

Fitness Australia Annual Report 2015-16



Fitness Australia[®]
THE HEALTH & FITNESS INDUSTRY ASSOCIATION

OUR VISION: A FITTER, HEALTHIER AUSTRALIA

OUR VALUES: OPEN TRUSTWORTHY GENERATIVE COURAGEOUS

WHO WE ARE:

Fitness Australia is the peak health and fitness industry association providing a range of support services and solutions to almost 30,000 registered personal trainers, registered fitness instructors, fitness businesses and suppliers Australia-wide.

We're committed to leading, supporting and growing an innovative fitness industry that embraces knowledge sharing, professionalism and high standards of customer care and service.

OUR PEOPLE:

Fitness Australia Board of Directors (2015-16)

David Allan (Chairman)
Elizma Bolt
Kristen Green
Michael Jordan
Chris Hicks
Max Martin
Justin McDonell
David Morgan
Andrew Simmons

Retired Directors

Susan Kingsmill
Greg Will
Kevin Kalinko

WE ARE:

2,011

SOLE TRADER BUSINESSES

1,065,490,37

GROUP BUSINESSES

REGISTERED FITNESS
BUSINESSES

INDUSTRY SUPPLIERS

207,24,097

CONTINUING EDUCATION
PROVIDERS

REGISTERED EXERCISE PROFESSIONALS

681

CEC APPROVED PROGRAMS

11,157 LIKES

42% MALE REPS

12,600 FOLLOWERS

58% FEMALE REPS

7,037 FOLLOWERS

39 AVG AGE

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Chairman and CEO Report



David Allan

Chairman
Fitness Australia

Chairman's Report

The closing stage of the financial year saw the Association on the cusp of significant change. This was precipitated by the departure of personnel that had long been the driving force behind the dramatic growth of Fitness Australia and its establishment as the highly regarded and effective peak national fitness body that it is today.

After ten years of careful stewardship our CEO Lauretta Stace moved on to explore new challenges. The role was filled by Bill Moore, who brings a wealth of experience spanning many years across a rich assortment of roles in the industry. Our Chairman, Greg Will, passed the baton which I was honoured to receive, resulting in a consequent refreshment of the Board of Directors with a new Chair and new incoming directors bringing fresh skills and perspectives.

Change didn't rest solely with the Association as it found itself in a trading environment that had become challenging due to shifting demands of its members and registrants, an increasingly complex commercial landscape, and a revenue headwind starting to emerge.

However, this new landscape provided an environment for reflection on our achievements and shortfalls, taking careful stock of the lessons we have learned and acting on the opportunities our introspection had revealed. The Board and Management embarked on a pro-active process of gathering feedback through structured member research as well as informal listening tours where we are gaining significant feedback and assistance in the development of the next phase of strategic planning for Fitness Australia.

CEO's Report

Creating value for members and registrants remains the core ingredient for the continued success and sustainability of the Association. This value proposition comes in many forms, some less obvious than others. The value to members and registrants in the creation of standards and guidelines, thereby providing benchmarks of quality that support the industry's steady path of excellence, is self-evident.

Later this year we will see the launch of our Quality Accreditation Program, providing clubs and businesses the opportunity to be recognised by consumers as quality providers of fitness services whilst affording their customers comfort that their money is being spent on operations that are on the top tier of the industry.

We've continued our partnership with Victoria University's Institute of Sport, Exercise and Active Living (ISEAL), underscoring our commitment to research and continuous improvement. The Australian Fitness Industry Risk Management (AFIRM) study was the first of its kind and provides quality research, some of which drives content for the iLearn series of educational programs we launched in late 2015.

Our advocacy for the fitness industry and its stakeholders goes on behind the scenes, representing businesses and exercise professionals, championing causes and taking on battles to protect the interests of our industry, adding value in the process.

In this highly competitive environment we felt it necessary to take a customer-centric approach to better understand the concerns of exercise professionals, training organisations and businesses through a series of listening sessions. What we learned was that our traditional services, whilst valued, are no longer enough, and that they look to the association to provide tools and services that support commercial growth and expansion.

This represents a quantum, and at some level challenging, shift in the relationship we have with our customers. The distinction between giving registrants what they want, rather than telling them what they need is a significant one. Our historic role of being the researcher, the standard setter, the registrar is now required to be supplemented with the provision of products and services that focus on commercial support.

Not only must we refocus on supporting the business imperatives of members, we must do so whilst maintaining and expanding our role in research and continuing education. The success of Grow Your Fitness Business, our online platform that provides tools and resources for fitness businesses, tells us that we are on the right path.

We've identified consumers as key players in the future success of Fitness Australia, and have strategised to engage with them to drive demand for the services our registered businesses and professionals provide. In doing so, we drive demand for membership and registration with Fitness Australia.

We justifiably approach 2016-17 emboldened with a sense of optimism and enthusiasm. The negative FY2015 financial result has been turned around to a modest \$43,000 surplus in FY2016, and whilst there is still work to be done this nonetheless provides a pleasing result. This return into the black was propelled by a strong focus on cost management and a lot of hard work by the Fitness Australia team to increase value to our members and registrants.

Formulation of the 2020 Strategic Plan is currently under way. This will form the construct to which we will weave our strategies to provide a robust, well thought through direction that will lead a fresh faced association to sustainability and future growth.

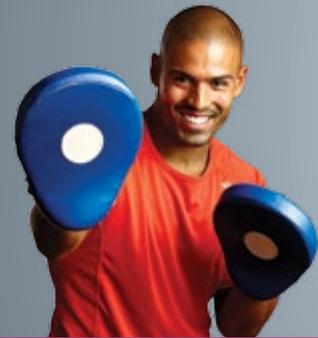


Bill Moore

Chief Executive Officer
Fitness Australia

Our Vision

A Fitter, Healthier Australia



Objectives

- ✓ Foster a culture of quality improvement
- ✓ Advocate for government policy reforms
- ✓ Enhance capacity to deliver quality service
- ✓ Create connections and build relationships

This strategy will create an environment where the fitness industry is well equipped to engage more people in regular exercise and other services that improve their health and wellbeing.

Strategic Directions



Engaging, supporting and informing the industry



Capacity building through education, learning and development



Knowledge leadership through research



Broadening the influence and reach of the industry



Creating connections to advance our industry



Advocacy and lobbying to influence government policy

Strategic Highlights 2015-16

Our achievements in the key areas of strategic priority

Industry engagement

- Launched Grow Your Fitness Business, an online hub where registered businesses can access a range of tools and resources to help them manage and grow their business. This has been incredibly successful, with both quantitative and qualitative feedback demonstrating its success.
- Released the Fitness Industry Profile Report 2015 outlining the size, composition and issues affecting the fitness sector.
- Delivered the Fitness Australia National Symposium at Surfers Paradise.
- Launched the Job Board powered by Fitness Australia, accessible through our website plus the availability of an RSS feed on group fitness business websites.
- Re-engaged an Advertising department within our internal operations providing Fitness Australia with a more direct connection to advertising partners.
- Introduced a Commercial team to amplify the development of corporate partnerships.

Quality improvement culture

- Further developed the Quality Accreditation Program including a website platform for businesses (to be launched in late 2016).
- Continued to progress the revision and updating of the Industry Codes of Practice and the key principles of best practice, in collaboration with State and Territory Government Departments.

