Annual Report

2015

Financial Report for the Year Ended 30 June 2015

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

AUSTRALIAN Gift & Homewares ASSOCIATION

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PRESIDENT'S REPORT

This is my first annual report as your president and I have the able assistance of our immediate past president Nigel Kirby in compiling this report. It has been a very busy year and in many ways it has been very productive. Of most significance was the victory in ensuring that the Home & Giving Fair in MCEC would be continuing in 2016 and 2017. This was a Damocles sword over the Association's head that we were extremely happy to see removed.

One positive outcome of the MCEC settlement has been a much stronger working relationship with Reed Exhibitions. This had broken down due to suspicion and mistrust built up over many years. In January, discussions between past president Nigel Kirby and Reed's Managing Director, Brian Thomas, led to a facilitated mending of the relationship such that now our association meets with Reed on a monthly basis to discuss the issues that effect our exhibitions. Management of both the organisations meet regularly to ensure that issues that arise are contained before they escalate beyond control. This has been a fantastic leap forward for both of our organisations. It is a tribute to the open and engaging attitudes of Brian Thomas and his leadership team, and our own management team.

February 2015 was the first time we ran our own Fashion Exposed Revived fair in conjunction with our Home & Giving Fair at Sydney Olympic Park. I must congratulate the team at the AGHA for the effort involved in bringing this fair to fruition in a very short timeframe. This was a really steep learning curve for the association and whilst we did not get everything right the first time, we have learnt a lot from the experience.

The Board is disappointed that the association has reported a substantial loss this financial year. There were significant abnormal expenses that the association incurred in relation to legal costs fighting for our future at MCEC, and also employee related expenses that we incurred. At the suggestion of the auditors, we have written down some of our investment in Fashion Exposed reflecting the changed market conditions that have become evident in the past year. We have also had paper losses on our investment portfolio the value of which moves up and down, but that we must bring to book on 30th June each year.

It is important to note that without significant reserves accrued in the past, your association would not have been in a position to so vigorously protect our right to conduct our Home and Giving fair at the MCEC. The reserves are there for the proverbial 'rainy day', which in this case became a storm. Despite this loss I can assure our members that your association is still very strong and the board and I are very excited about our future.

One positive on the balance sheet is the re-valuation of our offices in Homebush. Since the last valuation there has been a 15% increase, which again demonstrates the importance of investing for the future.

In February this year a significant milestone was met with the adoption of our new constitution. This reform reflected a healthy renewal process, as all organisations should undertake on a regular basis, to maintain relevance in an ever-changing world. As this annual report goes to print our elections under our new constitution have just been completed and the board is encouraged by the number of members putting their hand up for election - nearly the largest number of participants in the associations' history.

Towards the end of the financial year your board appointed a new CEO, Wayne Castle. Wayne comes to us with a background of over 30 years experience in the events industry. His initiatives will ensure that our trade fairs will continue to improve and our member services will be further enhanced.

We have some fantastic initiatives coming on line and I implore you all to maintain your involvement in your association, and to trust that your board representatives are working hard to grow our association.

Richard Hogan
President

TREASURER'S REPORT

The 2014-15 fiscal year commenced with a challenging outlook for the gift and homewares sector. AGHA started the year still embroiled with the legal issues regarding the MCEC and the threatened inability to exhibit from 2016 onwards. This matter has now been resolved but the legal fees cost AGHA $160K to ensure that our members will continue to have the opportunity to exhibit at the MCEC. Ex-President, Nigel Kirby, worked tirelessly and is to be congratulated on the result.

The Melbourne Fair in August 2014 performed very well. Following the Fair the AGHA purchased Fashion Exposed. The aim of this acquisition was to expand our membership base and the size of our gift fairs, strengthening our show with a view to offering fashion and accessories and bring more visitors to our gift fairs. Fashion Exposed was launched at the Sydney Home & Giving Fair in February 2015. The new addition of Fashion Exposed performed well however the extra spend required to operate Fashion Exposed did not realise into as great a financial success as expected. The declining retail market at that time added to the challenge.

