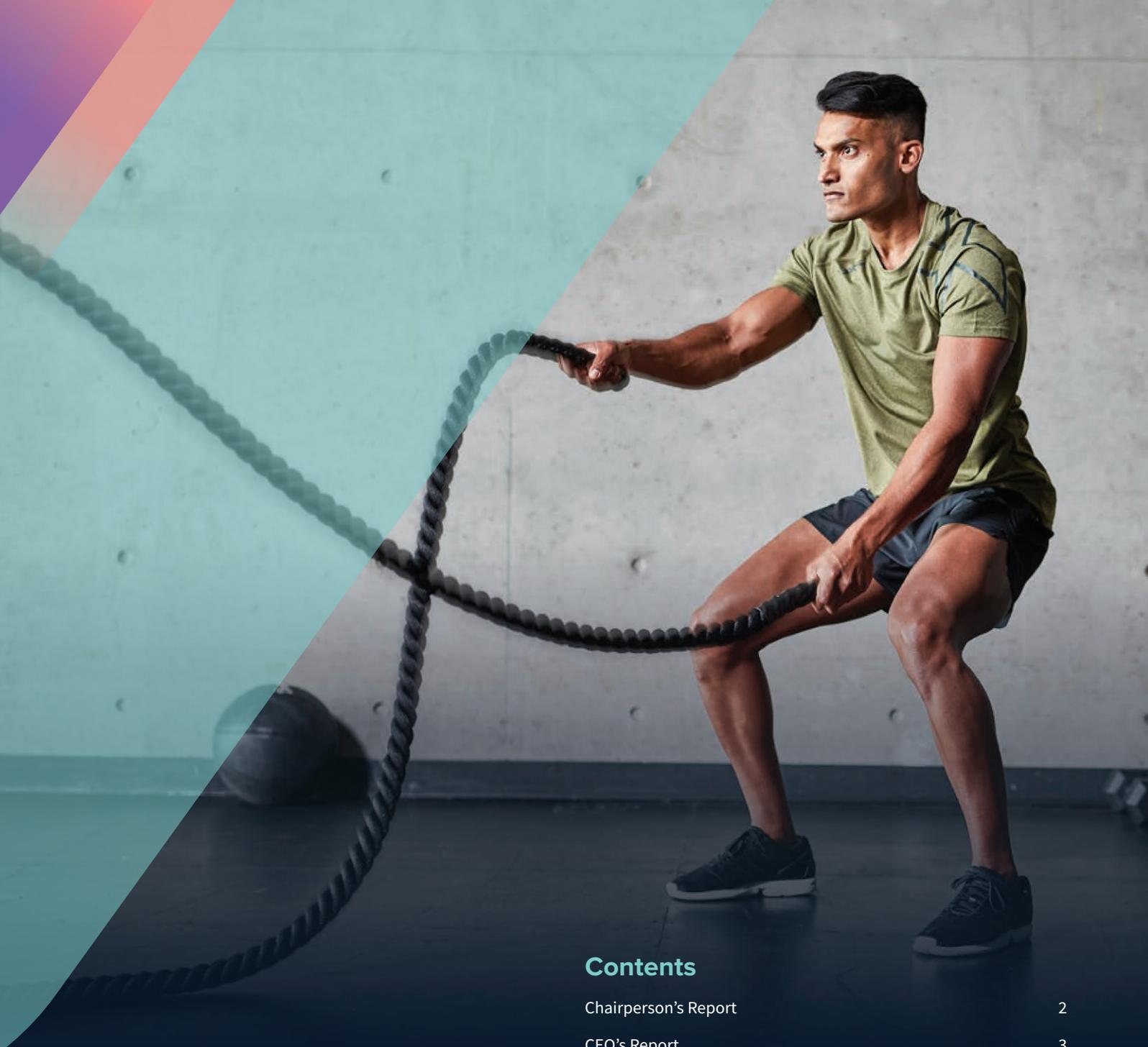


Fitness Australia ANNUAL REPORT 2019-2020





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Chairperson's Report

To say it has been a challenging year for the industry would be a huge understatement, but as Walt Disney once observed "You may not realise it when it happens, but a kick in the teeth may be the best thing in the world for you."

I have been very proud that Fitness Australia has stepped up, with energy and positivity, on behalf of the industry and its members, to take the COVID-19 challenge head on.

Listening and working with industry, Barrie and the team have been relentlessly advocating at all levels of government, for fitness services to be formally recognised as the essential service we know them to be. Any government advocacy strategy takes considerable time and whilst we have a way to go on this journey, the CEO report below outlines progress made to date. It's encouraging to see the advances that have already been made in a relatively short period of time.

Coming to the end of my first full AGM year as Chair Fitness Australia, I am also delighted by the significant progress Fitness Australia has made in achieving some other strategic initiatives in the past year.

Of particular note is the change in the constitution, approved at the SGM last year, which has enabled us as an organisation and board to truly be a voice for the entire industry now having for the first time elected AusREP directors. The evolution continues this year, as we call for a specific director from an independent business member to join our board, ensuring we also listen and address the unique requirements of this vital segment of our industry.

With a more diverse board, now representative of the broader industry, we have already seen some great outcomes, including the Service Excellence Program, launched after significant industry engagement and feedback. This program is designed to drive greater consumer confidence, industry excellence and growth, through the Quality Assurance Employment and AusREP Accreditation initiatives.

Barrie has also continued the process of reviewing our organisational resources and structure. We are committed to being lean and nimble, proactively addressing the needs of any organisation with a role in safely getting more Australians more active more often in a post COVID world.

I would like to thank the entire industry for your continued support, especially in such challenging times. I very much look forward to being able to report on further achievements next year.

A handwritten signature in black ink, appearing to read 'Jayne Blake'.

Jayne Blake



CEO's Report

It's no stretch to observe that as Fitness Australia approaches its adolescence, it has come of age. The year under review has been one of firstly, planned change and evolution and secondly, strategic responses to an industry wide disruption that for once truly deserves the epithet; "unprecedented".

The first half of the year under review was primarily concerned with rebuilding and establishing relationships with key stakeholders via meetings with relevant Government Ministers and their staff, engaging with the Health Insurance sector, undertaking consumer research, meeting with members in their home territories and contributing to industry conferences and events. In 2019, we partnered with Lorna Jane to support Active Nation Day, launched a series of regular Facebook live information and discussion sessions and began industry consultations ascertaining the potential levels of support for some major strategic initiatives planned for launch in 2020.

In September 2019 the Fitness Australia Board decided unanimously to revise the Constitution, enabling for the first time AusREPs to be elected to the Board. This reform resulted in the election of the current Board comprising two elected Business members, two elected AusREPs and three independent Directors and Chairperson appointed to fill identified skills and/or expertise.

The new Board had begun the process of reviewing the strategic priorities of the Association taking into consideration a report prepared by an independent consultant when the spectre of COVID-19 first appeared on our radar. The potential impact was harshly brought home when, without any consultation, all gyms nationwide were forced into closure throwing our Industry into chaos, uncertainty and for many absolute despair. The new Board was truly facing a Baptism of Fire.

However, every crisis comes with opportunity and under the Board's direction and flexibility Fitness Australia has responded energetically and effectively.

Firstly we contracted a new Public Relations agency and successfully reached out to our members to support the creation of a dedicated Advocacy Fund.

Secondly we took some time to gain an understanding of just how and why, and by who, the closure decision was determined.

Thirdly we began a campaign of active engagement with relevant state Health Departments to ascertain their key personnel, underlying health strategies and re-opening thinking.

Fourthly and in conjunction with Health, we used international lessons, industry data and external experts to develop a COVIDSafe Plan suitable for all jurisdictions.

Fifthly, and with overwhelming industry support, we launched our Service Excellence Program, which consists of two new strategic

initiatives designed to demonstrate to external stakeholders and decision makers alike, that the Fitness sector can and should be taken seriously. The Quality Employment Assurance and Accreditation programs are both reforms that will increase professional standards, operational excellence and consumer confidence. Both initiatives were informally endorsed by the Australian Fitness Industry Standards Council (AFISC) and I thank AFISC members for their ongoing promotion of sector professionalism.

