



**AUSTRALASIAN
RETAIL
CREDIT
ASSOCIATION**

ABN 47 136 340 791

**ANNUAL REPORT
TO MEMBERS
FOR THE YEAR ENDED
30 JUNE 2012**

ARCA MEMBERS

AS AT 30 JUNE 2012

Abacus – Australian Mutuals
American Express
Australia and New Zealand Banking Group
Bank of Queensland Limited
Bendigo and Adelaide Bank
Capital Finance
Citibank
Commonwealth Bank of Australia
Dun and Bradstreet
Experian Australia
GE Capital
HSBC Bank Australia Limited
ME Bank
National Australia Bank Limited
Suncorp
Toyota Finance Australia Ltd
Veda
Westpac Banking Corporation

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CHAIR'S REPORT FOR THE FINANCIAL YEAR 2011-12

"Castles made of sand fall in the sea, eventually"
Famous 20th Century philosopher

DEAR COLLEAGUES

Legislation enabling more comprehensive reporting lays the foundation for a paradigm shift in consumer credit management and personal financial literacy in Australia.

ARCA has recognised this reform will have a long term impact not only on individual consumers, but will also impact the wider economy over the long term. ARCA has played a critical role helping to develop an understanding amongst key stakeholders of the impact of these reforms, including how responsible credit and credit reporting assists all members of our community – a role we see it continuing to play into the future.

ARCA has developed into the premier industry voice for responsible credit as it pertains to credit reporting. This year, ARCA's Directors spent considerable time and personal resources to ensure ARCA can develop a more solid foundation for success in years to come. We are sure you will join us in thanking those organisations that allow the Directors who spend considerable time and personal energy on ARCA matters.

And while this year saw the tabling of the legislation and further senate reviews, ARCA has been working hard to ensure that we continue to play an important role in leading the development of the new Credit Reporting Code of Conduct.

This has included:

- Finalising the Code Issues Paper
- Commencing the Independent Review process
- Establishing the Code Industry Council
- Arranging for Ministerial and Departmental briefings for ARCA Members
- Continuing strong industry engagement, including the establishment of the Code Industry Council

We'd like to offer a special thanks to former and current Directors for their ongoing support and efforts, and to ARCA CEO Damian Paull and the whole ARCA team who have worked tirelessly this year to deliver such an excellent result.

Yours sincerely



CARLO CATALDO
DIRECTOR (CHAIRMAN)



TIMOTHY BRINKLER
DIRECTOR (FORMER
ACTING CHAIRMAN)

CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12



DEAR MEMBERS

It is with great pleasure and a sense of some pride that I present this report to you, the Members of the Australasian Retail Credit Association.

Reflecting on the quote cited by my Chair, Carlo Cataldo, it is evident that ARCA Members and the ARCA team have worked hard to build a solid foundation so that we can continue to lead industry on matters relating to credit reporting and responsible credit more generally.

This year we have continued to lay the foundations for what many consider to be a defining moment for ARCA Members, namely the broad reforms to the credit reporting system.

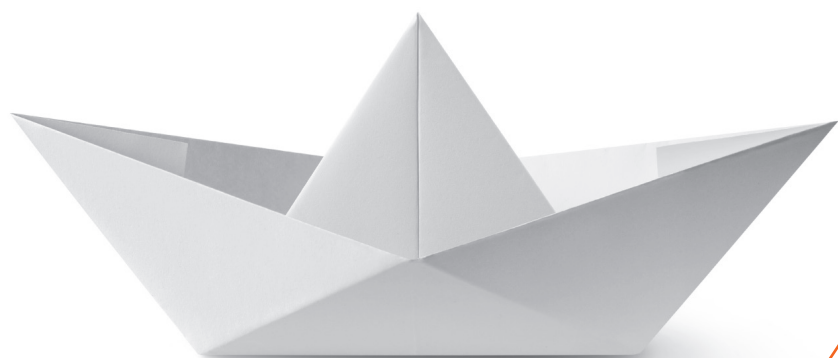
We have achieved an enormous amount, especially after you take into consideration ARCA's limited resourcing and operational budget.

The environment for these reforms was always going to be challenging. Industry has suffered delay at every turn, been subject to hearings and objections, and there have been changes of key staff, departments and Ministers. Yet as I write, we have a Bill being debated in the senate which is expected to pass through the parliamentary process within the next two or three months.

While the passage of the Privacy Amendment Bill through the parliament will be a significant milestone, the amendments to the Privacy Act simply sets the foundation upon which we will now need to add the new regulations and redrafted Credit Reporting Code of Conduct.

"The loftier the building, the deeper must the foundation be laid."

Thomas Kempis



CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12

ARCA'S VISION AND VALUE PROPOSITION

Our Vision

In February 2012, the Board agreed that ARCA should be the leading industry association representing credit providers and credit reporting bodies in Australia, on matters dealing with credit reporting and related retail credit matters.

Pursuant to our Constitution, ARCA:

- provides forums for senior credit executives from credit providers and credit reporting bodies to discuss and examine retail credit issues
- develops and promotes policies and codes of conduct for the betterment of the retail credit industry, and where appropriate provides advocacy and leadership to assist in achieving that outcome
- promotes responsible credit and best practice in consumer credit management in relation to credit reporting

Our Values

ARCA engages with a wide range of stakeholders, and at times there are divergent views and opinions on key policy and operational matters. It is therefore critically important that we are recognised for the way we engage and influence.

The following core values help to ensure that we remain consistent and accountable for how we behave:

excellence to be extraordinary and benchmark ourselves with and be inspired by better practices

partnership to work in collaboration, with mutual trust, respect and accountability

innovation to encourage new ideas, creative thinking and different approaches resulting in unique, intelligent solutions

contribution to seek out opportunities to add value for Members

commitment to demonstrate our willingness to go the extra mile and to deliver

2011-12 - A FORMATIVE YEAR

With the release of the Exposure Draft Privacy Bill early in 2011, this financial year was set to be a major one for ARCA and our Members.

By delivering on our agenda, we have continued to combine our experience and insights, expertise and passion with industry collaboration in order to ensure we are building a strong foundation for future success.

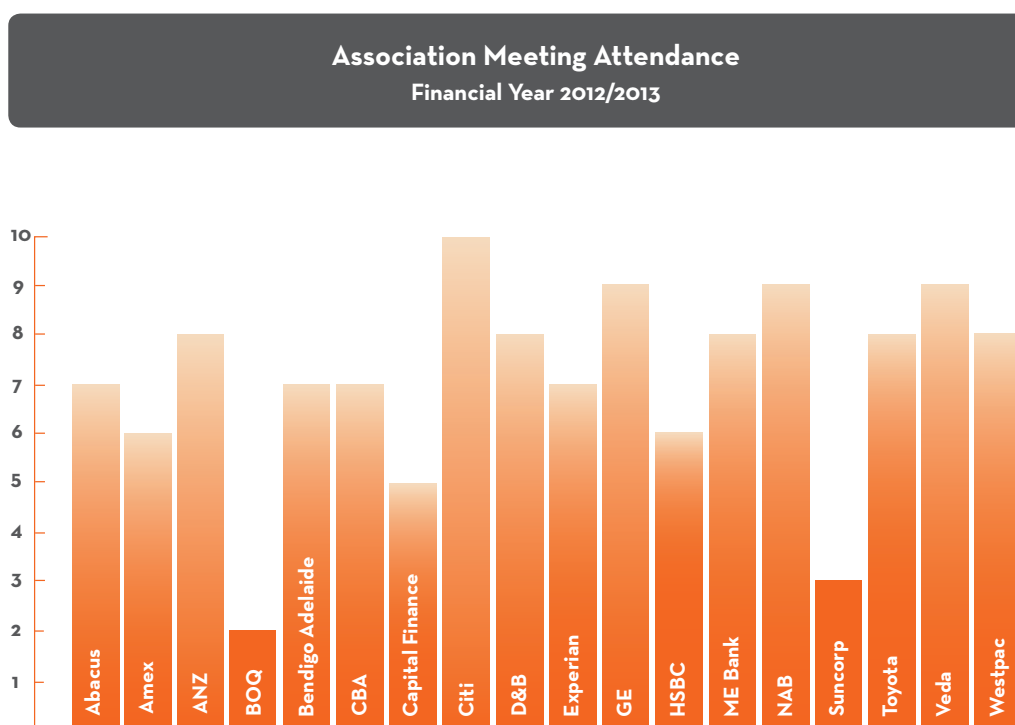
CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12

ARCA meetings of Members

Attendance at the ARCA Association meetings continues to be strong. ARCA Members meet monthly and have dealt with a range of updates, debates and decisions.

