Supporting the environment, industry and society

2014/15 ANNUAL REPORT
Industry engagement has been a focus over the past twelve months for the Australian Refrigeration Council (ARC) and the profile and credibility of the ARC has grown to new heights.

Consultation with Industry has seen a range of initiatives adopted to better communicate with ARC Members, licensed technicians and businesses, and consumers.

A focus has been upstream relationships with those consumers and clients of refrigeration and air conditioning (RAC) work to ‘value-add’ to the licence by actively driving business to ARC licence holders.

The ARC licence is a ‘by industry, for and on behalf of industry’ scheme, being sensitive and responsive to Industry challenges and opportunities of both the day and into the future.

The scheme is extremely effective, in addition to 6,000 audits being undertaken in 2014-15 by ARC Field Officers, 70 businesses did not have their licence renewed due to non-compliance.

The ARC licence is the industry standard. There are almost twice as many ARC licences as there are in the three States which host occupational licences for the RAC sector.

The review of the Ozone Protection and Synthetic Greenhouse Gas Management Act 1989 during the past twelve months has seen strong industry support of the ARC and the role it currently plays – and possible future roles.

As the peak industry body, the ARC is well positioned to make the most of future opportunities. Licensing of all refrigerants and occupational licensing are two such possible opportunities. Current challenges include mixed refrigerants and safely handling flammable refrigerant.

Efficiency is a focus too, with service times for issuing of licences remaining less than a week, and with in-excess of 70% of completed licence applications being issued the next day.

ARC’s customer service staff provide a valuable industry resource assisting over 1,200 industry enquiries per week.

A great deal has been achieved over the past twelve months and there remains much to accomplish in what are exciting times for the industry.

I would like to thank my fellow Directors who work tirelessly on behalf of the RAC industry.

Kevin O’Shea
ARC Chairperson
ARC Objectives

• Promote best practice in the mobile and stationary refrigeration and air conditioning industries

• Promote sustainable and responsible environmental practices in the refrigeration and air conditioning industries

• Encourage best practice in the training procedures for refrigeration and air conditioning operations

• Act as a national industry body for the licensing of trades-people and the authorisation of companies in the refrigeration and air conditioning industries
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.

1 Kevin O’Shea, Chairperson
Refrigeration & Air Conditioning Contractors Association

2 Ian Stangroome
Vehicle Air Conditioning Specialists of Australia

3 Peter Blanshard
Institute of Automotive Mechanical Engineers

4 Phil Donnelly
National Electrical and Communications Association

5 Brian Savage
Victorian Automobile Chamber of Commerce

6 Mark Padwick
Air Conditioning & Refrigeration Equipment Manufacturers Association of Australia

7 Glenn Evans, CEO
Australian Refrigeration Council

8 Richard Livingston, Secretary
Australian Refrigeration Council

"By placing an industry-based administrator at the national level, the (ARC) licensing scheme has established a highly skilled workforce and a coordination point for communicating the regulations with the backing of legislative power in relation to gas emissions."

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 (MTA)
- 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 licence holders – qualified environmental champions

ARC-licensed technicians are some of the most professional and qualified trade-based licence holders in Australia. Not only must they achieve relevant, nationally recognised qualifications, they must also demonstrate how they meet the licensing requirements under the Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995 and adhere to an Industry Code of Practice.

Ensuring only professional and qualified technicians handle ozone depleting substances (ODS) and synthetic greenhouse gases (SGG) is one of the key pillars of Australia’s environmental product stewardship scheme. In Australia, the regulations around refrigerants has three pillars – import licensing, domestic licensing and recovery/destruction. This framework controls the import, trade, handling and destruction of refrigerants that are key causes of ozone depletion and a contributors to global warming.

The ARC domestic refrigeration and air conditioning industry licence provides the important link between import and destruction that makes Australia’s scheme so effective.

Domestic licensing ensures a high quality and skilled workforce, minimises refrigerant emissions during the working life of equipment and facilitates refrigerant recovery.