The number of full members increased by 28 over the previous year but actual membership revenue declined with fewer associate members. A new membership team is now in place and with renewed vigour is gaining new members and working on even better benefits to entice more companies to join.

The financial indicators were not promising even before the year began and have continued with the markets in positive territory one week and then gains wiped out the next. During the past financial year the value of the AGHA investment portfolio has decreased by $14,267 but still provided $125,550 in dividends and interest. Our portfolio is under constant review and in the long-term has proved to be an ongoing source of revenue. We expect gains during the upcoming financial year.

With the difficult trading conditions in the wholesale and retail economy, and the MCEC threat, the AGHA's performance for the financial year reflects an actual loss of $854,485 as compared to a profit of $36,845 in 2014. Importantly, this result includes the previously unbudgeted legal and administrative costs.

AGHA's management team is to be congratulated on steering the AGHA successfully through a challenging trading period whilst working on projects to expand our member offering for the future, strengthen our fairs and enhance the brand and word-of-mouth appeal of the AGHA. We are conscious of the costs for our members of participating in our exhibitions and will continue to offer the lowest rates possible.

Earlier this year your Board employed Wayne Castle to replace the departing Omer Soker. We are already enjoying the benefits that Wayne's experience brings to our association.

Barry Marks
Treasurer

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of Australian Gift and Homewares Association Limited (the Company), for the financial year ended 30 June 2015 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Nigel Kirby	Patricia Guest
Barry Marks	John Kalleske (resigned 30 June 2014)
Joel Farberman	David Schwartz
Christophe Rymer	Dean Osmond
Gloria Gattuso	Rowen Bavinton
Timothy McCauley (resigned 27 July 2015)	Renske Carbone
Richard Hogan (appointed 4 August 2014)	

PRINCIPAL ACTIVITIES, OBJECTIVES AND STRATEGIES

The principal activity of the Company during the financial year was operating as a Trade Association. No significant change in the nature of these activities occurred during the 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.

In order to ensure long term objectives are met, the Company will continue to review, evaluate and action its strategic plan for the future of the organisation.

REVIEW OF PERFORMANCE

The loss of the Company for the financial year after providing for income tax amounted to $893,476 (2014: profit of $36,845).

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.

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

INFORMATION ON DIRECTORS

The information on directors is as follows:

Name	Position	Experience as Board Member	Company
Nigel Kirby	President	6 years	Science & Nature Pty Ltd
Patricia Guest	Vice President	6 years	Madras Link Pty Ltd
Barry Marks	Treasurer	13 years	Stylesetter International Co Pty Ltd
David Schwartz	Director	14 years	Shanghaied Pty Ltd
Christophe Rymer	Director	9 years	Francalia Pty Ltd
Joel Farberman	Director	9 years	TLC Importing Pty Ltd
Rowen Bavinton	Director	3 years	Boyle Industries Pty Ltd
Dean Osmond	Director	6 years	Baden P Morris Pty Ltd
Renske Carbone	Director	3 years	Colours of Australia
Gloria Gattuso	Director	3 years	Theatre Imports – The trustee for The Gattuso Trust
Timothy McCauley	Director	3 years	Artianna Pty Ltd
Richard Hogan	Vice President	1 year	Duomo Fine Florentine Stationary

MEETINGS OF DIRECTORS

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Nigel Kirby	6	5
Joel Farberman	6	6
Barry Marks	6	6
Patricia Guest	6	6
Dean Osmond	6	6
Christophe Rymer	6	5
David Schwartz	6	6
Rowen Bavinton	6	6
Gloria Gattuso	6	6
Timothy McCauley	6	4
Renske Carbone	6	5
Richard Hogan	5	5

MEMBERSHIP

Australian Gift and Homewares Association Limited is incorporated and domiciled in Australia as a public company limited by guarantee. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to $100 per member in the event of winding up the Company during the time that he or she is a member or within one year thereafter. The number of members as at 30 June 2015 was 1,025 (2014: 997).

As at 30 June 2015, the total amount that members of the Company are liable to contribute if the Company is wound up is $102,500 (2014: $99,700).

