Mainstreaming the Environment

2011/12 ANNUAL REPORT

ARC AUSTRALIAN REFRIGERATION COUNCIL

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www.lookforthetick.com.au

ARC AUSTRALIAN REFRIGERATION COUNCIL

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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 and Refrigeration Equipment Manufacturers Association of Australia
Kevin Lee

National Electrical and Communications Association
Larry Moore

Institute of Automotive Mechanical Engineers
Peter Blanshard

Victorian Automobile Chamber of Commerce
Gunther Jurkschat

Australian Refrigeration Council
ARC CEO
Glenn Evans

Australian Refrigeration Council
Richard Livingston
Secretary

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 of Australia (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.

Leadership and vision

We strive for excellence

Integrity

We are principled in our relationships

Teamwork

We achieve common goals by working together

Making a positive difference

We achieve enduring benefits for our customers

Chairperson's Report

The 2011-12 year was one characterised by change and challenge.

While licence activity continues to experience moderate growth and ARC are working hard to improve Industry engagement, the introduction of the Equivalent Carbon Price and securing the new Licence Contract have directed our efforts.

Securing the new Licence Contract for the next seven (7) years has been a highlight of the past twelve months.

The introduction of the Equivalent Carbon Price for refrigerants has necessitated ARC to consider any market changes and how to respond to ensure refrigerant emissions continue to be minimal.

Improved engagement with Industry through the annual ARC Industry forum, representation on various committees and through industry communications ensure that the ARC remain informed and relevant.

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

The ARC has promoted licence holders and authorised businesses 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.

ARC, along with the rest of the Industry, believes that all refrigerants should be licenced, thereby requiring appropriately qualified persons to handle them and that managing the phase-down of synthetic greenhouse gas refrigerants is better and lower cost under the Montreal Protocol.

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 advise 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

A total of 72,798 licences and authorisations were registered on the ARC database at the end of the 2011/12 financial year, including 55,620 licences and 17,178 authorisations. The 2011-12 year has seen significant licence growth with an increase of 2,806 Refrigerant Handling Licenses and 605 Refrigerant Trading Authorisations, reflective of a healthy market and driven in part by ARC's compliance and communications activities.

Applications/Re-applications

A total of 42,850 applications/re-applications were received and processed by ARC in 2011/12 including 10,840 new applications and 32,010 re-applications. This represents an increase of 7,659 applications/re-applications (1,475 applications and 6,184 re-applications) on 2010/11.

Online Application Facility

A total of 35,203 online applications/re-applications were received and processed by ARC in 2011/12 including 6,457 applications and 28,746 re-applications. This represents an increase of 8,707 applications/re-applications (1,755 applications and 6,942 re-applications) on 2010/11.

The Online applications/reapplication facility has proven extremely successful since its inception in July 2009 steadily increasing from 34% of all applications/re-applications in 2009/10 to 76% in 2010/11 and 83% in 2011/12.

Time to Process

> Licences – generally 5 business days

> Authorisations – generally 7 business days

The ARC is required to process applications within 30 days.

Application statistics

76% of licence and Authorisation applications are received with correct information to conduct an assessment.

Main reasons new Authorisation applications are assessed as incomplete:

> Incorrect details for linked licence holders

> Incorrect details for equipment

Main reasons new Licence applications are assessed as incomplete:

> Qualifications not certified

> Supervisors declaration not supplied (trainee licences only)

Performance

COMMUNICATIONS

Industry Communications

- Quarterly publication of ARC newsletter *Cool Change* – 73,453 total readership
  - 53% receive via print
  - 47% receive via email
- Quarterly delivery of electronic newsletter E-news to ARC members
- Advertising in various industry magazines
- 2011 ARC Members' Forum held in Sydney, 13th October 2011
- ARC participation at Air Conditioning, Refrigeration & Building Services Exhibition (ARBS) on 7-9 May 2012, in Melbourne, VIC
- Online facility for people to report alleged breaches of the Ozone Protection and Synthetic Greenhouse Gas Management Act 1989 and/or Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995
- Delivery of survey to RTAs after Audit