Since 2003, the work of ARC-licensed businesses and technicians has contributed to 24.37 Megatonnes of CO2-e direct emissions reductions. The ARC licence scheme will continue to provide significant direct and indirect emissions savings over the next two decades, with further direct emissions reductions estimated at 58.02 Mt CO2 projected to 2030.*


The three key pillars of Australia’s environmental protection scheme:

1. Import, export and manufacture of ODS and SGG refrigerant (including pre-charged equipment)
   • Australian Government
   • 1,173 equipment and import licences

2. Domestic refrigeration and air conditioning industry licence
   • Australian Refrigeration Council (ARC)
   • Licensing, compliance and education activities
   • 78,000 licensed individuals and businesses
   • 24.37 Megatonnes of CO2-e direct emissions reductions achieved

3. Refrigerant recovery / destruction
   • Refrigerant Reclaim Australia
   • Rebate and credit scheme
   • Prevented the emission of 5,000 tonnes of CFC, HCFC, and HFC
   • Saved 10 million tonnes of stratospheric ozone from being destroyed
   • Stopped 10 million tonnes of carbon dioxide equivalent (CO2) entering the atmosphere
Performance Snapshot

24.37 Megatonnes of CO2-e

direct emissions reductions achieved as a result of the ARC licence scheme

Expert Group, Assessment of environmental impacts from the C1zone Protection and Synthetic Greenhouse Gas Management Act 1989, April 2015.

78,000
licensed individuals and businesses

6,000+ compliance visits and investigations annually

65,000+ enquiries responded to by ARC Customer Service team annually

110,000+ visits to consumer education website each summer
ARC Performance

Supporting the environment, industry and society

2014/15 ANNUAL REPORT
Licensing

Processing
A total of 78,203 Refrigerant Handling Licences (RHL) and Refrigerant Trading Authorisations (RTA) were registered on the ARC database at the end of the 2014/15 financial year, including 60,884 licences and 17,319 authorisations.

Applications/Re-applications
A total of 40,206 applications/re-applications were received and processed by ARC in 2014/15 including 32,524 RHLs and 7,682 RTAs.

Online Application Facility
A total of 37,061 online applications/re-applications were received and processed by ARC in 2014/15 including 29,694 RHLs and 7,367 RTAs. This represents 93% of all applications received.

Time to process
• Licences – generally within 5 business days
• Authorisations – generally within 7 business days
• Over 70% issued next day

The ARC is required to process applications within 30 days.

Application statistics
It pays to submit a complete application. 76% of complete applications are issued the next day.

Main reasons Authorisation applications are assessed as incomplete:
• Incorrect details for licence holders
• Incorrect details for equipment
• Incorrect details for branch offices
• Failure to supply an appropriate Risk Management Plan
• Outstanding non-compliance issues

Main reasons new Licence applications are assessed as incomplete:
• Incorrect or incomplete qualification documents
• Supervisor declaration not supplied (Trainee RHL)
• Trainer declaration not supplied (Classroom Trainee RHL)
**Compliance**

**Audit/Monitoring**
- 6,101 Audits of refrigeration and air conditioning businesses
- 3,888 compliant
- 2,213 non-compliant

**ARC helps businesses to succeed**
Over one third of Audits fail in the first instance. ARC Field Officers work collaboratively with the licence holder to ensure they are compliant and that compliance becomes a normal part of their business practice.

**Dealing with non-compliance**
- 70 re-applications were refused due to on-going compliance issues

That 70 businesses who did not follow their legal obligations are now ‘out of business’ when it comes to purchasing and handling refrigerant gas, means the licence scheme is working.

**Enforcement**
131 non-compliant Audits were referred to the Department of the Environment (DOE) for further follow up activities including issuing of warning letters and outlining what changes are needed to become compliant. As of July 2015, the remaining non-compliant cases were being managed through the compliance requirements by the ARC.

**Non-licensed activity**
545 inspections of non-authorised premises were conducted. The organisations visited included refrigeration and air conditioning (RAC) service companies, as well as end-of-life RAC businesses such as metal/auto recyclers and demolition contractors.

ARC investigated 55 potential breaches of the Regulations, with 2 potential breaches referred to the DoE for further investigation.

Supporting the environment, industry and society
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Communications

ARC Communications are designed to improve licensed/authorised businesses. Consumers and other end users are also targeted to maximise effectiveness. A strategic ‘communications plan’ is developed on an annual basis.

