

2011 annual report

Without an **AFTA Travel Agent**, you're on your own



COMPANY DETAIL

Registered Office

Level 3
309 Pitt Street
SYDNEY NSW 2000
ABN: 72 001 444 275

Auditor

Gateway Partners
Terry Borello
Level 5
100 William Street
WOOLLOOMOOLOO NSW 2011

Solicitors

Slater & Gordon
Level 11
51 DrUITT Street
SYDNEY NSW 2000

Ryan Lawyers
Level 6
40 King Street
SYDNEY NSW 2000

Leitch Hasson Dent
Level 12
162 Goulburn Street
SYDNEY NSW 2010

Bankers

Westpac Banking Corporation
242 Castlereagh St
SYDNEY NSW 2000



MISSION STATEMENT

To be truly representative of the travel agents
of Australia.

To enhance the professionalism and
profitability of its members through effective
representation in industry and government
affairs, education and training and satisfy the
needs of the travelling public.

To promote travel and domestic tourism.

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BOARD OF DIRECTORS



CHAIRMAN

Mike Thompson
CEO Travelscene American Express



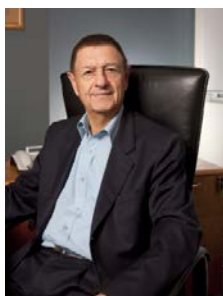
VICE CHAIRMAN

David Greenland
MD Carlson Wagonlit Travel



VICE CHAIRMAN

Warwick Blacker
GM Jetset Travel World Network



DIRECTOR

Spiros Alysandratos
CEO Consolidated Travel



DIRECTOR

Jamie Pherous
CEO Corporate Travel Management
(appointed February 2011)



DIRECTOR

Peter Lacaze
CEO Jetset Travel World Limited



DIRECTOR

Tass Messinis
VP – Head of Sales
American Express Business
Travel
(appointed February 2011)



DIRECTOR

Gary Allomes
MD Travellers Choice
(appointed February 2011)



DIRECTOR

Graham Turner
MD Flight Centre

As at 31 March 2011

ANNUAL REPORT

DECLARATION

Presented to the Annual General Meeting at the Westin in Sydney at 2.30pm on Saturday, 9 July 2011.

The Board of Directors has pleasure in presenting the Annual Report for the activities of the Federation for the twelve months ended 31 March 2011 representing the 34th Annual Report of the Federation as a Company. The report covers the Federation's financial year to 31 March 2011 and the period of the current Board which took office on 10 July 2010.

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an **AFTA**
Travel Agent
you're on
your own



www.afta.com.au

The Australian Federation of Travel Agents Limited

CHAIRMAN'S REPORT



It has once again been a pleasure to serve as Chairman of AFTA. In my second year as Chairman it has been a year with many challenges for the travel industry. AFTA has been heavily involved in all of these issues and performed well as the travel industry representative body. It has also been a year of reported strong trading for AFTA's members and it would appear that the year ahead is looking to be a good year for travel agents.

AFTA has achieved significantly over the past year and this has been demonstrated by the overwhelming evidence and support that was shown in the report prepared by PricewaterhouseCoopers on the review of consumer protection in the travel industry.

The PwC report clearly outlined that the policy position put forward and recommend by AFTA was right. The report further endorsed all of the recommendations and suggestions that AFTA presented which is in itself a significant achievement by AFTA.

It is clear that AFTA has won the policy debate and this has been ratified by the independently prepared report presented to all state and federal governments under the review.

The big question of course is whether or not the various Ministers will have the courage to follow the policy proposals presented in the various government reports. Often, legislators for a range of reasons don't follow the advice of the reports. For the part AFTA has played in this process, members should be very pleased that we have done everything possible to present the arguments and represent their interests for change to the regulations of travel agents in Australia.

The Board and management of AFTA have work extensively on this subject over the past 12 months and regardless of the outcome, will be able to move onto other issues and topics in the year ahead.

AFTA continues to enjoy extremely broad and extensive support by travel agents, suppliers, distribution partners and other companies related to the travel industry and this is because we have continued to engage and inform the industry on our activities.

The solid support of members of AFTA is a testament to the activities and efforts undertaken and I am sure that all AFTA members can see the ongoing benefit of having a well resourced, energetic, capable and professional industry body representing their interests across a wide range of government and other stakeholders.

I wish AFTA members all the best for the year ahead.

Mike Thompson
Chairman

YEAR IN REVIEW



As has already been mentioned by the Chairman in his report, AFTA can be very proud of its achievements this year given the results and recommendations made in the PricewaterhouseCoopers report into the review of consumer protection in the travel and travel related services industry. The PwC report clearly indicated that what AFTA has called for and the reform that is needed for the travel industry is right. Only time will tell if the Ministers around the country have the courage to implement the recommendations of the report. I was given the following analogy which is very appropriate for AFTA's efforts in this review:

"We have won the heavy weight title fight, but we may just not get the prize money".

These past twelve months have once again been very busy times for AFTA and indeed busy times for members and the travel industry. The high Australian dollar and until more recent months, the continued strong consumer confidence have meant that we have seen growth and strong trading for travel agents around Australia. For AFTA, our many activities in Canberra and amongst the states have presented a full agenda for the staff of the Federation.

Once again, these past twelve months have presented a range of challenges globally with natural disasters dominating the travel industry.

On a domestic front, the floods and cyclone in Queensland, and floods in many other parts of the country, have meant that AFTA has been a leader on a number of initiatives to assist the domestic tourism industry of Australia.

AFTA has maintained a rigorous agenda on the political front this year. The consumer protection review has dominated this agenda, but AFTA has also made some serious in-roads in education regulation with changes to the core subjects for travel course along with the commencement of name changes for some of the qualifications that address the needs of the travel industry.

AFTA has consolidated its approach to communicating with members by way of the successful AFTA @mail monthly e-newsletter with really pleasing feedback resulting from this approach.

AFTA webMAIL has continued to serve agents with up to the minute bookable product going out by email 365 days a year. With the refreshed software fully operational we have again received positive feedback and support from suppliers for this communication tool.

Members have continued to use the benefits of the IR Hotline which has been particularly helpful given the number of changes that were made to industrial relations arrangements in Australia over the past 12 months. This IR Hotline continues to be provided by Leitch Hasson Dent and due to the positive feedback received by members, this service will continue.

Members have also had the benefit of the legal hotline, provided by Ryan Lawyers. A wide range of member's issues were addressed, with assistance and advice provided on a range of commercial questions. Again, this service has been well received with positive comments and will continue in the year ahead.

