

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**

**Reg No. A03954**

**SPECIAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**

<b>CONTENTS</b>	<b>PAGE</b>
COMMITTEE'S REPORT	1
INCOME AND EXPENDITURE STATEMENT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6
STATEMENT BY MEMBERS OF THE COMMITTEE	8
INDEPENDENT AUDITOR'S REPORT	9
CERTIFICATE BY MEMBERS OF THE COMMITTEE	10

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**  
**COMMITTEE'S REPORT**

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Your committee members present the special purpose financial report on the entity for the financial year ended 30 June 2015.

**Committee of Management Members**

The names of committee of management members throughout the year and at the date of this report are:

Chairperson	Cheryl Kernot	(Australia)	Resigned 11 June 2015
Chairperson	Trish Howard	(Australia)	From 12 June 2015
Deputy Chairperson	Trish Howard	(Australia)	Reappointed 23 October 2014
Deputy Chairperson	Gregg Modlin	(Australia)	From 12 June 2015
Treasurer	Geoff White	(New Zealand)	Reappointed 23 October 2014
Secretary	Melinda Tually	(Australia)	Appointed 23 October 2014
Executive Member	Shannon Sheedy	(Australia)	
Executive Member	Karen Mapusa	(Australia)	Resigned 23 October 2014
Executive Member	Jennifer Taylor	(Australia)	Resigned 24 February 2015
Executive Member	Melinda Tually	(Australia)	Appointed 23 October 2014
Executive Member	Gregg Modlin	(Australia)	Until 12 June 2015
Executive Member	Robert Roberts	(Australia)	Resigned 22 September 2015

**Principal Activities**

The principal activity of the Association is to raise awareness of and promote the concept of fair trade and its label in Australia and New Zealand; to develop and disseminate relevant promotional and educational materials; and to strengthen the fair trade movement through membership and general community awareness in Australia and New Zealand.

**Significant Changes**

No significant changes in the nature of the entity's activity occurred during the financial year.

**Operating Results**

The deficit for the year attributable to the entity amounted to \$65,197 (Deficit in 2014: \$30,520).

Signed in accordance with a resolution of the Members of the Committee.

**Deputy Chairperson**

\_\_\_\_\_  
**Gregg Modlin**

**Treasurer**

\_\_\_\_\_  
**Geoff White**

**Dated this**

**day of November 2015**

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**

**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Fair Trade Communities Fees	11,011	1,255
General Donations	2,864	1,616
Interest Earned	1,740	3,736
Service Fee – FANZ Ltd	75,000	90,077
Membership Income	15,764	12,490
Miscellaneous Income	11,783	4,928
Management fee - FTAANZ Inc (New Zealand)	-	11,441
FANZ contribution received - Website	-	-
Fair Traders of Australia Income	5,450	3,145
<b>TOTAL INCOME</b>	<b><u>123,612</u></b>	<b><u>128,688</u></b>
<b>EXPENDITURE</b>		
Audit & Accounting Fees	131	6,000
Bad Debts	400	120
Consultant Expenses	12,500	-
Depreciation	979	560
Employee Provisions	2,818	7,800
Executive Committee Travel	7,644	5,785
Fair Traders of Australia Expenses	5,722	153
Insurance	4,245	4,667
Local Group Support	566	26
Meeting and Conference Expenses	3,011	1,211
Membership Fees	-	320
Office and Administration Expenses	13,852	8,221
Promotional activity expenses	-	-
Publications	5,080	-
Salaries and Wages	124,024	113,721
Staff and Consultant Travel	6,349	9,962
Staff expenses	583	181
Sundry Expenses	905	481
<b>TOTAL EXPENDITURE</b>	<b><u>188,809</u></b>	<b><u>159,208</u></b>
<b>NET DEFICIT ATTRIBUTABLE TO THE ASSOCIATION</b>	<b><u>(65,197)</u></b>	<b><u>(30,520)</u></b>

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Term Deposit	-	73,361
Cash at Bank - Bendigo Bank	44,105	35,019
Visa Account - Bendigo Bank	1,505	479
State Group Bank Accounts - Bendigo Bank	13,183	14,283
Cash - PayPal Account	2,658	3,756
Trade Debtors	88	3,184
Prepayments	2,288	2,384
<b>TOTAL CURRENT ASSETS</b>	<b><u>63,827</u></b>	<b><u>132,466</u></b>
<b>NON-CURRENT ASSETS</b>		
Plant & Equipment - at Cost	1,539	1,539
Less: Provision for Depreciation	(1,539)	(560)
	<u>-</u>	<u>979</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>-</u></b>	<b><u>979</u></b>
<b>TOTAL ASSETS</b>	<b><u>63,827</u></b>	<b><u>133,445</u></b>
<b>CURRENT LIABILITIES</b>		
Trade Creditors & Accruals	398	7,814
Revenue Received in Advance	-	4,588
GST Payable	2,247	5,259
PAYG Withholding Payable	6,970	4,372
State Allocation Funds	13,183	15,079
FTAANZ NZ	34,711	27,636
Provision for Annual Leave	11,854	9,036
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>69,363</u></b>	<b><u>73,784</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>69,363</u></b>	<b><u>73,784</u></b>
<b>NET ASSETS/ (LIABILITIES)</b>	<b><u>(5,536)</u></b>	<b><u>59,661</u></b>
<b>EQUITY</b>		
Accumulated Members Funds	(5,536)	59,661
	<b><u>(5,536)</u></b>	<b><u>59,661</u></b>

The Statement of Financial Position is to be read in conjunction with the independent audit report and the notes to the financial statements.

FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.  
 Reg No. A03954  
 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Members Funds \$	Total \$
<b>Balance as at 1 July 2013</b>	90,181	90,181
Deficit attributable to the Association	(30,520)	(30,520)
<b>Balance as at 30 June 2014</b>	<u>59,661</u>	<u>59,661</u>
Deficit attributable to the Association	(65,197)	(65,197)
<b>Balance as at 30 June 2015</b>	<u><u>(5,536)</u></u>	<u><u>(5,536)</u></u>

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC**  
**Reg No. A03954**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		124,968	135,853
Payments to Suppliers and Employees		(192,155)	(170,485)
Interest Received		1,740	3,736
Net Cash Generated From/ (Used in) Operating Activities	1	<u>(65,447)</u>	<u>(30,896)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant and Equipment		-	-
Net Cash (Used in)/ Provided by Investing Activities		<u>-</u>	<u>-</u>
Net Increase/ (Decrease) in Cash Held		(65,447)	(30,896)
Cash and Cash Equivalents at Beginning of Financial Year		126,898	157,794
Cash and Cash Equivalents at End of Financial Year	2	<u><u>61,451</u></u>	<u><u>126,898</u></u>

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**  
**NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>Note 1 - Net cash generated from/ (used in) operating activities</b>		
Net Deficit for the Year	(65,197)	(30,520)
Non-Cash Flow Item: Depreciation	979	560
(Increase)/ Decrease in Accounts & Other Receivables	3,096	(1,344)
Increase/ (decrease) in Trade and Other Payables	(7,239)	(7,470)
(Increase)/ Decrease in Prepayments	96	78
Increase/ (Decrease) in Provisions	2,818	7,800
	<u>(65,447)</u>	<u>(30,896)</u>
<b>Note 2 - Cash and cash equivalents at end of financial year</b>		
Cash at Bank	<u>61,451</u>	<u>126,898</u>
	<u><u>61,451</u></u>	<u><u>126,898</u></u>

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC**  
**Reg No. A03954**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

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**Note 1 - Statement of Significant Accounting Policies**

This financial report includes the financial statements and notes of Fair Trade Association of Australia and New Zealand Inc., a incorporated association, which is incorporated in Victoria under the Associations Incorporation Act 1991 (ACT).

**Policies Basis of preparation**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act 1991 (ACT). The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the company in the preparation of the general purpose financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Accounting Policies**

**a. 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 losses.

**Plant and Equipment**

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Committee commencing from the time the asset is held ready for use.

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

**b. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.



**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC**  
**Reg No. A03954**  
**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

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**c. Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants received for specific programs are recognised as income only to the extent of work completed on those projects when the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor if the program is not completed. In those circumstances the funds attributable to work still to be completed are carried forward as grants income deferred.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

**d. Income Tax**

By virtue of its aims as set out in the constitution, the Association qualifies as an organisation specifically exempt from income tax under the Income Tax Assessment Act, 1997.

**e. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**f. Employment Entitlements**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled.

Contributions are made by the association to employee superannuation fund and are charged as expenses when incurred.

**g. Provisions**

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**  
**STATEMENT BY MEMBERS OF THE COMMITTEE**

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 2 to 7:

- 1 Presents a true and fair view of the financial position of the Fair Trade Association of Australia and New Zealand Inc.. as at 30 June 2015 and its performance for the year ended on that date.
- 2 At the date of this statement, there are reasonable grounds to believe that Fair Trade Association of Australia and New Zealand Inc.. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

**Deputy Chairperson**

\_\_\_\_\_  
**Gregg Modlin**

**Treasurer**

\_\_\_\_\_  
**Geoff White**

**Dated this**

**day of November 2015**

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC**  
**Reg No. A03954**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

**Report on the Financial Report**

I have audited the accompanying financial report of Fair Trade Association of Australia and New Zealand Inc., which comprises the balance sheet as at 30 June 2015, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the members of the Committee.

**Committee's Responsibility for the Financial Report**

The Committee of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Associations Incorporation Act 1991 (ACT). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting my audit, I have complied with the independence requirements of the Australian professional ethical pronouncement.

**Auditor's Opinion**

In my opinion, the financial report of Fair Trade Association of Australia and New Zealand Inc. (the Association) is in accordance with the Associations Incorporation Act 1991 (ACT), including

- i. giving a true and fair view of the Association's financial position as at 30 June 2015 and of its performance for the year ended; and
- ii. complying with Australian Accounting Standards as per Note 1 and the Associations Incorporation Act 1991 (ACT).

**Emphasis of Matter**

Without modifying my opinion, I draw attention to fact that the company's current liabilities exceeded its total assets by \$5,536 as at 30 June 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Basis of Accounting and Restriction on Distribution**

Without modifying my opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Fair Trade Association of Australia and New Zealand Inc. to meet the requirements of the Associations Incorporation Act 1991 (ACT). As a result, the financial report may not be suitable for another purpose.

Name of Auditor: Frederik R. L. Eksteer

Address: Collins & Co  
127 Paisley Street  
Footscray VIC 3011

Date: October 2015

**FAIR TRADE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND INC.**  
**Reg No. A03954**  
**CERTIFICATE BY MEMBERS OF THE COMMITTEE**

I, Gregg Modlin & Geoff White certify that:

- (a) We are members of the committee of management of the Fair Trade Association of Australia and New Zealand Inc..
- (b) We attended the annual general meeting of the association held on November 2015.
- (c) We are authorised by the attached resolution of the committee to sign this certificate.
- (d) This annual statement was submitted to the members of the association at its annual general meeting.

**Deputy Chairperson**

\_\_\_\_\_  
**Gregg Modlin**

**Treasurer**

\_\_\_\_\_  
**Geoff White**

**Dated this**

**day of November 2015**