Mainstreaming the Environment

2010/11 ANNUAL REPORT

AUSTRALIAN REFRIGERATION COUNCIL

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AUSTRALIAN REFRIGERATION COUNCIL

TABLE OF CONTENTS

BOARD OF DIRECTORS

In 2005, the Government appointed a Refrigeration & Air Conditioning (RAC) Board (the Australian Refrigeration Council – ARC) to administer the RAC licensing scheme. The Board comes from the ARC membership and is, therefore, representative of the RAC industry. The Board consists of three directors responsible for the stationary sector and three directors responsible for the automotive sector. The ARC CEO is the executive director.

Vehicle Air Conditioning Specialists of Australia
ARC Chairperson
Mark Padwick

Refrigeration & Air Conditioning Contractors Association
Robert Taylor

Air Conditioning & Refrigeration Wholesalers
Gary Kenworthy

National Electrical Contractors Association
Larry Moore








Motor Trades Association of Australia
Peter Taylor

Victorian Automobile Chamber of Commerce
Gunther Jurkschat

Australian Refrigeration Council
ARC CEO
Glenn Evans

Australian Refrigeration Council
Secretary
Richard Livingston

MEMBERSHIP OF THE ARC

ARC has fifteen affiliated Industry Bodies, representing the various sub-sectors of the refrigeration and air conditioning industry:

- Appliance Industry Association (AIA)
- Australian Institute of Refrigeration Air Conditioning & Heating (AIRAH)
- Air Conditioning & Mechanical Contractors Association (AMCA)
- Air Conditioning & Refrigeration Equipment Manufacturers Association (AREMA)
- Air Conditioning & Refrigeration Wholesalers Association (ARWA)
- Federation of Automotive Products Manufacturers (FAPM)
- Institute of Automotive Mechanical Engineers (IAME)
- Institute of Refrigeration & Air Conditioning Service Engineers (IRASE – RACCA QLD)
- Motor Trades Association of Australia (MTAA)
- National Electrical & Communications Association (NECA)
- Refrigerants Australia (RA)
- Refrigeration & Air Conditioning Contractors Association (RACCA)
- Refrigerant Reclaim Australia (RRA)
- Victorian Automobile Chamber of Commerce (VACC)
- Vehicle Air Conditioning Specialists of Australia (VASA)

ARC VISION

A better quality environment for Australia and Australians.

ARC MISSION

To reduce greenhouse gas and ozone depleting substance emissions and encourage energy efficiency.

ARC VALUES

Our organisational values reflect our attitude to the community, our services, our business and each other.

CHAIRPERSON'S REPORT

The 2010/11 year was one characterised by growth and engagement.

Licence activity, in financial terms, has grown 23% compared to 08/09 financial year (2 year licence renewal cycle); driven in part by ARC's compliance and communications activities.

Efficiency initiatives continue to underpin ARC business operations - improving convenience for licence and authorisation holders and increasing the value proposition have been key objectives.

The ARC has sought to promote licence and authorisation holders through the use of the ARCtick brand – in a measure of increasing business patronage. Consumers, building owners and end-of-life businesses have been a focus.

Looking forward, the introduction of the carbon price equivalent for refrigerants will require ARC to consider any market changes and how to respond to ensure refrigerant emissions continue to be prevented.

ARC, along with the rest of the industry, believes that all refrigerants should be licensed, thereby requiring appropriately qualified persons to handle them and that managing a phase-down of synthetic greenhouse gas refrigerants through the Montreal Protocol would be cost effective and efficient.

Energy efficiency is a growing area that increasingly involves ARC. Product performance and installation impact on energy usage both directly and indirectly. ARC remains in this space through the Government's Minimum Energy Performance Standards.

The ARC will continue to work at a global, national and local level with Government and industry to achieve the best possible result for the environment and industry.

The directors of the ARC continue to be generous with their time, expertise and knowledge and remain committed to the improvement of industry's environmental performance.

Mark Padwick

PERFORMANCE

PROCESSING

Licensing

There was a total of 69,510 licences and authorisations on the ARC database at the end of the 2010/11 financial year, including 52,937 licences and 16,573 authorisations.

