



Fitness Australia Annual Report 2009-2010

Trust Connect Lead Innovate

Our Vision

Fitness Australia's vision is a fitter, healthier Australia

Board of Directors

Paul Kinghorn | Chairman

Ben Ritchie | Deputy Chairman

Kerry Chikarovski

Mark Forrest

Susan Kingsmill

Samantha Martin-Williams

Kevin Moultrie

Dr Robbie Parker

Who we are

Fitness Australia is the national health and fitness industry association working for a Fitter, Healthier Australia. Our mission is to raise standards, support, promote and represent the fitness industry.

Fitness Australia is a not-for-profit, member-based association with over 1,200 registered fitness business members and over 20,000 registered exercise professionals Australia-wide.

Business members include fitness centre owners and managers, from small to medium sized businesses and personal training studios through to large, multinational businesses and franchises.

Registered exercise professionals are those who have successfully attained the recognised qualifications, have registered with Fitness Australia and who are generally employed, self-employed or contracted by fitness businesses within the fitness industry.



Highlights

Strategic

- Awarded Federal Government funding from Department of Health and Ageing as part of the COAG Healthy Communities Initiative
- Engaged in federal government preventative health strategy
- Implemented significant enhancements to the national registration scheme for exercise professionals
- Created an Industry Quality Assurance Framework plan and Project Group
- Represented the industry in relation to the Industrial Relations Award modernisation program
- Developed submissions in relation to the national consumer law reforms
- Continued to represent the industry in relation to music copyright licensing issues
- Represented personal training businesses in relation to various Local Government Area policies on outdoor training
- Continued to deploy the consumer awareness campaign "Exercise. Your life needs it!"
- Continued to position the Fitness Australia brand as a symbol of quality standards
- Progressed plans to advocate for changes to fringe benefits tax legislation as it affects the fitness industry

Operational

- Business registrations reached 1,021
- Professional registrations reached 11,399 (12 month period)
- New information management system implemented
- New website developed and operational
- New reps magazine developed
- Enhancements to processes for registration, including online functionality
- Fans and followers through Fitness Australia's Facebook, Twitter and LinkedIn accounts has an average of 2940 each month, Groupsite contributors is at 470
- www.fitness.org.au on average, 16,000 unique visits per month

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Chairman and CEO Report

It has been a privilege to be involved with Fitness Australia throughout the past year as we have gone from strength to strength to progress our mission to raise industry standards, support, promote and represent the fitness industry in pursuit of a fitter, healthier nation. The fitness industry has continued to experience growth and diversification and, at a time when Australia requires an effective and broad based approach to the management and prevention of chronic disease, the fitness industry is increasingly being recognised as an important channel for service delivery.

Our aim is to ensure that the fitness industry has a strong and influential industry association to represent and support it and we are mindful of the need to remain attuned to the industry and to be both innovative and tireless in our endeavours to position the fitness industry as a key provider of healthy lifestyle solutions for more Australians.

To this end, we are pleased to report that excellent progress has been made towards many of our strategic goals and this is reflected in the results of the past year. Fitness Australia has extended its reach, profile and influence to attract and welcome 388 new business members and it has experienced significant growth in business and professional registrations of 15% and 20% respectively.

As at the end of June 2010, Fitness Australia was representing and providing services to almost 1,200 businesses and 21,000 registered professionals across the nation. This has been achieved in a financially prudent environment, where costs remain well controlled and funds received are constantly re-invested in the delivery of services and continued development of the fitness industry.

Our work on behalf of the industry continues to be focused in three key areas:

- Building industry profile and reputation through standards and quality assurance;
- Building and positioning the Fitness Australia brand as the symbol of optimal industry standards, and
- Building the capacity of the industry to achieve optimal standards.

In terms of profile and influence, Fitness Australia was extremely proud to be recognised by the Australian Government Department of Health and Ageing as a key contributor to its national preventative health strategy.

Fitness Australia, supported by the Baker IDI Heart and Diabetes Research Institute, received Commonwealth Funding as part of the Healthy Communities Initiative to enable the implementation of an evidence-based strength training program within the industry to prevent and control type II diabetes in adults. This type of recognition is a first for both the fitness industry and Fitness Australia and it creates a platform for future involvement in a range of other important government health initiatives.