Over the past twelve months AFTA has launched its Travel Agents National Awareness Campaign, or TANAC as it is called internally. This campaign launched the "before, AFTA" images (as detailed in the Membership Services and Marketing report) which have been well received by members. Public relations and editorial support has been difficult to obtain, however AFTA has used every possible opportunity to tell consumers of the benefits of using a travel agent. Further to this, members have found the TANAC images to be a helpful addition to their collateral with a number of members taking on the campaign for their own branded agency use. This resource will continue in the year ahead as a support to members.

This last year has also required an increased level of media exposure with a range of appearances made by me on both TV and radio. Messages around what to do as a traveller when disasters strike; the need for travel insurance; how best to check travel advisories; the benefit of using a travel agent, are just a few of the topics on which I have spoken to various media outlets. All good support to the value of using a travel agent.

The National Travel Industry Awards (NTIA) 2010 was once again a huge success for the industry and AFTA. The NTIA has grown to great heights with new categories, the addition of the AFTA party and some format changes. Members and the broader travel industry appear very happy with this event representing a worthwhile and noteworthy activity of AFTA. Of course, the sponsors of the NTIA are also to be congratulated for their ongoing commitment as it would not be possible to present such an extravaganza without them.

This past year, as a result of action taken by ASIC, we have also managed to make successful changes to the way direct sellers of travel insurance word advertisements. This is a pleasing outcome and one that AFTA has spent considerable time and resources in building the case to have a more equitable arrangement in place as to how advertising is presented. Members have commented positively on the clear change to the wording now used by these competitors selling travel insurance online.

We have continued our strong relationships and partnerships with a broad range of stakeholders and these arrangements continue to be important to the plans and policies that AFTA puts forward. AFTA continues to embrace all of these stakeholders including Council of Australian Tour Operators, Australian Tourism Export Council and the National Tourism Alliance. In addition, AFTA maintains a solid working relationship with key suppliers to the industry. A range of mutual support is provided and this has been tested and demonstrated on a number of occasions this year in the face of many unfortunate natural disasters. AFTA provides a platform for information to be disseminated to members and the broader travel industry via the www.afta.com.au website.

Internationally, AFTA continues to represent its members and the broader travel industry on a range of IATA committees including the APJC, which is the Australian working group with IATA and the PAPGJC, which is the international committee. There continues to be a constant dialog with IATA and airlines around the trading arrangements that sit within the agreement between agencies and IATA. ADM's have once again dominated much of this year's discussion particularly in light of some carriers and GDS actions over the past year. I am pleased to report

that AFTA enjoys a strong working relationship with the local Australian office of IATA and we have managed to address many issues as best we can over the past year.

AFTA continues to be a member of the World Travel Agents Association Alliance (WTAAA). This industry body brings together the travel agents associations which represent over 70% of the BSP sales in the world. It is a forum for ideas to be exchanged and allows a close working relationship to be formed on many global issues. AFTA maintains this involvement to enable us to have a global perspective in a range of issues facing the travel industry and we continue to be a part of the WTAAA for this reason.

FINANCIAL RESULTS

On behalf of the Board of Directors I report on the financial operations of the Federation for the year ended 31 March, 2011. I am very pleased to report an operating surplus of \$26,145 for this closing financial year which has added to the net equity position of the Federation. AFTA remains in very strong financial health.

Despite a small drop in the membership numbers, income remains steady and as a result of a lift in interest rates, cash investments have returned significantly, resulting in an overall increase in income for this AFTA financial year.

Although AFTA was required to further invest in submissions and activities around the review of consumer protection, expenses were still maintained at levels consistent with the previous year resulting in a small saving. The combination of investment returns and savings on expenses resulted in the surplus returned this year.

It is important to note that this stable financial result ensures the ongoing capability and capacity of the organisation to deliver for its members into the future.

CONCLUSION

AFTA has undertaken a review of its strategic business plan and during the course of the past year AFTA has updated the plan to give a clear direction for the next two years. While AFTA will continue to primarily be the representative body for the travel agency community, broader domestic tourism support and involvement with the National Tourism Alliance will continue as an important part of the AFTA's activities.

While the past year has presented a range of challenges and opportunities, I am most pleased that our policy on consumer protection was right and we should all be proud that AFTA has had the influence it has. It clearly demonstrates the need to have a united voice, and a strong and well-resourced industry body as we never know what is around the corner.

Along with the other 6 staff of AFTA I have really enjoyed the past year and as I get to know so many members and industry partners, I would like to say thank you to everyone for their ongoing support and trust in what we do to serve the members of AFTA and the wider travel industry.

Jayson Westbury
Chief Executive

DOMESTIC TOURISM

The domestic tourism industry is an important aspect of the Australian economy and AFTA has continued its commitment to supporting and promoting Australian tourism in many ways over the past 12 months.

During this period, natural disasters have unfortunately dominated the tourism industry in many ways. In Queensland, post the floods, AFTA lead a considerable high profile travel delegation to support the recovery efforts and draw focus on the need for travel agents to assist by suggesting and recommending a domestic holiday to their clients. Travel wholesalers and retailers also took part in this approach and reports received have shown that the efforts had a positive impact and that agents have been keen supporters of Queensland bookings.

AFTA has continued its strong support for the National Tourism Alliance (NTA), the peak tourism body for the Australian tourism industry. This has allowed AFTA to support domestic tourism through a number of initiatives including: involvement in policy development; representations to the federal government; support on the National Long Term Tourism Strategy and a range of the working groups, just to name a few.

With the closure of the Sustainable Tourism Co-operative Research Centre (STCRC) based at Griffith University in Queensland, AFTA took the Chair of the legacy project which will develop a range of important key performance indicators for the Australian tourism industry. This project has been resourced by the remaining funds of the STCRC and is due for completion towards the end of 2011. The contribution by AFTA has been significant both by way of time committed, hosting of various meetings; but also by providing support and other requirements during the development phase. This project is set to deliver considerable

benefits for a broad range of stakeholders within the Australian domestic tourism industry.

Building on the legacy project, AFTA has also supported Tourism Australia (TA) in the development of the 2020 Tourism Potential Goals for the industry and has played an active role in getting key brand messages to the retail travel community for both TA and other state based tourism organisations. AFTA continues to provide strong support to all of the various government tourism promotion bodies by taking part in a range of meetings, engagements and events to help endorse their activities and further promote the benefit of the domestic tourism industry to both retail and corporate travel agents in Australia.



Once again, AFTA assisted TA by facilitating a range of meetings with retailers and retail groups in support of the Australian Tourism Exchange that was held in Adelaide in 2010. This initiative aims to increase the number of travel agents selling domestic travel at this important annual business to business trade show hosted by TA.