Applications/Re-applications

35,191 applications/re-applications were received and processed in 2010/11. 9,365 were new applications.

Online Application Facility

26,496 online applications/re-applications were processed in 2010/11 (13,863 previous period). This represents 76% of all applications/re-applications received.

Infosec – Registered Assessor Program (IRAP) Assessment Update

In 2009 ARC underwent an external risk assessment of its Information Technology (IT) facilities in preparation for an IRAP assessment to 'In Confidence' level. An IRAP assessment is an external audit of IT facilities against the Australian Government Information Security Manual (ISM) and includes a number of security levels ranging from 'Unclassified' through to 'Top Secret'.

In 2010/11 ARC undertook an IRAP compliance criteria assessment against the Australian Government Information Security Manual (ISM). The results of this assessment have been forwarded to DSEWPaC for consideration.

PERFORMANCE

COMMUNICATIONS

Through successful communications strategies the ARC can increase the value of holding an Authorisation and Licence for those in the RAC sector. Communications strategies for industry, consumers and stakeholders help to expedite the flow of new regulatory information and increase consumer awareness on issues relating to the environment and the licence scheme.

Industry Communications

- Quarterly publication of ARC newsletter Cool Change (readership 60,000)
- Quarterly delivery of electronic newsletter E-news to ARC members
- Inaugural ARC Members' Forum – Oct 2010
- Production of free 'Good News' poster for use by Auto RTAs
- Published advertisements in various industry magazines promoting compliance with the licence scheme
- Participated in Australian Auto Aftermarket Expo – May 2010
- Advertising in AAEN Automotive Wall-chart

Consumer Communications

- Summer Communications strategy – Dec 2010 to Mar 2011
  - Over 6 million impressions for banner advertising (previous 1.4 million)
  - 1.9 million impressions for online campaigns (previous 1.7 million)
  - Generated 30,000 visitors to consumer website and licence check facility
- Air Conditioning Guide and Auto Air Conditioning Guide
  - 3,037 A/C Guide downloads (Dec-Mar) – 51 per day (41 previous period)
  - 560 Auto A/C Guide downloads (Dec-Mar) – 10 per day (new)
- Pilot advertising campaign in NSW community newspapers
- Focus groups and surveys completed to measure consumer awareness of ARC, licence scheme and environmental effects of refrigerant gas

Customer Service

- 53,375 Completed phone calls were taken between June 2010 – July 2011

PERFORMANCE

COMPLIANCE

Audit/Monitoring

In excess of 7,000 audits were undertaken during 2010/11. This included audits of existing permit holders, unlicensed businesses, customs inspections and incident site visits. Priority was placed on the monitoring and education of end-of-life businesses.

Minimum Energy Performance Standards (MEPS) – Survey

The ARC contributed to the Equipment Energy Efficiency Program's 'A Report on Inspections of 101 Retail Television Outlets in Australia'. This included auditing of the energy efficiency labelling on televisions, Australia-wide. See Energy Efficiency section for further information.

Standards Australia – Revision and development of standards

The ARC is participating in the revision of AS/NZS 1677.1 and 1677.2 Refrigerating Systems.

National Licensing – Refrigeration and Air-conditioning Mechanics Interim Advisory Committee

ARC is represented on this committee. The role of the committee is to advise on the structure and content of national licensing policy for refrigeration and air-conditioning – leading to a national Occupational Licensing System (NOLS).

Whilst the scheme administered by the ARC is environmentally based and the NOLS licence is consumer protection/OH+S based, ARC sees much merit in competency alignment.

Training

ARC continues to engage with training providers such as TAFEs and other RTOs, to ensure training outcomes are consistent with licence requirements.