Rights of Members to Resign

The rights of members to resign from the Association are set out in Section 12.1 of the Constitution of the Association.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

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

Richard Hogan	**Barry Marks**
Director	Director

Dated at Sydney this 21st day of September 2015

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, in relation to the audit for the financial year ended 30 June 2015 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.

KPMG	**Cameron Roan**
	Partner
	Sydney, New South Wales

Dated at Sydney this 21st day of September 2015

FINANCIAL REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015	2014
		$	$
Revenue	5	**8,774,798**	7,903,227
Direct costs		**(5,844,212)**	(5,012,833)
Employee benefits expense		**(1,850,514)**	(1,765,012)
Depreciation and amortisation expenses	11/12	**(430,951)**	(200,498)
Travelling expenses		**(74,738)**	(60,220)
Advertising & marketing expenses		**(214,985)**	(191,452)
Professional fee expenses		**(495,935)**	(400,425)
Communication expenses		**(38,793)**	(32,491)
Impairment expense	12	**(44,098)**	-
Other expenses from ordinary activities		**(750,795)**	(569,523)
Results from operating activities		**(970,223)**	(329,227)
Finance income	6	**115,738**	384,807
Finance costs		**-**	(3,587)
Net finance income		**115,738**	381,220
(Loss)/profit before income tax		**(854,485)**	51,993
Income tax expense	7	**(38,991)**	(15,148)
(Loss)/profit for the year		**(893,476)**	36,845
Other comprehensive income			
Revaluation of property, plant and equipment	11	**258,653**	-
Total comprehensive income/(loss) for the year		**(634,823)**	36,845

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015	Notes	2015	2014
CURRENT ASSETS		$	$
Cash and cash equivalents	8	**2,188,548**	3,625,682
Trade and other receivables	9	**1,114,788**	1,127,170
Other investments	10	**2,656,898**	2,671,165
Prepayments		**1,386,696**	1,182,930
TOTAL CURRENT ASSETS		**7,346,930**	8,606,947
NON-CURRENT ASSETS			
Other investments	10	**139,000**	139,000
Property, plant and equipment	11	**2,036,394**	1,884,047
Intangible Assets	12	**500,000**	-
TOTAL NON-CURRENT ASSETS		**2,675,394**	2,023,047
TOTAL ASSETS		**10,022,324**	10,629,994
CURRENT LIABILITIES			
Trade and other payables	13	**439,119**	550,364
Employee benefits	15	**104,485**	124,516
Deferred tax liability	14	**38,991**	15,148
Other liabilities	16	**3,981,192**	3,850,261
TOTAL CURRENT LIABILITIES		**4,563,787**	4,540,289
NON-CURRENT LIABILITIES			
Employee benefits	15	**17,422**	13,767
TOTAL NON-CURRENT LIABILITIES		**17,422**	13,767
TOTAL LIABILITIES		**4,581,209**	4,554,056
NET ASSETS		**5,441,115**	6,075,938
MEMBERS FUNDS			
Retained earnings		**5,182,462**	6,075,938
Asset Revaluation Reserve		258,653	-
TOTAL MEMBERS FUNDS		**5,441,115**	6,075,938

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2015

	Revaluation Reserve	Retained Earnings	Total Funds
	$	$	$
Balance at 1 July 2013	**-**	**6,039,093**	**6,039,093**
Total comprehensive income			
Profit for the year	-	36,845	36,845
Other comprehensive income	-	-	-
Total comprehensive income	-	36,845	36,845
Balance at 30 June 2014	**-**	**6,075,938**	**6,075,938**
Balance at 1 July 2014	**-**	**6,075,938**	**6,075,938**
Total comprehensive income			
Loss for the year	-	(893,476)	(893,476)
Other comprehensive income	258,653	-	258,653
Total comprehensive income	258,653	(893,476)	(634,823)
Balance at 30 June 2015	**258,653**	**5,182,462**	**5,441,115**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015	2014
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**10,670,103**	8,507,489
Payments to suppliers and employees		**(11,455,315)**	(8,953,629)
Grant received		**86,816**	50,000
Interest received		**51,657**	93,941
Income tax paid		**-**	-
Net cash provided by operating activities		**(646,739)**	(302,199)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**-**	19,663
Payment for property, plant and equipment		**(56,657)**	(3,336)
Payment for intangible assets		**(812,086)**	-
Payment for investments		**(691,598)**	(893,983)
Proceeds from sale of investments		**644,396**	204,971
Dividends received from investments		**125,550**	120,050
Net cash used in investing activities		**(790,395)**	(552,635)
Net decrease in cash held		**(1,437,134)**	(854,834)
Cash at beginning of financial year		**3,625,682**	4,480,516
Cash at end of financial year	8	**2,188,548**	3,625,682