AFTA maintains essential tourism relationships with a wide range of government and industry bodies. These include memberships with the Australian Tourism Industry Taxation Task Force; the Australian government National Tourism and Aviation Working Group; The National Tourism Communications Response Group; Vice Chair of the National Tourism Alliance; the Tourism Industry Council of New South Wales and the Queensland Tourism Industry Council. All of these tourism organisations strive to support the tourism industry and work with all governments for the betterment of the industry at large.

In addition to the aforementioned

organisations, AFTA maintains a close working relationship with the Australian Tourism Export Council; the Association of Convention Bureaux; Business Events Sydney; the Accommodation Association of Australia; the Australian Hotels Association and the Council of Australian Tour Operators. Together, these organisations represent a large portion of the Australian domestic tourism industry and AFTA plays an important role in connecting travel agents to these tourism products and sectors.

Participation in these organisations also assists AFTA in keeping abreast of developments which have bearing on the small business travel community, as well as allowing AFTA important representation opportunities.

AFTA continues to value the domestic tourism industry greatly and provides a wide range of activities and support to include, connect and involve more than 3000 travel agent businesses in Australia within the domestic tourism industry.



MEMBERSHIP SERVICES AND MARKETING

AFTA continues to provide a range of member services.

The monthly member's e-newsletter, the AFTA @Mail, continues to provide an excellent platform to communicate with members on the activities and achievements of AFTA. It also provides a range of small business information in such areas as legal, financial, industrial relations, insurance and taxation to assist members in successfully operating their travel agency businesses.

The annual AFTA National Travel Industry Awards engendered a record level of industry involvement, both in terms of the nomination and voting participation rates and attendance at the Gala Awards Presentation Dinner. Sponsorship participation was at its peak with over 80% of sponsors renewing their previous commitment, providing clear evidence of the importance placed on this industry event. Feedback on all aspects of the awards process has been excellent.

During the year a number of new initiatives have been introduced which have actively engaged the membership and enhanced the AFTA brand within the industry.

The introduction of a national awareness campaign for travel agents has seen the development of new marketing collateral for use by members. A range of images which highlight the benefit of using a travel agent to consumers have been produced. Based on the "Before...Afta" (after) theme, these images have been provided for use free of charge to the membership and have had significant uptake.

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The awareness campaign has been widely embraced by the trade media. In addition, the travel agent awareness campaign has seen the development of a public relations plan to manage the process of promoting the use of travel agents in the consumer arena.

The format of the AFTA Membership Benefits flyer has also been updated, in line with the new artwork. A separate members logo developed specifically for Allied Members of AFTA, has been created in the same genre as the current AFTA logo and branding, to allow this segment of the membership to be acknowledged.

The AFTA Yearbook has been re-branded and is now known as the AFTA Travel Pages. The AFTA Travel Pages is an important element in AFTA's commitment to promoting domestic tourism. The re-branding, in conjunction with the reinstatement of the annual AFTA Wall Planner, has seen a heightened level of industry engagement in both the State and National tourism organisation arena, as well as with a greater number of travel industry suppliers. The resulting publication has an enhanced content and format which is of far greater benefit to members.

» National Product Directory
» Member Directory
» International Focus & Features
» 2010 Year in Review

AFTA
AUSTRALIAN FEDERATION
OF TRAVEL AGENTS

AFTA
travelpages
2011

The Flagship Publication of the Australian Federation of Travel Agents

AFTA @mail Without a Travel Agent You're on Your Own
FEBRUARY 2011
THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS

Message from the Chief Executive

Welcome to 2011. Clearly the travel industry is off and running with another extremely busy year.

Drama has surrounded us already and it is only February. Many members have let us know of how they have been helping in the Queensland floods, both on the ground and with clients. Also, the Egypt issue continues to test the resources of the travel industry and while the number of Australians caught up in the situation is not enormous, it has created many problems for people planning to go or who have booked to go to Egypt. Hopefully everyone involved in the travel industry will be supportive and implement reasonable conditions to accommodate clients' requirements.

Once again you as travel agents demonstrate your value.

You will have no doubt by now received the first detail of the new look 'Before...Afta' campaign details. These new messages and images will be most helpful to you as members and AFTA will be doing a great deal to get this message out.

While there is no plan for specific paid advertising, plans will include many stories and editorials in the lead up to the NTIA in July and beyond. Feedback so far has been excellent. Thank you to all who have sent a note, not only to request copies of the new materials, but also to let us know that you like it.

We have also had a win with the re-introduction of important core elements to the travel training courses being delivered around Australia. It's hard to believe that Fares & Ticketing was removed as a core element to obtain a Certificate III, but it was. Going forward this is back in the curriculum and we are really pleased about that.

You will also see this month that we start the **NTIA fever** with the call for nominations opening. Good luck to everyone and welcome once more to 2011.

2011 AFTA NTIA - Nominations to Open Monday

Nominations for the 2011 AFTA National Travel Industry Awards (NTIA) will open on Monday.

With 30 award categories covering both the agency and supplier sectors of the industry, these awards recognise and reward excellence in the Australian travel industry. The NTIA provides a fantastic opportunity to acknowledge those industry colleagues and businesses that help your business to succeed.

In 2011 AFTA has introduced a brand new category - **Best Conference & Incentive Travel Agency**. This category is open to licensed travel agencies which conduct Conference & Incentive operations.

This year's AFTA NTIA will see the culmination of the consumer awareness campaign launched earlier this week by AFTA and will be a key means of putting the spotlight directly on the travel agent in the consumer arena.

Qantas has once again confirmed their support as Major Sponsor of the 2011 AFTA NTIA and we acknowledge and thank them for their continued association with this significant event on the industry calendar. It is the enduring support of sponsors like Qantas which allows AFTA to continue operating these awards and staging such a spectacular Gala Dinner each year.

We will be running the popular "Afta Party" once more in 2011 after very positive feedback last year. Singapore Airlines has returned as sponsor of the Afta Party and we are looking forward to the opportunity to create another fabulous event in conjunction with Singapore Airlines.

The nomination period will run from 9.00am Monday 7th February through to 5.00pm on Monday 28th February.

There are two nomination forms - one is for travel agents who wish to nominate suppliers in the various supplier categories and the other for suppliers who wish to nominate agents in the agency categories. A complete list of categories may be viewed at www.afta.com.au/NTIA/Awards/NTIACategories.

To submit your nomination from Monday, simply visit www.afta.com.au and click on the link.

We look forward to receiving your nomination and encourage you to get behind the 2011 AFTA NTIA.

WINNER 2011

The Australian Federation of Travel Agents Ltd • ABN 72 201 444 275 • Level 3, 309 Pitt St Sydney NSW 2008 • afta@afta.com.au

CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance is the system by which companies are directed and controlled.

