

Annual Report

2023

Financial Statements for the Year Ended 30 June 2023

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	3
Treasurer's Report	3
Directors' Report	4
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Profit or Loss and Other Comprehensive Income.....	5
Statement of Financial Position	5
Statement of Changes in Equity.....	5
Statement of Cash Flows.....	5
Notes to the Financial Statements	6-10
Directors' Declaration	11
Independent Audit Report.....	11
Trading Profit & Loss	12

PRESIDENT'S REPORT

It has been another busy year for the AGHA. In a nutshell:

- We completed the August 2022 Show in Melbourne after a few years on 'Covid-hold'.
- We ran a successful Sydney Gift Fair in February 2023.
- We bid farewell to our CEO Wayne Castle at the conclusion of the February Fair.
- We welcomed our new CEO Linda Hickey following Wayne's departure!

It was good to see the attendance at the August 22 Fair and while there was still a Covid cloud surrounding the Australian economy, it was good to re-connect with retailers and colleagues at what is the premier industry event for the AGHA. Attendance was as we have now come to expect in the new 'normal' post-Covid environment. The standard of the Exhibits continues to improve and is a focus for AGHA as we think about future events. Being able to hold the Melbourne Gift Fair in August 2022, we were able to resolve most of the outstanding Covid-related Exhibitor credits which was a positive outcome for the AGHA.

Of note was the separate registration requirement separating AGHA and Reed. This presented challenges which the team dealt with very well. If nothing else, visitors were left in no doubt that there were indeed 2 different fairs operating concurrently. This came as a surprise to many attendees.

In January I was advised by Wayne Castle of his intention to step down as AGHA CEO at the conclusion of the February Fair. Wayne joined AGHA some 8 years ago and during those years molded a strong culture for the organization and put the AGHA on a strong footing in every aspect. Wayne also navigated the Covid challenge, shouldering the associated 'leadership burden' that many of us similarly faced. Through Wayne's leadership, AGHA emerged from Covid ready to take on the future. For that and for all Wayne's efforts over his eight-year tenure we are all ever thankful and eternally grateful. Wayne's swansong was the February 23 Sydney Gift Fair at Sydney Olympic Park, it plays an important role in reconnecting industry retailers and colleagues post-Christmas and launching Autumn/Winter collections. Attendance was as expected and definitely improved as the AGHA Fair and Reed Fair ran concurrently.

Following an AGHA Board reassessment of the CEO role and what style of person we may see as our next CEO, we were fortunate enough to be introduced to Linda Hickey. Linda is unique in her pathway to the AGHA CEO role having been in the Gift & Homewares industry for many years, and also involved with events. Linda was offered and accepted the CEO role to commence after Wayne's departure. Linda's first task was to deliver the August 23 Melbourne Gift Fair and so between the end of February and the end of our fiscal year, Linda immersed herself in all aspects of the industry.

For my part, I was and am still encouraged by the slightly different approach that Linda is bringing to the AGHA discussion table, and I have been delighted with the support shown by all for Linda's obvious enthusiasm for the industry and the AGHA in particular.

I would like to thank each of my fellow AGHA Board members, all of whom were involved in the CEO recruitment process and have significantly added to the on-going discussions of 'what next' for our organization. I would also like to particularly acknowledge the AGHA Team for their stellar efforts at both events. As exhibitors we don't always see the work that goes into ensuring a successful event and we are grateful for the Team effort that makes it all happen.

Yours sincerely,



Dean Osmond
President

TREASURER'S REPORT

It is a great pleasure to report that the AGHA has achieved a before tax profit of \$1,058,049 in the 2022/23 financial year. This is the first full financial year of hosting both the Melbourne and Sydney events after significant COVID implications that included event cancellations, asset liquidation, and restructured operations.

It is at this point that I would like to acknowledge the management, operational teams, members, and their families that have faced incredible adversity and uncertainty over the past several years. Through their considered decisions, outstanding efforts, and resilient leadership the AGHA has and will continue to deliver member value and drive economic results.

The AGHA remains financially solvent and is in strong financial position with net assets of \$4,375,304. The board and management team will build on this success and focus on developing a business and financial strategy to advance the interests of members and create the optimum commercial environment for wholesalers, retailers, and other key stakeholders in the Australian gift and homewares industry.



Richard De Ataide
Treasurer

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report on Australian Gift & Homewares Association Limited for the financial year ended 30 June 2023.