Key business improvements

- Progressed the preparatory work for the formulation of the 2020 Strategic Plan ready for launch on January 1st 2017.
- Restructured the organisation to more accurately reflect our focus on member engagement, bolstering human resources in these critical areas.
- Increased our focus on the financial stability of the Association to build on the 2015/16FY surplus.
- Achieved a record number of corporate sponsors and partners through consultation with industry and Service Skills Australia.

Excellence in service delivery & industry capacity building

- Launched the iLearn platform, Fitness Australia's online standards education portal.
- Provided industry representation and feedback as a part of the Vocational Education and Training System (VET) Reform process.
- Continued to produce significant research findings and useful research reviews for the industry through our collaborative research program with Victoria University's ISEAL.
- Significant contribution to the endorsement of the revised VET National Training Package through consultation with industry and Service Skills Australia.

Advocacy and policy reform

- Met with several Members of Parliament, Government Departments and Ministers – including the Minister for Small Business – to lobby for the exemption of Fringe Benefits Tax (FBT) for offsite fitness services.
- Revised the strategy on lobbying for exemption on FBT for fitness services.
- Continued relationship building with major private health insurance providers.
- Engaged with local government to advocate for fair use of public areas for fitness activities.
- Represented the fitness industry at the Fair Work Commission hearings to protect the current award and combat onerous changes to penalty rates.
- Continue to engage with the Australasian Performing Right Association (APRA) and the Phonographic Performance Company of Australia (PPCA) in relationship to the use of music in fitness centres.
- Continued to build on our Reconciliation Action Plan (RAP) activity for a culturally safe and inclusive industry.
- Established a pathway to the de-regulation of the Code of Practice in ACT, and for the revision of the Code in South Australia.
- Continued our relationship with the Australian Competition and Consumer Council (ACCC) and the Franchise Council of Australia.
- Commenced our three year participation in the Victorian Anti-Ageing Partnership with Arthritis and Osteoporosis Australia and Monash University.

Acknowledgements

We would like to extend our thanks to the Board of Directors, Council members, stakeholders, partners, and other industry volunteers for their hard work, support and guidance throughout the year. Fitness Australia continues to advance and benefit from the efforts of many skilled, energetic, dedicated and passionate people.

We would also like to pay tribute to the talented and hard-working team at Fitness Australia. They all continue to demonstrate a deep commitment to the vision and values of Fitness Australia and to serving the expectations and needs of our stakeholders and the broader fitness industry.

We extend our sincere thanks to the growing number of people within the industry – businesses, exercise professionals, course providers and training organisations – that choose to support and promote Fitness Australia and what it is trying to achieve for the benefit of the fitness industry. We share a bold vision of a strong association that delivers on its promise of a robust and sustainable industry. We know that by working together as a united industry, we can be more powerful and influential when and where it matters, and we can continue to demonstrate the enormous value that the fitness industry brings to society.

For the year ahead we have a strong focus on connecting more accurately with our audience and providing an enriched range of products and services. We have a talented and committed Board of Directors and industry members who volunteer their time and expertise to contribute to Fitness Australia through a range of Councils, Committees and Project Groups. Our professional team is committed to ensuring that all of our customers are provided with a positive experience when engaging with Fitness Australia.

We have commenced our work on the 2020 Strategic Plan that will lead and support us into the fitness industry of the future. We look forward to continuing to share this journey with you.

Thank you for your support and commitment to a thriving, growing and dynamic organisation.

Bill Moore

Chief Executive Officer
Fitness Australia

David Allan

Chairman
Fitness Australia

Key Project Achievements 2015-16



Membership Model

Throughout 2015 a significant amount of work was undertaken around the membership model and value proposition.

This included a review of the existing structure and offerings at Fitness Australia, research into what other Associations were doing successfully in this space, and finally, significant research into successful membership and pathway models in businesses and corporations.

The outcome of this was the Board's endorsement of the introduction of a range of products and services (the "buffet"). These are planned to be offered to members at the time of registration or renewal commencing late 2016.

Awards Program & National Symposium

Fitness Australia transformed its awards program and event initiatives, introducing its first annual #ActiveAchievers Awards and launching its inaugural National Symposium in 2015.

The #ActiveAchievers Award recognises the outstanding work that registered instructors and trainers do every day to help Australians live a more active, healthy lifestyle. Fitness Australia received over 800 entries from clients nominating their trainer and sharing their fitness success stories in 2015.

The National Symposium powered by Fitness Australia was delivered at the Marriott Resort and Spa, Surfers Paradise, 30-31 October 2015, with over 120 delegates in attendance.

The Symposium provides participants the opportunity to:

- Learn from the experts who are shaping modern businesses
- Expand their network and engage with industry colleagues, advocates and experts
- Grow their business and access tools and resources to support their business.

The Fitness Australia Gala Dinner recognised and celebrated industry excellence and showcased the work of individuals who give so much to the industry, and to the community, in an effort to positively change the health and wellbeing of Australians. Over 250 guests were wined, dined and entertained by impersonator Ben Price and Olympic gold medallist Natalie Cook.

Presented during the National Symposium, the awards showcased truly inspirational achievements by those in and around the fitness industry. Fitness Australia presented awarded recipients under these three categories:

- #ActiveAchievers Award recognises the outstanding work that registered instructors and trainers do every day to help Australians live a more active, healthy lifestyle.
- Student Award recognises outstanding achievements by students who completed their fitness qualifications within the last 12 months.
- Award of Honour recognises the efforts and achievements made by industry leaders and champions. Within this category, the Chairman's Award and Volunteer Award were presented.

With the Quality Awards transitioning to a Quality Accreditation Program, in 2016 Fitness Australia introduced the #ActiveCommunities Award creating an opportunity to recognise the great work that gyms, personal training businesses and clubs do to create active, healthier, happier communities. Recipients of this Award, along with those listed above, will be announced at the 2016 Awards Dinner, being held on Friday 14 October at The Royal Randwick Racecourse, Sydney.



Engaging, Supporting & Informing the Industry

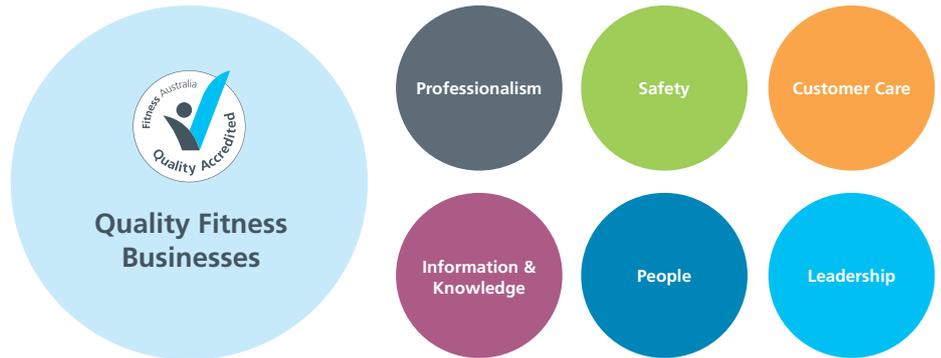
Quality Accreditation Program

Fitness Australia is proactively raising industry standards through the development and implementation of the Quality Accreditation System for fitness businesses.

A significant research and development process has delivered access to a comprehensive continuous quality improvement system for Fitness Australia member businesses. The system refers to our industry specific quality framework consisting of six key content areas; Professionalism, Safety, Customer Care, Information/Knowledge, People and Leadership.