Directors are responsible for the governance of their Companies. The role of members with corporate strategic aims and mission statement of the Federation, providing leadership, supervising management and reporting to members. governance is to appoint directors and auditors and to satisfy themselves an appropriate structure is in place. The responsibilities of the Board include setting up the

The Board's actions are at all times subject to statutes, regulations and members at general meetings.

Local business practices have demonstrated during recent years an increased focus on the standard of corporate governance practices with a view to improving board and management behavior, and providing an aid to management.

The Federation has always adopted "best practice" particularly in relation to financial reporting and accountability.

BOARD OF DIRECTORS AND COMMITTEES

The Board monitors the achievements of its strategic aims and mission statement.

Committees formed from time to time comprise Directors in various roles together with the assistance of outside qualified persons as may be required.

All procedures and mandates for committees are reviewed regularly.

The Board has established an appropriate framework for management of the Federation including internal control procedures, business risk management processes and maintenance of significant ethical standards.

AUDIT COMMITTEE

Statements of Corporate Governance, Auditing Practice and Business promote the role of audit committees for all significant entities.

The Federation recognised this important concept by introducing an Audit Committee in 1980 many years prior to recommendation by Australian accounting bodies; prior to generally accepted business practices and also prior to requirements for listed companies.

An audit committee in the context of the Federation is defined as a committee comprising non-executive members of the Board to which has been assigned scrutiny of the financial reporting and auditing process.

One of the roles of the Audit Committee is to recommend adoption of the Financial Statements to the full Board.

The Board is effectively informed by providing each Director with a copy of the Audit Committee Memorandum, Minutes, or extracts there from on a timely basis.

The role of the Federation's Audit Committee included:

1. Review and discuss the scope of the audit conducted and if appropriate to suggest extensions in areas of special interest.
2. Review details of the audit and discuss the Financial Statements in detail with the Auditor with particular attention focused on significant and unusual items, disclosure of other items that may not be included and questions on performance in general.
3. Recommend to the full Board any changes to accounting policies, operations and controls.
4. Examination of the internal control of the Federation's financial affairs and discharge of any particular financial assignments that the Board may wish the Committee to undertake.
5. Enhance communications between the Board and Auditor.
6. Adherence to codes of corporate conduct.

Finally, the Committee organises, reviews and reports on any special reviews or investigations deemed necessary by the Board.

NEW DIRECTORS

Proper Corporate Governance procedures provide for a suitable educative process for all newly appointed Directors.

This process relates to all corporate activities, controls, issues, strategies and in particular encouraging meetings with management to gain a full and frank understanding of the Federation.

INTERNAL CONTROLS

The Directors, who are responsible for the internal control systems for the Federation, recognise no cost effective system will preclude irregularities, error, etc.

The Federation has a comprehensive and well planned budgetary system annually approved by the Board with monthly reporting and measurement of actual results.

ETHICAL STANDARDS

The Federation has established ethical standards appropriate for all personnel, Directors, management and staff.

These standards generally relate to professional conduct and presentation, contact with members, trading with suppliers, consulting with advisors, meeting with governments and industry principals, relations with overseas associations, encouraging public forums, and striving for professional and high standard education tuition in the Federation's Education and Training divisions.

CONCLUSION

All Federation personnel, including Directors, perform their duties with integrity and objectivity with the ultimate aim of enhancing the reputation and performance of the organisation.

The Annual General Meeting provides an important opportunity for members to express their views and respond to initiatives proposed by the Board.

DIRECTORS' REPORT

The Australian Federation of Travel Agents Limited

ABN 72 001 444 275

Financial Statements for the Year Ended 31 March 2011

The directors present their report together with the financial statements of The Australian Federation of Travel Agents Limited ('the Federation') for the financial year ended 31 March 2011 and the auditor's report thereon.

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

Director: M. Thompson
W. Blacker
D. Greenland
G. Allomes
S. Alysandratos
P. Lacaze
T. Messinis
J. Pherous
G. Turner

Alternate: M. Almeida
R. Carstensen
C. Hunter
A. Sivaratnam
D. Smith
S. Symes
J. Timmins

Resigned: A. Drury : 14 February 2011
J. Morgan: 6 July 2010
G. Treasure: 13 December 2010

Company Secretary

The following person held the position of Federation Secretary at the end of the financial year:

J. Westbury has worked for the Australian Federation of Travel Agents Limited for the past two years and three months, performing the secretarial role. J. Westbury was appointed Secretary of the Federation on 31st December 2008.

DIRECTORS' REPORT

Principal Activities

The principal activities of the Federation during the financial year were: to promote and develop tourism as an industrial resource of Australia; to develop training for travel professionals throughout Australia; to operate as a professional association thereby representing the business interests of travel agents; to create a strong and cohesive relationship with federal and state government departments where applicable in education, tourism, aviation, transport and communications; to increase consumer awareness and create a strong community profile about the services that our members provide.

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

Operating Results

The surplus of the Federation for the year ended 31 March 2011 was \$26,145. (Deficit for the year ended 31 March 2010 was \$11,967).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

The Federation is a company limited by guarantee with no share capital. Rule 3 of the Federation's Constitution prohibits the Federation from paying dividends.

Review of Operations

A review of the operations of the Federation during the financial year found that changes in market demand have seen a small increase in membership revenue of 1% to \$839,561 and a decrease in marketing revenue of 1% to \$143,707. Interest received has increased 78% to \$61,349. Total operating expenditure for the year has marginally decreased by less than 1% to \$1,152,779 and overall this has contributed to the Federation's surplus of \$26,145.

Detailed information of the year's operations is contained in the Notes to the Financial Statements. However a synopsis follows:

Membership:

Membership has decreased in terms of physical numbers of members (at 31 March 2011- 2,356; at 31 March 2010 – 2439).

Membership revenue has increased (in 2011 - \$839,561; in 2010 - \$830,049).

Education and Training:

Management of the travel colleges is outsourced. College royalty income is down 16.4% to \$28,753 (2010: \$34,382).

National Awards:

The awards recorded a profit of \$75,622 this year compared to a profit \$74, 591 in 2010.

Marketing Income:

Marketing income has slightly decreased to \$143,707 this year compared to \$145,097 in 2010.

Interest Income:

Interest received has increased from \$61,349 in 2011 compared to \$34,424 in 2010 as a result in increases in the rates of interest able to be earned on the Federation's invested funds.

DIRECTORS' REPORT

Significant Changes in State of Affairs

No significant changes in the Federation's state of affairs occurred during the financial year.

After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Federation to affect significantly:

- i) the operations of the Federation
- ii) the results of those operations, and
- iii) the state of affairs of the Federation in future financial years.

Future Developments

The Federation expects to maintain the present status and level of operations and hence there are no likely developments in its operations.

