses which the directors are representatives of the member businesses. 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.

The following transactions occurred with related parties:

	2022
	$
Event fees	**181,840**
Membership fees	**1,760**
	183,600

22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 September 2022 by the Board of Directors.

No matters or circumstances 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.

24 Statutory Information

The registered office and principal place of business of the company is:

Australian Gift & Homewares Association Limited
Unit 58, 11 - 21 Underwood Road,
Homebush NSW 2140

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6-10, 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 2022 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.

Dean Osmond
Director

Timothy Gillespie
Treasurer

Dated this 27th day of September 2022

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF AUSTRALIAN GIFT & HOMEWARES ASSOCIATION LIMITED ("the Company")

Report on the Audit of 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 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Gift & Homewares Association Limited, is in accordance with the Corporations Act 2001, including:

(a) Giving a true and fair view of the company's financial position as at 30 June 2022, and of its financial performance for the year then ended; and

(b) Complying with the Australian Accounting Standards - Simplified Disclosure Requirements and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

PKF

KYM REILLY
PARTNER

27 SEPTEMBER 2022 SYDNEY, NSW

Disclaimer - Trading Profit & Loss

The additional financial data presented on page 12 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 2022. 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.

PKF

KYM REILLY
PARTNER

27 SEPTEMBER 2022 SYDNEY, NSW

TRADING PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2022

	2022	2021
	$	$
INCOME		
Gift fair income	**1,461,645**	-
LESS DIRECT COSTS		
Venue costs	**596,383**	65,144
Other direct costs	**574,663**	221,166
Total direct costs	**1,171,046**	286,310
GROSS PROFIT	**290,599**	(286,310)
LESS EXPENSES		
Auditor's remuneration	**30,000**	30,000
Bank charges and fees	**13,753**	19,158
Contractors	**35,013**	61,916
Depreciation and amortisation	**36,222**	37,149
Insurance	**22,878**	30,903
IT & Systems	**137,686**	167,872
Postage	**1,775**	2,595
Printing and stationery	**5,064**	5,651
Rates and taxes	**11,876**	13,400
Salaries and wages	**1,148,001**	1,509,026
Subscriptions	**32,201**	36,314
Sundry expenses	**18,793**	33,173
Telephone	**21,297**	35,937
Travel and accommodation	**5,217**	1,127
TOTAL EXPENSES	**1,519,776**	1,984,221
NET LOSS	**(1,229,177)**	(2,270,531)
OTHER OPERATING INCOME		
Members' subscriptions	**192,900**	183,157
Finance income	**21,921**	184,276
Commission	**26,312**	45,301
Government Grant	**101,718**	417,500
Other income	**87,799**	252,931
TOTAL OTHER OPERATING INCOME	**430,650**	1,083,165
OPERATING LOSS BEFORE INCOME TAX	**(798,527)**	(1,187,367)
Income tax benefit	**17,498**	(49,490)
OPERATING LOSS AFTER INCOME TAX	**(781,029)**	(1,236,857)

AUSTRALIAN Gift & Homewares ASSOCIATION

Australian Gift & Homewares Association Limited
ABN 49 061 196 290

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