It is expected that the program will provide valuable support to participating businesses seeking to improve their viability, effectiveness and relevance to more Australians.

Implementation of the Fitness Australia Quality Accreditation System will commence via a phased introduction in late 2016.



Partnership Program

Partnerships are important to Fitness Australia as they assist in building relationships with key businesses to strengthen our industry. Our suite of partners share our commitment to growing the capacity of the fitness industry & engaging more Australians in fitness industry services.

Over the last 12 months, we have worked with the following organisations:

- Guild Insurance
- Complete Online Marketing
- Physio-Control
- Net Profit Explosion
- NSF Super
- Nightlife Music
- Ezidebit
- Fitness & Health Expo
- Skins
- POLAR
- MindBody
- Australian Fitness Network
- Fundsnational



Collectively, we have received over \$160,000 in cash and contra investment, which has been utilised to support a range of projects and initiatives. We are most grateful to all our partners for their ongoing support.

Grow Your Fitness Business

Grow Your Fitness Business is a Fitness Australia initiative for registered businesses. It is an online hub with a Toolbox search function full of business templates, resources, videos, guides and podcasts, to support fitness businesses at any stage – start up, growing or established. It's now included as a benefit of business registration.

Grow Your Fitness Business was launched on 10 May 2016 to Registered Fitness Businesses and Registered Sole Trader Businesses.

The initiative includes partnerships across various business areas to support the establishment, growth and sustainability of fitness businesses. These partners include, Complete Online Marketing, Net Profit Explosion, Ezidebit, Guild, Fundsnational and NSF Super, each of whom provide many of the resources found in the Toolbox.

Since launch the Toolbox has received an average of 730 users per week.

This initiative has been received very positively, with good commercial results including generating business leads, renewals and upgrades.

We will look to further develop this initiative, in the areas of partnerships, user experience and content production.

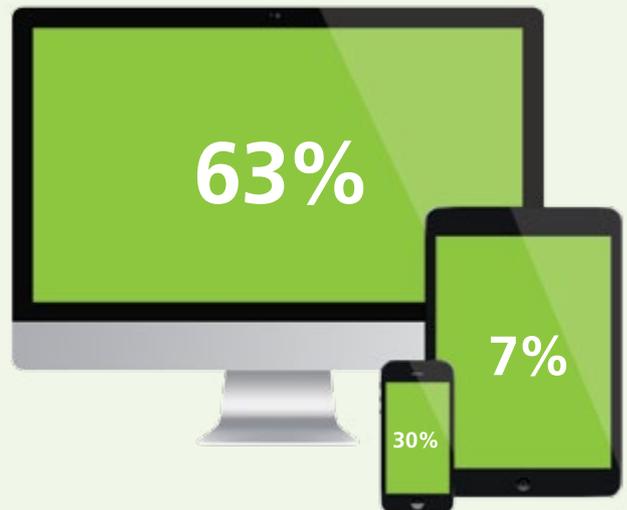


Engagement – fitness.org.au

Top 10 pages visited monthly



Website Usage & Users fitness.org.au



info/registration@fitness.org.au
Inbound emails monthly average



1300 211 311
Inbound phone calls
monthly average



Breakdown:
51% Professionals
30% Other, General Enquiries
9% Businesses
10% CECs

Capacity Building Through Education, Learning & Development

Continuing Education Enhancement

Recent Continuing Education system enhancements have provided many benefits for the exercise professional registration system including; a large range of CE programs that have satisfied quality criteria; a verified chronological record of registrant delivery knowledge and skill and a quality improvement focus for education providers leading to higher quality programs for registrants and a closer relationship with the providers. Fitness Australia is continuing the implementation of these valuable enhancements.

Lift for Life Trainer Workshops

Fitness Australia has continued to support broad based delivery of the Lift for Life strength training program for Type II Diabetes. Support has primarily been through provision of training and upskilling for licensed providers. Three training workshops were delivered in 2015-2016; Melbourne (December 2015); Sydney (April 2016) and Brisbane (June 2016). A total of 63 participants completed the training and the number of licensed providers was 202 at the end of the financial year.



iLearn – ‘Bringing Standards and Guidelines to Life’

In 2015, Fitness Australia launched its online standards education platform, iLearn. This platform provides an accessible and engaging channel for exercise professionals and fitness businesses to source the latest evidence, expert advice and resources designed to assist in meeting national standards and guidelines.

The launch featured the first two sessions (listed below) in November 2015 with two further Risk Management sessions added in May 2016:

- Overcoming barriers to client pre-exercise screening
- Referral Essentials: Steps to success for client referrals
- Exercise Safe: Putting Clients First
- Professional Practice & Advice: What are the risks?

To date, participant feedback has been very positive and it's anticipated that the platform will grow in popularity as a number of other scheduled modules are added in 2016-2017. Fitness Australia is confident that the introduction of iLearn will serve to enhance the industry's capacity to deliver quality services to consumers.





Research and Knowledge Leadership

Fitness Australia's key collaborative research initiative produced some significant content for the fitness industry during the 2015-16 year.

The 'Fit and Well Study' conducted by Victoria University's ISEAL Fitness Industry Research Program continued to fulfil its aim to explore the scope and opportunity for integrating the fitness industry into public health and wellbeing strategies.

This included research that analysed large national data sets to understand the prevalence, trends and correlates of strength training in order to inform public health approaches.

Key findings were:

- 9-18% of Australians meet the national strength training guidelines^{1,2}
- Over 80% of Australians do not do any strength training^{1,2}
- Regular strength training diminishes with age^{1,2}
- Gymnasium settings are the most common setting for strength training²
- Personal training (inclusive of strength training) is socio-economically distributed.³

In 2016, the study has focussed on exploring the potential of the industry to be more involved in general health promotion. Titled 'Factors influencing Australian fitness business integration into physical activity and health promotion' the study will use a mix of qualitative and quantitative methods to explore the current knowledge, barriers, facilitators, perceptions and capacity of fitness businesses in relation to health promotion. It's anticipated that the resulting evidence will provide valuable content to be utilised in the Fitness Australia Quality Accreditation Program and will help to inform strategic initiatives that position fitness businesses as a key setting for health promotion.

Additionally, the program produced several related publications in peer reviewed academic journals and regular fitness industry research briefs for dissemination through Fitness Australia's communication channels.

References:

1. Bennie, J. A et al. (2016). The descriptive epidemiology of total physical activity, muscle-strengthening exercises and sedentary behaviour among Australian adults – results from the National Nutrition and Physical Activity Survey. *BMC Public Health*, 16:73(DOI: 10.1186/s12889-016-2736-3).

2. Bennie, J. A. et al., (2016). Pumping Iron in Australia: Prevalence, Trends and Sociodemographic Correlates of Muscle Strengthening Activity Participation from a National Sample of 195,926 Adults. *PLoS ONE*, 11(4), e0153225. doi: 10.1371/journal.pone.0153225

3. Bennie, J. A. et al (2016). Variations in area-level disadvantage of Australian registered fitness trainers usual training locations. *BMC Public Health*, 16(1), 1-7. doi: 10.1186/s12889-016-3250-3

(J.A. Bennie et al., 2016; Jason A. Bennie, Zeljko Pedisic, et al., 2016; Bennie, Thornton, van Uffelen, Banting, & Biddle, 2016)

Bennie, J. A., Pedisic, Z., Van Uffelen, J. G., Banting, L. K., Gale, J., Vergeer, I., . . . Biddle, S. J. H. (2016). The descriptive epidemiology of total physical activity, muscle-strengthening exercises and sedentary behaviour among Australian adults – results from the National Nutrition and Physical Activity Survey. *BMC Public Health*, 16:73(DOI: 10.1186/s12889-016-2736-3)

Bennie, J. A., Pedisic, Z., van Uffelen, J. G. Z., Charity, M. J., Harvey, J. T., Banting, L. K., . . . Eime, R. M. (2016). Pumping Iron in Australia: Prevalence, Trends and Sociodemographic Correlates of Muscle Strengthening Activity Participation from a National Sample of 195,926 Adults. *PLoS ONE*, 11(4), e0153225. doi: 10.1371/journal.pone.0153225

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Creating Connections to Advance Our Industry

Fitness Australia has had another strong year on the advocacy and key stakeholder relationship front.