Consumer Communications

- Updates to ARC consumer website – www.lookforthetick.com.au
  - Authorised business search facility
  - Licence check facility
- Advertorial published in mainstream newspapers (VIC, NSW and QLD)
- Editorial included in various community papers throughout VIC
- Search engine marketing (Google)
- Online banner advertising
- Local paper advertising (SA, WA, TAS)
- ARC Air Con checklist – for consumers to read before purchasing an air conditioner

Summer Communications strategy results: Dec 2011 – April 2012:

- Total visits to www.lookforthetick.com.au = 40,214 (23% increase)
- RTA Business searches = 14,149 (33% increase)
- RHL licence check = 4,367 (18% increase)
- Downloads of Home Air Con and Auto Air Con Guides = 8,233 (53% increase)

Customer Service

In 2011/12 the ARC customer service team assisted, on average, 1,200 callers a week.

- 61, 934 Completed phone calls were taken between June 2011 – July 2012 (increase of 8000)

Performance

COMPLIANCE

Audit/Monitoring

In 2011/12 4,442 audits were undertaken with 3,580 audits deemed compliant. Of the 862 non-compliant audits, the ARC helped 345 authorisation holders return to compliance through a collaborative approach with these businesses.

When this approach has not achieved compliance cases have been referred to the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC). With the prospect of enforcement action by DSEWPaC, most of these breaches were resolved co-operatively.

90 non-compliant audits were referred to DSEWPaC for further follow up activities including issuing of warning letters and outlining what changes are needed to become compliant. As of July 2012, the remaining non-compliant cases were being managed through the compliance requirements by the ARC.

In 2011/12 the ARC also undertook 1,774 checks of non-authorised premises, a number of which related to complaints made to ARC. The vast majority of these complaints proved to be without merit.

The organisations visited included refrigeration and air conditioning (RAC) service companies, as well as end-of-life (EOL) RAC businesses such as metal/auto recyclers and demolition contractors. There has been a particular focus on EOL businesses.

Importantly, non-compliant businesses cannot renew their Authorisation, and therefore cannot buy refrigerant – effectively putting them out of business.

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.

Changing the world

The ARC licence scheme was introduced in 2005 as one of the Australian Government's responses to its Montreal Protocol obligations.

The Australian Government ratified the Montreal Protocol by passing the Ozone Protection Act 1989, laying the ground for Australia to play a leading role in ozone protection.

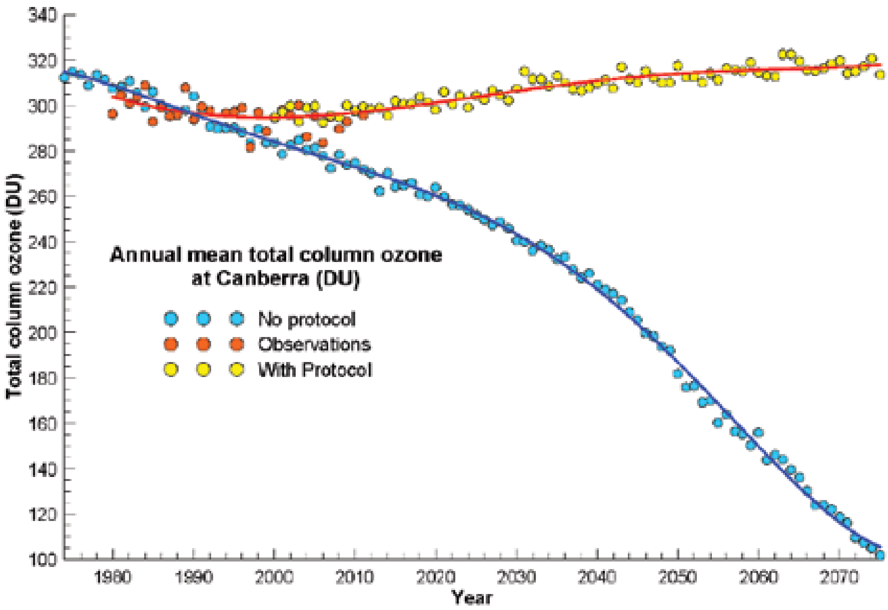
The Montreal Protocol is widely acknowledged as the most successful multilateral agreement, with all 197 member countries of the UN accepting legally binding obligations to phase out the production and consumption of ozone-depleting substances.