Throughout the year, we also progressed the development of the industry quality assurance framework and engaged industry participants in a number of key initiatives such as the development of a range of exercise guidelines, a standardised membership contract and a standardised health screening and risk assessment system in conjunction with key health professional associations. These important initiatives will flow through to the next financial year and the quality assurance framework will remain as a key platform of our strategic agenda.

Fitness Australia continued to represent the interests of the fitness industry via a number of important advocacy programs, including the national consumer law reforms, the industrial relations award modernisation, outdoor personal training in local government areas and the music copyright licensing issue.

In May 2010, the Australian Copyright Tribunal determined the rate for the use of protected sound recordings in group fitness classes, following a lengthy and costly legal battle with the Phonographic Performance Company of Australia (PPCA). The rate of \$15.00 per class was a disappointing result for the industry in terms of the potential cost impact on business. However, it was significantly less than the rate of \$4.54 per



Lauretta Stace
Chief Executive Officer



Paul Kinghorn
Chairman

member per month that was proposed by the PPCA in the Tribunal. A retention of the 'per class' rate as opposed to a 'per member' rate for the licence also ensured that the fitness industry can more easily shift to alternative forms of music that do not require a PPCA licence. Fitness Australia has lodged an application in the Federal Court for a review of the Tribunal's decision. We acknowledge and appreciate the continued financial contributions being made by the industry to this important campaign.

Our consumer awareness campaign, "Exercise. Your life needs it!" was further developed and has now been funded by four state governments to enable wider promotion of the 'registration brand' amongst the general public. This campaign combines a health promotion message with important messages about fitness industry standards, the importance of the registration scheme and what this means for the consumer. We will continue to build on this campaign to ensure that the general public become more aware of the diversity of services offered by the fitness industry and that those businesses and professionals who choose to operate within the quality framework governed by Fitness Australia, are promoted accordingly.

With the expert assistance of the REPs Council, Fitness Australia continued on its journey to enhance the exercise professional registration scheme. The first step was to introduce new registration levels, based upon education and experience. The new levels of registration enable professionals, employers, related professions, government and, most importantly the consumer, to better understand the breadth of expertise that exists within the industry.

At an operational level, Fitness Australia has made a significant investment in technology to provide customers with highly accessible content and information and to enable greater connection and engagement with and between members of the industry. We are also aware that we need to keep our processes simple and efficient, to deliver premier customer service at all times. We now have a powerful new information management system, a new website with enhanced functionality, several online industry forums and a much wider variety of communications channels.

The introduction of the compact REPs magazine in both hard and soft copy is another new initiative designed to inform and engage readers about issues of strategic importance.

We acknowledge and appreciate the efforts and commitment made by the former Chairman, Michael Vincent, who retired from the Board of Directors in May 2010. Michael's leadership, professionalism and ability to connect with the industry were truly inspiring. We would also like to extend our thanks to the Board of Directors, Council members, stakeholders, partners, other industry volunteers and the Fitness Australia team for their hard work, assistance and guidance throughout the year. Fitness Australia would not be where it is today if not for the efforts of many skilled, energetic, dedicated and passionate people.

Finally, we extend our sincere thanks to the growing number of 'true believers' – those members of the industry that choose to support and promote Fitness Australia and what it is trying to achieve for the benefit of the fitness industry.

For the year ahead we have a clear and concise business plan informed by industry intelligence and the insight of our professional team. We have a talented and committed Board of Directors and industry members who volunteer their time and expertise to contribute to Fitness Australia through a range of Councils, Committees and Project Groups. Our professional team is committed to ensuring that all of our customers are provided with a positive experience when engaging with Fitness Australia.

We also have a vision of a fitter, healthier Australia and we know that by working together as a united industry, we can achieve this goal and have an enormously positive impact on society.

We look forward to sharing this exciting journey with you.



Laurretta Stace
Chief Executive Officer



Paul Kinghorn
Chairman



Strategic Vision and Plan 2009-2010

Our vision

Fitness Australia's vision is a fitter, healthier Australia.