Environmental Issues

The Federation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the Federation were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

DIRECTORS' REPORT

Details on qualifications, experience and special responsibilities of each director and their alternates:

M Thompson

Director
CEO – Travelscene American Express
Member of the Audit Committee
Chairman

W Blacker

Director
General Manager – Jetset Travel World Network
Member of the Audit Committee
Vice Chairman

D Greenland

Director
Managing Director – Carlson Wagonlit Travel
Vice Chairman

G Allomes

Director (Appointed 18 February 2011)
Managing Director – Travellers Choice

S Alysandratos

Director
Chief Executive Officer – Consolidated Travel

A Drury

Director (Resigned 14 February 2011)
Vice President of Sales
American Express Business Travel

P Lacaze

Director
Chief Executive Officer – Jetset Travelworld Limited

T Messinis

Director (Appointed 14 February 2011)
Vice President – Head of Sales
American Express Business Travel

J Morgan

Director (Resigned 6 July 2010)
Vice President – American Express Business Travel

J Pherous

Director (Appointed 16 February 2011)
Chief Executive Officer –
Corporate Travel Management

G Treasure

Director (Resigned 13 December 2010)
Managing Director – HRG Australia

G Turner

Director
Managing Director – Flight Centre Limited

M Almeida

Alternate Director
Managing Director – Airline Marketing Australia
Alternate to S Alysandratos

R Carstensen

Alternate Director
Group General Manager –
Air Tickets and Air & Wholesale Product
Stella Travel Services
Alternate to P Lacaze

C Hunter

Alternate Director (Appointed 18 February 2011)
General Manager – Travellers Choice
Alternate to G Allomes

A Sivaratnam

Alternate Director
Director of Finance – Carlson Wagonlit Travel
Alternate Director to D Greenland

D Smith

Alternate Director
Company Secretary – Flight Centre Limited
Alternate to G Turner

S Symes

Alternate Director
Head of Service Delivery Australia –
American Express Business Travel
Alternate to T Messinis

J Timmins

Alternate Director
General Manager – Travelscene American Express
Alternate to M Thompson

DIRECTORS' REPORT

Information on Directors (cont)

Meetings of Directors

During the financial year, five meetings of directors (including committee meetings) were held. Attendances by each director were as follows:

	Board Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M Thompson	5	5	1	1
J Timmins (Alternate director)	0	0		
W Blacker	5	5	1	1
D Greenland	5	3		
A Sivaratnam (Alternate director)	2	0		
G Allomes	0	0		
C Hunter (Alternate director)	0	0		
S Alysandratos	5	0		
M Almeida (Alternate director)	5	3		
P Lacaze	5	5		
R Carstensen (Alternate director)	0	0		
J Morgan	1	1		
A Drury	4	3		
T Messinis	1	0		
S Symes (Alternate director)	4	1		
J Pherous	0	0		
G Treasure	5	2		
G Turner	5	0		
D Smith (Alternate director)	5	3		

Indemnifying Officers or Auditor

Since the end of the previous financial year the Federation has paid insurance premiums of \$3,256 which incorporates Directors & Officers Liability insurance.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the Federation or intervene in any proceedings to which the Federation is a party for the purpose of taking responsibility on behalf of the Federation for all or any part of those proceedings.

DIRECTORS' REPORT

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on the following page.

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

A handwritten signature in black ink, appearing to be 'M. Thompson', written over a horizontal line.

M.Thompson (Chairman)

Dated this 1st day of June 2011

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2011 there have been:

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



Terry Borella
Registered Company Auditor
Level 6, 100 William Street
WOOLLOOMOOLOO, NSW 2011

Dated this 1st day of June 2011

FINANCIAL STATEMENTS

The Australian Federation of Travel Agents Limited

ABN 72 001 444 275

Financial Report for the Year Ended 31 March 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Revenue	2	1,087,642	1,084,119
Other revenue	2	91,282	60,098
Employee benefits expense		(575,117)	(572,054)
Subscriptions expense		(46,272)	(75,585)
Occupancy expense		(60,038)	(67,743)
Depreciation expense	3	(73,980)	(40,302)
Accounting; audit and consultancy expenses		(96,012)	(122,530)
Special projects expense		(89,931)	(105,522)
Computer expense		(50,913)	(48,232)
Advertising, marketing and communications expense		(58,184)	(34,516)
General Admin and printing expense		(20,293)	(16,049)
Other expenses		(82,039)	(73,651)
Surplus/ (Deficit) For The Year	3	26,145	(11,967)
Other comprehensive income:			
Net loss on revaluation of land and property		-	-
Net gain on revaluation of financial assets		-	-
Other comprehensive income for the year.		-	-
Total comprehensive income for the year		26,145	(11,967)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Notes	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,120,351	909,462
Trade and other receivables	5	168,355	174,151
Prepayments	8	47,525	74,241
TOTAL CURRENT ASSETS		1,336,231	1,157,854
NON-CURRENT ASSETS			
Financial Assets		-	-
Property, plant and equipment	9	1,717,958	1,751,301
Intangible Assets - Capitalised Website Costs	10	49,474	71,800
TOTAL NON-CURRENT ASSETS		1,767,432	1,823,101
TOTAL ASSETS		3,103,663	2,980,955
CURRENT LIABILITIES			
Trade and other payables	11	106,527	79,270
Other financial liabilities	11	420,857	355,435
Short-term provisions	11	26,426	22,824
TOTAL CURRENT LIABILITIES		553,810	457,529
NON-CURRENT LIABILITIES			
Long-term provisions	12	8,352	8,070
TOTAL NON-CURRENT LIABILITIES		8,352	8,070
TOTAL LIABILITIES		562,162	465,599
NET ASSETS		2,541,501	2,515,356
ACCUMULATED FUNDS AND RESERVES			
Accumulated Funds		1,380,981	1,354,836
Reserves		1,160,520	1,160,520
TOTAL ACCUMULATED FUNDS AND RESERVES		2,541,501	2,515,356

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN
ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
Accumulated Funds			
Balance at the beginning of the financial year		1,354,836	1,366,803
Operating surplus / (deficit) for year		26,145	(11,967)
Balance at the end of the financial year		1,380,981	1,354,836
Asset Revaluation Reserve			
Balance at the beginning of financial year		1,160,520	1,160,520
Increase in reserves		-	-
Balance at the end of the financial year		1,160,520	1,160,520
		2,541,501	2,515,356

Asset Revaluation Reserve:

The Asset Revaluation Reserve relates to a strata title property measured at fair value in accordance with applicable Australian Accounting Standards.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and other sources		1,431,548	1,323,072
Payments for administration expenses, suppliers and employees		(1,268,560)	(1,183,277)
Interest received		61,349	34,424
Dividend received		4,540	6
Net cash provided by/(used in) operating activities	18b	228,877	174,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds of disposal of fixed assets		324	-
Proceeds from sale of available-for-sale investments		-	238
Purchase of property, plant and equipment and website		(18,311)	(107,554)
Net cash used in investing activities		(17,987)	(107,316)
Net increase/ (decrease) in cash held		210,890	66,909
Cash and cash equivalents at the beginning of the financial year		909,462	842,553
Cash and cash equivalents at the end of the financial year	4	1,120,351	909,462

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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) of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

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.

