

HAIR & BEAUTY AUSTRALIA
Financial Statements
2020–21

HAIR & BEAUTY AUSTRALIA

Financial Statements 2020–21

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Independent Audit Report to the Members of Hair and Beauty Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hair and Beauty Australia (the Reporting Unit), which comprises the statement of financial position as at 30 June 2021, 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, notes to the financial statements, including a summary of significant accounting policies, the subsection 255(2A) report, the Committee of Management Statement and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Hair and Beauty Australia as at 30 June 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (**the RO Act**).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with 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 my audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Directors Report accompanying the financial report.

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 Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 Committee of Management is responsible for assessing the Reporting Unit'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 Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's 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 Reporting Unit'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 Reporting Unit 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management 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.

I declare that I am an auditor registered under the RO Act.

Nexia Sydney Audit Pty Ltd



Vishal Modi

Director

Registered Auditor no. AA2019/20

Dated this 27th day of October 2021


HAIR & BEAUTY AUSTRALIA

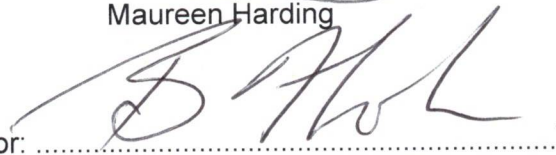
Report required under subsection 255(2A)

for the year ended 30 June 2021

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2021.

Categories of expenditures	2021 (\$)	2020 (\$)
Remuneration and other employment-related costs and expenses – employees	130,691	112,796
Advertising	25,761	98,907
Operating costs	256,648	294,680
Donations to political parties	-	-
Legal costs	10,000	-

Director: .....
Maureen Harding

Director: .....
Brian Flohm

Dated: 27/10/2021.....

HAIR & BEAUTY AUSTRALIA

Operating report

for the year ended 30 June 2021

The committee of management presents its operating report on the reporting unit for the year ended 30 June 2021.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activity of the entity during the financial year was:

- a) To safeguard and promote the interests of hairdressing, beauty and related industries in respect of legislation, and to propose legislation which would promote those industries.
- b) To maintain registration as an industrial organisation of employers under Fair Work (Registered Organisations) Act 2009 (Cth).
- c) To consider all matters affecting hairdressers, beauty therapists and related professionals, and to initiate and petition Parliament or ministers thereof; and to promote deputations in relation to measures affecting those professions.
- d) to obtain parliamentary or other legal acknowledgment of the rights and status of hairdressers, beauty therapists and related professions.
- e) to represent the profession or any individual business entity involved in the hairdressing, beauty and/ or related industries before any industrial tribunal or commission.
- f) to organise exhibitions, demonstrations, lectures, conferences and seminars on subjects pertaining to the hair, beauty and related industries.
- g) to provide industrial and other expert assistance to members in respect of all questions affecting the profession.
- h) to do such all other things as are incidental or conducive to the attainment of the above objects.

The results of those activities have been as follows:

- The entity has grown membership in All states and territories to become a truly national body.
- The entity has successfully represented members in both industrial courts and tribunals and to government and shadow government.
- The entity has provided seminars and presented at educational seminars to inform members.
- The deficit for the year amounted to (\$169,197) (2020: (\$108,334))
- There have not been any significant changes in the nature of these activities.

Significant changes in financial affairs

No significant changes in the financial affairs of the entity occurred during the financial year.

Right of members to resign

Members may resign, in accordance with section 174, as per provisions of rule 22.

Officers or members who are superannuation fund trustee(s) (include position details) or director of an entity that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

There are no officers or members of the organisation which are trustees of a superannuation entity or an exempt public sector superannuation scheme, or directors of an entity that is a trustee of a superannuation entity or an exempt public sector superannuation scheme where a criterion for being a trustee or director is that the officer or member is an officer or member of a registered organisation.

Number of members

The number of members as at 30 June 2021 was 648 (2020:613).