The stand out initiative has been the Victorian Active Ageing Partnership with Move (Muscle Bone and Joint Health) and Monash University. So far this partnership has produced a draft best-practice framework on working with older adults, presented two abstracts and a workshop at the World Congress of Active Ageing and presented at a forum titled Pathways To Participation: Engaging Older Adults In Physical Activity. Also of relevance in the older adults space Fitness Australia recently received a grant from Carrington Health (Community Health Service) to review and expand its gym services for people with chronic conditions in their catchment.

Most recently Fitness Australia was approached by the Injury Council of WA to host a launch of our Quality Accreditation Program.

We are also still working closely with Medibank and two of our key members, Good Life and Fernwood, are part of the Medibank Gym Better program.

Fitness Australia team members sit on numerous influential steering and research groups, for example:

- Mental Health Co-ordinating Council Physical Health Reference Group
- Aquatic Recreation Victoria ARC Health and Wellbeing Outcomes Project
- National Health Reconciliation Industry Networking Group
- Better Health Channel Content Partners
- Eating Disorders Victoria Fitness Interest Group
- Osteocise Advisory Group
- National Health and Medical Research Council (NHMRC) REVAMP IT trial Deakin University
- NHMRC Preventing Obesity in 18-24 year olds: Communicating Health: Optimising Engagement And Retention Using Social Media. Monash University.

Unfortunately the National Physical Activity Alliance has lost momentum due to numerous staff changes in the more active non-government organisations. On a positive note Fitness Australia are still talking to Arthritis Australia, the Lung Foundation, Australian Catholic University and YMCA Australia about better co-ordination of exercise programs for people with chronic disease and expansion of the industries workforce capacity to work with people recovering from cancer.





Fitness Australia engaged the services of Empirica Research to undertake three key pieces of research:

1. Member Research

Objective: Identify profile, needs and perceptions of members

2. Profile of the Industry Research

Objective: Collect and report on current industry profile and economic contribution

3. Consumer Research

Objective: Being the collection of consumer insights and awareness/ perceptions of the fitness industry.

Broadly speaking, the objectives of these research pieces included obtaining base line data for measurement and gaining a greater understanding of the industry.

In July 2015 Fitness Australia (via Empirica Research) finalised the member research report. The process of the report compilation consisted of a large scale, multi-method research approach to explore attitudes and perceptions of fitness professionals in relation to Fitness Australia, industry issues, and key challenges and opportunities for the future. Findings from the research were shared internally and to a number of supporting stakeholders, and underpinned a range of new initiatives.

In November 2015 the Profile of Industry Report was finalised. This report was to be distributed to Industry, and therefore due to the sheer size of it, it was determined to break it down into four segments, and release a segment every three months. To date segments one and two have been released to industry, with segments three and four still to come. The breakdown of the report is as follows:

- Fitness Industry Workforce (released to Industry February 2016)
- Fitness Businesses (set for release to Industry October 2016)
- Fitness Industry Consumers (set for release to Industry November 2016)
- Trends in Fitness (set for release to Industry January 2016).

Advocacy & Lobbying

Fringe Benefits Tax on fitness services Federal Government Submission & #FITnotFBT campaign

In late 2015 Industry leaders met with Bruce Billson, Minister for Small Business at Parliament House to gain support for our submission to Federal Treasury for the exemption of Fringe Benefits Tax on offsite fitness services. Fitness Australia's former CEO and other industry leaders also met with Members of Parliament and heads of Government Departments to garner their support. Our proposal did not result in a favourable result in the 2016 Federal Budget.

Consequently, this campaign was placed on hold while Fitness Australia focused on key business, structure and staffing changes. In 2016/17 the campaign is being re-evaluated by government relations firm Barton Deakin. A revised strategy will be considered based on our industry environment and Barton Deakin's recommendations for 2016-17.

#FITNOTFBT GET OUR TAX SYSTEM INTO SHAPE



Fitness specific consumer protection regulations

Fitness Australia has successfully continued to lobby government to advocate change in legislated Code Of Practice.

The ACT Code administration committee and Fitness Australia has agreed in principal to remove legislated Code Of Practice with added reliance on the Australian Consumer Law.

It has been recommended to Access Canberra the maintenance of professional standards as legislation would be a benefit to the industry. The final outcome of these changes is pending.

The South Australian Office of Fair Trading have agreed that the Code Of Practice in South Australia is due for a review. The question remains when the Office will make it a priority.

Both Queensland Office of Fair Trading and Western Australia Department of Commerce have made contact with Fitness Australia and expressed an interest in removing legislated codes in their respective states. Fitness Australia has determined to continue these efforts in 2016-17 and to establish national consistency as an operational outcome.

Convene a Strategic Leadership Summit with Board and Councils to develop a 2020 Strategic Plan

2020 Strategic Plan

The development of the 2020 Strategic Plan involved a three-step approach:

1. Initial strategy workshop, 16 September 2015

A facilitated strategy session designed to:

- Have the Board agree on and be aligned to the higher level purpose and role of Fitness Australia
- Clearly define the fitness industry and the role of Fitness Australia in that industry
- Undertake a gap analysis between current situation and desired situation
- Provide structure for the development of the strategic plan, including clarification around the key strategic pillars for the organisation.

2. Strategy Leadership Summit, 29 October 2015

The Summit brought the Board together with the Industry Councils and other business leaders to:

- Present and discuss the outcomes of the strategy workshop
- Align the industry leadership around the role and purpose of Fitness Australia
- Seek broader industry opinion and perspective on what is envisaged for the future
- Gain insight as to how to address key strategic challenges and opportunities.

3. Board strategic planning session, 10-11 December 2015

A facilitated strategic planning session designed to:

- Develop broad goals under each strategic pillar
- Develop broad strategies to achieve the goals
- Review organisational design, resources & internal competencies to execute the strategies
- Develop an effective strategy execution framework (e.g. SMART goals, kpi's, measures)
- Examine values and behaviours, clarify roles and responsibilities between the Board and Executive.

Unfortunately with the departure of the CEO in February 2016, the final element of pulling together the 2020 Strategic Plan was never realised.

Strategic Planning continues with the aim of a plan in place for January 2017.

Strategic Leadership Summit

On 29 October 2015 at the Marriot Resort (Gold Coast) Fitness Australia convened a Strategic Leadership Summit. The Summit brought together the Fitness Australia Board, Business Council, Professionals Council and other business leaders. The purpose of the working group was to:

- Present and discuss the outcomes of the Board Strategy Workshop (held 16 September 2015)
- Align the industry leadership around the role and purpose of Fitness Australia
- Seek broader industry opinion and perspective on what is envisaged for the future
- Gain insight as to how to address key strategic challenges and opportunities.