Accounting Policies

a. Income Tax

No income tax is provided because of the exemption allowed under Section 50-40 of the Income Tax Assessment Act 1997 in respect of the income of the Federation as the Federation primarily carries on business for the purposes of promotion of Australian Tourism.

b. Property, Plant and Equipment

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

Property – Strata Title Holding

The strata title property held by the Federation is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for the strata title property (albeit because the asset is represented by site value only, no depreciation charge is applicable). An external valuation of the property was undertaken in November 2008 by an independent valuation company. The Board of the Federation believes that there has been no impairment to the value of the strata premises since the date of this valuation.

The increase in the carrying amount arising on revaluation of the property was credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets excluding the strata title is depreciated on a straight-line basis over the asset's useful life to the Federation commencing from the time the asset is held ready for use. Building improvements are depreciated over the estimated useful lives of the improvements. The strata title property is considered as being represented by its site value only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Building improvements	20%
Plant and equipment & furniture and fittings	10 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. **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 Federation, 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.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

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

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Federation becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Federation commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably

predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Federation's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 3 months after reporting date, which will be classified as current assets.

If during the period the Federation sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 3 months after reporting date, which will be classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Federation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e Impairment of Assets

At the end of each reporting period, the Federation assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Federation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

f Intangibles

Capitalised Online Asset Costs

Website and WebMAIL costs are capitalised as it is probable that a future economic benefit will come from the development of the website. Website costs are recognised at cost. Websites have a finite life and the Federation's website is carried at cost less any accumulated amortisation and any impairment losses. The cost is amortised over their useful life of 3 years.

g Employee Benefits

Provision is made for the Federation'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 the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

The Federation's net obligation in respect of long-term service leave benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated based on projected wage and salary rates and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Federations obligations.

The Federations contributions to Superannuation Funds are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

h. Provisions

Provisions are recognised when the Federation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at reporting date.

i. Cash and Cash Equivalents

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

j. Trade and Other Receivables

Amounts for trade debtors are to be settled within 30 days and are carried at amounts due. The collectability of debts is assessed throughout the year and at balance date if required a specific provision is made at balance date for any doubtful accounts.

k. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Membership Revenue

Membership revenue comprises revenue earned from the provision of membership to AFTA. Membership revenue is recognised in monthly intervals throughout the year. Where membership revenue is received prior to being earned the amount is recognised as subscriptions in advance. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due as the costs incurred or to be incurred cannot be measured reliably.

Investment Income

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

College Royalties

College Royalties are recognised on the day the course commences.

National Awards Revenue

National Awards Revenue is recognised net of costs associated with the annual National Awards event. This event is held annually.

Gross Marketing Income

Gross marketing income from casual advertisers is recognised in the month the advertisement was published. Marketing income from prepaid customers is recognised on a monthly basis over the term of the agreement and not during the month the advertisement was published.

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

l. Trade and Other Payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Federation 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

m. **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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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.

n. **Comparative Figures**

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

Where the Federation has retrospectively applied an accounting policy or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

o. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Federation. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key estimates

(i) *Impairment*

The Federation assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Federation that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of intangible assets at the end of the reporting period.

Key judgments

(i) Available-for-sale investments

The Federation sold a small portfolio of security investments during 2010 and received proceeds of \$238.

p. **Adoption of New and Revised Accounting Standards in Future**

The Federation has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period. The Federation has decided not to early adopt. Any new accounting standards and interpretations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 2: REVENUE AND OTHER INCOME

	Note	2011 \$	2010 \$
Revenue:			
—		839,561	830,049
—		143,707	145,097
—		75,622	74,591
—		28,753	34,382
		1,087,642	1,084,119
Other revenue:			
—	2b	61,349	34,424
—	14	4,540	
—		25,393	25,674
		91,282	60,098
Total revenue		1,178,924	1,144,217
Other Comprehensive income:			
—		-	-
—		-	-
Total other income		-	-
b. Interest revenue from:			
—		61,349	34,424
Total interest revenue on financial assets not at fair value through surplus or deficit		61,349	34,424

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 3: SURPLUS FOR YEAR

	2011	2010
a. Expenses	\$	\$
Depreciation and Amortisation		
— Building improvements	17,081	17,080
— furniture & equipment/ plant & equipment	28,573	16,923
— Website & Webmail costs	28,326	6,299
Total Depreciation and Amortisation	73,980	40,302
Doubtful debts expense	-	-
Rental expense on operating leases		
— minimum lease payments	10,644	7,869
Total rental expense	10,644	7,869
Auditor Remuneration		
— audit services	20,575	21,395
— other services	440	1,150
Total Audit Remuneration	21,015	22,545
b. Significant Revenue and Expenses		
<i>Net gain/(loss) on disposal of non-current assets</i>		
<i>Investments</i>		
Proceeds on disposal	-	-
Disposals at cost	-	-
Net loss on disposals as at 31 March 2011	-	-
<i>Property, Plant and Equipment</i>		
Proceeds on disposal	-	-
Disposals at costs	-	-
Net gain/(loss) on disposals as at 31 March 2011	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 4: CASH AND CASH EQUIVALENTS

	2011	2010
CURRENT	\$	\$
Cash at bank	1,119,601	908,712
Cash on hand	750	750
	1,120,351	909,462
	1,120,351	909,462

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables		168,355	174,151
Provision for impairment	5(i)	-	-
		168,355	174,151
Other receivables		-	-
Total current trade and other receivables		168,355	174,151
		168,355	174,151

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

The Federation believes that these debts will be recovered and that no provision for impairment is warranted.

Movement in the provision for impairment of receivables is as follows:

Provision for impairment as at 31 March 2009		-	-
- Charge for the year		-	-
- Written off		-	-
Provision for impairment as at 31 March 2010		-	-
- Charge for the year		-	-
- Written off		-	-
Provision for impairment as at 31 March 2011		-	-
		-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 5: TRADE AND OTHER RECEIVABLES (CONT)

(i) Credit Risk — Trade and Other Receivables

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

The following table details the Federation'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 Federation 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 Federation.