The story of the Montreal Protocol is one of science, governments and industry coming together to protect the life on Earth from damaging ultraviolet (UV) rays from the Sun.

With the strong support of the refrigeration and air conditioning industry in embracing the ARC licence scheme and related product stewardship schemes, Australia has met or exceeded all of its ozone depleting substance phase-out obligations. In doing so, Australia will use 60 per cent less HCFCs than permitted under the Montreal Protocol.

Since the establishment of the licensing and product stewardship schemes, the refrigeration and air conditioning industry has recovered 3100 MT of ozone depleting substances from RAC equipment during servicing or at the end of its service life, thus averting further deterioration of the ozone layer.

Life in Canberra without Montreal Protocol



Graph courtesy of Bodeker Scientific

Energy Efficiency

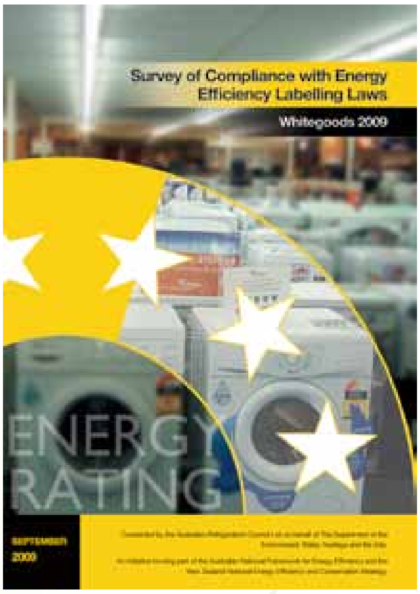
Improving the energy efficiency of appliances and products in the residential, commercial and industrial sectors has significant economic and environmental benefits.

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

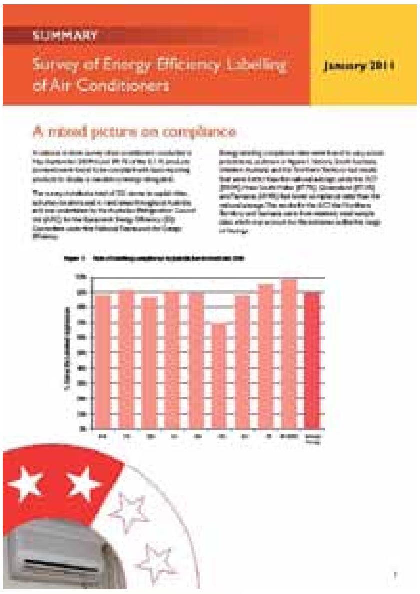
The ARC is a key player in the energy efficiency space and undertakes numerous compliance activities on behalf of the Australian Government.

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

Stakeholder Support

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22 February 2012

Ms Erica Crone
Ozone and Synthetic Gas Team
Department of Sustainability, Environment,
Water, Population and Communities
GPO Box 787
Canberra ACT 2601

Dear Ms Crone

Refrigerants Australia wishes to express our strong support for the outstanding work of the Australian Refrigeration Council in administering the national licencing and accreditation program for the airconditioning and refrigeration industry.

Refrigerants Australia recognises that such a service is essential to the effective management of synthetic refrigerants in Australia.

In fact, the licencing accredited program developed from a Refrigerants Australia initiative, with funding from GGAP in 2001.

The Australian Refrigeration Council has done an excellent job of implementing this program, particularly given that, in our view, the program is under resourced.

ARC management and staff operate effectively and knowledgably in a sensitive industry environment, and have our organisation's complete confidence.

We strongly support ARC's continuation of this important task.

Yours Faithfully

Steve Anderson
Executive Director

ARC Financial Statements

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Australian 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 2012, 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 6 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 gives a true and fair view and 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.