The Summit included a combined Board and Council workshop where this information was discussed in more detail and Council members were invited to contribute their perspective.

Council Members examined the four main identified roles of Fitness Australia in more detail and considered what those roles meant to them and how they can be translated into actionable and purposeful strategies. The Council Members were asked to create a summary policy statement on each role so that the Board has guidance on the further development of the strategic plan in December 2015.

The Board and Council also reviewed the findings of the recent Member Research and examined how this feedback could be effectively incorporated into the strategic plan.

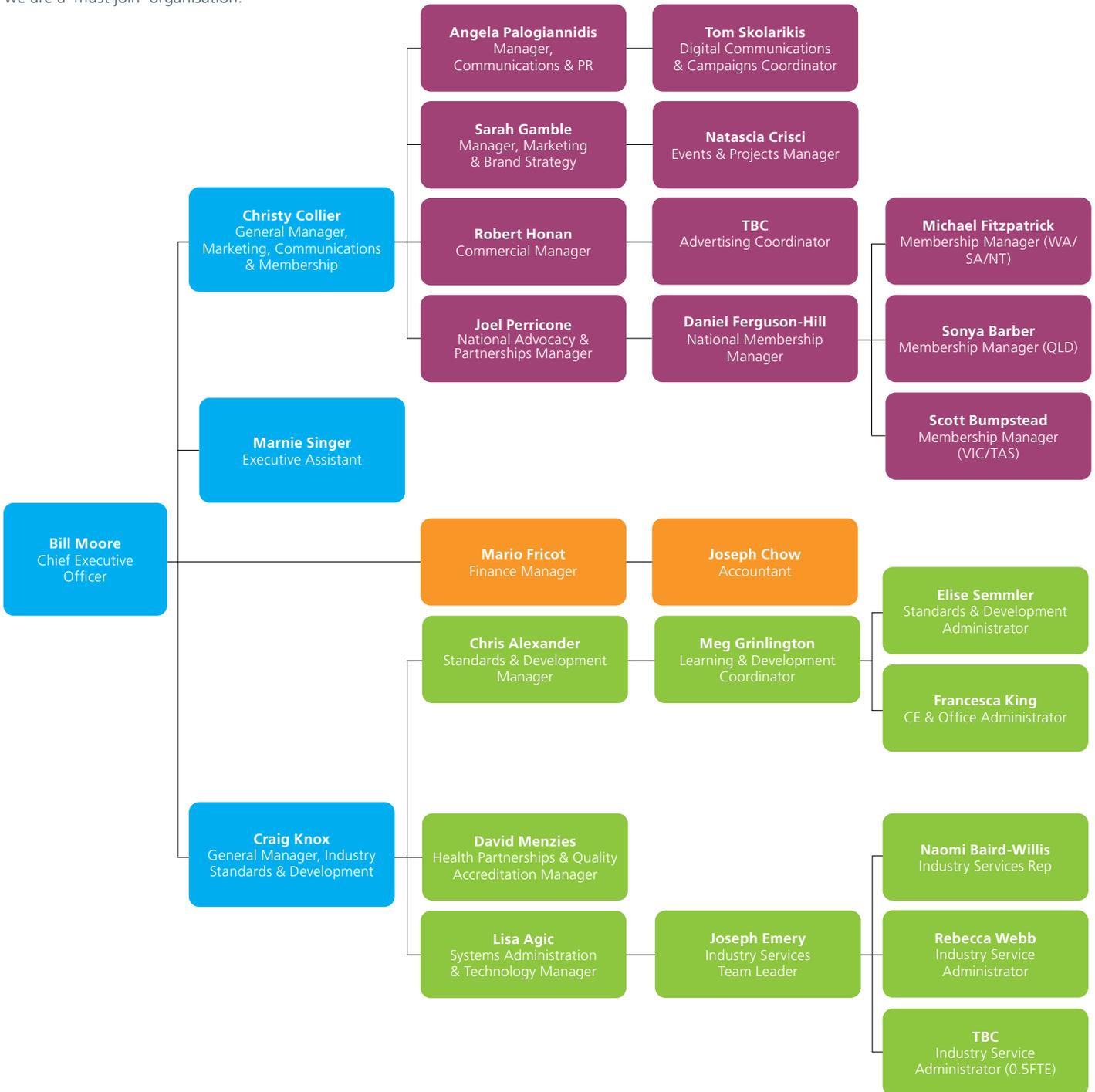


The Health and Fitness Industry Association



Meet Our Team

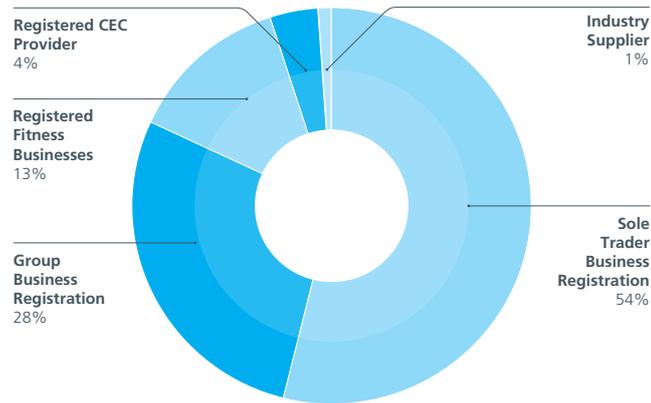
The team at Fitness Australia is committed to delivering practical and valuable business and professional support, cutting edge information, education, engaging events and exemplary customer service throughout the year. Our team aim to ensure that your time with the organisation is not only rewarding, but an experience that will leave you assured that we are a 'must join' organisation.



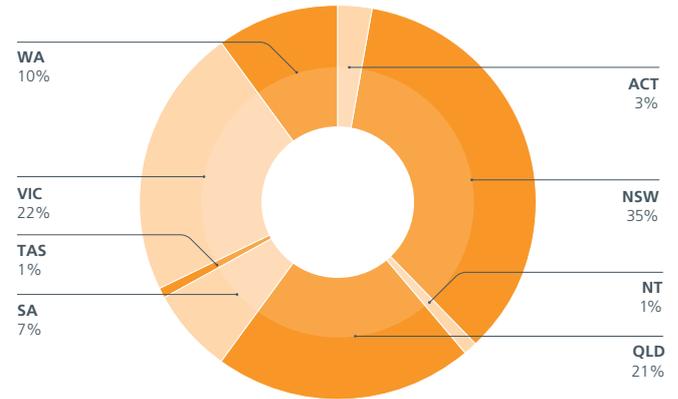
- Executive Management
- Marketing & Communications
- Operations
- Industry Development

Our Registered Exercise Professionals & Fitness Businesses

Breakdown of Fitness Australia Business Registration types



Geographical Distribution of Registered Fitness Business in Australia



2015-16 Registered Exercise Professionals

- **New REPs** 4,356
- **Renewed REPs** 7,756

2015-16 Registered Fitness Businesses

- **New businesses** 839
- **Renewed businesses** 1,930

Our Social Network

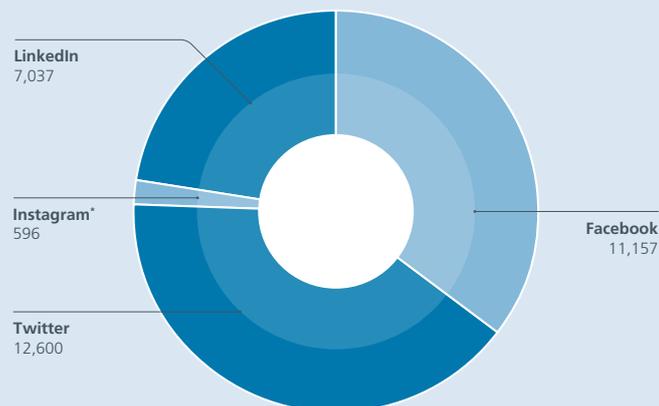


Fitness Australia's social media channels have been a tool to support our messaging, branding and overarching objectives, predominantly to an industry based audience.