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

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			
			< 30	31-60	61-90	> 90
	\$	\$	\$	\$	\$	\$
2011						
Trade receivables	168,355	-	165,916	2,439	-	-
Other receivables	-	-	-	-	-	-
Total	168,355	-	165,916	2,439	-	-
2010						
Trade receivables	174,151	-	156,595	17,556	-	-
Other receivables	-	-	-	-	-	-
Total	174,151	-	156,595	17,556	-	-

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

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Federation during the year follows:

	2011	2010
	\$	\$
Short-term employee benefits	453,019	404,724
Post-employment benefits	39,369	33,251
Other long-term benefits	-	3,459
Termination benefits	-	-
	492,388	441,434
	492,388	441,434

NOTE 7: AUDITORS' REMUNERATION

	2011	2010
	\$	\$
Remuneration of the auditor of the entity for:		
— auditing or reviewing the financial statements	20,575	21,395
— taxation services	440	1,150
	21,015	22,545
	21,015	22,545

NOTE 8: OTHER ASSETS

	2011	2010
	\$	\$
CURRENT		
Prepayments & deposits	47,525	74,241
	47,525	74,241
	47,525	74,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
STRATA TITLE PROPERTY		
Strata Title Property at fair value:		
– Independent valuation in 2008	1,600,000	1,600,000
Less accumulated depreciation	-	-
Total Strata Title Property	1,600,000	1,600,000
FURNITURE AND FITTINGS		
Furniture and fittings		
At cost	44,662	42,440
Less accumulated depreciation	(17,524)	(11,649)
Total furniture and fittings	27,138	30,791
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	143,308	136,354
Less accumulated depreciation	(100,431)	(80,868)
Total plant and equipment	42,877	55,486
BUILDING IMPROVEMENTS		
Building improvements		
At cost	100,032	100,032
Less accumulated depreciation	(52,089)	(35,008)
Total building improvements	47,943	65,024
Total property, plant and equipment	1,717,958	1,751,301

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT)

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:

	Strata Title Property \$	Plant & Equipment \$	Building Improvements \$	Furniture and Fittings \$	Total \$
2010					
Balance at the beginning of the year	1,600,000	29,657	82,104	30,829	1,742,590
Additions at cost	-	37,214	-	5,499	42,713
Additions at fair value	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(11,385)	(17,080)	(5,537)	(34,002)
Carrying amount at end of year	1,600,000	55,486	65,024	30,791	1,751,301
2011					
Balance at the beginning of the year	1,600,000	55,486	65,024	30,791	1,751,301
Additions at cost	-	10,089	-	2,222	12,311
Additions at fair value	-	-	-	-	-
Disposals	-	(3,135)	-	-	(3,135)
Depreciation expense	-	(19,563)	(17,081)	(5,875)	(42,519)
Carrying amount at end of year	1,600,000	42,877	47,943	27,138	1,717,958

Asset Revaluations

The strata premises were re-valued on 26 November 2008 by Joel Ducey (Registered Valuer Number 16875) at fair market value based on existing use. The market value was assessed at \$1,600,000. The Board believes that there has been no impairment of the premises since this revaluation.

NOTE 10: INTANGIBLE ASSETS

	2011 \$	2010 \$
Capitalised online assets – at cost	85,836	79,836
Accumulated amortisation	(36,362)	(8,036)
Accumulated Impairment	-	-
Net carrying value	49,474	71,800

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 10: INTANGIBLE ASSETS (CONT)

	Capitalised Website
	\$
2010	
Balance at the beginning of the year	13,258
Additions	64,841
Disposals	-
Amortisation charge	(6,299)
Impairment losses	-
	71,800
2011	
Balance at the beginning of the year	71,800
Additions	6,000
Disposals	-
Amortisation charge	(28,326)
Impairment losses	-
	49,474

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2011	2010
		\$	\$
CURRENT			
Trade payables		77,719	57,779
Deferred income		420,857	355,435
Other current payables		28,808	21,491
Employee benefits	12a	26,426	22,824
		553,810	457,529
 a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		553,810	457,529
— Total non-current		-	-
		553,810	457,529
Less deferred income		(420,857)	(355,435)
Less annual leave entitlements		(26,426)	(22,824)
Financial liabilities as trade and other payables	19	106,527	79,270

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 12: PROVISIONS

	Long-term Employee Benefits	Total
	\$	\$
Opening balance at 1 April 2010	8,070	8,070
Additional provisions raised during year	282	282
Amounts used	-	-
Balance at 31 March 2011	8,352	8,352
	2011	2010
	\$	\$
Analysis of Total Provisions		
Current	26,426	22,824
Non-Current	8,352	8,070
	34,778	30,894

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of the financial statements.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	2011	2010
	\$	\$
a. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	10,644	10,644
— later than 12 months but not later than 5 years	24,358	29,670
— greater than 5 years	-	-
	35,002	40,314

No capital commitments exist in regards to the lease commitments at year-end. Increase in lease commitments may occur in line with CPI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 14: OTHER COMMITMENTS

The Federation had a prior commitment to contribute to the Sustainable Tourism Cooperative Research Centre (STCRC) for a five year period from 1 June 2005 to 30 June 2010. The CRC was a funded model under the Federal Government CRC funding. A new CRC funding request bid was made and was unsuccessful. As such the STCRC ceased to exist and this also ceased the contribution required by the Federation.

The Federation, as a result of prior funding, was issued with 570,000 B class shares and 1,661,000 BB class shares in the program as at 30 June 2010. The ownership and value of these shares has previously not been included in the financial statements as an asset as they were not deemed readily realisable. At the conclusion of the program the value of these shares was determined by the STCRC board to be \$4,540 and has been recognised as dividend income in the Financial Statements of the Federation for the year ending 31 March 2011.

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

	2011	2010
	\$	\$
No contingent assets or liabilities are known to exist as at reporting date.	-	-
	-	-
	-	-

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Federation, the results of those operations, or the state of affairs of the Federation in future financial years.

NOTE 17: RELATED PARTIES AND RELATED PARTY TRANSACTIONS

a) Directors

The directors of the Federation in office during the year are disclosed in the directors' report that accompanies these financial statements.

b) Director's compensation

The directors act in an honorary capacity and receive no compensation for their services. During the year travel expenses totalling \$834 (2010: \$762) incurred by the directors in fulfilling their role were paid directly by the Federation.

c) Key management personnel compensation

Those persons having the authority for planning, directing and controlling the Federation's activities, directly or indirectly, are disclosed at Note 6.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 18: CASH FLOW INFORMATION

	Note	2011 \$	2010 \$
a. Reconciliation of Cash			
Cash at bank		1,119,601	908,712
Other cash		750	750
	4	<u>1,120,351</u>	<u>909,462</u>
b. Reconciliation of Cash Flows from/(used in) Operations with Surplus/(Deficit) after Income Tax			
Surplus (Deficit) for year		26,145	(11,967)
Non cash flows			
Depreciation and amortisation		73,980	40,302
Unrealised gain on fair value through profit and loss financial assets		-	-
Profit at disposal of property, plant and equipment		(324)	-
Impairment losses		-	-
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		32,557	37,668
(Increase)/ decrease in other assets		65,422	41,917
Increase/(decrease) in trade and other payables		27,213	52,154
Increase/ (decrease) in provisions		3,884	14,151
		<u>228,877</u>	<u>174,225</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19: FINANCIAL RISK MANAGEMENT

The Federation's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payables.