The relevant numbers and data are covered in other sections of this Annual Report, but it has been incredibly gratifying to witness the Industry coalescing during these challenging times, a phenomenon reflected in record number of members renewing, re-joining after a period away or joining for the first time. Our media profile has never been stronger as has our engagement with key government and other external stakeholders as state authorities formulate relevant COVID safe protocols and re-opening strategies. This year we began a series of regular member webinars and Facebook Live sessions to both keep our members fully informed with the most up to date information and also encourage their interaction on any issues of concern. Similarly, the signing of MOU's with several Registered Training Organisations and Universities designed to promote Fitness Australia membership was an encouraging development as was new commercial supporters reaching out to engage with Fitness Australia through Award and Research sponsorships.

Our achievements this year are the result of greater financial oversight, changes to our organisation structure, an active and supportive Board, proactive member engagement strategies and an energetic and professional team at Fitness Australia.

In closing, the COVID-19 disruption has demonstrated the absolute need for our industry to reposition itself in the minds of consumers, key stakeholders and indeed ourselves. We know the importance of exercise no matter where the activity is undertaken, and our members value their access to our programs; the challenge is how to best prove the essential nature of our activities to key stakeholders. As a key strategy to achieve this recognition Fitness Australia has begun a comprehensive exploration of our Industry's appetite for the introduction of a Regulatory Framework and the associated research will be a major activity for the 2020/21 Year.

I look forward to reporting on the findings next year.

A handwritten signature in black ink, appearing to read 'Barrie Elvish'.

Barrie Elvish
BA, Grad Dip Ed, MBA, GAICD



STRATEGIC PLAN



OUR PURPOSE

Our purpose is to encourage Australians to be more active, more often in a safe and effective way,

OUR PURPOSE STATEMENT

Fitness Australia is the peak association of the fitness industry that comprises 35,000 employees and approximately 6,400 businesses, contributing \$3 billion to the Australian economy. Fitness Australia's membership base represents 26,000+ fitness professionals, educators, students, suppliers and fitness facilities.

We lead advocacy, sponsor research and set standards that reflect best practice and ensure the health and wellbeing of over 4 million Australians.

OUR KEY STRATEGIC OBJECTIVES FOR 2020/21

1. **Advocating to realign Fitness more closely with Allied Health**
2. **Advocate and Drive Industry Credibility and standards**
3. **Deliver Recognised/Acknowledged Value to Industry and Members**
4. **Demonstrate contemporary governance, financial and operational excellence**

WHAT WE WILL DO TO ACHIEVE OUR PURPOSE

1. Set and promote international best practice standards for fitness businesses and staff employed in them.
2. Advocate to government, media and key stakeholders to raise the profile and credibility of the industry.
3. Provide contemporary, relevant information, education and research to existing and potential members.
4. In collaboration with key stakeholders, encourage Australians to be more active, more often, in a safe and effective way.

Advocacy Fund

In response to COVID-19 and its devastating impact on the fitness sector, Fitness Australia reached out to our members seeking financial support for a strategic advocacy campaign to address misinformation and misunderstanding rife in the community and more worryingly, with decision makers. The appeal and resultant campaign gained much support and has not only assisted with repositioning our sector but also generated increased membership as the importance of having one strong and unified industry voice was overwhelmingly supported.

Relief package

Due to the many impacts of COVID-19 on members, Fitness Australia implemented a COVID relief package for all exercise professionals. This included the introduction of a reduced price 12 month registration of \$125, a reduced 24 month registration for both AusREPs and sole traders and an extension of the registration of Victorian AusREPs and Business members during an extended lockdown period (at no cost). In addition to providing registration relief, Fitness Australia has made the suite of iLearn online education sessions available to all registrants free and acknowledged the various state and federal government COVID safe practice-related courses (with CECs) at no cost, to assist members.

Research

A month after the closure of health and fitness facilities due to COVID-19, Fitness Australia conducted an analysis of the impact of the pandemic and subsequent closure of gyms across Australia on the membership and exercise activity of fitness facility users. This was conducted to best represent the devastating impacts of the pandemic to government authorities and in advocating effectively regarding opening up upon the easing of restrictions.

To read the report refer to: <https://fitness.org.au/articles/most-recent/fitness-industry-impact-of-gym-closures-laid-bare-in-latest-report/50/2039/184>



Media Engagement



Period:
**18 March –
30 June 2020**



32
Press releases, media
statements, opinion articles



11
internal statements
(drafted)



3
CEO letters



1
Industry Report



1,497
Media articles
(print, TV, radio and online)



200+
interviews
(these have in all cases been syndicated
to other stations, mastheads etc)



1,362,359,659
total combined
reach of coverage
(people seeing more than one article)

Advocacy, Lobbying and Public Relations



Since the fitness industry was plunged into chaos with national gym closures in March, Fitness Australia has been working tirelessly to support its members through challenging circumstances, keep the industry top of mind and promote the important role exercise has on the mental health and physical wellbeing of the nation.

The momentum Fitness Australia has built during COVID-19 will see our continued focused over the next 12-24 months on important industry advocacy and stakeholder engagement, including;



Working with all state Health Departments and the Industry to relax restrictions in a commercially viable and long-term model



Educating key stakeholders, the media, members and wider community that gyms are safe and hygienic environments



Exploring Industry appetite for the introduction of a possible Regulatory framework with the longer-term objective of having the Industry re-imagined as an essential service



Encouraging more Australians to be more active more often

Below are the various top-level activities Fitness Australia has facilitated between March and August 2020 this year to support members and the industry. This is in addition to daily ongoing communication between Fitness Australia and various departmental officers.

Federal Government Engagement

- ▶ Meeting with Federal Minister for Sport, Richard Colbeck
- ▶ Meeting with Federal Minister for Health, Greg Hunt
- ▶ Meeting with Federal Chief Allied Health Officer, Dr Anne-Marie Boxall.

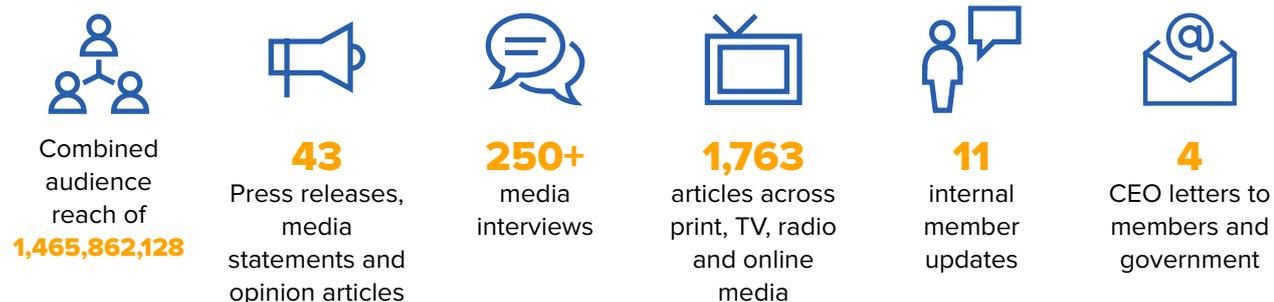
Advocacy, Lobbying and Public Relations (continued)

State Government Engagement

- ▶ Four meetings with South Australian Minister for Recreation, Sport and Racing, Corey Wingard
- ▶ Three meetings with Western Australia Minister for Sport and Recreation, Mick Murray
- ▶ Two meetings with Queensland Minister for Sport, Mick De Brenni
- ▶ Meeting with SA Chief Public Health Officer, Nicola Spurrier
- ▶ Multiple meetings with WA Executive Director of Sport and Recreation, Kim Ellwood
- ▶ Multiple meetings with CEO of SA Office of Recreation, Sport and Racing, Kylie Taylor
- ▶ Weekly communication with state Treasury, ministers, ministerial staff and health authorities
- ▶ Consistent contact with senior advisors for Tasmanian Sports and Recreation Minister
- ▶ Working with senior department members in The Department of Health and Human Services and Department of Sports and Recreation in Victoria, meeting set with Minister, Martin Pakula
- ▶ Engagement with Queensland Government to prepare Fitness Industry Covid Safe Plan for Queensland-wide implementation
- ▶ Open communication lines with NSW Office of Sport resulting in them lobbying on Fitness Australia's behalf with the NSW Department of Health
- ▶ Working with the Office of Sports (including meeting with the CEO) and Acting Minister for Sport, Multiculturalism, Seniors and Veterans Geoff Lee's office
- ▶ Fitness Australia position on the Queensland "Return to Play" committee
- ▶ Part of Western Australia Recovery Committee.