Independent Auditor's Report (cont'd)

Auditor's 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 2012 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

DELOITTE TOUCHE TOHMATSU

Alexandra Spark
Partner
Chartered Accountants
Canberra, 8 November 2012

Statement of Comprehensive Income

for the year ended 30 June 2012

	2012	2011
	$	$
Revenue from continuing operations	**4,918,363**	4,794,397
Administrative expenses	**(220,688)**	(336,366)
Compliance expenses	**(165,863)**	(166,820)
Depreciation expense	**(44,119)**	(46,412)
Directors' expenses	**(91,774)**	(5,697)
Employee benefits expense	**(2,845,826)**	(2,805,215)
Financial management expenses	**(70,393)**	(67,681)
IT expenses	**(305,236)**	(361,358)
Other expenses	**(44,856)**	(26,387)
Publicity expenses	**(650,495)**	(632,585)
Rent and outgoings	**(263,063)**	(253,913)
Travel expenses	**(80,321)**	(69,519)
Surplus for the year	**135,729**	22,444
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**135,729**	22,444

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

for the year ended 30 June 2012

	2012	2011
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**2,367,525**	2,503,340
Trade and other receivables	**69,608**	50,113
Other current assets	**27,113**	152,598
Total current assets	**2,464,246**	2,706,051
Non-current assets		
Property, plant and equipment	**69,668**	61,067
Total non-current assets	**69,668**	61,067
Total assets	**2,533,914**	2,767,118
LIABILITIES		
Current liabilities		
Trade and other payables	**248,001**	309,970
Provisions	**262,544**	247,496
Deferred income	**1,072,808**	1,466,474
Total current liabilities	**1,583,353**	2,023,940
Non-current liabilities		
Provisions	**115,552**	43,898
Total non-current liabilities	**115,552**	43,898
Total liabilities	**1,698,905**	2,067,838
Net assets	**835,009**	699,280
EQUITY		
Reserves	**658,207**	493,663
Retained earnings	**176,802**	205,617
Total equity	**835,009**	699,280

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2012

	Reserves	Retained earnings	Total equity
	$	$	$
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**
Balance at 1 July 2011	493,663	205,617	699,280
Total comprehensive income for the year	-	135,729	135,729
Transfer to reserve	164,544	(164,544)	-
Balance at 30 June 2012	658,207	176,802	835,009

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2012

	2012	2011
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**5,476,951**	5,172,772
Payments to suppliers and employees (inclusive of goods and services tax)	**(5,641,104)**	(4,429,126)
Interest received	**70,725**	58,656
Net cash (outflow) inflow from operating activities	**(93,428)**	802,302
Cash flows from investing activities		
Payments for property, plant and equipment	**(52,720)**	(61,301)
Net cash outflow from investing activities	**(52,720)**	(61,301)
Net (decrease) increase in cash and cash equivalents	**(146,148)**	741,001
Cash and cash equivalents at the beginning of the financial year	**2,415,398**	1,674,397
Cash and cash equivalents at the end of the year	**2,269,250**	2,415,398

The above statement of cash flows should be read in conjunction with the accompanying notes.

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 not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(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) 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) expired on the 12 September 2012. A new contract between DSEWPaC and the Company was signed, commencing on the 9 October 2012 which continues the Company's operations in a manner comparable to that under the previous contract.

The Directors continue to pursue additional business opportunities, including work for the Department of Climate Change and Energy Efficiency.

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 Sub-division 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 short-term, 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 short-term 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 non-derivative 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 non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

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 trade-date - 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.

Summary of significant accounting policies

(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) Short-term obligations

Liabilities for wages and salaries, including non-monetary 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 non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term 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.

Critical accounting estimates and judgements

(i) *Critical judgements in applying the entity's accounting policies*

There were no critical judgements in the process of applying the Company's accounting policies.

(ii) *Key sources of estimation uncertainty*

There are no significant key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Phone: 1300 88 44 83
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www.lookforthetick.com.au

ARC AUSTRALIAN REFRIGERATION COUNCIL

ARC1931 Johanna Villani Design