The notes on pages 6 to 10 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: REPORTING ENTITY

The financial statements of Australian Gift & Homewares Association Limited (the "Company"), a not-for-profit entity, are as at and for the year ended 30 June 2015.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

In the opinion of the directors, the company is not publically accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 21st September 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3(d)).

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise 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.

(ii) Non-derivative financial liabilities

The Company initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Freehold land and buildings are measured on the revaluation basis. It is the policy of the company to have an independent valuation every three years, with annual appraisals being made by the directors.

In accordance with this policy, an independent valuation was carried out as at 30 June 2015 by a qualified valuer. The valuation amounted to $1,650,000, which included normal fixtures and fittings including fixed office fit out, but not including furniture, loose furnishings and any specialised plant and equipment. The value of property in the accounts at 30 June 2015 has been adjusted to reflect this valuation.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	5%	Straight Line
Plant and equipment	20 - 40%	Straight Line
Motor vehicles	15%	Straight Line

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life for current and comparative periods is 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost
The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(f) Revenue

Revenue from membership subscriptions is recognised in the period to which it relates. Revenue from trade fairs and Home and Giving production is recognised in the period in which the fair is held and publication is issued, respectively.
Other revenue is recognised when the right to receive the revenue has been established. All revenue is stated net of the amount of goods and services tax (GST).

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Finance income and finance costs

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.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets.

(i) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 4: DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity securities
The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

NOTE 5: REVENUE	2015 $	2014 $
Operating activities		
– trade fair and Home & Giving income	**7,903,346**	7,091,785
– membership fees	**521,482**	585,153
– commission	**232,741**	175,768
– export market development grant	**86,816**	50,000
– other revenue	**30,413**	521
Total Revenue	**8,774,798**	7,903,227

NOTE 6: FINANCE INCOME	2015 $	2014 $
Interest income on bank deposits	**51,657**	93,941
Investment income	**125,550**	120,050
Net change in fair value of financial assets at fair value through profit or loss	**(80,049)**	170,816
Gain on disposal of investments	**18,580**	-
Finance Income	**115,738**	384,807
Loss on disposal of investments	**-**	3,587
Finance costs	**-**	3,587

NOTE 7: INCOME TAX EXPENSE

(a) The components of tax expense comprise:		
Current tax	**124,605**	108,141
Deferred tax	**38,991**	15,148
Tax losses utilised	**(124,605)**	(108,141)
	38,991	15,148

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
(Loss)/profit before income tax	**(854,485)**	51,993
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	**(256,346)**	15,598
Tax effect of:		
– Income and expenses subject to mutuality	**317,367**	(81,790)
– Other assessable and non-deductible items	**23,705**	**61,354**
– Tax losses not recognised	**78,530**	128,127
– Tax losses utilised	**(124,265)**	(108,141)
Income tax attributable to entity	**38,991**	15,148

NOTE 8: CASH ASSETS		
Cash on hand	**1,000**	1,000
Cash at bank	**2,187,548**	3,624,682
Cash and cash equivalents in the statement of cash flows	**2,188,548**	3,625,682

NOTE 9: TRADE AND OTHER RECEIVABLES	2015 $	2014 $
CURRENT		
Trade debtors (a)	**1,165,707**	1,093,172
Less provision for doubtful debts	**(59,759)**	(50,317)
	1,105,948	1,042,855
Other debtors	**8,840**	84,315
	1,114,788	1,127,170

(a) Included in trade debtors are amounts owing by members relating to unearned income for future trade fairs (Note 16).

The Company has recognised an impairment loss of $50,343 with respect to trade and other receivables in the year ended 30 June 2015 (2014: $12,452).