Number of employees

The number of employees as at 30 June 2021 which was measured on a full time equivalent basis was 3 (2020: 3).

Names of committee of management members and period positions held during the financial year

- Maureen Harding President
- Mario Nasso Honorary Secretary
- Brian Flohm Treasurer
- Wendy Michetti
- Helen Golisano
- Wendy Campbell
- Ken MacRae
- Samantha Oraya
- Peter Elchaar
- Brett Coubrough

Director 
 Maureen Harding

Director 
 Brian Flohm

Dated: 27/10/2021

HAIR & BEAUTY AUSTRALIA

Committee of management statement

for the year ended 30 June 2021

On 27 / 10 / 2021 committee of Management of Hair and Beauty Australia passed the following resolution in relation to the general-purpose financial report (GPFR) for the year ended 30 June 2021:

The committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.

Director


Maureen Harding

Director


Brian Flohm

Dated: 27/10/2021

HAIR & BEAUTY AUSTRALIA

Statement of comprehensive income

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	3		
Membership subscriptions		186,349	343,693
Capitation fees and other revenue from another reporting unit	3A	-	-
Levies	3B	-	-
Total revenue from contracts with customers		-	-
Income for furthering objectives	3		
Grants and/or donations	3C	-	-
Total income for furthering objectives		-	-
Other Income			
Revenue from recovery of wages activity	3D	-	-
Investment income		1,943	14,364
Rental income		2,400	2,400
Other income	3E	90,090	64,811
Total other income		94,433	81,575
Total income		280,781	425,268
Expenses			
Employee expenses	4A	150,191	133,796
Capitation fees and other expense to another reporting unit	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	-	-
Grants or donations	4E	-	-
Depreciation and amortisation	4F	26,878	27,219
Legal costs	4G	10,000	-
Other expenses	4H	-	-
Write-down and impairment of assets	4I	-	-
Sundry expenses	4J	258,596	368,087
Audit fees	11	4,500	4,500
Total expenses		449,978	533,602
Surplus (deficit) for the year		(169,197)	(108,334)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of land & buildings		124,960	74,960
Total comprehensive income for the year		(44,237)	(33,374)

The above statement should be read in conjunction with the notes.

HAIR & BEAUTY AUSTRALIA

Statement of financial position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5A	642,172	23,586
Trade and other receivables	5B	5,349	22,984
Other current assets	5C	4,784	10,345
Financial assets	5D	-	806,666
Total current assets		652,305	863,581
Non-current assets			
Property, plant and equipment	6A	1,558,878	1,460,796
Total non-current assets		1,558,878	1,460,796
Total assets		2,211,183	2,324,377
LIABILITIES			
Current liabilities			
Trade payables	7A	27,620	70,822
Other payables	7B	10,512	7,191
Deferred income	7C	102,571	130,563
Employee provisions	8A	1,789	2,873
Total current liabilities		142,492	211,449
Total liabilities		142,492	211,449
Net assets		2,068,691	2,112,928
EQUITY			
Reserves		2,474,302	2,349,342
Accumulated deficit		(405,611)	(236,414)
Total equity		2,068,691	2,112,928

The above statement should be read in conjunction with the notes.

HAIR & BEAUTY AUSTRALIA

Statement of changes in equity

for the year ended 30 June 2021

	Notes	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2019		2,274,382	(128,080)	2,146,302
Surplus / (deficit)		-	(108,334)	(108,334)
Other comprehensive income		74,960	-	74,960
Closing balance as at 30 June 2020		2,349,342	(236,414)	2,112,928
Surplus / (deficit)		-	(169,197)	(169,197)
Other comprehensive income		124,960	-	124,960
Closing balance as at 30 June 2021		2,474,302	(405,611)	2,068,691

The above statement should be read in conjunction with the notes.