National PR and Media Relations

Development and implementation of national "Keep on Moving" Campaign, which has resulted in:



Industry Outcomes

Through Fitness Australia's advocacy, lobbying and PR activities, the following outcomes have been achieved for the industry

- ▶ Development of a COVID Operational Guide for the fitness industry
- ▶ Successful development of a Fitness Australia-led Fitness Industry COVID Safe Plan for Queensland-wide implementation
- ▶ Successfully advocating to bring forward Stage 4 in WA to re-introduce 24/7 access
- ▶ Successfully advocating against reintroduction of further restrictions on fitness classes and 24/7 facilities in NSW beyond the current requirement for Marshals
- ▶ Working with several departments including the Chief Health Officer office to reinstate 24 hour unstaffed trade in the ACT.



PUSHING THE LIMITS EVEN HIGHER

Fitness Australia is really raising the bar for greater confidence, industry excellence and growth.

As the industry looks towards the future, post COVID-19, Fitness Australia is setting a higher benchmark of standards, quality and service delivery.

We're not just raising the bar, we're pushing the limits even higher and leading the charge.

Driving growth, creating greater consumer confidence and credibility, and building a stronger and more professional fitness industry is our commitment.

Service Excellence Program

Our new Service Excellence Program will spearhead our focus industry-wide. It is about setting a world's best standard and striving for excellence.

Fitness Australia has launched the first two initiatives of this program:

- Quality Assurance Employment
- Fitness Australia AusREP Accreditation

Quality Assurance Employment

Quality Assurance Employment will provide businesses with the confidence and guarantee that their exercise professionals and employees are following industry best practice, protocols and guidelines.

For exercise professionals and employees, it provides them with industry credibility, ongoing support and access to continued learning.

AusREP Accreditation

Our new AusREP Accreditation will set improved standards of service delivery, guaranteed by Fitness Australia. It will enable exercise professionals and our industry to be recognised like other allied health professionals.

AusREP Accreditation will increase credibility for our gyms, group exercise instructors and personal trainers, resulting in a more professional industry.

Visit fitness.org.au to learn more.

Working together for a stronger fitness industry.



Just a few of the thousands of brands and businesses supporting Fitness Australia's new initiatives.

The service excellence program is a key Fitness Australia strategic initiative that is designed to both raise professional standards and increase sector credibility. It has three key elements:

1. Fitness Australia Quality Accreditation

The Fitness Australia Quality Accreditation Program, (FAQA), is the only industry specific continuous quality improvement program specifically designed for gyms, fitness centres, fitness businesses and clubs within Australia.

The program leads businesses through a guided process that provides valuable insight and development into each business consumer's satisfaction and retention, operational practices, efficiencies and sustainability planning.

The program has been proven to support businesses by improving viability, effectiveness and relevance to all Australians. Consumers that engage with accredited businesses can be assured they are dealing with a business that has consistent high standards across all aspects of the business and a high level of service delivery.

Fitness Australia Quality Accreditation is recognised as the 'Gold Standard' of fitness service delivery across Australia with all states having businesses enrolled in the program, including businesses that have been sponsored by Government to complete the accreditation.

In this reporting year, there have been 13 businesses that have achieved business accreditation nationally, with a total of 33 businesses currently holding accreditation.

2. Quality Assurance Employment

After extensive consultation with industry and industry stakeholders, Fitness Australia launched the Quality Assurance Employment Program, which is designed to set a high industry benchmark of standards and quality service.

Quality Assurance Employment (QAE) creates a strong, united industry by Fitness Australia registered businesses only employing Australian Registered Exercise Professionals (AusREPs). This ensures that businesses are compliant with the National Fitness Industry Code of Practice for staff qualifications and currency, and guarantees all exercise professionals working within the business are following best practice, protocols and guidelines.

QAE also drives growth directly to AusREPs as it increases consumer confidence and credibility in the critical services that AusREPs provide.

This initiative has been highlighted as an imperative component in the industry's desire to align itself closer with allied health.

3. AusREP Accreditation

AusREP Accreditation is designed for Personal Trainers, Group Exercise Instructors/Leaders and Gym Instructors.

Fitness Australia is committed to raising the bar and recognising best practice within the industry. As it currently stands, fitness is one of the only remaining health orientated industries without any recognised accreditation for individuals. A robust accreditation for individuals will provide consumers, allied health professionals and employers greater confidence with an accredited AusREP's skill level, experience and knowledge.

The program was developed with the assistance of industry experts and extensive ongoing consultation with industry and external stakeholders. The program is currently in a closed trial with over 250 Level 3 AusREPs enrolled in the program. Once the trial is complete, it will be further reviewed before an industry wide launch in late 2020.

University Mapping

As part of a review of the registration requirements, Fitness Australia underwent broad industry consultation to determine the appetite of industry to have university degrees mapped to AusREP registration. As a result of this, Fitness Australia sought an expression of interest from all universities to have their courses mapped. Over 90% of universities responded within the first week seeking to participate in this program.

Currently there are 10 universities mapped nationally with a growing list to be completed. COVID-19 has slowed the mapping process, but as we move through this period Fitness Australia will reprioritise university mapping.

This will allow undergraduate students to register as AusREPs and earn an income while they are completing their studies.

Australian Fitness Industry Standards Council

The importance of the Council's contribution to develop and promote best practice in the fitness industry continued this year. Ongoing consultation with the Council led to the development of the Code of Ethical Conduct for AusREPs and associated Complaints Handling and Disciplinary Procedure; Eating Disorders Recommendations for the Fitness Industry; Mentoring education and acknowledgement; updates to the Fitness Australia Quality Accreditation system (for Businesses); and Electrical Muscle Stimulation education requirements. In addition, the Council has provided guidance on the draft Children Pre-exercise Screening System; VET fitness training package qualifications and associated skills sets; registration and renewal requirements; and other standards matters.

The members of the Australian Fitness Industry Standards Council are:

- Professor Elisabeth Wilson-Evered (Chair)
- Mr. Gavin Aquilina
- Mr. Simon Bishop
- Ms. Christie Boucher
- Mr. Michael Cunico
- Mr. Cheye Hill
- Professor Patrick Keyzer
- Dr. Betul Sekendiz

Professional Registration and Continuing Education System

This year the Continuing Education directory witnessed positive growth to 675 approved courses/events, with the introduction of 142 newly approved Continuing Education (CE) programs, a 51% increase compared to last year. Attendance and successful completion of these approved CE programs and events from exercise professionals has seen their public profile on the Australian Register of Exercise Professionals (AusREPs) grow via an acknowledgement of additional delivery, knowledge and skill (DKS) areas.

Throughout the COVID-19 lockdown period, encouragingly, AusREPs invested the time to upskill themselves. Over 10,000 CE diary entries were uploaded in the last quarter of the financial year, which was a 63% increase on the year prior.

In late 2019, Fitness Australia launched its Mentorship program with associated education and guidelines after consultation with AusREPs, Fitness Businesses and allied health associations. Initial feedback from those participating in the mentorship initiative indicated, whether you're commencing your career or have been entrenched in it for decades, the opportunity to engage, learn and be challenged by perspectives, experiences and expertise are highly valued. This initiative will be integral to the growth and strength of the Australian Register of Exercise Professionals.

Additionally, a pilot was commenced to map education and training outcomes of Exercise Science (or similar) degrees at universities. This role delineation mapping exercise provides undergraduate students meeting the criteria the opportunity to register during their tertiary studies and practice as a Gym Instructor and/or Personal Trainer and enhance their learning process while employed in the industry.

Regarding compliance of AusREPs, this financial year resulted in an 87% compliance rate with 40 suspension notices issued. Several individuals who were suspended from the Australian Register of Exercise Professionals indicated they no longer provide fitness services.

Fitness Australia also strengthened its relationships amongst leading international registration fitness bodies including the International Confederation of Registered Exercise Professionals (ICREPs). International portability relationships have been developed with REPs Poland and REPs India.