Our mission

Fitness Australia's mission is to raise standards, support, promote and represent the fitness industry in pursuit of a fitter, healthier nation.

Our goal

To have the fitness industry recognised for high standards of service, professionalism and customer care; and, the quality of its workforce and facilities.

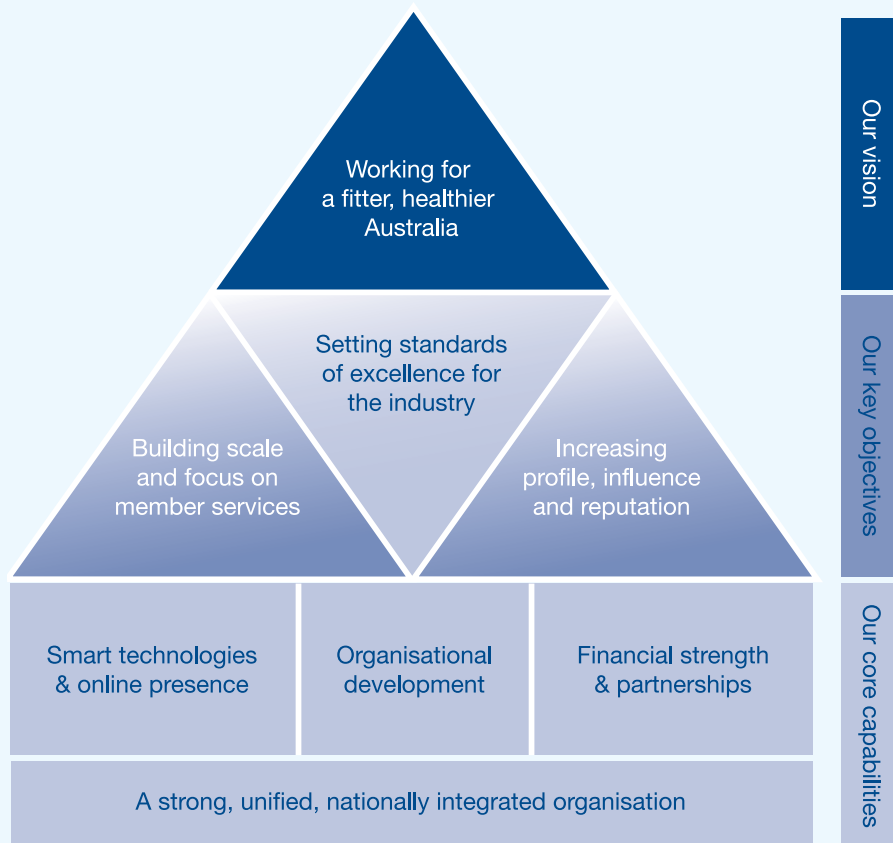
Strategic objectives

Fitness Australia is committed to successfully pursuing the following strategic objectives:

- Build foundation and core capabilities
- Build scale and focus member services
- Increase organisational and industry profile
- Maintain and enhance standards of excellence

National fitness strategy

The Fitness Australia strategy for the next four years may be clearly articulated in the following way:



Values Statements

Lead	Trust
Fitness Australia provides leadership to create industry capacity for achieving a fitter, healthier Australia.	Generate trust by creating value and delivering quality service.
Growth traits: Confidence Knowledgeable	Growth traits: Integrity Reliability
Innovate	Connect
Use innovation as a foundation for continuous improvement.	Generate connections with industry and the community through authentic communication.
Growth traits: Enthusiastic Creative	Growth traits: Open Effective