DEPLETION OF OZONE – CLIMATE EFFECTS

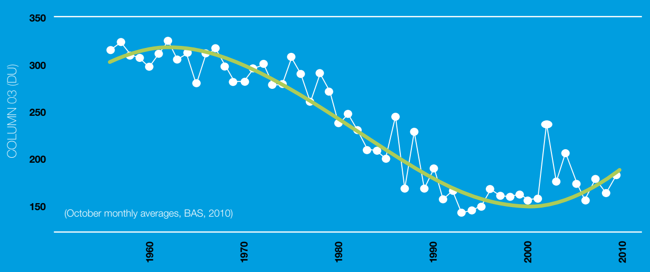
The RAC licence scheme, administered by the ARC, is part of the Australian Government's response to its obligations as a signatory to Montreal Protocol on substances that deplete the ozone layer. Since the Protocol came into effect in 1989, significant improvements to the ozone layer – and climate effects in general - have occurred.

The Ozone Hole

Average Minimum ozone levels are the most referenced measurement for defining the severity of the ozone hole. From this data alone it appears that the October mean ozone levels over Halley Bay, Antarctica may have started to increase again. This suggests an improvement in the conditions of the ozone hole.

Average Minimum ozone levels as observed over the Halley Bay Station (British Antarctica Survey), Antarctica throughout October.

Halley Bay Antarctica (CSIRO 2009)



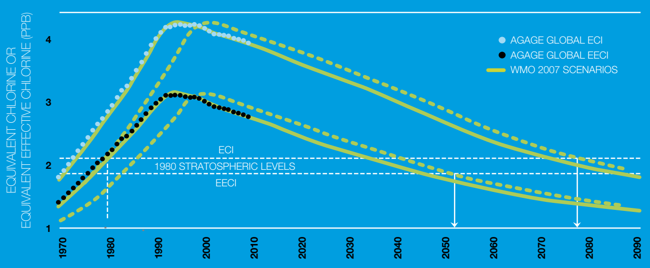
Chlorine in the Atmosphere

Measuring the levels of ozone depleting chlorine in the stratosphere is one way of determining the rate of ozone recovery.

This graph shows chlorine levels reaching their peak in 1994-95, with a steady decline of about 1% likely to occur over the next few decades.

The arrows indicate when the mid-latitude and Antarctic stratospheres will return to pre-1980s and pre-ozone hole levels respectively.

Equivalent Chlorine and Effective Equivalent Chlorine (ECI, EECI) from global measurements of all major ODS.



DEPLETION OF OZONE – CLIMATE EFFECTS

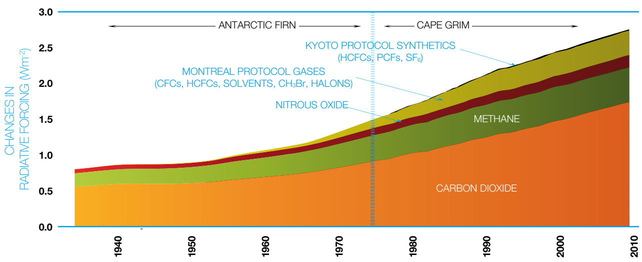
Climate Change

Over the past 100 years change in the global levels of greenhouse gases (GHGs) is considered the major contributor to climate change.

Since CFCs first appeared in the atmosphere in measurable quantities in the 1950s, the contributions of the various greenhouse gas 'categories' to radiative forcing up to 2006 are: CO2: 61%, CH4, 22%, Montreal Protocol gases (largely CFCs): 10%; N2O, 6%; Kyoto Protocol synthetic gases (largely HFCs): <1%.

Between 2005 and 2050 the contributions from CFCs will decline while those from HFCs will increase: CO2: 68%, CH4, 17%, Montreal Protocol gases (largely CFCs): 7%; N2O, 6%; Kyoto Protocol synthetic gases (largely HFCs), 2–3% (IPCC, 2001).

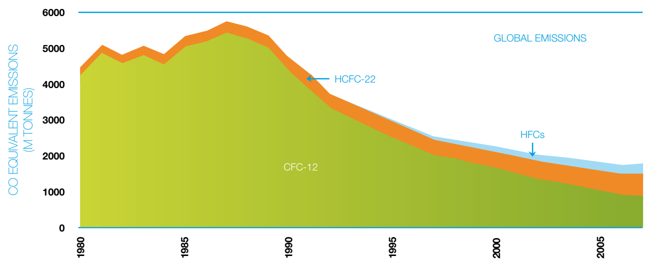
Radiative Forcing – The change in radiative forcing due to GHGs measured at Cape Grim Tasmania & Law Dome Antarctica (CSIRO 2009) & Law Dome Antarctica (CSIRO 2009).