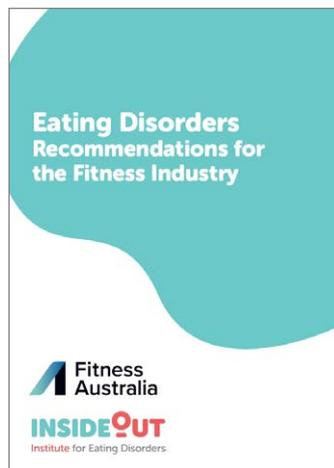
Standards & Guideline Development

Fitness Australia expects AusREPs to establish and maintain a high standard of ethical and professional conduct. This past year after broad industry consultation has seen the implementation of the *Code of Ethical Conduct for Australian Registered Exercise Professionals* that:

- Supports individual AusREPs in their commitment to excellent client care and fulfilling their professional roles
- Provides a framework to guide professional judgement and behaviour
- Sets out standards and guidelines that represent best practice for exercise professional conduct
- Operates in parallel with other Fitness Australia policies and guidelines.

The *Children's Pre-Exercise Screening System* has been in development this year. This system aims to be utilised as a guiding resource for health and fitness professionals working with young people. Exercise Sports Science Australia (ESSA), Fitness Australia and Sports Medicine Australia (SMA) have worked collaboratively on this initiative which will be open for industry consultation later this year.

The *Eating Disorders: Recommendations for the Fitness Industry* guideline was launched in February 2020 by the Minister for Aged Care and Senior Australians, Minister for Youth and Sport, the Hon Richard Colbeck. Fitness Australia developed this important guidance document with InsideOut, Australia's national institute for research and clinical excellence in eating disorders.



Fitness Australia also provided support in the development and dissemination of the *Australian Physical Literacy Framework* released by Sports Australia. This supports the inherent philosophy that physical fitness is only one aspect of an individual's holistic wellbeing that encompasses their physical, psychological, social and cognitive whole. The Framework has relevance for all Australians and acknowledges an individual's life journey, taking into account their demographics, abilities and settings.



iLearn

Fitness Australia continued to deliver the online education platform which promotes evidence-based, expert advice and resources designed to assist the fitness industry to meet national standards and guidelines. The *Mentoring Education Webinar* session was added to the iLearn library this year. Over 600 AusREPs have completed this session, with a very positive Net Promoter Score of +57. Across the suite of iLearn sessions over 6400 courses were completed by over 4300 AusREPs, with an overall Net Promoter Score of +51.

UFIT Program

In late 2019 Fitness Australia signed a Memorandum of Understanding with IHRSA and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) Chair in Inclusive Physical Education, Sport, Fitness & Recreation to facilitate the Universal Fitness Innovation Transformation (UFIT) program in Australia.

UFIT is an evidence-based program enabling fitness businesses to adopt organisational change to achieve professional standards in connecting and delivering appropriate services for people with disabilities. UFIT provides education, tools, templates and support to management and exercise professionals to enable this cultural shift. UFIT is currently being considered by the World Health Organisation as a program to support the Global Action Plan on Physical Activity, as the UFIT model is well aligned to the Sustainable Development Goals.

Trends Research

In September and October 2019, Fitness Australia conducted research into the anticipated top trends of the fitness industry in 2020. This survey was disseminated to our business members and managers within Australia. We received an overwhelming number of responses (460) for our inaugural survey. “Exercise is Medicine”, which was the number one theme for 2020. In hindsight, the industry wasn’t off the mark. This was highlighted with impacts of COVID-19 and commentary from the Australian Prime Minister, Scott Morrison, in March 2020, which emphasised this as “exercise” was amongst the four essential reasons you could leave your home in the heightened outbreak period of the pandemic in Australia.

Victoria Active Aging Partnership (VAAP)

(with Musculoskeletal Australia, Victorian Government and Monash University, VicSport and Fitness Australia) has:

- coordinated the annual VAAP Research and Practice Forum attended by over 200 delegates with a focus on *Communication, older people and physical activity – Giving and receiving the message* to support older people.
- developed further online resources to promote the development and maintenance of networks and partnerships between service providers
- examined models and strategies to engage carers in physical activity
- published a peer-reviewed article Nau, T., Nolan, G., & Smith, B. (2019). Promoting adherence to organised physical activity among socially disadvantaged older people. *Ageing and Society*, 1-18.



MUSCULOSKELETAL
AUSTRALIA



MONASH
University

VICSPORT

 Fitness
Australia

Filex Convention

Due to COVID-19, this year's Filex event was held virtually across two days, 1-2 May 2020.

Fitness Australia used this opportunity to connect with participants via a number of sessions, these being:

Industry Operator panel – Surviving and Reviving: A Global Perspective on Re-activation of the Industry at Large

– this was an international panel which CEO Barrie Elvish joined and provided insight into COVID-19 from Australia's perspective.

Breakout session

– Fitness Australia staff were available on both days to liaise with participants on a variety of topics, including specific state/territory COVID-19 restriction updates.

This virtual event was complemented with additional online MasterClasses, including:

14 May 2020 – Return to Training Guidelines

28 May 2020 – How to Stand Out in Online Training

11 June 2020 – Programming to Increase Happiness Hormones

25 June 2020 – Programming and Assessment Considerations for Older Pops

Fitness Australia also hosted a virtual cocktail party on Friday 1 May 2020 to celebrate the finalists and winners of the Fitness Australia Awards.



AUSTRALIAN FITNESS AWARDS 2020

Fitness Australia Awards Program

The Australian Fitness Awards recognise and celebrate the life-changing work of having more Australians, more active, more often.

SPONSORS

LES MILLS
ASIA PACIFIC

LORNA JANE



AUSTRALASIAN
LEISURE
MANAGEMENT

OneMusic
AUSTRALIA

Guild
INSURANCE

GuildSuper

WINNERS

Personal Trainer of the Year

Daniel Munro

Group Exercise Instructor of the Year

Samantha Williams

Top Les Mills Instructor

Diane Robertson

Boutique Fitness Business of the Year

Inner Athlete

Fitness Business of the Year

Anytime Fitness Grafton

NFP Fitness Business of the Year

Cockburn Aquatic (ARC)

Club Manager of the Year

Kristen Green

Community Exercise Program Award

Love to Live Program

Community Activation Award

Walk to School Program

Fitness Educator of the Year

Jono Petrohilos

Quality Accredited Business of the Year

Richmond Recreation Centre



Insights

The Australian Fitness Awards 2020 program launched nominations on **2 October 2019** and the campaign ended on **25 November 2019**.

The Program was open to members and non-members, criteria for each Award was different.

Marketing and promotion was conducted via Facebook, Instagram, LinkedIn and email.

2122 nominations were received for the nine award categories.

22 volunteer judges were invited to participate in the program

Nominations and judging was conducted through the AwardForce Platform.

Award announcements

Due to COVID-19, the 2020 Australian Fitness Awards were announced in a series of virtual events from 1 – 26 May 2020 hosted by Chantal Brodrick.

These events were broadcast on the Fitness Australia Facebook page, and reached 17,500+ people. Watch the 2020 Australian Fitness Awards videos on YouTube.

<https://www.youtube.com/user/Fitnessorgau>

KEY ACHIEVEMENTS

Active Nation Day

Active Nation Day was held on Sunday 29 September 2019.

Fitness Australia partnered with Lorna Jane to encourage Australians to participate in hundreds of free events to celebrate Active Nation Day. Fitness Australia registered trainers, instructors and fitness centres hosted hundreds of free events across the country including gym open days, boot camps, fitness classes and more.



Fitness Australia CEO Barrie Elvish and Lorna Jane presented Minister Richard Colbeck with a signed petition advocating for Active Nation Day to become a regular date on the Australian calendar.

Organisation restructure

A number of changes were made to Fitness Australia's organisation structure throughout FY2019/2020. These included:

- Merging our Marketing department with the Customer Service Team under the management of the new Customer Engagement Manager;
- Redesigning our Regional Manager roles, to create full time Eastern and Western Managers.
- Restructuring our marketing functions and the appointment of an external Public Relations agency to assist with more effective Advocacy activities.

Data

1/7/2019 – 30/6/2020

Cross network performance across all Fitness Australia social platforms, Facebook, LinkedIn, Twitter and Instagram.



Impressions:

7,804,569



Engagements:

545,505



Post link clicks:

88,693



Total net audience growth :

14,983



Twitter followers gained
- 287



Instagram followers gained
- 4,480



Facebook page likes gained
- 6,266



LinkedIn followers gained
- 5,958



Unique Website page views:

2,778,383



COVID-19 Reference Guide views:

66,578



Membership numbers
as of 29/6/2020

Student - 4973

Boutique Business - 119

AusREP - 15802

Registered Fitness Business - 1820

Sole Traders - 1183



CST Inbound call support

24,996 calls were dialled into Fitness Australia customer service desk for the 19/20 financial year.