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	
Dean Osmond	President	
Gregory Collier	Vice President	Re-appointed 25 October 2022
Ian Hardy	Director	Appointed 25 October 2022
Richard De Ataide	Treasurer	Appointed 25 October 2022
Sharlene Toister	Director	
Timothy Gillespie	Director	Retired 25 October 2022

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.

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. At 30 June 2023 the number of members was 743 (2022: 638).

INFORMATION ON DIRECTORS

Name	Position	Experience as Board Member	Company
Andrew McLean	Director	3 years	Royal Selangor
Dean Osmond	President	3 years	BPM Lifestyle
Gregory Collier	Vice President	4 years	ColCam Enterprises
Ian Hardy	Director	1 year	IsAlbi
Richard De Ataide	Treasurer	1 year	Quality Products
Sharlene Toister	Director	2 year	Compendium
Timothy Gillespie	Director	7 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.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The profit of the Company after providing for income tax amounted to \$1,054,109 (2022: loss of \$781,029).

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.

MEETINGS OF DIRECTORS

During the financial year, 5 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
Andrew McLean	5	5
Dean Osmond	5	5
Gregory Collier	5	4
Ian Hardy	3	3
Richard De Ataide	3	3
Sharlene Toister	5	5
Timothy Gillespie	2	-

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 2023 has been received and can be found below.

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

Dean Osmond
President

Richard De Ataide
Treasurer

Dated this 20th day of September 2023

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 2023, 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

20 September 2023
Sydney, NSW

FINANCIAL REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue	4	5,828,688	1,870,373
Other income	4	132,757	21,921
Direct costs		(2,778,218)	(1,091,160)
Employee benefits expense		(1,480,757)	(1,148,587)
Depreciation and amortisation expense		(24,009)	(36,222)
Travelling expenses		(58,105)	(5,217)
Communication expenses		(15,864)	(21,297)
Other expenses	5	(546,443)	(388,338)
Profit/(loss) before income tax		1,058,049	(798,527)
Income tax (expense)/benefit	6	(3,940)	17,498
Profit/(loss) for the year		1,054,109	(781,029)
Other comprehensive income			
Effect of change in tax rates on prior year revaluations		-	7,385
Total comprehensive income/(loss) for the year		1,054,109	(773,644)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,109,698	1,707,274
Trade and other receivables	8	694,971	399,505
Other financial assets	10	928,798	869,969
Other assets	9	1,130,343	897,810
TOTAL CURRENT ASSETS		4,863,810	3,874,558
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,228,771	2,233,758
Investment properties	12	1,150,000	1,150,000
TOTAL NON-CURRENT ASSETS		3,378,771	3,383,758
TOTAL ASSETS		8,242,581	7,258,316
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	191,396	362,065
Employee benefits	15	160,382	219,786
Contract liabilities	14	3,461,214	3,292,086
TOTAL CURRENT LIABILITIES		3,812,992	3,873,937
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	7,806	3,866
Employee benefits	15	46,479	59,318
TOTAL NON-CURRENT LIABILITIES		54,285	63,184
TOTAL LIABILITIES		3,867,277	3,937,121
NET ASSETS		4,375,304	3,321,195
EQUITY			
Reserves		553,847	553,847
Retained earnings		3,821,457	2,767,348
TOTAL EQUITY		4,375,304	3,321,195

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2023

	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2022	2,767,348	553,847	3,321,195
Profit for the year	1,054,109	-	1,054,109
Balance at 30 June 2023	3,821,457	553,847	4,375,304
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

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,713,714	2,374,135
Payments to suppliers and employees		(5,354,832)	(3,030,009)
Government grants received		-	101,718
Interest income received		2,790	136
Rental income received		63,654	61,800
Net cash provided by/(used in) operating activities		425,326	(492,220)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from/(payment for) sale of financial assets		(3,880)	60,531
Purchase of property, plant and equipment		(19,022)	(208)
Net cash (used in)/provided by investing activities		(22,902)	60,323
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents held		402,424	(431,897)
Cash and cash equivalents at beginning of year		1,707,274	2,139,171
Cash and cash equivalents at end of financial year	7	2,109,698	1,707,274

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 20 September 2023.

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) Revenue and other income

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).

(b) 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.

(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) 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.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

(f) 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

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.

Financial assets at fair value through profit or loss

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

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 asset 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.

(f) Financial instruments

Trade receivables

Impairment of trade receivables 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 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.