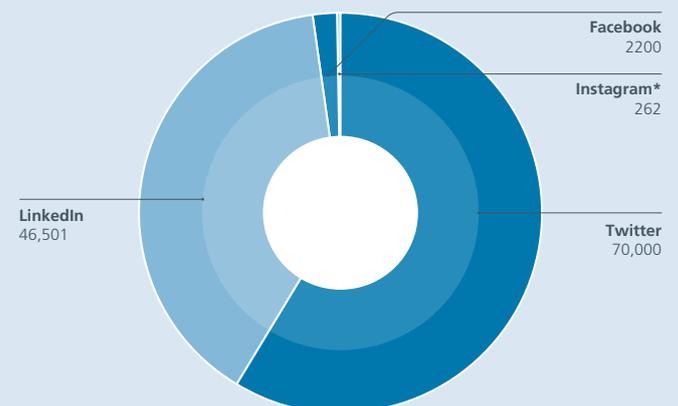
The strategy for 2015/16 has been successful in growing our following, increasing the volume of social messaging and increasing engagement. Our social channels are in a strong position to lead us into our new strategic direction as an organisation.

In light of this, we recognise that our social media channels will take a lead role in helping us improve our brand personality, our level of member and non-member engagement as well as catapult us into our consumer strategy, in the next financial year.

Social Media Followers



Social Media Reach



*Old account was hacked in 2015

Fitness Australia Financial Report 2015-16

Annual Financial Report discussion and analysis

The association is pleased to report a modest surplus of \$43,197, representing a significant turnaround since last year which would not have been achievable without the hard work of the Fitness Australia executive team. Key to the achievement of this result has been an increase in overall revenue and a significant reduction in expenditure.

Revenue improved 0.29% on last year coming in at \$5,061,115 for the year, and expenses were pulled back by 8.6% thereby providing a small surplus. The net asset (Member Funds) position is \$941,444 as at 30 June 2016.

The changing trading conditions described in last year's report – diversification, fragmentation and competition – remain however, creating a commercial environment that will punish complacency and our focus remains on keeping costs tightly controlled.

In addition to this challenging landscape a reduced number of registered training organisations, themselves feeling some commercial pressure, and a commensurate reduction in the number of graduates has eroded our core revenue base of exercise professionals compelling the association to accelerate our efforts in identifying and exploiting alternate sources of income and to preference revenue producing industry development and research activities.

These market conditions along with a dilution in the perceived value proposition of being part of the association has seen a decline in our combined number of Registered Exercise Professionals and Registered Fitness Businesses of 5.2% this year. Arresting this decline in membership remains a core focus of the association, whilst continuing to invest industry funds in a range of development initiatives, research and advocacy programs and improvements to industry engagement.

Our aim for 2016-17 is as it was in last year's report – stabilise our core customer base and revenue, diversify into new income streams and control expenditure to rebuild financial reserves.

Our aim for 2016-17 is to stabilise our core customer base and revenue, diversify into new income streams, control expenditure and rebuild financial reserves.

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report**30 June 2016**

The directors present their report on Fitness Australia Limited for the financial year ended 30 June 2016.

1. General information**Directors**

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

Names	Appointed/Resigned
David Allan	14 October 2011
Susan Jane Kingsmill	3 June 2008 / 30 October 2015
Gregory James Will	14 October 2011 / 30 October 2015
David Morgan	19 October 2012
Justin McDonell	1 November 2013
Max Martin	26 February 2014
Michael Jordan	24 October 2014
Kevin Kalinko	19 October 2012 / 22 February 2016
Kristen May Green	12 January 2015
Elizma Bolt	30 October 2015
Andrew David Simmons	30 October 2015
Christopher John Hicks	20 June 2016

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

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

David Allan	
Qualifications	Bachelor of Applied Science in Human Movement
Experience	Managing Director of 38X Fitness
Special responsibilities	Chairman of the Board
Susan Jane Kingsmill	
Qualifications	Registered Exercise Professional with Fitness Australia and fitness club owner/operator
Experience	Owner - Hiscoes Fitness Australia
Special responsibilities	Member of Nominations Committee
Gregory James Will	
Qualifications	Fellow Institute of Chartered Accountants Australia and New Zealand, Bachelor of Economics, Graduate Member Institute of Company Directors, Justice of the Peace, Member Institute of Management Consultants, Member Institute of Management, Chartered Tax Advisor, Level 2 Registered Exercise Professional
Experience	Principal and leader of advisory and accounting services for Armstrong Dawson
Special responsibilities	Former Chairman, Former Member of Finance & Risk Committee

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2016

Information on directors (continued)

David Morgan	
Qualifications	Bachelor of Business, MBA, MAICD
Experience	Chief Executive Officer of City Venue Management
Special responsibilities	Member of Finance and Risk Committee, Member of Nominations Committee
Justin McDonell	
Qualifications	MAICD
Experience	Co-Founder and Chairman of Anytime Fitness Australia
Special responsibilities	Member of the Finance and Risk Committee
Max Martin	
Qualifications	BAppSc (Hons.) ESSAM AEP
Experience	Director of iNform Health and Fitness Solutions
Michael Jordan	
Qualifications	Bachelor of Business (Communications)
Experience	Managing Director of Voyage Fitness, Managing Director of MyZone APAC, Managing Director of CFM
Special responsibilities	Chairman of the Nominations and Remuneration Committee
Kevin Kalinko	
Qualifications	Bachelor of Commerce, Post Graduate Diploma in Applied Finance, MAICD
Experience	Director of the Australian Institute of Personal Trainers
Special responsibilities	Former Chairman of Finance and Risk Committee
Kristen May Green	
Qualifications	Bachelor of Exercise and Sports Science, Diploma Events Management, MAICD, MBA (distinction)
Experience	General Manager of Aquafit
Special responsibilities	Member of the Nomination and Remuneration Committee
Elizma Bolt	
Qualifications	Bachelor of Commerce, Higher Diploma in Tax, Graduate of the Australian Institute of Company Directors
Experience	Partner, LLB Deloitte
Special responsibilities	Member of the Finance and Risk Committee, Member of Nomination and Remuneration Committee
Andrew David Simmons	
Qualifications	Bachelor of Sports Sciences (Exercise Science), Advanced Diploma of Business
Experience	Founder and Managing Director of Vision Personal Training, Author - Ready Set Go - 3 Steps to Better Health, Author - Fat Loss Take Control
Special responsibilities	Member of Nomination and Remuneration Committee

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2016

Information on directors (continued)

Christopher John Hicks

Qualifications

Bachelor of Commerce

Experience

CEO of Newcastle University Sport

Special responsibilities

Chairman of Finance and Risk Committee

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

Company secretary

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

William Richard Moore has been the company secretary since 1 April 2016.