Global Emissions

Overall, this graph shows that the introduction of the Montreal Protocol Agreement in the 1980s has led to a significant reduction in C02-e emissions. This can be seen by the reduction in CFC-12 emissions and, at the same time, the growth of HCFC-22 and HFC-22 emissions – both of which will decline in their emissions over time due to the phase out of HCFCs and HFCs under the Agreement.

Global refrigerant equivalent CO2 emissions (M tonnes CO2-e) derived from atmospheric abundance data from Cape Grim and other global stations.



ENERGY EFFICIENCY

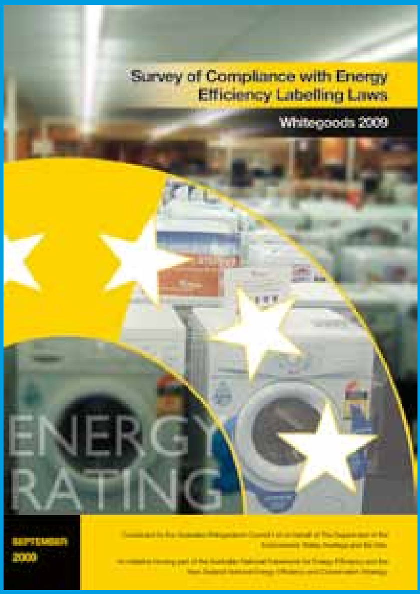
Improving the energy efficiency of appliances and products in the residential, commercial and industrial sectors has significant economic and environmental benefits.

The Government's E3 Equipment Energy Efficiency program is expected to yield a cumulative benefit of AUD $22.4 billion (and NZD $5.11 billion) by 2024.

The ARC is a key player in the energy efficiency space and undertakes numerous compliance activities on behalf of the Australian Government.

ARC's involvement in the E3 program is another way ARC remains at the forefront of environmental best practice.

Whitegoods survey



Air Conditioning survey

TV survey

ARC FINANCIAL STATEMENTS

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Independent Auditor's Report to the members of Australia Refrigeration Council Ltd

We have audited the accompanying financial report of Australian Refrigeration Council Ltd, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company as set out on pages 7 to 22.

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

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu

Auditors Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Refrigeration Council Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Australian Refrigeration Council Ltd 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 2011 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 2001*.

DELOITTE TOUCHE TOHMATSU

P A Roberts
Partner
Chartered Accountants Canberra,
25 October 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	$	$
Revenue from continuing operations	**4,794,397**	4,963,798
Administrative expenses	**(336,366)**	(407,151)
Compliance expenses	**(166,820)**	(72,059)
Depreciation expense	**(46,412)**	(46,291)
Directors' expenses	**(5,697)**	(9,328)
Employee benefits expense	**(2,805,215)**	(3,038,681)
Financial management expenses	**(67,681)**	(71,815)
IT Expenses	**(361,358)**	(316,025)
Other expenses	**(26,387)**	(19,595)
Publicity expenses	**(632,585)**	(657,165)
Rent and outgoings	**(253,913)**	(236,940)
Training expenses	**-**	(12,847)
Travel expenses	**(69,519)**	(75,803)
Surplus from continuing operations	**22,444**	98
Surplus for the year	**22,444**	98
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**22,444**	98

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**2,503,340**	1,737,159
Trade and other receivables	**50,113**	44,872
Other current assets	**152,598**	204,839
Total current assets	**2,706,051**	1,986,870
Noncurrent assets		
Property, plant and equipment	**61,067**	46,178
Total noncurrent assets	**61,067**	46,178
Total assets	**2,767,118**	2,033,048
LIABILITIES		
Current liabilities		
Trade and other payables	**309,970**	203,285
Provisions	**247,496**	252,859
Deferred income	**1,466,474**	869,135
Total current liabilities	**2,023,940**	1,325,279
Noncurrent liabilities		
Provisions	**43,898**	30,933
Total noncurrent liabilities	**43,898**	30,933
Total liabilities	**2,067,838**	1,356,212
Net assets	**699,280**	676,836
EQUITY		
Reserves	**493,663**	329,119
Retained earnings	**205,617**	347,717
Total equity	**699,280**	676,836