HAIR & BEAUTY AUSTRALIA

Statement of cash flows

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from membership fees and others		301,167	455,279
Donations and Grants		-	-
Receipts from other reporting unit/controlled entity(s)	9B	-	-
Interest		2,043	15,523
Cash used			
Employees		(150,191)	(133,796)
Suppliers		(340,102)	(426,917)
Payment to other reporting units/controlled entity(s)	9B	-	-
Net cash from (used by) operating activities	9A	(187,083)	(106,306)
INVESTING ACTIVITIES			
Cash received			
Proceeds from financial assets		805,669	44,269
Cash used			
Payment for property, plant and equipment		-	(593)
Net cash from (used by) investing activities		805,669	43,676
FINANCING ACTIVITIES			
Net cash from (used by) financing activities		-	-
Net increase (decrease) in cash held		618,586	(62,630)
Cash & cash equivalents at the beginning of the reporting period		23,586	86,216
Cash & cash equivalents at the end of the reporting period	5A	642,172	23,586

The above statement should be read in conjunction with the notes.

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Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009 (RO Act)*. For the purpose of preparing the general purpose financial statements, Hair & Beauty Australia is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key estimates

(i) Impairment

The freehold land and buildings were independently valued at 30 June 2021 by Noonan Property. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$124,960 being recognised for the year ended 30 June 2021.

At 30 June 2021, the directors reviewed the key assumptions made by the valuers at 30 June 2021. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2021.

Key judgements

(i) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The entity expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but

this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except for the following accounting standards and amendments, which have been adopted for the first time this financial year:

Impact on adoption of AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to Hair and Beauty Australia.

AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business

The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments had no impact on the financial statements of Hair and Beauty Australia but may impact future periods should Hair and Beauty Australia enter into any business combinations.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard setter in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The amendments had no impact on the financial statements of Hair and Beauty Australia.

AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions

These amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under AASB 16 Leases, if the change were not a lease modification.

The amendments had no impact on the financial statements of Hair and Beauty Australia.

No accounting standard has been adopted earlier than the application date stated in the standard.

Future Australian Accounting Standards

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are not expected to have a future financial impact on Hair & Beauty Australia.

1.5 Current versus non-current classification

Hair & Beauty Australia presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Hair & Beauty Australia classifies all other liabilities as non-current.

1.6 Revenue

Hair & Beauty Australia enters various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where Hair & Beauty Australia has a contract with a customer, Hair & Beauty Australia recognises revenue when or as it transfers control of goods or services to the customer. Hair & Beauty Australia accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of Hair & Beauty Australia.

If there is only one distinct membership service promised in the arrangement, Hair & Beauty Australia recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect entity's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, Hair & Beauty Australia allocates the transaction price to each performance obligation based on the relative standalone selling price of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that Hair & Beauty Australia charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good or as the service transfers to the customer, Hair & Beauty Australia recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, Hair & Beauty Australia has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from Hair & Beauty Australia at their standalone selling price, Hair & Beauty Australia accounts for those sales as a separate contract with a customer.

Interest income

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Income of Hair and Beauty Australia as a Not-for-Profit Entity

Consideration is received by Hair and Beauty Australia to enable the entity to further its objectives. Hair and Beauty Australia recognises each of these amounts of consideration as income when the consideration is received (which is when Hair and Beauty Australia obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- Hair and Beauty Australia recognition of the cash contribution does not give rise to any related liabilities.

Hair and Beauty Australia receives cash consideration from the following arrangements whereby that consideration is recognised as income upon receipt:

- donations; and
- government grants.

1.7 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by Hair & Beauty Australia in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Hair & Beauty Australia recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.8 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9 Financial instruments

Financial assets and financial liabilities are recognised when Hair & Beauty Australia becomes a party to the contractual provisions of the instrument.

1.10 Financial assets

Contract assets and receivables

A contract asset is recognised when entity's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on entity's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, Hair & Beauty Australia initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Hair & Beauty Australia's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model

determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that Hair & Beauty Australia commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss.