The following table identifies Member attendance against the number of meetings held during the last financial year.

DIAGRAM 1



CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12

The Code Industry Council

The core work for ARCA this year has been the preparation for the redrafting of the Credit Reporting Code of Conduct.

A key requirement for the successful drafting of the Code will be a solid foundation of industry support. With this in mind ARCA designed a new Code development process to ensure the broadest possible engagement and support across key industry stakeholders.

The new Code development process (which available on our website at www.arca.asn.au) illustrates how industry (the broad cross section of credit providers, including telecommunications and utilities providers and credit reporting bodies) will engage with ARCA as we develop the redrafted Code. Essentially key representatives from relevant industry associations will meet on a monthly basis to receive briefings on ARCA's progress and discuss matters of concern to their respective members

This group is referred to as the Code Industry Council (CIC) and its primary function is to ensure that their members are aware of the code progress and requirements and to provide feedback to ARCA as the Code is drafted.

The CIC will ensure:

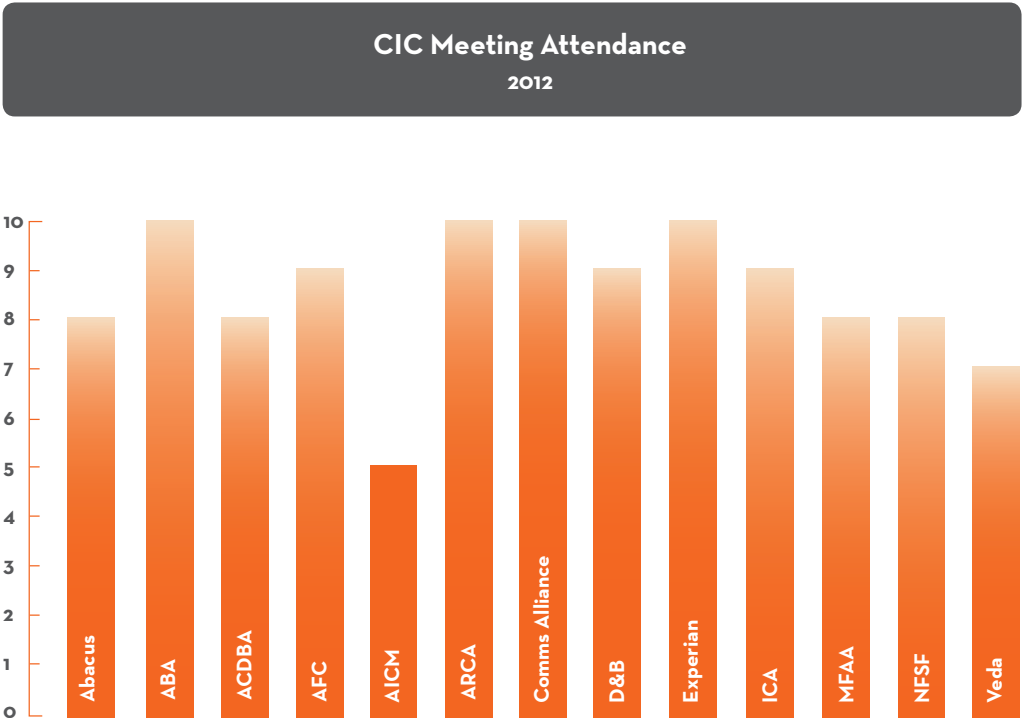
- their members are briefed and aware of the code development process
- their members views are represented in discussions on key aspects of the Code
- their members views are adequately reflected in any submissions process
- that their members have had adequate opportunities to consult on the Code



CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12

The CIC meets monthly. The following diagram identifies the attendances from January – June 2012.

DIAGRAM 2



ARCA would like to thank the following members of the CIC for all their hard work and participation.

Mark Degotardi	Abacus
Damian Paull	Australasian Retail Credit Association
David Grafton	Australasian Retail Credit Association
Ian Gilbert	Australian Bankers' Association
Alan Harries	Australian Collectors & Debt Buyers Association
Helen Gordon	Australian Finance Conference
Del Cseti	Australian Institute of Credit Management
Margaret Fleming	Communications Alliance
Steven Brown	Dun and Bradstreet
Genevieve Juillard	Experian
John Anning	Insurance Council of Australia
Calvert Duffy	Mortgage & Finance Association of Australia
Phil Johns	National Financial Services Federation
Matthew Strassberg	Veda

CEO'S REPORT FOR THE FINANCIAL YEAR 2011-12

○ FINANCIAL SUMMARY

This year we have continued to consolidate our financial position, and despite some financial challenges ARCA has achieved a number of significant successes.

The overall picture is positive with ARCA able to meet its financial commitments while maintain a cash surplus, which the Board has preserved in order to deal with any unexpected expenses. This year the financial reporting to the Board underwent a significant change with the move from cash based accounting to accrual based accounting.

The financial reports were improved with four key financial reports now produced monthly. These reports, namely Income, Profit and Loss, Balance Sheet and Budget, provide a transparent and detailed account of ARCA's financial position and allow the Board to better understand the exact financial position of the organisation.

There is no doubt that we are entering our most challenging period, and despite the strong Member support for ARCA, a significant ongoing financial risk remains - namely finding a long term and sustainable funding model. The Board has discussed a number of possible solutions, and the ARCA team continues to work on delivering value to our Members while looking at ways to improve our subscription base.

The longer term future of ARCA funding will depend largely on our ability to broaden the income base and obtain further contributions towards the on-going costs of redrafting the Credit Reporting Code of Conduct, in addition to the establishment of a credit reporting framework that can facilitate compliance with the data standards and the principles of reciprocity.

CONCLUSION

On behalf of the Board and ARCA team, I would like to thank the Members for their ongoing financial support, thus ensuring that ARCA can continue to take a leadership position in the credit reporting reforms. ARCA is truly a unique organisation, where Members set aside their commercial and competitive tensions in order to focus on how to improve credit reporting specifically and retail credit, generally.

It is to these volunteers (listed in this Annual Report) and the ARCA staff who have worked hard to deliver and meet expectations, that we owe a debt of gratitude.

On behalf of all the Members I would like to acknowledge and personally thank the Board and all the Directors for their counsel and assistance this year.

Finally I would like to acknowledge and thank the ARCA team, who have worked hard to listen to the concerns of Members, advocate effectively, develop key policy positions, help explain the complexity of the regulatory reforms, and more generally to make ARCA a relevant and respected industry association.

So on behalf of the Board I would like to acknowledge and thank

- Matt Gijsselman
- Michael Hartman
- Clair Mackenzie
- Jeff Ryall

If 2012 was about laying a solid foundation, then 2013 will be about building the required frameworks that ensure an effective and efficient credit reporting system, and I am confident that we have set up the necessary infrastructure and relationships to deliver during this next challenging year.