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Reserves	Retained earnings	Total equity
	$	$	$
Balance at 1 July 2009	**164,575**	**512,163**	**676,738**
Total comprehensive income for the year	-	98	98
Transfer to reserves	164,544	(164,544)	-
Balance at 30 June 2010	**329,119**	**347,717**	**676,836**
Balance at 1 July 2010	**329,119**	**347,717**	**676,836**
Total comprehensive income for the year	-	22,444	22,444
Transfer to reserves	164,544	(164,544)	-
Balance at 30 June 2011	**493,663**	**205,617**	**699,280**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**5,172,772**	5,505,853
Payments to suppliers and employees (inclusive of goods and services tax)	**(4,429,126)**	(5,334,269)
Interest received	**58,656**	37,349
Net cash inflow (outflow) from operating activities	**802,302**	208,933
Cash flows from investing activities		
Payments for property, plant and equipment	**(61,301)**	(19,002)
Net cash (outflow) inflow from investing activities	**(61,301)**	(19,002)
Net increase (decrease) in cash and cash equivalents	**741,001**	189,931
Cash and cash equivalents at the beginning of the financial year	**1,674,397**	1,484,466
Cash and cash equivalents at end of year	**2,415,398**	1,674,397

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*.

(i) Compliance with Australian Accounting Standards Reduced Disclosure Requirements

The financial statements of Australian Refrigeration Council Ltd comply with Australian Accounting Standards Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Early adoption of standards

The company has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The adoption of AASB 1053 and AASB 2011-2 allowed the entity to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

There were no other new or revised standards that impacted on the current year or prior year financial statements.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

(v) Financial statement presentation

The company has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All nonowner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the company had to change the presentation of its financial statements. Comparative information has been represented so that it is also in conformity with the revised standard.

(vi) Going concern basis

The going concern basis of accounting contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The company's contract with the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC) expires on the 12 September 2012. In the event that DSEWPaC seeks expressions of interest in relation to the provision of licensing services from the date of cessation of the current contractual arrangements, the directors of the company anticipate tendering for the contract.

Notwithstanding the above, the directors believe the company will continue as a going concern for the following reasons:

- The Directors believe the company is competitively positioned to be awarded the new contract having established systems and processes in place to meet DSEWPaC's requirements. This contract does not generate profits for the company as it is constructed on a cost recovery basis.
- The Directors continue to pursue additional business opportunities, including work for the Department of Climate Change and Energy Efficiency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the company not continue as a going concern.

(b) Income tax

Income tax is not brought to account as the company has exempt status under Division 50 Subdivision 5 of the Income *Tax Assessment Act 1997*.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Interest Revenue

Revenue is recognised when interest is earned on cash at bank deposits.

(ii) DSEWPaC Consultancy Funding

Revenues are based on the consultancy services contract with the Department of Sustainability, Environment, Water, Population and Communities. Revenues are recognised as earned on a monthly basis.

(iii) Rendering of Services

Revenues are recognised as earned as fee for service activities undertaken on a monthly basis.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other shortterm, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to shortterm receivables are not discounted if the effect of discounting is immaterial.

(f) Investments and other financial assets

Classification

The company classifies its financial assets as loans and receivables.

The classification of financial assets depends on the nature and purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as noncurrent assets.

Subsequent measurement

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on tradedate the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in surplus or deficit. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Impairment

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	3 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

(i) Shortterm obligations

Liabilities for wages and salaries, including nonmonetary benefits and annual leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for nonaccumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) Other longterm employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The company contributes to several superannuation plans. Contributions are recognised as an expense as they become payable.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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ARC AUSTRALIAN REFRIGERATION COUNCIL

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