NOTE 10: OTHER INVESTMENTS

	2015 $	2014 $
CURRENT		
Investments at fair value through profit and loss		
– Australian equities	**1,001,688**	1,400,774
– Fixed interest	**1,365,310**	1,061,680
– Property	**289,900**	208,711
	2,656,898	2,671,165
NON-CURRENT		
Investments at cost: APN Property Plus Portfolio	**139,000**	139,000
	139,000	139,000

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
BUILDINGS		
At cost	**1,852,972**	1,594,319
Less accumulated depreciation	**(202,972)**	(182,212)
Total buildings	**1,650,000**	1,412,107
IMPROVEMENTS		
At cost	**290,346**	290,346
Less accumulated depreciation	**(122,888)**	(121,469)
Total improvements	**167,458**	168,877
PLANT AND EQUIPMENT		
(a) Plant and equipment		
At cost	**1,009,189**	952,532
Less accumulated depreciation	**(803,681)**	(667,426)
	205,508	285,106
(b) Motor vehicles		
At cost	**27,038**	27,038
Less accumulated depreciation	**(13,610)**	(9,081)
	13,428	17,957
Total plant and equipment	**218,936**	303,063
Total property, plant and equipment	**2,036,394**	1,884,047

(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 $	Improvements $	Plant & Equipment $	Motor Vehicles $	Total $
2015					
Balance at the beginning of the year	1,412,107	168,877	285,106	17,957	1,884,047
Additions	-	-	56,657	-	56,657
Disposals	-	-	-	-	-
Depreciation expense	(20,760)	(1,419)	(136,255)	(4,529)	(162,963)
Revaluation	258,653	-	-	-	258,653
Carrying amount at end of the year	1,650,000	167,458	205,508	13,428	2,036,394

NOTE 12: INTANGIBLES

	2015 $	2014 $
Cost		
Balance at 1 July 2014	**-**	-
Acquisitions - external	**812,086**	-
Balance at 30 June 2015	**812,086**	-
Accumulated amortisation and impairment loss	**-**	-
Amortisation	**(267,988)**	-
Impairment loss	**(44,098)**	-
Balance at 30 June 2015	**(312,086)**	-
Carrying amounts		
At 1 July 2014	**-**	-
At 30 June 2015	**500,000**	-

The intangible asset relates to the acquisition of the "Fashion Exposed" trade show from Informa Australia Pty Limited on 19th August 2014. Due to results for the first year being below expectation the carrying value was assessed and an impairment of $44,098 made as a result.

NOTE 13: PAYABLES

	2015 $	2014 $
CURRENT		
Trade creditors	**81,598**	148,336
Sundry creditors and accruals	**201,938**	120,606
Other creditors	**155,583**	281,422
	439,119	550,364

NOTE 14: TAX

Recognised deferred tax assets and liabilities
Deferred tax assets/(liabilities) have been recognised in respect of the following items:

	2015	2014
Investments	**(72,592)**	(76,872)
Property, plant and equipment	**28,745**	65,047
Provisions and accruals	**4,856**	(3,323)
	(38,991)	(15,148)
Unused tax losses for which no deferred tax asset has been recognised @ 30%	**78,530**	128,127

NOTE 15: EMPLOYEE BENEFITS

	2015	2014
CURRENT		
Long service leave liability	**40,420**	31,659
Annual leave liability	**64,065**	92,857
	104,485	124,516
NON-CURRENT		
Long service leave liability	**17,422**	13,767
(a) Aggregate employee entitlements liability	**121,907**	138,283
(b) Number of employees at year end	**17**	16

NOTE 16: OTHER LIABILITIES

	2015	2014
CURRENT		
Unearned income	**3,981,192**	3,850,261
	3,981,192	3,850,261

(a) Unearned income relates to amounts received or receivable from members for future trade fairs.

NOTE 17: MEMBERS FUNDS

Australian Gift and Homewares Association Limited is incorporated and domiciled in Australia as a public company limited by guarantee. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to $100 per member in the event of winding up the Company during the time that he or she is a member or within one year thereafter. The number of members as at 30 June 2015 was 1,025 (2014: 997).