DAMIAN PAULL
CHIEF EXECUTIVE OFFICER

ACHIEVEMENTS 2011-12

The following identifies key ARCA achievements during the 2011-12 reporting period.

MEMBER PERSPECTIVE

How do we add value to our Members?

We are valued and respected for our ability to advocate, provide thought leadership, education and our ability to influence positive change.

MAJOR ACTIVITIES

- Built better relationships within Government and relevant Government Departments
- Increased ARCA engagement with the Opposition
- Built stronger relationships with Privacy Minister Brendan O'Connor, and subsequently Attorney General Nicola Roxon
- Successfully engaged with Government Departments, as privacy was transitioned from the Department of Prime Minister and Cabinet (PM&C) to the Attorney Generals' Department (AGD)
- Increased ARCA's standing with the Office of the Australian Information Commissioner (OAIC)
- Rebuilt Code development process
- Increased Member communications through the [ARCA Update]
- Developed and implemented successful engagement strategy with ASIC
- Established and chaired the Code Industry Council to ensure broad industry engagement and consultation regarding the code development process
- Built relationships with
 - Australian Collectors and Debt Buyers Association (ACDBA) and presented to their Board
 - Secured ACDBA signed off on ARCA Issues Paper and Code development process
 - Communications Alliance: presented to the telecommunications working groups on three occasions, met with CEO and obtained Communications Alliance support for the CIC
 - Optus: met with Optus on three occasions and significantly increased positive engagement on Code development process
 - Engaged with the Mortgage Finance Association of Australia and gained support for the CIC
 - Australian Finance Conference (AFC): presented at the compliance conference and gained AFC participation on the CIC.
 - Insurance Council of Australia (ICA): presented to the ICA Lenders Mortgage Insurers sub committee and obtained ICA support for the CIC

ACHIEVEMENTS 2011-12

LEARNING & GROWTH PERSPECTIVE

How will we sustain our ability to change and improve?

We listen and seek to learn from our Members, industry partners, government, regulators and consumer advocates in order to understand.

- Australian Bankers Association (ABA): received support for CIC and Code development process
- Continued the development of the industry data exchange standard
- Commenced the development of industry data exchange obligations (reciprocity)
- Completed a technical and legal analysis of the Privacy Amendment Bill for Members
- Developed ARCA Fact Sheets on key issues related to the credit reporting reforms
 - Consumer notification requirements
 - Account management
 - Repayment history and hardship
 - The Australian link requirement
 - Pre-screening
- Developed the content for the continuing education of Members

MAJOR ACTIVITIES

- Developed 2012 Political Strategy
- Met with Consumer Action, Financial Counselling Australia, Consumer Credit Legal Centre, Legal Aid Qld
- Participated in the consumer forums hosted by Veda
- Participated in the utilities forums hosted by Dun and Bradstreet
- Conducted regular briefings with the OAIC and ASIC
- Commissioned the Independent Review of the ARCA Issues Paper across government, external dispute resolution schemes and consumer advocates
- Conducted 10 Association meetings with Member representatives
- Conducted 6 Code Industry Council (CIC) meetings for the financial year, maintaining a high participation rate across the CIC members
- Conducted one on one meetings with ARCA Members
- Established the Legislative Affairs Forum, drawing upon Members' regulatory affairs experience to shape our political messages and lobbying positions

ACHIEVEMENTS 2011-12

BUSINESS PROCESS PERSPECTIVE

What business process must we excel at?

We have a trusted, collaborative and innovative work culture, and maintain efficient and effective systems.

- All ARCA Directors completed the Australian Institute of Company Directors (AICD) course
- The Board adopted the AICD Code of Ethics as the set of standards for Board ethics and expectations
- Drafted new ARCA media policy
- Drafted human resources manual for ARCA employees, contractors and volunteers
- Direct employment of staff agreed by the Board
- New job descriptions drafted for key ARCA staff
- Established new ARCA office premises
- Developed and launched the new ARCA brand and brand guidelines

FINANCIAL PERSPECTIVE

How do we become sustainable?

We have a funding model that aligns vision, revenues, expenditures, and strategic objectives in order to build trust and confidence.

MAJOR ACTIVITIES

- ARCA maintained a working capital and has been able to progress its core business without any significant debt
- Developed new financial reporting with the move from cash to accrual based accounting
- ARCA satisfactorily addressed the audit issues identified in 2011
- The ARCA team assessed ARCA's risk and recreated a comprehensive risk record
- Met all statutory reporting for Australian Securities and Investments Commission and the Australian Taxation Office
- ARCA maintains an effective surplus of funds to assist with any unfunded liability
- The Board has agreed to examine ARCA funding and potential models for sustainability in 2012-13

DELIVERING VALUE FOR MEMBERS - INTO 2013

The role of the ARCA Board is to set the strategic agenda for both the near and the longer terms.

Given the current activities it is not surprising that 2013 will be focussed on delivering the credit reporting reforms.

We face a number of challenges and ARCA is well positioned to deal with the matters before it. The Board will continue to review ARCA's objectives to ensure that they remain relevant and achievable.

The objectives for 2013 are aligned to maintaining and building upon ARCA's current identity which is:

"Advocacy and support of industry wide implementation of comprehensive credit reporting"

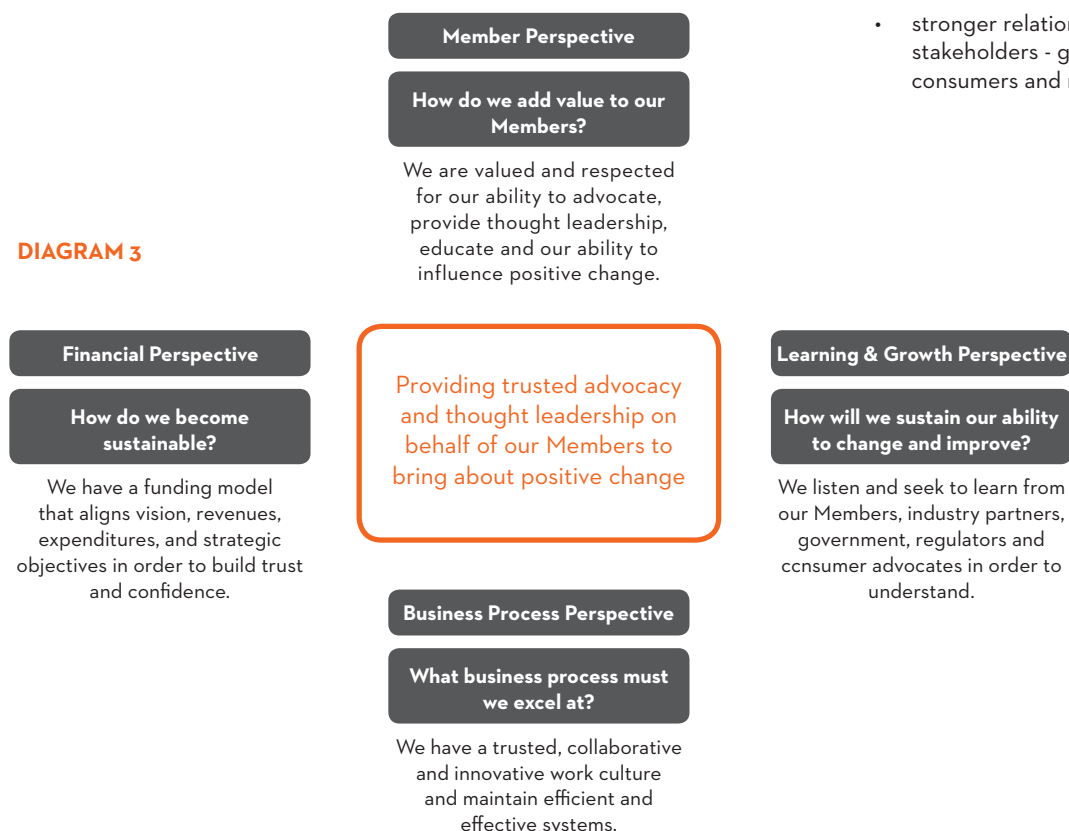
ARCA has adopted a balanced scorecard approach which is illustrated in diagram 3.