The Balanced Scorecard for Fitness Australia

Perspective		Strategic Objectives		Strategic Measures
Financial Perspective		F1	Sustainable net revenue growth	<ul style="list-style-type: none"> • % Revenue growth • Liquidity ratio • Cost per customer
		F2	Strengthen liquidity	
		F3	Efficient use of resources	
Customer Perspective		C1	Become a trusted source of information	<ul style="list-style-type: none"> • % Customer growth • Customer retention rate • Customer satisfaction rating • No. Compliments & Complaints • Industry market penetration (% adult population) • No. government accredited providers • Development of quality assurance framework
		C2	Provide meaningful and valued services	
		C3	Provide strong and effective leadership	
		C4	Be responsive	
		C5	Empower customers to act and become advocates	
		C6	Enhance customer prosperity	
Internal Perspective	Customer Relationships	I1	Remove barriers to participation	<ul style="list-style-type: none"> • Participation in services & programs • Customer adoption of new channels • Market share of segment
		I2	Migrate customers to new channels	
		I3	Segment markets and target prospects	
	Product Innovation	I4	Generate new products and services	<ul style="list-style-type: none"> • % Revenue from new services • Range of services offered
		I5	Broaden offering through partnerships	
	Operational Excellence	I6	Standardise systems and processes	<ul style="list-style-type: none"> • Reduction in re-work • Process cycle time • Internal adoption of enhanced processes
		I7	Embrace technology solutions	
		I8	Implement process cycle	
Learning & Growth Perspective	Human Capital	L1	Develop a high performance team	<ul style="list-style-type: none"> • Cultural alignment x motivation x competence • Revenue per FTE • HR cost as % total cost (efficiency) • Technology adoption
	Information Capital	L2	Provide the right information and tools	
		L3	Improve the use of technology	
	Organisation Capital	L4	Empower the team	<ul style="list-style-type: none"> • Strategic readiness score
		L5	Enable environmental scanning	
		L6	Enable ideas generation	

Strategic Plan and Performance Scorecard

Performance Scorecard 2009-2010	
Key Performance Indicators	2009-2010
Customer Numbers	
Business Members	981
Supplier Members	40
Registered Exercise Professionals	11,399
Total Customers	12,420
Revenue	
Total revenue	\$3,301,899
Margin % Revenue	6.8%
Revenue Mix	
Membership	18.9%
Registration	59.2%
Affinity Partnerships	12.5%
Liquidity	0.84
Total cost per customer	\$244.15
HR Cost % Revenue	50.6%
Corporate Scorecard Result	3.7

A National Brand

Since 2005 the fitness industry longed for a brand they can associate with and be proud to promote to the community. The inception of Fitness Australia as the single national health and fitness industry Association achieved this and continues to garner the industry's engagement required to realise the Association's potential to represent them. Fitness Australia's values – Leadership, Trust, Connection, Innovation – are the foundations for the Association's brand and our team strives to deliver on this brand promise each and every day we are here supporting the industry.

Importantly, the brand is the cornerstone for our commitment to improve the industry's reputation in the public domain. For fitness businesses and exercise professionals to feel

the real value in being registered, the Fitness Australia brand must mean something in the community where they are working. After just two years we are well on our way to creating this value under the "Exercise. Your Life Needs It" campaign.

While Fitness Australia's team of staff and volunteer leaders continue to be proud to represent the Association we are intent on engaging the industry in being proud to represent the Fitness Australia brand also. This is a significant challenge in itself given the daily operating pressures our members and professionals face in working for a fitter, healthier Australia. Yet, if we all chose to use the brand consistently well and in the numbers we now represent, we would all benefit tangibly from the increased public recognition.

Ultimately, Fitness Australia is investing your registration fees in campaigns and intellectual property that will encourage the public to ask for your business or professional registration credentials when choosing someone to exercise with.

Don't question if you can afford to continue to be registered with Fitness Australia. Ask yourself – can you afford not to be found by your next customer?



Industry Initiative

Fitness Australia continues to address key issues and solutions facing the health and fitness industry. Building and maintaining a positive reputation has been highlighted through the re-engineered registration system, review of the fitness qualifications training package and National Industry Accreditation Framework. Other initiatives include stakeholder engagement and obtaining the associations first National Program Grant to deliver diabetes prevention program.

Re-engineered Registration System

This year, the Fitness Australia REPS Council undertook a priority strategic action in re-engineering of the Exercise Professional Registration System. After considering best practice models from overseas and other professions, it was determined that the new registration framework should better represent the existing expertise in the field and embody general characteristics of inclusiveness, accessibility, trust, progression and connection.

Subsequently, some important new features were introduced to the system in the latter half of 2009. These included:

- New registration levels (provisional, introductory, intermediate and advanced) based upon qualification and experience
- An adjustment to continuing education requirements to provide greater clarity and access
- An audit process and an online CEC diary to encourage compliance
- Online registration processing to improve efficiency and retention

The implementation of the new features has received widespread praise from the industry and has impacted positively on the uptake of registration and the longer term retention of registrants.