(g) 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits, those 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Critical Accounting Estimates and Judgements

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	2023	2022
	\$	\$
- Gift fair income	5,606,398	1,548,245
- Membership fees	175,757	192,898
- Commissions	30,170	26,312
- Government grants	-	101,718
- Other revenue	16,363	1,200
	<u>5,828,688</u>	<u>1,870,373</u>
Other income		
- Interest income	2,790	136
- Rental income	63,654	61,800
- Investment (expense)/income	13,409	13,306
- Net change in fair value of financial assets	41,540	(53,321)
- Net gain on disposal of property, plant and equipment	11,364	-
	<u>132,757</u>	<u>21,921</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into the following categories based on timing of transfer of goods or services.

- At a point in time	5,652,931	1,677,475
- Over time	175,757	192,898
	<u>5,828,688</u>	<u>1,870,373</u>

5 Result for the year

2023
2022
\$ \$

The result for the year includes the following specific expenses:

Other expenses:		
Bad debts	907	-
Cleaning	96,338	24,640
Consulting and professional fees	114,727	105,586
Insurance	82,088	31,508
IT Expenses	161,218	149,099
Other expenses	27,339	15,356
Postage	2,101	1,775
Printing and stationery	5,112	4,227
Subscriptions	19,095	32,201
Utilities	37,518	23,946
	<u>546,443</u>	<u>388,338</u>

6 Income Tax Expense

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

	2023	2022
	\$	\$
Current tax	-	-
Deferred tax	3,940	(17,498)
	<u>3,940</u>	<u>(17,498)</u>

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	264,512	(199,632)
Add/(less):		
Tax effect of:		
- income and expenses subject to mutuality	(280,930)	160,464
- other assessable and non-deductible items	(16)	(19,220)
- tax losses not recognised	25,464	40,010
- benefit from previously unrecognised temporary differences	(5,090)	880
Income tax expense/(income)	<u>3,940</u>	<u>(17,498)</u>

7 Cash and Cash Equivalents

Cash on hand	1,200	1,200
Bank balances	2,108,498	1,706,074
	<u>2,109,698</u>	<u>1,707,274</u>

8 Trade and Other Receivables

CURRENT		
Trade receivables	717,357	429,072
Provision for impairment	(51,017)	(50,108)
	<u>666,340</u>	<u>378,964</u>
Other receivables	28,631	20,541
	<u>694,971</u>	<u>399,505</u>

9 Other assets

CURRENT		
Prepayments	1,130,343	897,810
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.		

10 Other Financial Assets

Financial assets at fair value through profit and loss

CURRENT		
Australian equities	368,496	313,367
Fixed interest	322,060	364,589
Property	91,290	27,840
Convenience Retail REIT	146,952	164,173
	<u>928,798</u>	<u>869,969</u>

NOTES TO THE FINANCIAL STATEMENTS

11 Property, plant and equipment	2023	2022
	\$	\$
Land and buildings		
At fair value	2,072,256	2,068,456
Accumulated depreciation	(35,452)	(23,578)
	<u>2,036,804</u>	<u>2,044,878</u>
Motor vehicles		
At cost	-	27,038
Accumulated depreciation	-	(27,038)
	<u>-</u>	<u>-</u>
Plant and equipment		
At cost	1,047,108	1,048,980
Less accumulated depreciation	(1,028,371)	(1,035,344)
	<u>18,737</u>	<u>13,636</u>
Property Improvements		
At cost	310,478	310,478
Accumulated depreciation	(137,248)	(135,234)
	<u>173,230</u>	<u>175,244</u>
Total property, plant and equipment	<u>2,228,771</u>	<u>2,233,758</u>

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:

Year ended	Buildings	Motor Vehicles	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
30 June 2023					
Balance at the beginning of year	2,044,878	-	13,636	175,244	2,233,758
Additions	3,800	-	15,222	-	19,022
Depreciation expense	(11,874)	-	(10,121)	(2,014)	(24,009)
Balance at the end of the year	<u>2,036,804</u>	<u>-</u>	<u>18,737</u>	<u>173,230</u>	<u>2,228,771</u>

12 Investment Property	2023	2022
	\$	\$
Owned Property		
At fair value	<u>1,150,000</u>	<u>1,150,000</u>

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 2021 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 2023 and 2022.

13 Trade and Other Payables

CURRENT	2023	2022
Trade payables	104,334	227,429
GST payable	40,001	68,485
Sundry creditors and accruals	47,061	66,151
	<u>191,396</u>	<u>362,065</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Contract liabilities	2023	2022
	\$	\$
CURRENT		
Amounts received in advance	3,461,214	3,292,086
Contract liabilities consist of unearned income for amounts received from members for future trade fairs.		