There will be a number of tangible outcomes over the next financial year, many of which will relate to the credit reporting frameworks and Code approvals.

Notwithstanding the Privacy Act reforms, our challenge will be to focus on how ARCA can improve in these areas, and build;

- a professional, standalone organisation valued by Members
- a diverse membership base
- a sustainable funding model
- a focus on the current reforms, but a broader credit cycle/financial literacy/ consumer credit data exchange agenda
- recognition that ARCA is a leader on matters relating to retail credit and responsible credit
- a high performing team, who are empowered, engaged and employed with a wider range of available skills including;
 - Policy and legal
 - Advocacy and lobbying
 - Education and event management
 - Communications and marketing
 - Business services
- better governance and more confidence from Members in our systems and processes
- stronger relationships with external stakeholders - government, industry, consumers and regulators

DIAGRAM 3



DELIVERING VALUE FOR MEMBERS - INTO 2013

MEMBER PERSPECTIVE

How do we add value to our Members?

We are valued and respected for our ability to advocate, provide thought leadership, education and our ability to influence positive change.

Activity	Outcomes
Meet with Ministers and key political leaders in relation to retail credit, including credit reporting, responsible credit and hardship.	<div>○</div> Clear and defined boundaries for ARCA advocacy beyond credit reporting and consistent with retail credit cycle
Build ARCA profile through a co-ordinated program including: <ul style="list-style-type: none"> - Industry briefings - Workshops - Media - Strategic partnerships 	<ul style="list-style-type: none"> - Foster cross industry participation - Improved brand recognition - Trusted advisor - Industry leadership
Form strategic partnerships to conduct industry research on retail credit risk issues; <ul style="list-style-type: none"> - Longitudinal benchmarking of current repayment performance to be compared against consumer behaviour post implementation 	<ul style="list-style-type: none"> - Leadership on industry issues - Supports further agendas for reform - Identity better world practices - Provide opportunities for additional services
Develop product offering for Members and non Members such as: <ul style="list-style-type: none"> - Industry briefings and conference - Industry guides and education - Compliance advice - Consumer education 	<ul style="list-style-type: none"> - Member vs non member benefits - Provides networking opportunities - Provides value across all Members



DELIVERING VALUE FOR MEMBERS - INTO 2013

LEARNING & GROWTH PERSPECTIVE

How will we sustain our ability to change and improve?

We listen and seek to learn from our Members, industry partners, government, regulators and consumer advocates in order to understand.

Activity	Outcomes
Convene ARCA's Consumer Forum and expand membership to include other industry consumer advocates	<ul style="list-style-type: none">- Leadership- Collaboration- Industry centric solutions- Neutral environment
Convene an annual regulator forum consisting of the ACCC, ASIC, ACMA, and OAIC to provide information and reporting on the effectiveness of the retail credit reforms and discuss concerns and issues identified as part of the regulators activities	<ul style="list-style-type: none">- Leadership- Collaboration- Industry centric solutions- Neutral environment- Proactive engagement leading to trusted relationships
Coordinate the consumer education campaign relating to credit reporting reforms designed to educate consumers on managing repayment performance	<ul style="list-style-type: none">- Maximises potential ROI for Members- Leadership- Increased profile
Briefings for senior executives of ARCA Members	<ul style="list-style-type: none">- Support Directors- Feedback re ARCA value- Identification of strategic issues
Seek membership of the APCC to begin examining Asia and Pacific opportunities and developments	<ul style="list-style-type: none">- Better practices- International positioning- Access to "influencers"- Building reputation

DELIVERING VALUE FOR MEMBERS - INTO 2013

BUSINESS PROCESS PERSPECTIVE

What business process must we excel at?

We have a trusted, collaborative and innovative work culture and maintain efficient and effective systems.

Activity	Outcomes
Implement a performance management system for staff with an appropriate remuneration and retention framework	<ul style="list-style-type: none">- Higher engagement- Sustainability- Improved retention and reduction in key person risk- Reduce legal risk
Develop and implement speciality interests policy for ARCA Members	<ul style="list-style-type: none">- Meets expectations- Provide confidence on ARCA policy settings- Provides an agreed escalation of issues that can't be resolved at the Association
Finalise the HR manual for ARCA staff and move to employment model	<ul style="list-style-type: none">- Minimises legal risk- Increase staff satisfaction- Position for growth
Identify and appoint Independent Chair	<ul style="list-style-type: none">- Improved governance- Transparency- Capacity to assist CEO
Manage and complete all governance and financial matters to the satisfaction of the auditors	<ul style="list-style-type: none">- Improved governance- Increased confidence in financial controls

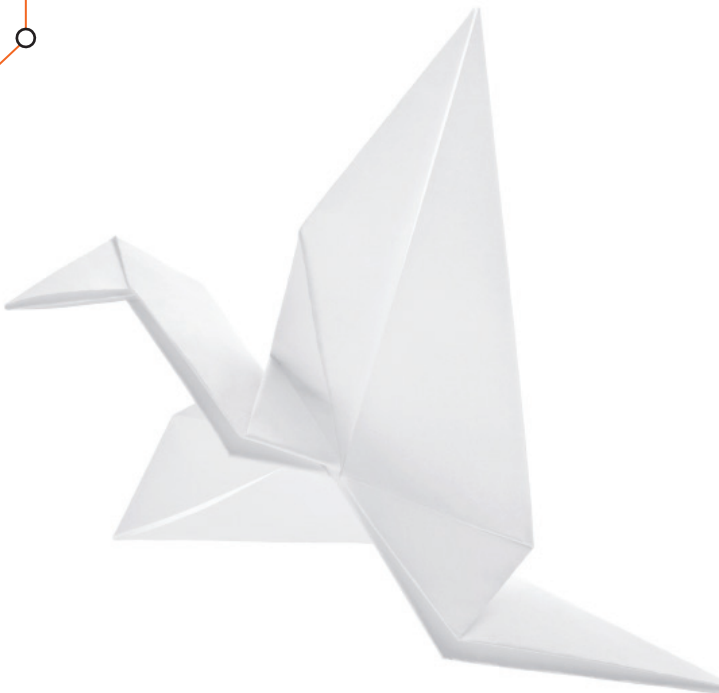
DELIVERING VALUE FOR MEMBERS - INTO 2013

FINANCIAL PERSPECTIVE

How do we become sustainable?

We have a funding model that aligns vision, revenues, expenditures, and strategic objectives in order to build trust and confidence.

Activity	Outcomes
Determine short term funding requirements for continuation of current activities	Sustainability in the short term
Utilise the three tiered funding model to apportion funding requirements across all Members	Consolidated budget, broader contribution model, united value proposition
Prepare a discussion paper on alternative funding models, considering: <ul style="list-style-type: none">- Tiered contribution model- Data transfer model- Credit report levy	<ul style="list-style-type: none">- Transparency on funding issues- Model aligned to Vision and Goals- Sustainable for longer term- Fosters broad Member engagement
Source additional funding opportunities i.e.: <ul style="list-style-type: none">- Conference- Advertising- website, e-mag- Education and seminars- Advisory services- Networking opportunities	<ul style="list-style-type: none">- Additional revenue- Capacity to be self funded- Growth opportunities



DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2011-12

Your Directors present this report on the company for the year ended 30 June 2012.