March 2020, when the COVID-19 pandemic hit and Australia went into lockdown, there were 3,162 calls, compared to a 1,000-2,000 monthly average.

Facebook Live Series

Speakers who participated and offered support were:

DATE	TOPIC	PRESENTERS
16 July 2019	We're live with Fitness Australia CEO, Barrie Elvish and Justin Tamsett, founder of Active Management to discuss all things fitness	Barrie Elvish Justin Tamsett (Active Management)
3 October 2019	How to get more Australian's Fit & Active with Fitness Australia CEO, Barrie Elvish Industry Change With only 6% of Australians actively attending gyms, there is a whole 94% of Australians that aren't! So how can we encourage people to join gyms?	Barrie Elvish Richard Toutounji (COM Marketing)
22 October 2019	Find out what we've been up to! With CEO Barrie Elvish and Justin Tamsett	Barrie Elvish Justin Tamsett (Active Management)
28 February 2020	Our LIVE industry update with CEO Barrie Elvish and Justin Tamsett	Barrie Elvish Justin Tamsett (Active Management)
16 March 2020	We're live with CEO Barrie Elvish and Richard Toutounji Marketing expert from COM Marketing for a COVID-19 update	Barrie Elvish Richard Toutounji (COM Marketing)
3 April 2020	Earlier today CEO Barrie Elvish chatted with Justin Tamsett about our new campaign: Keep On Moving, the importance of feedback during this time and the resilience shown by many exercise professionals and business owners in response to the pandemic.	Barrie Elvish Justin Tamsett (Active Management)
17 April 2020	Today CEO Barrie Elvish and Justin Tamsett caught up about our current advocacy focus, an update of our Keep On Moving campaign and what's to come for the fitness industry	Barrie Elvish Justin Tamsett (Active Management)
9 May 2020	Yesterday CEO Barrie Elvish caught up with Justin Tamsett to discuss the changes to gyms reopening, some of Fitness Australia's FILEX announcements and how registration and professionalisation of the industry can bridge the gap between fitness and allied health.	Barrie Elvish Justin Tamsett (Active Management)
26 May 2020	Richard Toutounji from COM Marketing talks to CEO Barrie Elvish from Fitness Australia about the roadmap back for gyms reopening.	Barrie Elvish Richard Toutounji (COM Marketing)
1 June 2020	On Saturday CEO Barrie Elvish sat down with Hayden Farrelly-Whiley - the organiser of the petition to open NSW gyms, NSW Opposition Leader Jodi McKay MP and NSW Shadow Minister Daniel Mookhey MLC.	Barrie Elvish Jodi McKay MP Daniel Mookhey MLC Hayden Farrelly-Whiley
2 June 2020	Fitness Australia team to provide an update on current COVID restrictions within gyms and for personal trainers	Barrie Elvish Scott Bumpstead Dave Batty Steve Grace
9 June 2020	Amanda Curtore to provide support for understanding the job keeper and job seeker requirements for employers and employees	Barrie Elvish Amanda Curtore (FCB)
16 June 2020	Board member Paige Buse to provide a COVID update with Barrie and discuss how businesses can adapt to the current COVID restrictions via going online	Barrie Elvish Paige Buse
23 June 2020	Barrie and Board member Jen Dugard providing an update on current COVID restrictions and Fitness Australia online courses	Barrie Elvish Jen Dugard
30 June 2020	Fitness Australia team to provide an update on current COVID restrictions within gyms and for personal trainers with an open discussion welcoming questions from online viewers	Barrie Elvish Scott Bumpstead Dave Batty Steve Grace

The weekly live sessions have proven to encourage positive engagement with the fitness community and provide Fitness Australia with an opportunity to personally engage and support members. The average views per episode is 3,300.

THANK YOU

We thank our partners and sponsors that support members, through industry education and services.



FINANCIAL STATEMENT FY19/20

For the financial year ended 30 June 2020, Fitness Australia Limited (and other similar entities) is required to adopt a change in Accounting Standard AASB15 “Revenue from Contracts with Customers” which has the effect of recognising Income from registration fees over the period of the registration whereas in past years Income from registration fees has been recognised upon receipt of monies, in line with previous reporting standards. Accordingly, the amount of Income in the Profit and Loss Statement, has been reduced by an amount of \$1,656,460 and a corresponding amount is included in the Balance Sheet which recognises the value of the registration fees that will be included as Income in future periods. The amount is an accounting transaction only and does not affect our cash reserves, yet it unfortunately impacts the perception of profitability in what otherwise was a much improved trading year as is evidenced by the \$474,271 increase in the cash balance during the year.

Fitness Australia Limited

ABN: 51 131 422 403

Financial Statements

For the Year Ended 30 June 2020

Fitness Australia Limited

ABN: 51 131 422 403

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For the Year Ended 30 June 2020

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Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2020

The directors present their report on Fitness Australia Limited for the financial year ended 30 June 2020.

General information

The names of the directors in office at any time during, or since the end of, the year are:

Directors

Names	Appointed/Resigned
Justin McDonell	Appointed November 2013
Michael Jordan	Retired November 2019
Christopher John Hicks	Appointed June 2016
Rod Harvey	Retired November 2019
Julie Garland McLellan	Retired November 2019
Jayne Blake	Appointed July 2018
Paige Louise Buse	Appointed May 2019
Ty Menzies	Appointed 26 November 2019
Chantal Brodrick	Appointed 26 November 2019
Kate Corkery	Appointed 26 November 2019
Jen Dugard	Appointed 26 November 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Justin McDonell	Appointed 1 November 2013
Qualifications	MAICD
Experience	Director and Ownership - Anytime Fitness Australia, Director and Ownership - Filex Holdings, Co-Founder and Chair - Collective Wellness Group, Director and Ownership - XTEND Australia Shareholder - Anytime UK
Special responsibilities	Chairman of the Nomination and Remuneration Committee
Michael Jordan	Appointed 24 October 2014 (retired November 2019)
Qualifications	Bachelor of Business (Communications)
Experience	Managing Director of Voyage Fitness, Director and Shareholder, MDJ Fitness Pty Ltd (T/A 12 RND Fitness Clayfield) CEO, 12 Round Fitness
Special responsibilities	Former Chairman of the Nomination and Remuneration Committee
Christopher John Hicks	Appointed 20 June 2016
Qualifications	Bachelor of Commerce
Experience	Former CEO of Newcastle University Sport Director - Hunter Care Limited Director - Hunter Academy of Sport
Special responsibilities	Chairman of Finance and Risk Committee

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2020

General information

Directors

Rod Harvey	Appointed 13 October 2016 (retired November 2019)
Qualifications	Bachelor of Business Banking
Experience	Fitness Australia Regional Industry Chair, Director of Alive Health Clubs, Director - BTS Australia Pty Ltd, Director - C & S (act) Pty Ltd
Special responsibilities	Former Member of the Nomination and Remuneration Committee
Julie Garland McLellan	Appointed 13 October 2016 (retired November 2019)
Qualifications	Bachelor of Science (Honours) Civil Engineering, Master of Business Administration
Experience	Non-executive director & committee chair of Bounty Mining Pty Ltd, External Representative Board member, Training Force Board (Australian Naval Forces), Advisory Council Member, Correctional Industries Consultative Council (CICC) NSW, Consulting/contracting relationship and membership, Australian Institute of Company Directors, Director Suburban Land Agency
Special responsibilities	Former Member of Finance and Risk Committee
Jayne Blake	Appointed 5 July 2018
Qualifications	Association Chartered & Management Accountants (UK) GAICD
Experience	Director HeartKids Director & Principal, JBC International Director, FILEX Holdings Chair, Marine & Civil Maintenance Pty Ltd
Special responsibilities	Chair of the Board Member of Finance and Risk Committee
Paige Louise Buse	Appointed 1 May 2019
Qualifications	Bachelor of Business Degree
Experience	Manger, Glen Eira Leisure Director of Facility Management Standing Committee, Aquatics and Recreation Victoria
Special responsibilities	Member of the Nomination and Remuneration Committee
Ty Menzies	Appointed 26 November 2019
Qualifications	Master of Business Administration
Experience	Director, Lift Brands Pty Ltd (AU & NZ) Non-Executive Director, Exercise Association of New Zealand
Special responsibilities	n/a
Chantal Brodrick	Appointed 26 November 2019
Qualifications	Cert III and IV Fitness Australian Institute of Fitness Master Trainer
Experience	Communications and Content Specialist Sales and Marketing Management
Special responsibilities	Member, AusREP Accreditation Development Group