Industry Communications

- Produced workshop signage and vehicle stickers for licensed industry – free of charge
- Mail-out of educational material promoting refrigerant recovery to metal recyclers, smash repairers, auto recyclers and local council organisations
- New ARC industry website launched – easier for industry to apply, renew and find information
- Personalised marketing materials made available for industry to promote their compliance
- Media strategy executed promoting ARC licence to industry and broader community

Industry Engagement

- 5th Annual ARC Members’ Forum held in Brisbane on 14th October 2014
- ARC Board Meetings open to ARC members
- 5% of all RTAs audited were surveyed to ensure ARC Audit practices are effective and efficient
- Actively promote member organisations for industry benefit
- Online feedback facility on website

Consumer Communications

- Online communications campaign between November 2014 and March 2015
  - 110,000 visitors to ARC consumer website (44% increase on previous year)
  - 3,626 RTA business directory searches (5% increase)
  - 10,000 downloads of various ARC information guides (1% increase)
- Editorial promoting the use of licensed technicians in community newspapers throughout Australia
- Local paper advertising in Feb/March/April targeting regional areas prior to scheduled Audits – ACT, regional VIC, TAS, NT and Far North QLD

ARC Industry participation

- ARC participated at the Australian Automotive Aftermarket Expo in VIC
- ARC participated at the Climate Control News (CCN) Live event in NSW
- ARC visited the Refrigeration and Air Conditioning Expo (RACE) Expo in QLD
- ARC sits on various Australian Standards Committees
- Participating in Automotive Air Conditioning Code of Practice Review

Customer Service

In 2014/15 the customer service team assisted, on average, 1,211 callers per week.

- 64,203 completed phone calls were taken between June 2014 and July 2015
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 2015, 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 24.

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 Australian Charities and Not-for-profits Commission Act 2012 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.
Auditor’s Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Opinion

In our opinion, the financial report of Australian Refrigeration Council Ltd is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the company’s financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

DELOITTE TOUCHE TOHMATSU

Alexandra Spark
Partner
Chartered Accountants
Canberra, 5 November 2015
## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue from continuing operations</strong></td>
<td>5,492,390</td>
<td>5,346,135</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(333,135)</td>
<td>(333,125)</td>
</tr>
<tr>
<td>Compliance expenses</td>
<td>(190,958)</td>
<td>(204,129)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(95,188)</td>
<td>(48,103)</td>
</tr>
<tr>
<td>Directors’ expenses</td>
<td>(56,989)</td>
<td>(52,222)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(3,055,548)</td>
<td>(2,971,512)</td>
</tr>
<tr>
<td>Financial management expenses</td>
<td>(161,806)</td>
<td>(177,138)</td>
</tr>
<tr>
<td>IT expenses</td>
<td>(308,094)</td>
<td>(277,299)</td>
</tr>
<tr>
<td>Publicity expenses</td>
<td>(538,753)</td>
<td>(566,330)</td>
</tr>
<tr>
<td>Rent and outgoings</td>
<td>(360,503)</td>
<td>(296,357)</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>(58,727)</td>
<td>(50,331)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(3,540)</td>
<td>(120)</td>
</tr>
<tr>
<td><strong>Surplus for the year</strong></td>
<td>329,149</td>
<td>369,469</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>329,149</td>
<td>369,469</td>
</tr>
</tbody>
</table>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
## Statement of Financial Position

**as at 30 June 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,691,649</td>
<td>3,228,589</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>60,199</td>
<td>8,568</td>
</tr>
<tr>
<td>Other current assets</td>
<td>32,481</td>
<td>25,152</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,784,329</td>
<td>3,262,309</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>143,748</td>
<td>77,521</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>2,052,826</td>
<td>118,000</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>2,196,574</td>
<td>195,521</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>3,980,903</td>
<td>3,457,830</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>260,645</td>
<td>218,940</td>
</tr>
<tr>
<td>Provisions</td>
<td>413,633</td>
<td>279,355</td>
</tr>
<tr>
<td>Deferred income</td>
<td>1,138,259</td>
<td>1,105,106</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,812,537</td>
<td>1,603,401</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>158,977</td>
<td>174,189</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>158,977</td>
<td>174,189</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,971,514</td>
<td>1,777,590</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>2,009,389</td>
<td>1,680,240</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>1,777,093</td>
<td>1,353,073</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>232,296</td>
<td>327,167</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>2,009,389</td>
<td>1,680,240</td>
</tr>
</tbody>
</table>