DIRECTORS

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

- Timothy John Brinkler
- Carlo Cataldo (resigned 2 April 2012)
- David Peter Fodor (resigned 11 June 2012)
- Indukant Gautum
- David John Grafton
- Fiona Larnach (appointed 15 November 2011)
- Robert Gordon Love
- Rory Matthews (appointed 15 November 2011; resigned 1 June 2012)
- Richard Nevill (appointed 15 November 2011)
- Marcus Oakley (appointed 1 June 2012)

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

COMPANY SECRETARY

The company secretary and CEO, Mr Damian J. Paull commenced with ARCA on the 2 May 2011 and was appointed as Company Secretary on 17 May 2011. He has previously worked as a CEO for the Code Compliance Monitoring Committee, as an Executive Manager at ANZ, where he was an Executive Director for three ANZ subsidiaries. Prior experience involves executive positions within the financial services industry and the Australian Securities and Investments Commission.

PRINCIPAL ACTIVITIES

ARCA's constitution identifies the following goals and objectives:

- To provide a forum for senior credit executives from credit providers and credit reporting bodies in Australia and New Zealand to discuss and examine retail credit issues.

- To develop and promote policies and codes of conduct for the betterment of the retail credit industry, and where appropriate provide advocacy and leadership to assist in achieving that outcome.
- To promote responsible credit and best practice in consumer credit management in relation to credit reporting.

Reflecting on these broad goals it is clear that the focus in 2011-12 has been centred on the legislative reforms to credit reporting and the development of the CR Code, including:

- Strong engagement with the Attorney General's Department in relation to the draft legislation.
- Our submission to the Senate Finance and Public Administration Committee in relation to the Exposure Draft Bill.
- Our convening of the Code Industry Council to oversee the drafting of the Credit Reporting Code of Conduct.
- Our appearance at the Parliamentary committee hearings.

ARCA is well positioned and respected in Canberra for its industry representation on matters relating to credit reporting.

With respect to our other goals, ARCA has;

- held regular Association meetings (monthly)
- held regular Board meetings (at least quarterly)
- presented at conferences to promote the role of ARCA
- regularly meet with the Office of Australian Information Commissioner (OAIC) and the Australian Securities and Investments Commission (ASIC) in relation to responsible credit
- maintained our membership
- improved financial management with management and board reporting
- improved communications with the development of the [ARCA Update]
- established the Code of Industry Council comprised of 10 industry associations and the three credit reporting bodies

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2011-12

OPERATING RESULTS

The profit from operation for the year ended 30 June 2012 amounted to \$214,860 (2011: \$108,417).

REVIEW OF OPERATIONS

ARCA has continued to deliver on its objectives and with respect to the credit reforms, has achieved a lot considering the financial resources it has available.

ARCA has been in a good financial position and the Members have had transparent and accountable financial reporting which has provided confidence in our ability to operate.

The overall picture is positive with the Association meeting its objective of income meeting expenses.

The ongoing financial risk for ARCA relates to building a sustainable membership and subscription base. In addition with the uncertainty of the legislative timetable, ongoing project funding may be impacted.

The longer term future of ARCA project funding will depend largely on the ability of ARCA Members to influence industry to contribute to the on-going costs of redrafting and updating the Credit Reporting Code of Conduct.

In 2011-12 a number of ARCA Members have made significant financial contributions to ensuring that ARCA continues to play a major role in the credit reporting reforms. They are:

- ANZ
- CBA
- Citibank
- GE
- HSBC
- NAB
- Veda
- Westpac

At this point in time all those Members that are funding the project activities have agreed to continue that funding for 2012-13.

On behalf of the Board and ARCA we would like to thank these Members for their ongoing financial support to ensure that ARCA can continue to take a leadership position in the credit reporting reforms.

LEADING THE CREDIT REPORTING REFORMS

ARCA has consolidated its position as a leader in the credit report reforms.

ARCA Members remain committed and passionate about the opportunities presented by the reforms to credit reporting as identified in the Privacy Amendment (Enabling Privacy Protection) Bill tabled in the federal parliament in May 2012.

This is evident by the financial support and time commitments that Members contributed this year towards ARCA's various working groups, think tanks and other sessions.

This year saw ARCA continue to build the core structures and frameworks required for the credit reporting reforms, including;

- Design of a new code development framework
- Completion of the Issues Paper
- Completion of phase 2 of the Independent Review
- The Data Standard version 6
- Release of the reciprocity discussion paper and development of the issues log
- Release of the complaints requirement document
- A robust project plan and that delivered on the key requirements, within budget
- Submissions to the Senate and House Committees
- Fact Sheets and associated corporate branding.

The contributions of ARCA Members cannot be understated and we thank each of the people (past and present) for their active contributions and participation.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2011-12

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Company other than that referred to in the financial statements or notes thereto.

AFTER BALANCE DATE EVENTS

ARCA entered into a 12 month employment contract from 1 Sept 2012 for the Head of Public Affairs.

Other than the above, there have not been any matters or circumstances arising since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of operation, or the state of affairs of the company in future financial years.

FUTURE DEVELOPMENTS

In July 2012 the ARCA Board confirmed the strategic goals as identified in the ARCA constitution.

In addition the Board provided direction as to the key priorities for 2012-13.

Our challenge is to now focus on how ARCA can improve in these areas, and build;

- a professional, standalone industry association valued by Members
- a diverse membership base
- a sustainable funding model
- a focus on CCR reforms, but a broader credit cycle/financial literacy/ consumer credit data exchange agenda
- ARCA as a permanent part of the industry association landscape
- recognition that ARCA is the leading industry association for retail credit and responsible

credit

- a high performing team, who are empowered, engaged and employed with a wider range of available skills including;
 - Policy and legal
 - Advocacy and lobbying
 - Education and event management
 - Communications and marketing
 - Business services
- better governance and more confidence from Members in ARCA's systems and processes
- stronger relationships with external stakeholders - government, industry, consumers and regulators.

The Board is looking forward to working with the CEO and ARCA team to deliver a stronger Association in 2012-13.

SERVICE PROVIDERS

There have been a number of advisers and specialist service providers that ARCA have relied upon in order to deliver on its goals and objectives. On behalf of the ARCA Members, the board would like to thank the following organisations for their ongoing support and assistance:

- AM Accounting & Bookkeeping Services
- Crowe Horwath Sydney
- Holden Redlich
- Redalto Communications
- Sai Designs

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2011-12

MEETINGS OF DIRECTORS

During the year, 8 meetings of Directors were held.
Attendances by each Director were as follows:

Directors' Meetings	Number eligible to attend	Number attended
Timothy Brinkler	8	7
Carlo Cataldo	8	8
David Peter Fodor	8	7
Indukant Gautum	8	7
David John Grafton	8	7
Fiona Larnach	5	4
Robert Love	8	8
Rory Matthews	5	5
Richard Nevill	5	5
Marcus Oakley	-	-

MEMBERSHIP GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the entity.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 30.

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



**TIMOTHY JOHN
BRINKLER
DIRECTOR (FORMER
ACTING CHAIRMAN)**



**DAMIAN PAULL
COMPANY SECRETARY**



DIRECTORS' BIOGRAPHIES



TIMOTHY JOHN BRINKLER

Director from 30 March 2010

Qualifications

BSc Chemistry

MSc Operational Research

Experience

Tim has significant experience in retail credit and portfolio management services. He is currently Head of Commercial and Unsecured Retail Credit with ANZ. Tim has been a representative with ARCA for more than three years.

“A recognised and trusted industry entity working to improve retail credit practices for the benefit of all as a broader remit than CCR although by necessity focused on CCR in the short term.”