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2020

General information

Directors

Kate Corkery	Appointed 26 November 2019
Qualifications	Masters International Sport Administration Bachelor Applied Economics Bachelor Laws Graduate Diploma of Legal Practice Accredited Mediator Cert IV Fitness MAICD
Experience	Director, Sport Governance and Strategy Chair, Judo Australia
Special responsibilities	Member of Finance and Risk Committee
Jen Dugard	Appointed 26 November 2019
Qualifications	Cert III and IV Fitness
Experience	Director, Body Beyond Baby Pty Ltd Director, Safe Return to Exercise Pty Ltd Business coach/mentor and educator
Special responsibilities	Member, AusREP Accreditation Development Group

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Elizabeth Louise Richardson has been the company secretary since 5 March 2019.

Principal activities

The principal activity of Fitness Australia Limited during the financial year was to operate as a company representing, informing and supporting the fitness industry in Australia, administering the national registration scheme and setting and promoting high standards of training, education and continuing development for fitness professionals, stimulating informed debate on issues of interest in the industry, advocating policy positions and promoting the role of the fitness industry to government, health agencies and the community. As an extension of these principal activities, and in support of Government initiatives, Fitness Australia also encourages more Australians to be more active more often.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

On the 8 July 2020 the Victorian government put the state in lockdown as a result of COVID-19. Fitness Australia announced on the 4 August 2020 that all members of Victoria have been provided a four month extension for the membership period. The estimated amount of cash inflow not being received during this period is \$196,0877.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2020

General information

Short term objectives

The Company's short term objectives are to:

- Encourage more Australians to be more active, more often;
- Enhance the professional registration and continuing education systems that are administered by Fitness Australia;
- Continue to promote the quality accreditation program for businesses;
- Continue to enhance our new online presence and digital communications;
- Position Fitness Australia as a knowledge and thought leader; and
- Continue to develop relationships with key stakeholders, including health insurance providers, government agencies and International agencies for the promotion of increased community fitness and physical activity.

Long term objectives

The Company's long term objectives are to:

- Encourage more Australians to be more active, more often. Our aim is to help shape an environment where the fitness industry is well equipped to engage and support more people in regular exercise and other services that improve their health and well-being;
- Foster a culture of quality improvement that focuses the industry on customer care, professional service and client safety;
- Enhance the industry's capacity to deliver quality services through standard setting, education, learning and development;
- Create connections and build relationships that advance community physical activity and fitness industry; and
- Advocate for government policy and a regulatory environment where the fitness industry can thrive.

Performance measures

The following measures are used within the Company to monitor performance:

- Membership; including new and retention data;
- Overall financial performance;
- NFP/Association Benchmark Equivalence; and
- Government advocacy outcome.

Members' guarantee

Fitness Australia Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was \$189,230 (2019: \$35,330).

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report
30 June 2020

Meetings of directors

During the financial year, following meetings of directors were held. Attendances by each director during the year were as follows:

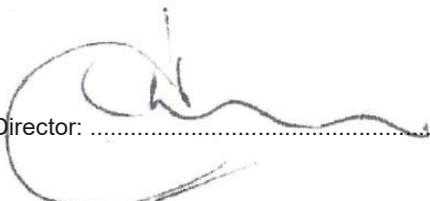
	Directors' Meetings		Finance and Risk Committee		Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Justin McDonell	8	8	-	-	5	5
Michael Jordan	2	2	-	-	3	3
Christopher John Hicks	8	8	12	12	-	-
Rod Harvey	2	1	-	-	3	3
Julie Garland McLellan	2	1	5	3	-	-
Jayne Blake	8	8	12	12	4	4
Paige Louise Buse	6	6	-	-	2	2
Ty Menzies	6	6	-	-	-	-
Chantal Brodrick	6	6	-	-	-	-
Kate Corkery	6	6	6	2	-	-
Jen Dugard	6	6	-	-	-	-

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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

Director: 

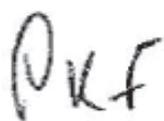
Director: 

Dated this 23rd day of November 2020

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Fitness Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



KYM REILLY
PARTNER

23 NOVEMBER 2020
SYDNEY, NSW

Fitness Australia Limited

ABN: 51 131 422 403

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	5	1,806,610	3,765,754
Share of (loss)/profit of associates accounted for using the equity method	13	(9,048)	6,181
Other income	5	252,431	2,075
Employee benefits expense		(2,014,321)	(2,641,650)
Depreciation and amortisation expense	6	(212,925)	(135,459)
Administration		(348,299)	(417,583)
Finance costs		(3,893)	(51)
Project expenses		(136,569)	(160,525)
Marketing		(244,389)	(130,910)
Occupancy		(10,034)	(216,276)
Other expenses		(220,990)	(198,329)
Membership expenses		(32,669)	(91,375)
Deficit before income tax		(1,174,096)	(218,148)
Income tax benefit	7	467,839	-
Deficit for the year attributable to the members of Fitness Australia Limited		(706,257)	(218,148)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of Fitness Australia Limited		(706,257)	(218,148)

The Company has not restated comparatives when initially applying *AASB 15 Revenue from Contracts with Customers*, the comparative information has been prepared under *AASB 118 Revenue*. Refer to Note 2 for further details on the impact of adoption of *AASB 15* on revenue for the 2020 financial year ended.

The accompanying notes form part of these financial statements.

Fitness Australia Limited

ABN: 51 131 422 403

Statement of Financial Position As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	884,143	409,872
Trade and other receivables	9	146,151	33,117
Other assets	10	40,027	15,724
TOTAL CURRENT ASSETS		1,070,321	458,713
NON-CURRENT ASSETS			
Investments accounted for using the equity method	13	216,358	225,406
Property, plant and equipment	11	280,461	89,563
Intangible assets	12	175,670	250,820
Deferred tax assets	14	522,867	55,028
TOTAL NON-CURRENT ASSETS		1,195,356	620,817
TOTAL ASSETS		2,265,677	1,079,530
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	340,575	303,102
Short term provisions	16	100,933	169,111
Lease liabilities	17	118,365	-
Contract liabilities	18	1,484,562	230,925
TOTAL CURRENT LIABILITIES		2,044,435	703,138
NON-CURRENT LIABILITIES			
Long term provisions	16	11,225	18,501
Lease liabilities	17	93,516	-
Contract liabilities	18	464,867	-
TOTAL NON-CURRENT LIABILITIES		569,608	18,501
TOTAL LIABILITIES		2,614,043	721,639
NET ASSETS/(LIABILITIES)		(348,366)	357,891
EQUITY			
Reserves	19	630,660	630,660
Accumulated deficits	20	(979,026)	(272,769)
TOTAL EQUITY		(348,366)	357,891

The Company has not restated comparatives when initially applying *AASB 15 Revenue from Contracts with Customers*, the comparative information has been prepared under *AASB 118 Revenue*. Refer to Note 2 for further details on the impact of adoption of *AASB 15* on revenue for the 2020 financial year ended.

The accompanying notes form part of these financial statements.

Fitness Australia Limited

ABN: 51 131 422 403

Statement of Changes in Equity For the Year Ended 30 June 2020

	Reserves	Accumulated deficits	Total
	\$	\$	\$
Balance at 1 July 2019	630,660	(272,769)	357,891
Deficit for the year	-	(706,257)	(706,257)
Other comprehensive income for the year, net of tax	-	-	-
Balance at 30 June 2020	630,660	(979,026)	(348,366)
Balance at 1 July 2018	630,660	(54,621)	576,039
Deficit for the year	-	(218,148)	(218,148)
Other comprehensive income for the year, net of tax	-	-	-
Balance at 30 June 2019	630,660	(272,769)	357,891

The Company has not restated comparatives when initially applying *AASB 15 Revenue from Contracts with Customers*, the comparative information has been prepared under *AASB 118 Revenue*. Refer to Note 2 for further details on the impact of adoption of *AASB 15* on revenue for the 2020 financial year ended.