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:

	Note	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	4	1,120,351	909,462
Receivables	5	168,355	174,151
Available-for-sale financial assets:			
- At fair value		-	-
- shares in listed corporations		-	-
Total Financial Assets		1,288,706	1,083,613
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	106,527	79,270
Total Financial Liabilities		106,527	79,270

Financial Risk Management Policies

The Board of Directors together with the Chief Executive Officer determines the Federation's overall risk management strategy and seeks to assist the Federation in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board and the CEO on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Federation is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risks.

a. Credit risk

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

The Federation does not have any material credit risk exposure as the major source of revenue is the receipt of members' subscriptions as well as College royalties; national awards revenues as well as marketing income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

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 5.

The Federation 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 5.

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

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Federation might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Federation manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave and deferred income)	106,527	79,270	-	-	-	-	106,527	79,270
Finance lease liabilities (excluding future finance lease charges)	-	-	-	-	-	-	-	-
Total expected outflows	106,527	79,270	-	-	-	-	106,527	79,270
Financial Assets — cash flows realisable								
Cash and cash equivalents	1,120,351	909,462	-	-	-	-	1,120,351	909,462
Trade, term and loans receivables	168,355	174,151	-	-	-	-	168,355	174,151
Other investments	-	-	-	-	-	-	-	-
Total anticipated inflows	1,288,706	1,083,613	-	-	-	-	1,288,706	1,083,613
Net (outflow)/inflow on financial instruments	1,182,179	1,004,343	-	-	-	-	1,182,179	1,004,343

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 Federation is also exposed to earnings volatility on floating rate instruments.

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.

The nature of the investments held by the Federation is such that there is no exposure to price risk.

The Federation's investments are held in the following sectors at reporting date:

	2011	2010
	\$	\$
Banking and finance	774,347	760,367
	774,347	760,367

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

Sensitivity Analysis

The following table illustrates sensitivities to the Federation's exposures to changes in interest rates. The table indicates the impact on how surplus values 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.

	Surplus/ (Deficit) -2%	Surplus/ (Deficit) +2%
	\$	\$
Year ended 31 March 2011		
+/-2% in interest rates	10,738	41,595
Year Ended 31 March 2010		
+/-2% in interest rates	(27,060)	3,124

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

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.

Differences between fair values and carrying values of the financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Federation. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Federation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

	Footnote	2011		2010	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	1,120,351	1,120,351	909,462	909,462
Trade and other receivables	(i)	168,355	168,355	174,151	174,151
Total financial assets		1,288,706	1,288,706	1,083,613	1,083,613
Financial liabilities					
Trade and other payables	(i)	106,527	106,527	79,270	79,270
Total financial liabilities		106,527	106,527	79,270	79,270

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. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

NOTE 20: CAPITAL MANAGEMENT

The CEO and the Board control the equity of the Federation to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The CEO and Board ensure that the overall risk management strategy is in line with this objective.

The CEO operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's equity consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's equity by assessing the Federation's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by the CEO and the Board to control the equity of the Federation since the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 21: RESERVES

a. Asset Revaluation Reserve

The asset revaluation reserve records the revaluations of non-current assets.

NOTE 22: COMPANY DETAILS

The registered office of The Australian Federation of Travel Agents Limited is:

Level 3
309 Pitt Street
Sydney, NSW 2000

The principal place of business is:

Level 3
309 Pitt Street
Sydney, NSW 2000

NOTE 23: MEMBERS' GUARANTEE

The Australian Federation of Travel Agents Limited was incorporated in 1977 under the Corporations Act 2001 as a company limited by guarantee. If the Federation is wound up, the constitution states that each member (during the time of membership or within one year after) will be required to contribute a maximum of \$30 towards meeting any outstandings and obligations of the Federation. At 31 March 2011 the number of members was 2356.

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 24 to 51, 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 as at 31 March 2011 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 Federation 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.

A handwritten signature in black ink, appearing to be 'M Thompson', written over a horizontal line.

M Thompson (Chairman)

Dated this 1st day of June 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

I have audited the accompanying financial statements of The Australian Federation of Travel Agents Limited (the company), which comprises the statement of financial position as at 31 March 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Report

The directors of the Federation are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of The Australian Federation of Travel Agents on 31st March 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

Auditors Opinion

In my opinion, the financial statements of The Australian Federation of Travel Agents Limited is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Federation's financial position as at 31 March 2011 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



T Borella
Chartered Accountant
Registered Company Auditor
ASIC Registered Number: 4176
Level 6 / 100 William Street, Woolloomooloo, 2011

Dated this 1st day of June 2011

CHAIRMEN

Mike Thompson	2009 - present
Carl Buerckner	2007 - 2009
Bob Steel	2006 - 2007
Ian Carew-Reid	2000 - 2005
Phil Hoffmann	1998 - 2000
Byron Roberts	1996 - 1998

PRESIDENTS

Phil Hoffmann	1996-1992
Jim Clements	1992
Adrian Miller	1990-1992
Greg Underdown	1989-1990
Os Pitts	1984-1987
Case Muskens	1981-1984
Eric Grimes	1979-1981
John Webb	1978-1979
Case Muskens	1976-1978
Jim Russell	1974-1976
Jim Jenkins	1972-1974
Murray Quartermaine	1971-1972
Os Pitts	1969-1971
John Tyerman	1967-1969
Max Wilson	1965-1967
Stewart Moffat	1963-1965
Roy King	1962-1963
Stewart Moffat	1959-1961
Frank Johnson	1957-1959

LIFE MEMBERS

Marie Allom
Ian Carew-Reid
Jim Clements
John Dart
Mike Hatton
Phil Hoffmann
Roy King
Peter Lowry
John Masselos
Frank Moore
Mario Perrone
Os Pitts
Bob Steel

PAST LIFE MEMBERS

John Cooper
Jim Jenkins
Frank Johnson
Max Krumbeck
Stewart Moffat
Jim Russell
Beverley Wills

Without an **AFTA Travel Agent**
you're on your own



The Australian Federation of Travel Agents Limited

I'm a proud AFTA member