Tim Brinkler



CARLO CATALDO

Director from 30 March 2009, Chairman from 12 November 2010; resigned 2 April 2012

Qualifications

B Sc (Honours) Statistics

Experience

Carlo was employed by Experian Asia Pacific from 1995 to 1999 as a risk consultant. Carlo joined GE Capital in 1999, and from 2004 to 2010 was Chief Risk Officer and Vice President Risk Management. Carlo is currently Responsible Lending Leader with GE Capital and has been an ARCA representative since 2005.

“I want ARCA to remain the premier association for providing leadership and promoting retail risk related issues and responsible lending.”

Carlo Cataldo

DIRECTORS' BIOGRAPHIES



DAVID PETER FODOR

Director from 16 April 2009; resigned 11 June 2012

Qualifications

Bachelor of Agricultural & Resource Economics

Experience

David has been with NAB Group since 1995. For 10 of the past 15 years David has been involved with consumer credit risk functions, including as head of both consumer and small business lending businesses across NAB Australia.

David is currently employed as the Chief Credit Officer for the Personal Banking Division. David has been involved with ARCA as a representative since 2008.



INDUKANT GAUTUM

Director from 30 March 2009

Qualifications

Bachelor of Technology
Finance/ Project Management

Experience

IK has been with Citibank since 1985 and is currently Regional Senior Risk Officer, supervising regional risk offices for India, Indonesia, and Malaysia. While based in Singapore, IK continues to remain an active contributor to ARCA.



DAVID JOHN GRAFTON

Director from 30 March 2010

Qualifications

BA Geography Southampton

Experience

David worked with CBA from 2004 to 2011. Upon leaving CBA, David was appointed an Independent Director of ARCA. David has been an ARCA Director since 2006.

"I would like to see ARCA become more widely recognised as the industry body for retail credit (broadly defined) and to bring the journey to comprehensive reporting to a successful conclusion."

David John Grafton

DIRECTORS' BIOGRAPHIES



FIONA LARNACH

Director from 15 November 2011

Qualifications

Masters in Banking and Finance (UTS)

CPA (Deakin University)

Currently completing PhD (UTS)

Experience

Fiona has worked in risk management for over 20 years with a particular focus on retail credit risk. Fiona is currently the Chief Risk Officer – Retail Bank with the Commonwealth Bank and has previously worked in Operational Risk, Market Risk and Compliance. Fiona has been a Director for Family Planning NSW – a not for profit organisation for the past 8 years. Fiona was a founding representative of ARCA in 2003, while working for Westpac Banking Corporation.

○ “I believe that ARCA has the capacity to represent the participants involved in the exchange and use of retail credit information. ARCA is uniquely positioned to unite common interests and get industry focused on the current reforms.”

Fiona Larnach



ROBERT G LOVE

Director from 23 November 2010

Qualifications

Bachelor of Business,
Business Administration

Experience

Rob has been involved with consumer risk management in the Australian, South African and United Kingdom marketplaces. Rob is currently responsible for The Westpac Group's consumer unsecured risk environment and also the Group's financial crime management function. Rob leads Westpac's comprehensive reporting reform agenda. Rob has been involved in ARCA since 2006, and was appointed as a Director in November 2010.

DIRECTORS' BIOGRAPHIES



RORY MATTHEWS

Director from 25 November 2011; resigned 30 May 2012

Qualifications

MBA (UK)

Experience

Rory has extensive experience in both the credit bureau information technology sector as well as a deep understanding in the industry across three continents. Rory was involved in helping shape data privacy and regulatory frameworks in South Africa and Brussels. Rory was the Chief Operating Officer and Managing Director International for Veda.



RICHARD NEVILL

Director from 15 November 2011

Qualifications

BSc (Statistics and Mathematics) UK

Experience

As Head of Comprehensive Credit Reporting for HSBC Retail Bank, Richard is responsible for all secured and unsecured lending. Richard has worked in a number of risk related roles in both Australia and the UK.



MARCUS OAKLEY

Director from 1 June 2012

Qualifications

Honours degree in Management Science

Experience

Marcus has over 15 years experience in financial services risk management across Europe, Asia and Australia. Marcus is the current Chief Risk Officer of GE Capital and is chair of GE Capital's Enterprise Risk Committee and Credit Committee.

ARCA WORK GROUP PARTICIPANTS

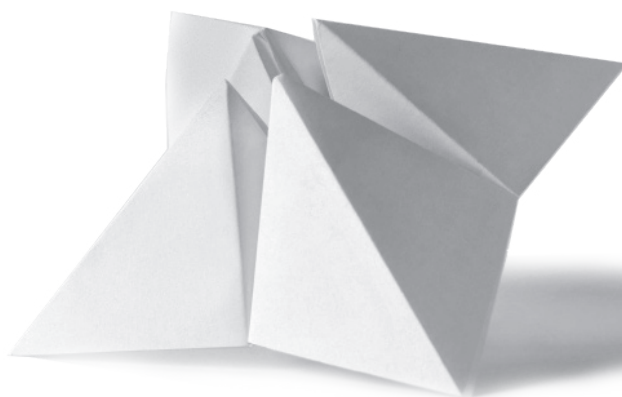
AS AT 30 JUNE 2012

COMPLIANCE

Damian Paull	ARCA	Chair
Olga Ganopolsky	Veda	Lead
Mark Degotardi	Abacus	
David Erving	ANZ	
Peter Harman	ANZ	
Matt Gijselman	ARCA	
Glenn Watts	CBA	
Genevieve Juillard	Experian	
Kaajal Fox	GE	
Mathew Duncan	NAB	
Marina Panagacos	Westpac	

COMPLAINTS HANDLING

Michael Hartman	ANZ	Chair
Rebecca Barbour	Veda	Lead
Clair Mackenzie	ARCA	Lead
Melissa Stratton	Amex	
Andrew Kalavritinos	CBA	
Sharon Booth	Experian	
Stephen Blyth	GE	
Jule Waskiewicz	HSBC	
Steve Chilvers	NAB	
Eric Janssens	Veda	
Helen James	Westpac	



ARCA WORK GROUP PARTICIPANTS

AS AT 30 JUNE 2012

CODE DEVELOPMENT

Matthew Fuentes	HSBC	Chair
Matt Gijsselman	ARCA	Lead
Mark Degotardi	Abacus	
David Erving	ANZ	
Michael Hartman	ARCA	
Tony Tronolone	CBA	
Curtis Eriksson	Citi	
Genevieve Juillard	Experian	
Sharon Booth	Experian	
Kaajal Fox	GE	
Mathew Duncan	NAB	
Matthew Strassberg	Veda	
Marina Panagacos	Westpac	

COMMUNICATIONS

Damian Paull	ARCA	Chair
Matt Gijsselman	ARCA	Lead
Clair Mackenzie	ARCA	
Jeff Ryall	ARCA	
Andrew Kalvritinos	CBA	
Penny Butlin	CBA	
Georgia Lennon	Experian	
Katie Lennon	GE	
Dade Edwards	NAB	
David Grafton	Veda	
Matthew Strassberg	Veda	
Belinda Koch	Westpac	

ARCA WORK GROUP PARTICIPANTS

AS AT 30 JUNE 2012

DATA STANDARDS

David Erving	ANZ	Chair
Eric Janssens	Veda	Lead
Martyn Norman	Abacus	
Mike Jones	AGL	
Michael Hartman	ARCA	
Steve Wyer	CBA	
Andrew Kalavritinos	CBA	
Curtis Eriksson	Citi	
Michael Sheppard	Experian	
Mike Walsh	Experian	
Hyeong Chu	GE	
Amanda Lim	HSBC	
Becky Fishburn	HSBC	
Barry Gibbons	Lloyds	
Mathew Duncan	NAB	
Mark Stewart	Westpac	

IMPLEMENTATION

Ian Kaplan	GE	Chair
Jeff Ryall	ARCA	Lead
Anil Toraty	GE	Support
David Erving	ANZ	
Milena Shtifelman	ANZ	
Clair Mackenzie	ARCA	
Andrew Kalavritinos	CBA	
Steve Brown	D&B	
Genevieve Juillard	Experian	
Michael Sheppard	Experian	
Sharon Booth	Experian	
Poli Konstantinidis	GE	
Philip Alaveras	HSBC	
Amanda Lim	HSBC	
Ashley Wolff	ME Bank	
Mathew Duncan	NAB	
Karen Bastian	NAB	
Eric Janssens	VEDA	
Rob Love	Westpac	
Gary Badger	Westpac	

The Board of Directors
Australasian Retail Credit Association Limited
Suite 736 / 1 Queens Road
MELBOURNE VICTORIA 3004

Dear Board Members,

AUSTRALASIAN RETAIL CREDIT ASSOCIATION LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australasian Retail Credit Association Limited.