As at 30 June 2015, the total amount that members of the Company are liable to contribute if the Company is wound up is $102,500 (2014: $99,700).

NOTE 18: RELATED PARTY TRANSACTIONS

Key Management personnel and director transactions:
A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of these entities.

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

FINANCIAL REPORT CONTINUED

NOTE 18: RELATED PARTY TRANSACTIONS (CONT.)

	2015 $	2014 $
Short-term employee benefits	**290,257**	292,825
Long-term employee benefits	**-**	185
Post-employee benefits	**24,432**	15.043

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

NOTE 19: COMPANY DETAILS

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

NOTE 20: SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

INDEPENDENT AUDIT REPORT

DIRECTORS' DECLARATION

In the opinion of the directors of Australian Gift & Homewares Association Limited (the Company):

(a) the Company is not publicly accountable;

(b) the financial statements and notes, set out on pages 6 to 9, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

Richard Hogan
Director

Barry Marks
Director

Dated at Sydney this 21st day of September 2015

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Australian Gift & Homewares Association Limited (the Company), which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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 – Reduced 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

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

AUDITOR'S OPINION

In our opinion the 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 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations Act 2001*.

KPMG

Cameron Roan
Partner
Sydney, New South Wales

Dated at Sydney this 21st day of September 2015

DISCLAIMER

The additional financial information presented on pages 23 to 24 is in accordance with the books and records of Australian Gift & Homewares Association Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

KPMG

Dated at Sydney this 21st day of September 2015

TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	2015 $	2014 $
INCOME		
Trade fair and Home & Giving income	**7,903,346**	7,091,785
LESS DIRECT COSTS		
Venue costs	**3,205,862**	2,701,273
Other direct costs	**2,638,351**	2,311,560
Total direct costs	**5,844,213**	5,012,833
GROSS PROFIT	**2,059,133**	2,078,952
LESS EXPENSES		
Accommodation	**19,784**	44,853
Accounting fees	**-**	19,558
Advertising and marketing	**214,985**	191,452
Auditor's remuneration	**47,836**	33,866
Bank charges and fees	**35,956**	13,300
Computer expenses	**168,478**	180,141
Conference and meeting expenses	**16,917**	30,886
Consultancy fees	**254,869**	147,146
Database management	**-**	1,500
Depreciation	**430,951**	200,498
Impairment expense	**44,098**	-
Insurance	**34,824**	27,111
Lease charges	**-**	-
Legal costs	**186,431**	195,555
Loss from investments	**-**	3,587
Motor vehicle expenses	**2,503**	6,899
Postage	**17,199**	13,021
Printing and stationery	**31,138**	19,579
Rates and taxes	**14,087**	15,558
Repairs and maintenance	**5,964**	9,699
Salaries and wages	**1,850,514**	1,765,012
Social media	**-**	-
Special projects	**3,850**	2,500
Subscriptions	**36,795**	13,886
Sundry expenses	**366,933**	172,313
Telephone	**38,792**	32,491
Travelling expenses	**74,738**	60,220
IT infrastructure & website development	**3,166**	22,577
TOTAL EXPENSES	**3,900,808**	3,223,208
NET LOSS	**(1,841,675)**	(1,144,256)
OTHER OPERATING INCOME		
Members' subscriptions	**521,482**	585,153
Interest income	**51,657**	93,941
Commission	**232,741**	175,768
Investment income	**125,550**	120,050
EMD Grant	**86,816**	50,000
Net change in fair value of financial assets at fair value through profit or loss	**(80,049)**	170,816
Gain on Disposal of Assets	**18,580**	-
Other income	**30,413**	521
TOTAL OTHER OPERATING INCOME	**987,190**	1,196,249
OPERATING (LOSS)/PROFIT BEFORE INCOME TAX	**(854,485)**	51,993
Income tax expense	**(38,991)**	(15,148)
OPERATING (LOSS)/PROFIT AFTER INCOME TAX	**(893,476)**	36,845

The additional information should be read in conjunction with the Disclaimer on page 10.

&more.

AUSTRALIAN
Gift & Homewares
ASSOCIATION

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