The accompanying notes form part of these financial statements.

Fitness Australia Limited

ABN: 51 131 422 403

Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of GST)	3,592,741	4,229,233
Payments to suppliers and employees (inclusive of GST)	(3,250,216)	(4,180,355)
Interest received	931	2,075
Interest paid	(3,893)	(51)
Government grants	251,500	-
Net cash provided by operating activities	<u>591,063</u>	<u>50,902</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	26,503	9,394
Payments for property, plant and equipment	(9,262)	(8,285)
Payments for intangibles	(5,817)	(7,262)
Net cash provided by/(used in) investing activities	<u>11,424</u>	<u>(6,153)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(128,216)	(45,937)
Net cash used in financing activities	<u>(128,216)</u>	<u>(45,937)</u>
Net increase/(decrease) in cash and cash equivalents held	474,271	(1,188)
Cash and cash equivalents at beginning of year	409,872	411,060
Cash and cash equivalents at end of financial year	8 <u>884,143</u>	<u>409,872</u>

The accompanying notes form part of these financial statements.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Basis of Preparation

The financial report covers Fitness Australia Limited ('The Company') as an individual entity. Fitness Australia Limited is a not-for profit Company limited by guarantee, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the *Corporations Act 2001*, as appropriate for not-for profit oriented entities.

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.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except where stated.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue.

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations. There was no impact on opening retained profits as at 1 July 2019.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

Financial statement impact of adoption of AASB 15

For the financial year ended 30 June 2020, Fitness Australia Limited (and other similar entities) is required to adopt a change in Accounting Standard AASB 15 "Revenue from Contracts with Customers" which has the effect of recognising Income from registration fees over the period of the registration whereas in past years Income from registration fees has been recognised upon receipt of monies, in line with previous reporting standards.

Accordingly, the amount of Income in the Profit and Loss Statement, has been reduced by an amount of \$1,656,460 and a corresponding amount is included in the Balance Sheet which recognises the value of the registration fees that will be included as Income in future periods. The amount is an accounting transaction only and does not affect our cash reserves yet it unfortunately impacts the perception of profitability in what otherwise was a much improved trading year as is evidenced by the \$474,271 increase in the cash balance during the year.

The adoption of AASB 15 has resulted in a change in the recognition of revenue associated with membership fees, registration fees accreditation fees and other income as illustrated below.

Financial statement area	AASB 118	Adjust for AASB 15	AASB 15
Statement of Profit or Loss			
Revenue			
Business membership	866,854	(229,081)	620,342
Individual membership	1,813,245	(1,286,974)	543,702
Accreditation fees	231,898	(136,132)	95,766
Other income	33,442	(4,273)	29,169
Advertising revenue	54,553	-	54,553
Affinity agreements	269,398	-	269,398
Sponsorship	193,680	-	193,680
Total revenue	3,463,070	(1,656,460)	1,806,610
Surplus/(deficit) before tax	482,364	(1,656,460)	(1,174,096)
Statement of Financial Position			
Current liabilities			
Contract liabilities (current)	-	1,191,593	1,191,593
Non-current liabilities			
Contract liabilities (non-current)	-	464,867	464,867
Total liabilities	957,583	1,656,460	2,614,043
Net impact on Net Assets	840,255	1,656,460	(816,205)
Accumulated surplus/(deficit)	209,595	1,656,460	(1,446,865)
Net impact on Equity	840,255	1,656,460	(816,205)

Refer to Note 3(b) for the company's revenue recognition policy under AASB 15.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Lease - Adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Impact of adoption of AASB 16

On adoption of AASB 16, the entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$340,097, lease liabilities of \$321,602 and a lease make good provision of \$13,578 at 1 July 2019, for leases previously classified as operating leases.

When measuring lease liabilities for leases that were previously classified as operating leases, the Company discounted lease payments using its incremental borrowing rate of 1.42% which applied at the date of initial application, 1 July 2019.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(a) Going concern

During the financial year ended 30 June 2020, the Company recorded a loss of \$1,174,069 (2019: loss of \$ 218,148). At 30 June 2020 current liabilities exceed current assets by \$974,114 (2019: current liabilities exceeded current assets by \$244,425). Included in current liabilities is \$1,484,562 (2019: \$ 230,925) of revenue received in advance which will not be settled in cash. The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management is confident the company has sufficient cash to pay debts as they fall due for the following financial year enabling the Company to continue as a going concern.

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

The revenue recognition policies for the principal revenue streams of the Company are:

Membership revenue

Membership revenue is received from Business and Associate Members for a 12 month or 24 month membership period, with fees payable in advance. These fees were previously recognised on the date of receipt of monies.

Under AASB 15, only those member fee receipts that are attributable to the current financial year are recognised as revenue. Fee receipts for periods beyond the current financial year are deferred and recognised as contract liabilities in the Statement of Financial Position, recognised over the membership period.

Registration fees

Registration fees are received from fitness professionals on registration or renewal of registration with Fitness Australia. These fees were previously recognised on the date of receipt of monies for registration or renewal. Under AASB 15, these fees are deferred and recognised over the period in which it is estimated that the membership will be provided. This is because the services provided in relation to the registration fees are not considered to be distinct from the ongoing service provided throughout the period which the fitness professional is a member.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(b) Revenue and other income

Industry Development fees

Industry development fees are received from education providers on registration or renewal of registration with Fitness Australia. It also includes the accreditation fees for fitness businesses. These fees are used to support quality control of education for exercise professionals and fitness businesses. These fees were previously recognised on the date of receipt of monies. Under AASB 15, these fees are deferred and recognised over the period in which it is estimated that the membership will be provided. This is because the services provided in relation to the accreditation fees are not considered to be distinct from the ongoing service provided throughout the period which the fitness professional is a member.

Sponsorship revenue

Sponsorship revenue is received for Fitness Industry Awards and other partners. and It is recognised over the period of sponsorship.

Affinity program revenue

Affinity program revenue includes a rebate received, based on the number of member referrals made. Revenue from the Affinity program is recognised over the period of membership.

Advertising revenue

Advertising revenue is recognised at a point in time which is when the completion of all services have been performed. The amount of revenue recognised is the amount as agreed in writing between the parties prior to the service being provided. Any variations to this contract price is agreed with the customer prior to the work being performed.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Government grants - JobKeeper

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19. These grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Other revenue

All other revenue is recognised when performance obligations have been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Contract liabilities

Contract liabilities include membership, registration and industry development fees received in advance and are carried at the original invoice amount for goods and services to be provided after the year end.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(c) Income Tax

Member income of the Company is 'mutual' income as defined in tax law, whereby income derived from member sources is tax exempt. Taxable income includes income derived from non-member sources after deducting expenditure incurred in deriving that income.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Leases

For comparative year

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(e) Leases

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Associates

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post - acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their estimated useful lives.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	10 - 25%
Motor Vehicles	15 - 20%
Computer & Office Equipment	20 - 35%
Low Value Asset Pool	37.5%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(h) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair values at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit. The estimated useful life is between three and five years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being estimated between four and seven years.

(i) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(k) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(m) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) 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 tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(n) Goods and services tax (GST)

financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(o) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(o) Financial instruments

Financial assets

and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and lease liabilities.

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 3, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

5 Revenue and Other Income

	2020	2019
	\$	\$
Revenue from contracts with customers		
Business Membership	620,342	844,507
Advertising	54,553	56,574
Affinity program revenue	269,398	247,613
Individual membership	543,702	2,129,809
Industry development fees	95,766	299,981
Sponsorship revenue	193,680	149,636
Other revenue	29,169	37,634
	<u>1,806,610</u>	<u>3,765,754</u>
(a)		
Other Income		
Government grants	251,500	-
Interest income	931	2,075
	<u>252,431</u>	<u>2,075</u>

(a) Revenue recognition - change in accounting policy

The Company has not restated comparatives when initially applying *AASB 15 Revenue from Contracts with Customers*, the comparative information has been prepared under *AASB 118 Revenue*. Refer to Note 2 for further details on the impact of adoption of *AASB 15* on revenue for the 2020 financial year ended.