Financial assets at amortised cost

Hair & Beauty Australia measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Hair & Beauty Australia's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Hair & Beauty Australia has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) Hair & Beauty Australia has transferred substantially all the risks and rewards of the asset; or
 - b) Hair & Beauty Australia has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When Hair & Beauty Australia has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Hair & Beauty Australia continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Impairment

Trade receivables

For trade receivables that do not have a significant financing component, Hair & Beauty Australia applies a simplified approach in calculating ECLs which requires lifetime ECLs to be recognised from initial recognition of the receivables.

Therefore, Hair & Beauty Australia does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Hair & Beauty Australia has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.11 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Hair and Beauty Australia's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 *Financial Instruments* are satisfied.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.12 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before Hair and Beauty Australia transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when Hair and Beauty Australia performs under the contract (i.e. transfers control of the related goods or services to the customer).

1.13 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Land, buildings, plant and equipment

Revaluations — land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2021	2020
Land & buildings	25 years	25 years
Plant and equipment	4 to 20 years	4 to 20 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

1.15 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than the carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Hair and Beauty Australia were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.16 Taxation

Hair and Beauty Australia is exempt from income tax under section 50.1 of the *Income Tax Assessment Act 1997* however still has an obligation for Fringe Benefits Tax (**FBT**) and the Goods and Services Tax (**GST**).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**); and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1.17 Fair value measurement

Hair & Beauty Australia measures financial instruments, such as, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A *Financial assets and liabilities*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by Hair & Beauty Australia. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Hair & Beauty Australia uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, Hair & Beauty Australia determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, Hair & Beauty Australia has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the entity is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the entity. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in subsequent financial periods.

2021	2020
\$	\$

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of Hair and Beauty Australia's revenue by type of arrangement is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer:

<i>Type of customer</i>		
Members	186,349	343,693
Other reporting units	-	-
Government	-	-
Other parties	-	-
Total revenue from contracts with customers	186,349	343,693

Note 3A: Capitation fees and other revenue from another reporting unit

Capitation fees:

Capitation fees	-	-
Subtotal capitation fees	-	-

Other revenue from another reporting unit:

Other revenue from another reporting unit	-	-
Subtotal other revenue from another reporting unit	-	-
Total capitation fees and other revenue from another reporting unit	-	-

Note 3B: Levies

Levies	-	-
Total levies	-	-

Note 3C: Grants and/or donations

Grants	-	-
Donations	-	-
Total grants and donations	-	-

Note 3D: Revenue from recovery of wages activity

Amounts recovered from employers in respect of wages	-	-
Interest received on recovered money	-	-
Total revenue from recovery of wages activity	-	-

	2021	2020
	\$	\$
Note 3E: Other income		
Government (Cashflow boost & Jobkeeper subsidy)	26,489	18,649
Commission and other income	63,601	46,162
Total other income	<u>90,090</u>	<u>64,811</u>

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Honorarium to board members	19,500	21,000
Subtotal employee expenses holders of office	<u>19,500</u>	<u>21,000</u>

Employees other than office holders:

Wages and salaries	120,043	103,765
Superannuation	10,647	9,032
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	<u>130,691</u>	<u>112,796</u>
Total employee expenses	<u>150,191</u>	<u>133,796</u>

Note 4B: Capitation fees and other expense to another reporting unit

Capitation fees

Capitation fees	-	-
Subtotal capitation fees	<u>-</u>	<u>-</u>

Other expense to another reporting unit

Other expense to another reporting unit	-	-
Subtotal other expense to another reporting unit	<u>-</u>	<u>-</u>
Total capitation fees and other expense to another reporting unit	<u>-</u>	<u>-</u>