15 Employee Benefits

Current liabilities	2023	2022
Long service leave	71,690	63,548
Provision for employee benefits	88,692	156,238
	<u>160,382</u>	<u>219,786</u>
Non-current liabilities		
Long service leave	46,479	59,318

16 Reserves

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

17 Tax assets and liabilities

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

Other investments	(53,656)	(50,471)
Investment Property	(56,672)	(53,165)
Land and buildings	(184,616)	(184,616)
Provisions and accruals	1,842	6,798
Prepayments	(8,453)	(18,271)
Unused capital losses	293,749	295,859
Deferred tax liabilities	<u>(7,806)</u>	<u>(3,866)</u>

18 Fair Value Measurement

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

- Land and buildings
- Investment property
- 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 2023	\$	\$	\$	\$
Recurring fair value measurements				
Land and buildings	-	2,036,834	-	2,036,834
Investment property	-	1,150,000	-	1,150,000
Financial assets	928,798	-	-	928,798

	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
Financial assets	869,969	-	-	869,969

NOTES TO THE FINANCIAL STATEMENTS

18 Fair Value Measurement

18 Fair Value Measurement

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.

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 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 2023 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 sqm of the revalued investment properties to the land and buildings to determine their fair value at 30 June 2023.

19 Financial Risk Management

Financial assets

Held at amortised cost

Cash and cash equivalents	2,109,698	1,707,274
Trade and other receivables	694,971	399,505

Fair value through profit or loss (FVTPL)

Other financial assets	928,798	869,969
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Total financial assets

	3,733,467	2,976,748
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Financial liabilities

Held at amortised cost

Trade and other payables	191,396	362,065
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Total financial liabilities

	191,396	362,065
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20 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$243,100 (2022: \$241,038).

21 Auditors' Remuneration

Remuneration of the auditor PKF, for:

- auditing the financial statements	30,900	22,500
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22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

23 Related Parties

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

Key management personnel - refer to Note 20.

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:

	2023	2022
	\$	\$
Event fees	201,198	181,840
Membership fees	1,923	1,760
	203,121	183,600

24 Events occurring after the Reporting Date

The financial report was authorised for issue on 20 September 2023 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.

25 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:

- The financial statements and notes, as set out on pages 4-10, are in accordance with the *Corporations Act 2001* and:
 - comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - give a true and fair view of the financial position as at 30 June 2023 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
President



Richard De Ataide
Treasurer

Dated this 20th day of September 2023

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 2023, 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 2023, 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 2023, 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

20 SEPTEMBER 2023 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 2023. 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

20 SEPTEMBER 2023 SYDNEY, NSW

TRADING PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2023

	2023	2022
	\$	\$
INCOME		
Gift fair income	5,622,660	1,461,645
LESS DIRECT COSTS		
Venue costs	1,435,416	596,383
Other direct costs	1,550,541	574,663
Total direct costs	<u>2,985,957</u>	<u>1,171,046</u>
GROSS PROFIT	<u>2,636,703</u>	<u>290,599</u>
LESS EXPENSES		
Auditor's remuneration	30,900	30,000
Bank charges and fees	37,236	13,753
Contractors	27,724	35,013
Depreciation and amortisation	24,009	36,222
Insurance	28,006	22,878
IT & Systems	126,162	137,686
Postage	2,101	1,775
Printing and stationery	6,803	5,064
Rates and taxes	17,032	11,876
Salaries and wages	1,474,381	1,148,001
Subscriptions	19,095	32,201
Sundry expenses	90,821	18,793
Telephone	15,864	21,297
Travel and accommodation	22,304	5,217
TOTAL EXPENSES	<u>1,917,438</u>	<u>1,519,776</u>
NET PROFIT (LOSS)	<u>719,265</u>	<u>(1,229,177)</u>
OTHER OPERATING INCOME		
Members' subscriptions	175,757	192,900
Finance income	121,393	21,921
Commission	30,170	26,312
Government Grant	-	101,718
Other income	11,464	87,799
TOTAL OTHER OPERATING INCOME	<u>338,784</u>	<u>430,650</u>
OPERATING PROFIT (LOSS) BEFORE INCOME TAX	<u>1,058,049</u>	<u>(798,527)</u>
Income tax benefit/(expense)	(3,940)	17,498
OPERATING PROFIT (LOSS) AFTER INCOME TAX	<u>1,054,109</u>	<u>(781,029)</u>

AUSTRALIAN Gift & Homewares ASSOCIATION

Australian Gift & Homewares Association Limited
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