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.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Enhance the professional registration and continuing education systems that are administered by Fitness Australia;
- Continue to build the quality improvement program and introduce the quality accreditation program for businesses; ;
- Continue to promote our new online presence and digital communications;
- Position Fitness Australia as a knowledge leader;
- Continue to develop key industry standards and professional practice guidelines;
- Launch the iLearn standards education online learning platform;
- Promote the #FITnotFBT campaign and lobby government for changes to the FBT legislation;
- Lobby to achieve nationally consistent fair trading regulations for the fitness industry across all Australian jurisdictions.

Long term objectives

The Company's long term objectives are to:

- Fitness Australia's vision is a fitter, healthier Australia. Our aim is to help shape an environment where the fitness industry is well equipped to engage more people in regular exercise and other services that improve their health and well-being.

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2016

Long term objectives (continued)

- 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 the fitness industry;
- Advocate for a government policy and regulatory environment where the fitness industry can thrive.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Developing and launching a new online presence including the Australian Register of Exercise Professionals;
- Providing a range of services and benefits to support Members;
- Championing quality and innovation in the sector through the quality program
- Campaigning and lobbying government on behalf of Members
- Providing research and insights to support decision making and advocacy
- Continuing to build professional capacity, credibility and profile through the development of standards and enhancements to the professional registration and continuing education systems;
- Development and launch of a Reconciliation Action Plan (RAP);
- Formation of the National Physical Activity Alliance (NPAA)

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Ensuring that all activities and strategies are aligned with our stated vision, purpose and objectives.

Performance measures

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

- Customer numbers
- Customer retention rates
- Overall revenue and expenditure results
- Revenue per customer

Fitness Australia Limited

ABN: 51 131 422 403

Directors' Report

30 June 2016

Performance measures (continued)

- Revenue per full time equivalent employee
- Human Resource cost as a percentage of revenue
- Liquidity ratio
- Business plan deliverables and timeframe's

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 members 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 2016 the collective liability of members was \$ NIL (2015: \$ NIL).

Meetings of directors

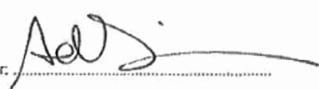
During the financial year, the following meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance and Risk Committee		Nominating Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Allan	7	7	2	2	1	1
Susan Jane Kingsmill	2	2	-	-	1	1
Gregory James Will	2	2	3	3	-	-
David Morgan	7	6	5	3	1	1
Justin McDonell	7	7	2	1	-	-
Max Martin	7	7	-	-	-	-
Michael Jordan	7	7	-	-	-	-
Kevin Kalinko	4	3	4	4	-	-
Elizma Bollt	5	3	2	1	-	-
Kristen May Green	7	7	-	-	-	-
Andrew David Simmons	5	5	-	-	-	-
Christopher John Hicks	1	1	1	1	-	-

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 2016 has been received and can be found on page 7 of the financial report.

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

Director:  Director: 

Dated this 1 day of September 2016

The Board of Directors
Fitness Australia Limited
PO Box 6453
Alexandria NSW 2015

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Fitness Australia Limited.

As audit partner for the audit of the financial statements of Fitness Australia Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Court & Co
Chartered Accountants

Andrew Hoffman
Partner

Sydney
Dated: 1 September 2016

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Fitness Australia Limited

ABN: 51 131 422 403

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Sales revenue	4 5,055,299	4,915,340
Other income	4 5,817	25,988
Marketing expenses	(819,181)	(814,345)
Occupancy expenses	(324,234)	(312,835)
Administration expenses	(504,444)	(472,049)
Membership expenses	(43,871)	(101,157)
Meeting expenses	(130,783)	(238,620)
Human resources	(2,643,536)	(2,754,349)
Projects	(289,788)	(445,556)
Other expenses	(260,593)	(311,698)
Finance costs	(1,489)	(2,400)
Profit/(loss) before income tax	43,197	(511,681)
Income tax benefit	-	-
Profit/(loss) from continuing operations	43,197	(511,681)
Profit/(loss) for the year	43,197	(511,681)
Other comprehensive income		
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	43,197	(511,681)

The accompanying notes form part of these financial statements.

Fitness Australia Limited

ABN: 51 131 422 403

Statement of Financial Position

30 June 2016

	2016	2015
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7 645,771	550,674
Trade and other receivables	8 371,182	233,960
Other assets	12 86,726	187,508
TOTAL CURRENT ASSETS	1,103,679	972,142
NON-CURRENT ASSETS		
Property, plant and equipment	9 350,421	482,646
Deferred tax assets	10 63,323	63,323
Intangible assets	11 306,206	362,835
TOTAL NON-CURRENT ASSETS	719,950	908,804
TOTAL ASSETS	1,823,629	1,880,946
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	13 442,184	555,708
Other liabilities	14 27,625	13,366
Borrowings	15 24,104	23,653
Provisions	16 256,118	204,382
TOTAL CURRENT LIABILITIES	750,031	797,109
NON-CURRENT LIABILITIES		
Borrowings	15 73,115	95,285
Long-term provisions	16 59,039	90,305
TOTAL NON-CURRENT LIABILITIES	132,154	185,590
TOTAL LIABILITIES	882,185	982,699
NET ASSETS	941,444	898,247
EQUITY		
Reserves	17 630,660	630,660
Retained earnings	310,784	267,587
TOTAL EQUITY	941,444	898,247

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 2016

2016

	Retained Earnings	Reserves	Total Equity
	\$	\$	\$
Balance at 1 July 2015	267,587	630,660	898,247
Total comprehensive income	43,197	-	43,197
Balance at 30 June 2016	310,784	630,660	941,444

2015

	Retained Earnings	Reserves	Total Equity
	\$	\$	\$
Balance at 1 July 2014	779,268	630,660	1,409,928
Total comprehensive income	(511,681)	-	(511,681)
Balance at 30 June 2015	267,587	630,660	898,247

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 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	5,409,885	5,332,553
Payments to suppliers and employees	(5,250,388)	(5,522,891)
Interest received	5,817	18,231
Interest paid	(1,489)	(2,400)
Income taxes received/(paid)	-	8,519
Net cash used in operating activities	<u>163,825</u>	<u>(165,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	27,838
Purchase of plant and equipment	(6,009)	(74,985)
Payments to acquire intangible assets	(41,000)	(320,281)
Net cash used by investing activities	<u>(47,009)</u>	<u>(367,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of finance lease liabilities	(21,719)	(38,432)
Net cash used by financing activities	<u>(21,719)</u>	<u>(38,432)</u>
Net increase/(decrease) in cash and cash equivalents held	95,097	(571,848)
Cash and cash equivalents at beginning of year	550,674	1,122,522
Cash and cash equivalents at end of financial year	<u>7</u> <u>645,771</u>	<u>550,674</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 2016

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

The functional and presentation currency of Fitness Australia Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 25 August 2016.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) 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 a 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.

(b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(b) Leases (continued)

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue from membership fees is recognised upon receipt of monies for the period in which the payment relates.

Revenue from registration fees received from fitness professionals on registration or renewal of registration is also now recognised upon receipt of monies.

Revenue from insurance sponsorship under the fitness professionals insurance scheme is recognised in full when the company has a right to receive the revenue.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Fitness Australia Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)**(d) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

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% DV

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. 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

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(h) Intangible Assets

Software and Website

Software and the website has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between four and seven years.