Note 4C: Affiliation fees

Affiliation fees	-	-
Total affiliation fees/subscriptions	<u>-</u>	<u>-</u>

	2021	2020
	\$	\$
Note 4D: Administration expenses		
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	-	-
Total administration expenses	-	-
Note 4E: Grants or donations		
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-
Note 4F: Depreciation and amortisation		
Depreciation		
Land & buildings	24,960	24,960
Property, plant and equipment	1,918	2,259
Total depreciation	26,878	27,219
Total depreciation and amortisation	26,878	27,219
Note 4G: Legal costs		
Litigation	-	-
Other legal costs	10,000	-
Total legal costs	10,000	-
Note 4H: Other expenses		
Penalties - via RO Act or the <i>Fair Work Act 2009</i>	-	-
Total other expenses	-	-
Note 4I: Write-down and impairment of assets		
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Total write-down and impairment of assets	-	-

	2021	2020
	\$	\$
Note 4J: Sundry expenses		
Marketing	25,761	98,907
Bank fee	1,488	2,968
Computer expenses	2,367	5,144
Consultant fees	175,000	175,000
Insurance	6,461	5,820
Occupancy expenses	16,439	26,456
Repair and maintenance	-	22
Telephone	10,462	11,121
Training	-	4,050
Travelling	-	2,211
Administration expenses	18,814	19,949
Other	1,804	16,438
Total other expenses	258,596	368,087

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	642,140	23,554
Cash on hand	32	32
Total cash and cash equivalents	642,172	23,586

Note 5B: Trade and other receivables

Receivables from other reporting unit(s)

Receivables from other reporting unit(s)	-	-
Total receivables from other reporting unit(s)	-	-

Less allowance for expected credit losses

Less allowance for expected credit losses	-	-
Total allowance for expected credit losses	-	-
Receivable from other reporting unit(s) (net)	-	-

Other receivables:

GST receivable	489	7,913
Other	4,860	15,071
Total other receivables	5,349	22,984
Total trade and other receivables (net)	5,349	22,984

	2021	2020
	\$	\$
Note 5C: Other current assets		
Prepayments	4,784	10,345
Total other current assets	4,784	10,345

Note 5D: Financial assets

At amortised cost		
Interest bearing deposit – Westpac bank term deposit	-	806,666
Total financial assets	-	806,666

Note 6 Non-current Assets

Note 6A: Property, Plant and Equipment

2021

	Land & Buildings	Plant and Equipment	Total
	\$	\$	\$
Property, Plant and Equipment:			
Carrying amount	1,799,668	56,882	1,856,550
Accumulated depreciation	(249,668)	(48,005)	(297,673)
Total Property, Plant and Equipment	1,550,000	8,878	1,558,878

Reconciliation of opening and closing balances of property, plant and equipment

Net book value 1 July 2020	1,450,000	10,796	1,460,796
Additions:			
By purchase	-	-	-
Revaluations	124,960	-	124,960
Depreciation expense	(24,960)	(1,918)	(26,878)
Net book value 30 June 2021	1,550,000	8,878	1,558,878
Net book value as of 30 June 2021			
represented by:			
Gross book value	1,799,668	56,882	1,856,550
Accumulated depreciation and impairment	(249,668)	(48,005)	(297,673)
Net book value 30 June 2021	1,550,000	8,878	1,558,878

Note 6A: Property, Plant and Equipment (continued)

2020

	Land & Buildings \$	Plant and Equipment \$	Total \$
Property, Plant and Equipment:			
Carrying value	1,674,708	56,882	1,731,590
Accumulated depreciation	(224,708)	(46,086)	(270,794)
Total Property, Plant and Equipment	1,450,000	10,796	1,460,796

Reconciliation of opening and closing balances of property, plant and equipment

Net book value 1 July 2019	1,400,000	12,462	1,412,462
Additions:			
By purchase	-	593	593
Revaluations	74,960	-	74,960
Depreciation expense	(24,960)	(2,259)	(27,219)
Net book value 30 June 2020	1,450,000	10,796	1,460,796
Net book value as of 30 June 2020 represented by:			
Gross book value	1,674,708	56,882	1,731,590
Accumulated depreciation and impairment	(224,708)	(46,086)	(270,794)
Net book value 30 June 2020	1,450,000	10,796	1,460,796

Asset Revaluations

The freehold land and buildings were independently valued at 30 June 2021 by Noonan Property. The valuation resulted in a revaluation increment of \$124,960 being recognised in the revaluation surplus for the year ended 30 June 2021.