6 Expenses

Surplus/(deficit) before income tax includes the following specific expenses:

Depreciation	158,461	56,591
Amortisation	54,464	78,868
	<u>212,925</u>	<u>135,459</u>
Short term lease payments	(a) -	196,484

(a) Operating leases have been reclassified as lease liabilities from 1 July 2019, see note 17.

Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Income Tax Benefit

(a) Reconciliation of income tax to accounting profit:

	2020	2019
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	(322,876)	(59,991)
Add/(less) tax effect of:		
- members adjustments from principle of mutuality	93,949	3,339
- non-deductible expenses	(10,862)	(7,011)
- income from association not recognised	(2,488)	(1,700)
- other permanent differences	(14,150)	-
- tax losses held off balance sheet	-	65,363
- Tax losses recognised not previously brought to account	(211,412)	-
	<u>(467,839)</u>	<u>-</u>

8 Cash and Cash Equivalents

Cash on hand	190	190
Cash at bank	787,842	299,886
Cash on deposits	96,111	109,796
	<u>884,143</u>	<u>409,872</u>

9 Trade and Other Receivables

CURRENT		
Trade receivables	30,115	33,117
Provision for impairment	(1,300)	-
Other receivables	20,836	-
Government grants receivable	96,500	-
	<u>146,151</u>	<u>33,117</u>

10 Other Assets

CURRENT		
Prepayments and other assets	38,145	13,842
Other deposits	1,882	1,882
	<u>40,027</u>	<u>15,724</u>

Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

11 Property, plant and equipment

	2020	2019
	\$	\$
Furniture and fittings - at cost	188,900	231,623
Less: Accumulated depreciation	<u>(143,921)</u>	<u>(166,603)</u>
	<u>44,979</u>	65,020
Motor vehicles - at cost	9,528	94,639
Less: Accumulated depreciation	<u>(6,056)</u>	<u>(82,780)</u>
	<u>3,472</u>	11,859
Computer equipment - at cost	13,021	11,023
Less: Accumulated depreciation	<u>(5,986)</u>	<u>(8,710)</u>
	<u>7,035</u>	2,313
Office equipment - at cost	4,924	5,159
Less: Accumulated depreciation	<u>(2,030)</u>	<u>(1,696)</u>
	<u>2,894</u>	3,463
Low value asset pool	100,035	99,495
Less: Accumulated depreciation	<u>(95,178)</u>	<u>(92,587)</u>
	<u>4,857</u>	6,908
Right of use assets - at cost	340,097	-
Accumulated depreciation	<u>(122,873)</u>	<u>-</u>
	<u>217,224</u>	-
	<u>280,461</u>	<u>89,563</u>

(a) Movements in carrying amounts of property, plant and equipment

	Low Value Asset Pool	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Office Equipment	Right of use assets	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020							
Balance at the beginning of year	6,908	65,020	11,859	2,313	3,463	-	89,563
Additions	540	-	-	8,722	-	340,097	349,359
Depreciation expense	<u>(2,591)</u>	<u>(20,041)</u>	<u>(8,387)</u>	<u>(4,000)</u>	<u>(569)</u>	<u>(122,873)</u>	<u>(158,461)</u>
	<u>4,857</u>	<u>44,979</u>	<u>3,472</u>	<u>7,035</u>	<u>2,894</u>	<u>217,224</u>	<u>280,461</u>

Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

12 Intangible Assets

	2020	2019
	\$	\$
Website - at cost	223,035	223,035
Less: Accumulated amortisation	<u>(112,070)</u>	<u>(83,784)</u>
	110,965	139,251
Software - at cost	332,234	333,134
Less: Accumulated amortisation	<u>(272,842)</u>	<u>(248,068)</u>
	59,392	85,066
Development costs	<u>-</u>	<u>26,503</u>
Intellectual property - at cost	5,817	-
Less: Accumulated amortisation	<u>(504)</u>	<u>-</u>
	5,313	-
Total Intangibles	<u>175,670</u>	<u>250,820</u>

(a) Movements in carrying amounts of intangible assets

	Computer software	Website	Development costs	Intellectual property	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2020					
Balance at the beginning of the year	85,066	139,251	26,503	-	250,820
Additions	-	-	-	5,817	5,817
Disposals	-	-	(26,503)	-	(26,503)
Amortisation	<u>(25,674)</u>	<u>(28,286)</u>	-	<u>(504)</u>	<u>(54,464)</u>
Closing value at 30 June 2020	<u>59,392</u>	<u>110,965</u>	<u>-</u>	<u>5,313</u>	<u>175,670</u>

13 Investments accounted for using the equity method

As at 30 June 2020, the Company has a 20% (2019: 20%) investment in FILEX Holdings Pty Ltd. The Company's investment in FILEX is accounted for using the equity method in the financial statements. Under the equity method, the decrease in investment in FILEX of \$9,048 for the year ended 30 June 2020 (2019: profit \$6,181) represents 20% of the share of (loss)/profit from Associate (FILEX) for the period.

Non-current assets

Net investment in associate	<u>216,358</u>	<u>225,406</u>
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Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

14 Deferred tax

Deferred tax asset comprises temporary differences attributable to:

	2020	2019
	\$	\$
Amounts recognised in profit or loss:		
Recognised deferred tax assets and liabilities		
Deferred tax assets	522,867	55,028
Deferred tax assets have not been recognised in respect of the following:		
- Tax losses	-	263,244

15 Trade and Other Payables

Trade payables	178,626	133,685
BAS payable	39,754	39,616
Other payables	122,195	129,801
	340,575	303,102

16 Employee Benefits

CURRENT		
Annual leave	68,758	120,513
Long service leave	18,597	48,598
Other employee benefits	13,578	-
	100,933	169,111
NON-CURRENT		
Long service leave	11,225	18,501

17 Lease liabilities

CURRENT		
Lease liabilities	118,365	-
NON CURRENT		
Lease liabilities	93,516	-

18 Contract liabilities

CURRENT		
Deferred income	1,484,562	230,925
NON-CURRENT		
Deferred income	464,867	-

Fitness Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

19 Reserves

	2020	2019
	\$	\$
General reserve	<u>630,660</u>	<u>630,660</u>

General reserve

The general reserve records funds set aside for future expansion of Fitness Australia Limited.

20 Accumulated deficits

Accumulated deficits at the beginning of the financial year	(272,769)	(54,621)
Surplus/(deficit) for the year	<u>(706,257)</u>	<u>(218,148)</u>
Accumulated deficits at the end of the financial year	<u>(979,026)</u>	<u>(272,769)</u>

21 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Fitness Australia Limited is \$364,857 (2019: \$332,970).

22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

23 Capital and lease commitments

Operating Lease commitments

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	125,833
- between one year and five years	-	190,939
	<u>-</u>	<u>316,772</u>

Operating leases have been reclassified as lease liabilities from 1 July 2019 in accordance with AASB 16 Leases, Refer to Note 17.

24 Related Parties

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 21.

Fitness Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

24 Related Parties

(b) Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

(c) Loans to/from related parties

\$200,000 interest free loan has been provided to the Associate. The loan has been included in net investment in the Associate as disclosed in Note 13.

25 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows

	2020	2019
	\$	\$
Financial assets		
At amortised cost		
Cash and cash equivalents	884,143	409,872
Trade and other receivables	146,151	33,117
Total financial assets	1,030,294	442,989
Financial liabilities		
Trade and other payables	340,575	303,102
Total financial liabilities	340,575	303,102

26 Events after the end of the Reporting Period

On the 8 July 2020 the Victorian government put the state in lockdown as a result of COVID-19. Fitness Australia announced on the 4 August 2020 that all members of Victoria have been provided a four month extension for the membership period. The estimated amount of cash inflow not being received during this period is \$196,0877.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

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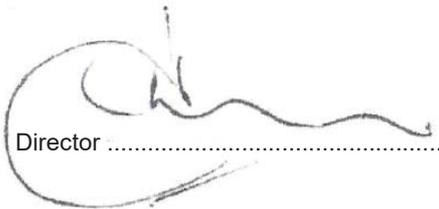
Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 7 to 29, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
 - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated 23/11/2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FITNESS AUSTRALIA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fitness Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Fitness Australia Limited, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the company's financial position as at 30 June 2020, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Reduced Disclosure Requirements and *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

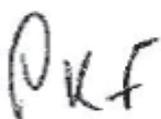
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



KYM REILLY
PARTNER

23 NOVEMBER 2020
SYDNEY, NSW