(i) Cash and cash equivalents

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

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value. In determining the liability, consideration is given to employee wages increases and the probability that the employee may not satisfy vesting requirements. Those estimated cash outflows are discounted using market yields on Commonwealth government bonds with terms to maturity that match the expected timing of cash flows.

(k) Adoption of new and revised accounting standards

The company has adopted all of the new revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the company in either the current or prior financial reporting periods.

3 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.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements For the Year Ended 30 June 2016

4 Revenue and Other Income

Revenue from continuing operations

	2016	2015
	\$	\$
Sales revenue		
- Business membership	686,503	677,058
- Associate membership	445,405	424,326
- Marketing & business development	27,425	38,958
- Advertising	135,516	210,351
- Affinity agreements	200,451	208,994
- Registrations	2,888,631	2,957,772
- Accreditation	310,765	190,788
- Sponsorship	215,736	5,378
- Partnership revenue	122,000	200,047
- Other revenue	22,867	1,668
	<u>5,055,299</u>	<u>4,915,340</u>
Other income		
- Interest received	5,817	18,231
- Profit on sale of non-current assets	-	7,757
	<u>5,817</u>	<u>25,988</u>
Total Sales Revenue and Other Income	<u>5,061,116</u>	<u>4,941,328</u>

5 Result for the Year

(a) Expenses

Depreciation and Amortisation		
Low value pool	10,103	11,787
Furniture, Fixtures & Fittings	96,030	63,961
Motor Vehicles	23,939	23,128
Computer Equipment	8,161	18,541
Computer Software	87,241	39,237
Website	10,388	4,986
	<u>235,862</u>	<u>161,640</u>
Total Depreciation and Amortisation		
Other finance costs	1,489	2,400
Superannuation expenses	204,184	218,317
Rental expense on operating leases minimum lease payments	<u>279,888</u>	<u>277,169</u>

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements
For the Year Ended 30 June 2016

6 Income Tax Expense

(a) The major components of tax expense / (income) comprise:

	2016	2015
	\$	\$
Deferred tax expense		
Deferred tax	-	-
(b) Reconciliation of income tax to accounting profit:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)	12,959	(153,504)
Add:		
Tax effect of:		
- non-deductible expenses	812	2,855
- Tax losses not recognised	10,107	116,380
	<u>23,878</u>	<u>(34,269)</u>
Less:		
Tax effect of:		
- non-taxable member income arising from principle of mutuality	23,878	(34,269)
	<u><u>23,878</u></u>	<u><u>(34,269)</u></u>

7 Cash and cash equivalents

Cash at bank in hand	365	365
Short-term bank deposits	173,725	171,076
CBA cheque account	207,470	72,962
CBA online saver account	264,211	306,271
	<u>645,771</u>	<u>550,674</u>

8 Trade and other receivables

CURRENT		
Trade receivables	327,787	228,372
Other receivables	-	465
Income receivables	43,395	5,123
Total current trade and other receivables	<u><u>371,182</u></u>	<u><u>233,960</u></u>

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Property, plant and equipment

	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
Low value pool		
At cost	93,137	93,137
Accumulated depreciation	(76,299)	(66,196)
Total plant and equipment	<u>16,838</u>	<u>26,941</u>
Furniture, fixtures and fittings		
At cost	536,527	533,600
Accumulated depreciation	(301,199)	(205,169)
Total furniture, fixtures and fittings	<u>235,328</u>	<u>328,431</u>
Motor vehicles		
Under lease	127,597	127,597
Accumulated depreciation	(45,884)	(21,945)
Total motor vehicles	<u>81,713</u>	<u>105,652</u>
Computer equipment		
At cost	116,656	113,575
Accumulated depreciation	(100,114)	(91,953)
Total computer equipment	<u>16,542</u>	<u>21,622</u>
Total property, plant and equipment	<u><u>350,421</u></u>	<u><u>482,646</u></u>

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Low Value Pool	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2015					
Balance at the beginning of the year	26,941	328,431	105,652	21,622	482,646
Additions	-	2,927	-	3,081	6,008
Transfers	-	-	-	-	-
Disposals - written down value	-	-	-	-	-
Depreciation expense	(10,103)	(96,030)	(23,939)	(8,161)	(138,233)
Balance at the end of the year	16,838	235,328	81,713	16,542	350,421

10 Tax assets

Recognised deferred tax assets and liabilities

	2016	2015
	\$	\$
Deferred tax assets	<u>63,323</u>	<u>63,323</u>

(a) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

Tax losses	126,486	116,378
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Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements
For the Year Ended 30 June 2016**11 Intangible Assets**

	2016	2015
	\$	\$
Computer software		
Cost	315,664	506,154
Accumulated amortisation	(63,339)	(166,588)
Net carrying value	252,325	339,566
Website		
Cost	87,883	46,883
Accumulated amortisation	(34,002)	(23,614)
Net carrying value	53,881	23,269
Total Intangibles	306,206	362,835

(a) Movements in carrying amounts of intangible assets

	Computer software	Website	Total
	\$	\$	\$
Year ended 30 June 2016			
Balance at beginning of the year	339,566	23,269	362,835
Additions	-	41,000	41,000
Amortisation	(87,241)	(10,388)	(97,629)
Closing value at 30 June 2016	252,325	53,881	306,206

12 Other assets

	2016	2015
	\$	\$
CURRENT		
Prepayments	86,726	187,508

13 Trade and other payables

CURRENT		
Trade payables	230,203	363,125
GST payable	82,884	59,106
Other payables	129,097	133,477
	442,184	555,708

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Other liabilities	2016	2015
	\$	\$
CURRENT		
Accrued expenses	<u>27,625</u>	<u>13,366</u>
15 Borrowings		
CURRENT		
Toyota Finance	19(a) <u>24,104</u>	<u>23,653</u>
NON-CURRENT		
Toyota Finance	19(a) <u>73,115</u>	<u>95,285</u>
16 Provisions		
CURRENT		
Provision for employee benefits	<u>256,118</u>	<u>204,382</u>
NON-CURRENT		
Provision for employee benefits	<u>59,039</u>	<u>90,305</u>
17 Reserves		
General reserve		
Opening balance	<u>630,660</u>	<u>630,660</u>
Total	<u>630,660</u>	<u>630,660</u>
(a) General reserve		

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

Fitness Australia Limited

ABN: 51 131 422 403

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Contracted Commitments

Fitness Australia Limited has entered into a contract for \$16,000 a month with a company from December 2015 to December 2017 who will provide media and advertising services.

19 Leasing Commitments**(a) Finance leases**

	2016	2015
	\$	\$
Minimum lease payments:		
- not later than one year	24,104	23,653
- between one year and five years	73,115	95,285
Minimum lease payments	97,219	118,938

(b) Operating leases

Minimum lease payments under non-cancelable operating leases:		
- not later than one year	230,215	236,361
- between one year and five years	501,332	464,647
Minimum lease payments	731,547	701,008

20 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 620,643 (2015: \$ 637,658).

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 25 August 2016 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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: 61 131 422 403

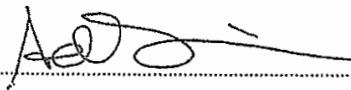
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company.
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.

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

Director 

Director 

Dated this 1 day of SEPT 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FITNESS AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Fitness Australia Limited which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Sydney Office

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Opinion

In our opinion the 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 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Andrew Hoffman
Partner

Sydney

Dated: 8 September 2016



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Connect with us



ABN 51 131 422 403