At 30 June 2021 the directors reviewed the key assumptions made by the valuers at 30 June 2021. They have concluded that these assumptions remain materially unchanged, and are satisfied that the carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2021.

Refer to Note 13 for detailed disclosures regarding the fair value measurement of the entity's freehold land and buildings

	2021	2020
	\$	\$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	27,620	70,822
Subtotal trade creditors	<u>27,620</u>	<u>70,822</u>
Payables to other reporting unit(s)		
Payables to other reporting unit(s)	-	-
Subtotal payables to other reporting unit(s)	<u>-</u>	<u>-</u>
Total trade payables	<u>27,620</u>	<u>70,822</u>

Settlement is usually made within 30 days.

Note 7B: Other payables

Superannuation	1,108	645
Payable to employers for making payroll deductions of membership subscriptions	-	-
Other current payables	9,404	6,546
Legal costs		
Litigation	-	-
Other legal costs	-	-
Total other payables	<u>10,512</u>	<u>7,191</u>

Note 7C: Deferred income

Deferred income	102,571	130,563
Total Deferred income	<u>102,571</u>	<u>130,563</u>

Note 8 Provisions

Note 8A: Employee provisions

Office holders:

Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—office holders	<u>-</u>	<u>-</u>

	2021 \$	2020 \$
Note 8A: Employee provisions (Continued)		
Employees other than office holders:		
Annual leave	1,789	2,873
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—employees other than office holders	1,789	2,873
Total employee provisions	1,789	2,873
Current	1,789	2,873
Non-current	-	-
Total employee provisions	1,789	2,873

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	642,172	23,586
Balance sheet	642,172	23,586
Difference	-	-

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	(169,197)	(108,334)
Adjustments		
Depreciation/amortisation	26,878	27,219
Cash interest – accrued interest	997	1,253
Changes in assets/liabilities		
(Increase)/decrease in net receivables	17,636	3,285
(Increase)/decrease in prepayments	5,561	1,280
Increase/(decrease) in payables	(40,992)	23,702
Increase/(decrease) in accrued expenses and other	1,110	-
Increase/(decrease) in employee provisions	(1,084)	(825)
Increase/(decrease) in deferred income	(27,992)	(53,886)
Net cash from (used by) operating activities	(187,083)	(106,307)

	2021	2020
	\$	\$
Note 9B: Cash flow information		
Cash inflows		
Other reporting unit/controlled entity	-	-
Total cash inflows	<u>-</u>	<u>-</u>
Cash outflows		
Other reporting unit/controlled entity	-	-
Total cash outflows	<u>-</u>	<u>-</u>

Note 10 Related Party Disclosures

Note 10A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Expenses paid to board members includes the following:

Board members' honorarium	19,500	21,000
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Note 10B: Key management personnel remuneration for the reporting period

Short-term employee benefits		
Salary (including annual leave taken)	57,748	-
Annual leave accrued	1,789	-
Performance bonus	-	-
Total short-term employee benefits	<u>59,537</u>	<u>-</u>
Post-employment benefits:		
Superannuation	5,486	-
Total post-employment benefits	<u>5,486</u>	<u>-</u>
Other long-term benefits:		
Long-service leave	-	-
Total other long-term benefits	<u>-</u>	<u>-</u>
Termination benefits	-	-
Total	<u>65,023</u>	<u>-</u>

	2021	2020
	\$	\$
Note10C: Transactions with key management personnel and their close family members		
Other transactions with key management personnel	-	-