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 2015

<table>
<thead>
<tr>
<th></th>
<th>Reserves</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2013</strong></td>
<td>979,513</td>
<td>331,258</td>
<td>1,310,771</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>369,469</td>
<td>369,469</td>
</tr>
<tr>
<td>Transfer to reserves</td>
<td>373,560</td>
<td>(373,560)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2014</strong></td>
<td>1,353,073</td>
<td>327,167</td>
<td>1,680,240</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance at 1 July 2014</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>329,149</td>
<td>329,149</td>
</tr>
<tr>
<td>Transfer to reserves</td>
<td>424,020</td>
<td>(424,020)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2015</strong></td>
<td>1,777,093</td>
<td>232,296</td>
<td>2,009,389</td>
</tr>
</tbody>
</table>

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 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers (inclusive of goods and services tax)</td>
<td>6,010,366</td>
<td>5,909,477</td>
</tr>
<tr>
<td>Payments to suppliers and employees (inclusive of goods and services tax)</td>
<td>(5,494,348)</td>
<td>(5,402,950)</td>
</tr>
<tr>
<td>Interest received</td>
<td>18,449</td>
<td>47,474</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>534,467</td>
<td>554,001</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for other financial assets</td>
<td>(1,934,826)</td>
<td>(118,000)</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(161,415)</td>
<td>(58,876)</td>
</tr>
<tr>
<td><strong>Net cash (outflow) from investing activities</strong></td>
<td>(2,096,241)</td>
<td>(176,876)</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash and cash equivalents</strong></td>
<td>(1,561,774)</td>
<td>377,125</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the financial year</td>
<td>3,175,290</td>
<td>2,798,165</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>1,613,516</td>
<td>3,175,290</td>
</tr>
</tbody>
</table>

The above statement of cash flows should be read in conjunction with the accompanying notes.
The principal accounting policies adopted in the preparation of these 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 Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit entity.

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

(ii) Historical cost convention
These financial statements have been prepared under the historical cost convention.

(iii) New and amended standards adopted by the Company
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 had a material impact on any of the amounts recognised in the current period or any prior period and are not likely to have a material impact in future periods.

(iv) New and amended standards not yet adopted by the Company
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Company. The Company’s assessment of the impact of these new standards and interpretations is set out below:

• AASB 9 Financial Instruments (effective 1 January 2018)
  AASB 9 will be applicable for the financial years commencing on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and financial liabilities as well as new rules for hedge accounting. The company has yet to determine which, if any, of its disclosures will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on the financial statements. The company does not intend to adopt the standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2018.

• AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)
  The Company is expected to adopt AASB 15 for the annual reporting period ending 30 June 2018. The Company has not yet assessed the impact of AASB 15 and therefore it is impracticable at this stage to provide a reasonable estimation of the impact.

(v) 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(vi) Going concern basis
The financial report has been prepared on a 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.

At 30 June 2015 the Company’s current liabilities exceeded the current assets causing a $28,208 net current deficiency. The company does however maintain a net asset position overall and generated a profit for the 2015 financial year. The Director’s are comfortable that the company is solvent and that this current deficiency will not be realised.

(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. ARC has met the requirements for payroll and company tax exemption for the financial year ending 30 June 2015.

(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) **Department of the Environment Consultancy Funding**
Revenues are based on the consultancy services contract with the Department of the Environment. 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 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 (Note 6) 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 a 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:

<table>
<thead>
<tr>
<th>Component</th>
<th>Useful Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>3</td>
</tr>
<tr>
<td>Fixtures and fittings</td>
<td>3</td>
</tr>
<tr>
<td>Victoria fit-out</td>
<td>3</td>
</tr>
</tbody>
</table>
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 employee’s 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 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.

Critical accounting estimates and judgements

(a) Critical judgements in applying the entity’s accounting policies
There were no critical judgements in the process of applying the Company’s accounting policies.

(b) 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.