As lead audit principal for the audit of the financial statements of Australasian Retail Credit Association Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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



CROWE HORWATH SYDNEY



ROGER WONG
Principal

Dated this 30th day of October 2012.



*Liability limited by a scheme approved under
Professional Standards Legislations*

*Crowe Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss Verein.
Each member firm of Crowe Horwath is a separate and independent legal entity.*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		\$	\$
Revenue	2	1,297,220	988,062
Other income	2	24,632	10,150
Contractor expenses		(941,736)	(821,889)
Dues and subscriptions		(73)	-
Legal expenses		(19,715)	(26,545)
Insurance		(4,308)	(5,684)
Professional fees		(68,806)	(21,643)
Website expenses		(16,109)	(4,405)
Occupancy Expenses		(20,499)	-
Training and development		(8,404)	-
Board and Governance expenses		(5,342)	-
Other expenses		(16,390)	(6,584)
Profit before income tax		220,470	111,462
Income tax expense	4	(5,610)	(3,045)
Profit for the year		214,860	108,417
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		214,860	108,417



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,106,429	758,414
Trade and other receivables	6	190,899	132,612
Other current assets	7	12,245	73,667
TOTAL CURRENT ASSETS		1,309,573	966,693
TOTAL ASSETS		1,309,573	966,693
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	803,195	678,861
Tax payable	9	6,822	3,136
TOTAL CURRENT LIABILITIES		810,017	681,997
TOTAL LIABILITIES		810,017	681,997
NET ASSETS		499,556	284,696
EQUITY			
Retained Earnings		499,556	284,696
TOTAL EQUITY		499,556	284,696

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

2012	Retained Earnings	Total
	\$	\$
Balance at 1 July 2011	284,696	284,696
Surplus attributable to the Members of the company	214,860	214,860
Other comprehensive income for the year	-	-
BALANCE AT 30 JUNE 2012	499,556	499,556
2011	Retained Earnings	Total
	\$	\$
Balance at 1 July 2010	176,279	176,279
Surplus attributable to the Members of the company	108,417	108,417
Other comprehensive income for the year	-	-
BALANCE AT 30 JUNE 2011	284,696	284,696

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,574,373	1,373,382
Payments to suppliers		(1,249,065)	(945,530)
Income tax paid		(1,925)	(2,233)
Interest received		24,632	10,150
Net cash generated from operating activities	14(b)	348,015	435,769
Net increase in cash held		348,015	435,769
Cash and cash equivalents at beginning of the year		758,414	322,645
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	1,106,429	758,414



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The financial statements are for Australasian Retail Credit Association Limited (ARCA or the Company) as an individual company, incorporated and domiciled in Australia. Australasian Retail Credit Association Limited is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The Company is a not-for-profit entity for financial reporting purposes under Australia Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, 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. The accounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 29 October 2012 by the Directors of the Company.

Accounting Policies

a. Revenue

Subscription revenue is recognised in the statement of comprehensive income when the company obtains control of the subscription and it is probable that the economic benefits gained from the subscription will flow to the company and the amount can be measured reliably.

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

Subscription revenue or project revenue relating to periods beyond the current financial year are shown in the statement of financial positions as unearned revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

c. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

GST is paid to the ATO on a cash basis.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

d. Income Tax

A provision for income tax has been raised as the company for interest income. No provision for income tax has been raised as the company is exempt from income tax (for subscription revenue only) under Division 50 of the Income Tax Assessment Act 1997.

e. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

f. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

g. New Accounting Standards and Interpretations

Certain new standards and interpretations have been published that are effective for the first time for periods commencing on or after 1 July 2011 (i.e. years ending 30 June 2012) and forthcoming requirements being standards and amendments that will become effective after 1 January 2011.

New standards and amendments - applicable 1 July 2011
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 July 2011.

(i) AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (effective 1 July 2011)

These standards eliminate most of the existing differences between the Australian and New Zealand accounting standards and IFRS and retain only those additional disclosures that are considered necessary.

These changes are not expected to materially impact on the disclosures ARCA reports.

Forthcoming requirements

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 30 June 2012.

(i) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements, AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements and AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

AASB 1053 introduces a revised two tier differential reporting regime:

- Tier 1 are the Australian Accounting Standards as currently applied
- Tier 2 is the reduced disclosure regime which retains the recognition and measurement requirements of Australian Accounting Standards but with reduced disclosure requirements.

For profit private sector entities that are not publicly accountable, not for profit entities in the private sector and public sector entities other than those mentioned above can adopt the tier 2 requirements (unless the relevant regulator requires compliance with tier 1).

AASB 2011-6 extends the relief for intermediate parent entities from consolidation, equity accounting and proportionate consolidation to parent entities that report under tier 2, where the parent higher up the group is reporting either under tier 1 or tier 2.

The Company can early adopt this standard, but has opted not to.

(ii) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

Removes the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001.

The amendments cannot be adopted early.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(iii) AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (OCI) (applicable for annual reporting periods beginning on or after 1 July 2012)

The main change from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

(iv) AASB 9 Financial Instruments (December 2010) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.

AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the ‘available for sale’ and ‘held-to-maturity’ categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.

The new categories of financial assets are:

- Amortised cost – those assets with ‘basic’ loan features’
- Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable)
- Fair Value through profit and Loss - everything that does not fall into the above two categories

The following changes also apply:

- Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value
- There is no longer any requirement to consider

whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal.

- Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.
- The rules for reclassification of financial assets have been simplified. Financial assets are now reclassified only when the entity’s business model changes – this is expected to be very infrequent.

In December 2010, the AASB released a revised version of AASB 9 which included new requirements for the measurement and classification of financial liabilities, with the following key features:

Most liabilities continue to be measured at amortised cost.

Where a liability is measured at fair value, any change in fair value which is attributable to the entity’s own credit risk must be shown as part of Other Comprehensive Income, not as part of the profit or loss.