Note 11 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	4,500	4,500
Other services	-	-
Total remuneration of auditors	4,500	4,500

Note 12 Financial Instruments

The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Note 12A: Categories of Financial Instruments

Financial assets

At amortised cost:		
Cash and cash equivalents	642,172	23,586
Accounts receivable and other debtors	5,349	22,984
Fixed interest securities	-	806,666
Total financial assets	647,521	853,236

Financial liabilities

At amortised cost:		
Accounts payable and other payables	38,132	78,013
Total financial liabilities	38,132	78,013

Note 12B: Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The entity has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	642,172	23,586
Accounts receivable and other debtors	5,349	22,984
Fixed interest securities	-	806,666
Total	647,521	853,236
Financial liabilities		
Accounts payable and other payables	38,132	78,013
Total	38,132	78,013

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2021	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	-	5,349	-	-	-	5,349
Expected credit loss	-	-	-	-	-	-

Note 12B: Credit risk (Continued)

30 June 2020	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default	-	22,984	-	-	-	22,984
Expected credit loss	-	-	-	-	-	-

Hair & Beauty Australia's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2021 and 2020 is the carrying amounts as illustrated above.

Note 12C: Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The entity's policy is to ensure no more than 30% of borrowings should mature in any 12-month period.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The entity does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis 2021

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Amounts payable and other payables	-	38,132	-	-	-	38,132
Total	-	38,132	-	-	-	38,132

Financial liability and financial asset maturity analysis 2020

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Amounts payable and other payables	-	78,013	-	-	-	78,013
Total	-	78,013	-	-	-	78,013

Note 12D: Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the entity to interest rate risk are limited to government and fixed interest securities, and cash on hand.

The entity also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The following table illustrates sensitivities to the entity's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Sensitivity analysis of the risk that the entity is exposed to for 2021

Risk variable	Change in risk variable %	Effect on	
		Profit or loss \$	Equity \$
Interest rate risk	- [+/- 1%]	+/- 6,422	+/- 6,422

Sensitivity analysis of the risk that the entity is exposed to for 2020

Risk variable	Change in risk variable %	Effect on	
		Profit or loss \$	Equity \$
Interest rate risk	- [+/- 1%]	+/-8,302	+/-8,302

Note 13 Fair value measurement

Hair & Beauty Australia measures and recognises the following assets at fair value on a recurring basis after initial recognition.

- Freehold land and buildings.

The entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Note 13A: Financial assets and liabilities

Management of Hair & Beauty Australia assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties.

The following table contains the carrying amounts and related fair values for entity's financial assets and liabilities:

	Carrying amount 2021 \$	Fair value 2021 \$	Carrying amount 2020 \$	Fair value 2020 \$
Financial assets				
Cash and cash equivalents	642,172	642,172	23,586	23,586
Accounts receivable and other debtors	5,349	5,349	22,984	22,984
Interest bearing deposit -Westpac bank term deposit	-	-	806,666	806,666
Total	647,521	647,521	853,236	853,236
Financial liabilities				
Amounts payable and other payables	38,132	38,131	78,013	78,013
Total	38,132	38,131	78,013	78,013

Note 13B: Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2021

	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value			
Land & Building	-	1,550,000	-
Total	-	1,550,000	-

Fair value hierarchy – 30 June 2020

	Level 1	Level 2	Level 3
Assets measured at fair value	\$	\$	\$
Land & Building	-	1,450,000	-
Total	-	1,450,000	-

Note 14 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- 1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- 3) A reporting unit must comply with an application made under subsection (1).

Officer declaration statement

We, Maureen Harding and Brian Flohm, being the office holders of the Hair & Beauty Australia, declare that the following activities did not occur during the reporting period ending 30 June 2021.

Hair & Beauty Australia did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Director:


Maureen Harding

Director:


Brian Flohm

Dated: 27/10/2021