These changes are not expected to materially impact on the disclosures ARCA reports.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
<i>Revenue from subscription and special projects</i>		
– subscription	432,533	212,225
– projects	864,667	775,837
	1,297,220	988,062
<i>Other revenue</i>		
– interest received	24,632	10,150
NOTE 3: PROFIT FOR THE YEAR		
a. Expenses		
<i>Auditor Remuneration</i>		
– audit services	18,000	14,500
– AGM election	3,000	3,275
	21,000	17,775
<i>Non Audit Services</i>		
– Preparation of tax return	1,500	1,500



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise:

Current Tax	5,610	3,045
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b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:

Prime facie tax payable on income from interest at 30% (2011: 30%)	7,390	3,045
Less:		
– PAYG income tax	1,780	-
Income tax attributable to the Company	5,610	3,045

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank	14(a)	1,106,429	758,414
Total cash and cash equivalents as stated in the statement of financial position		1,106,429	758,414
Total cash and cash equivalents as stated in the cash flow statement		1,106,429	758,414

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors	154,000	107,250
Other receivables	36,899	27,362
	190,899	132,612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(i) Credit Risk – Trade and other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions

agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired						
	(days overdue)						
	Gross Amount	Past due and impaired	<30 days	31-60	61-90	>90	Within initial trade terms
	\$	\$	\$	\$	\$	\$	\$
2012							
Trade and term receivables	154,000	-	-	-	-	154,000	154,000
Other receivables	36,899	-	36,899	-	-	-	-
TOTAL	190,899	-	36,899	-	-	154,000	154,000
2011							
Trade and term receivables	107,250	-	-	-	-	107,250	107,250
Other receivables	27,362	-	27,362	-	-	-	-
TOTAL	132,612	-	27,362	-	-	107,250	107,250

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: OTHER CURRENT ASSETS

	2012	2011
	\$	\$
CURRENT		
Other receivables	7,016	1,667
Prepayments	5,229	72,000
	12,245	73,667

NOTE 8: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	29,874	2,317
Unearned revenue	677,500	536,750
GST payable	31,503	71,034
Accruals	64,318	68,760
	803,195	678,861

NOTE 9: TAX

CURRENT		
Income tax payable	6,822	3,045
	6,822	3,045

NOTE 10: CONTINGENT LIABILITIES AND ASSETS

There are no commitments or contingencies of the company for capital or otherwise.

NOTE 11: EVENTS AFTER THE REPORTING PERIOD

ARCA entered into a 12 month employment contract from 1 Sept 2012 for the Head of Public Affairs.

Other than the above, there have not been any matters or circumstances arising since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of operation, or the state of affairs of the company in future financial years.

NOTE 12: RELATED PARTY TRANSACTIONS

a. Key Management Personnel

Any person(s) having authority and responsible for planning, directing and controlling the activities of the company, directly or indirectly, any Director (whether executive or otherwise) is considered key management personnel.

b. Other Related Parties

Other related parties include close family member of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Payments made to entities controlled by key management personnel:

Payments made to Caldene Pty Limited	240,000	49,422
Payments made to Balme Trust	-	244,089

No Director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with a Director or with a firm of which they are members, or with a company in which they have a substantial financial interest.

Transactions between related parties are on normal commercial terms and at conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 13: LEASE COMMITMENTS

During the year, a lease was signed for 12 months for a new office located at Suite 736/1 Queens Road, Melbourne Victoria 3004.

	Note	2012	2011
		\$	\$
12 months or less		21,210	-
1-5 years		-	-
Over 5 years		-	-
TOTAL MINIMUM LEASE PAYMENTS		21,210	681,906

NOTE 14: CASH FLOW INFORMATION

a. Reconciliation of Cash

Cash at bank	5	1,106,429	758,414
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b Reconciliation of Cashflow from Operations with Profit after Income Tax

Profit after income tax		214,859	108,417
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(52,099)	(107,250)
(Increase)/decrease in prepayments		66,772	(72,000)
Increase/(decrease) in trade and other payables		27,557	(49,218)
Increase/(decrease) in unearned revenue		140,750	444,250
Increase/(decrease) in accruals		(4,442)	57,560
Increase/(decrease) in GST		(49,067)	54,773
Increase/(decrease) in income tax		3,685	(763)
NET CASHFLOW FROM OPERATING ACTIVITIES		348,015	435,769

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks; trade debtors and other accounts receivables; and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets			
- Cash and cash equivalents	5	1,106,429	758,414
- Trade and other receivables	6, 7	203,144	206,279
TOTAL FINANCIAL ASSETS		1,309,573	964,693
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	8, 9	810,017	681,997
TOTAL FINANCIAL LIABILITIES		810,017	681,997

Financial Risk Management Policy

The finance board is responsible for monitoring and management the company's compliance with its risk management strategy and consist of Board members.

Specific Financial Risk Exposures And Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposure as its major source of revenue is the receipt of subscriptions.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting

period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

The company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors in accordance with approved Board policy.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company does not have any borrowings at 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$		\$		\$		\$	
Financial liabilities due for payment								
Trade and other payables	810,017	681,997	-	-	-	-	810,017	681,997
TOTAL EXPECTED OUTFLOWS	810,017	681,997	-	-	-	-	810,017	681,997
Financial assets – cash flows realisable								
Cash and cash equivalents	1,106,429	758,414	-	-	-	-	1,106,429	758,414
Trade and other debtors	203,144	206,279	-	-	-	-	203,144	206,279
Total anticipated inflows	1,309,573	964,693	-	-	-	-	1,309,573	964,693
NET (OUTFLOW)/INFLOW ON FINANCIAL INSTRUMENTS	499,556	284,696	-	-	-	-	499,556	284,696

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments. Volatility on floating rate instruments is disclose below

At 30 June 2012 the company has no debt.

ii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

As at 30 June 2012 ARCA is not exposed to price risk.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	
	2012	2011
	\$	\$
+/-2% in interest rates	+/- 5,408	+/- 3,288

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT (CONTINUED)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

		2012		2011	
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	1,106,429	758,414	758,414	758,414
Trade and other receivables	(i)	203,144	206,279	208,279	206,279
TOTAL FINANCIAL ASSETS		1,309,573	964,693	966,693	964,693
Financial liabilities					
			-	-	-
Trade and other payables	(i)	810,017	810,017	681,997	681,997
TOTAL FINANCIAL LIABILITIES		810,017	810,017	681,997	681,997

The fair values disclosed in the above table have been determined based on the following methodologies: (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: CAPITAL MANAGEMENT

Board of Directors controls the capital of the company to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised.

The company's capital consists of financial liabilities, supported by financial assets.

The Board effectively manages the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market.

As at 30 June 2012 the company had no debt.

NOTE 17: MEMBERS' GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding and obligations of the company. At 30 June 2012 the number of Members was 17.

NOTE 18: COMPANY DETAILS

The place of business of the company is:

Australasian Retail Credit Association
1 Queens Road
MELBOURNE VIC 3004

The registered office of the company is:

Australasian Retail Credit Association
Level 24,
275 Kent Street
SYDNEY NSW 2000

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 30, are in accordance with the Corporations Act 2001:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position for the year ended 30 June 2012 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.



DAMIAN PAULL
CHIEF EXECUTIVE OFFICER
COMPANY SECRETARY



TIMOTHY BRINKLER
DIRECTOR (FORMER
ACTING CHAIRMAN)



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALASIAN RETAIL CREDIT ASSOCIATION LIMITED

Report on the financial report

We have audited the accompanying financial report of Australasian Retail Credit Association Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement cash flow for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Australasian Retail Credit Association Limited.

Directors' responsibility for the financial report

The directors of Australasian Retail Credit Association Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of Australasian Retail Credit Association Limited comply with International Financial Reporting Standards.

Auditor's responsibility of the Responsible Entity

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 Auditing 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 judgment, 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 and fair presentation of the financial report 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 Syndicate's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



*Liability limited by a scheme approved under
Professional Standards Legislations*

*Crowe Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss Verein.
Each member firm of Crowe Horwath is a separate and independent legal entity.*



Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion on the financial report

In our opinion, the financial report of Australasian Retail Credit Association Limited is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

R. Wong Pitt Choy

ROGER WONG

Principal

Dated this 30th day of October 2012.

ARCA COMPANY DETAILS



COMPANY DETAILS

The place of business of the company is:

Australasian Retail Credit Association

1 Queens Road
MELBOURNE VIC 3004

The registered office of the company is:

Australasian Retail Credit Association

Level 24,
275 Kent Street
SYDNEY NSW 2000

CONTACT DETAILS

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