It is expected that these changes will in turn, assist the development of workforce capacity, learning and career pathways and both employer and consumer confidence. The introduction of the new levels of registration has in particular addressed a long term need for better definition of expertise and pathways for progression.

Fitness Qualification Training Package Review

Fitness Australia assisted Service Skills Australia in the development of content for the national sport, fitness and recreation training package. This assistance included involvement on the Training Package Review Reference Group, regular written submissions and feedback, participation in key stakeholder workshops and assistance in attracting the involvement of member fitness businesses and exercise professional registrants in workshops



conducted throughout the country, during the consultative phase of the review.

In this manner, Fitness Australia provided support to Service Skills Australia throughout the process and ensured that thorough industry consultation took place and contributed to the forthcoming Sport, Fitness and Recreation Training Package. The key improvements made to the content of the new package are the inclusion of clear pre-requisites for progression through the different qualifications, the development of more comprehensive but fewer units for each of the qualifications and most importantly, the matching of unit content to the current requirements of industry.

Stakeholder Engagement

Fitness Australia increased engagement with several health and physical activity organisations throughout the year. This included collaboration with Sports Medicine Australia and Exercise and Sports Science Australia to begin development of a national pre-exercise screening system. The organizations as a consortium also provided a submission to the Department of Health and Ageing (DoHA) for the development of an adapted pre-exercise screening tool for the Healthy Communities Initiative.

Fitness Australia began discussions with the Australian General Practice Network (AGPN), concerning potential industry linkage with Lifestyle Modification Programs and received support from the network for the Lift for Life National Program Grant Submission to DoHA.

Discussions and meetings were also held with major Private Health Organizations, in an effort to improve their understanding of the fitness industry and fitness services, to identify the rebates that are currently available for consumers and to explore the potential for further product development for

fitness services. A specific information resource was developed to assist this interaction and a subsequent web page dedicated to private health rebate information was added to the Fitness Australia website – www.fitness.org.au

Healthy Communities Initiative National Program Grant

In June 2010, Fitness Australia in collaboration with Baker IDI Heart and Diabetes Institute was successful in obtaining a National Program Grant as a part of the Commonwealth Government's Healthy Communities Initiative (HCI). The funding totalling \$986,920 is to be used over a three year term to deliver the diabetes prevention program 'Lift for Life' to disadvantaged communities across 64 local government areas nationwide. This was a significant achievement for the association as it is the first time Fitness Australia has secured funding from the Commonwealth Government Department of Health and Ageing and has partnered with government and related health stakeholder organisations within a national health initiative (COAG National Partnership Agreement on Preventive Health).

The aim of the Lift for Life program is to engage the community in a progressive strength training program that will contribute to chronic disease prevention and management and can enhance functional fitness and healthy ageing. The grant provides numerous benefits for the fitness industry and Fitness Australia. It will provide affordable and accessible professional development opportunities for registered exercise professionals in an important, evidence based area of health; it will help create a partnership between government and the private sector in health related activity and it positions the fitness industry and Fitness Australia closer to the health sector. Importantly, it provides

disadvantaged communities with an effective and professional means of entry into exercise that will deliver a range of health benefits.

During the year, Fitness Australia also participated in some of the important preliminary government forums/workshops, provided representation on the HCI Quality Assurance Framework Reference Group and kept the industry informed about the HCI through regular communications and presentations.

The National Program Grant for Lift for Life is an important vehicle for fitness industry development, helping to foster the provision of services to a broader proportion of the population and improved connection and coordinated delivery with other community health organisations and networks.

Quality Assurance Framework

Fitness Australia is taking a leadership position in developing a National Industry Accreditation Framework that will enhance standards of professionalism, safety, quality and customer care within the fitness industry. This vitally important initiative will aim to address the existing need for a robust industry-wide quality assurance system.

Preliminary work on the development of the framework took place during 2009-10. This included a discussion paper which was endorsed by the Board of Directors and National Industry Council of Fitness Australia. A project plan was subsequently developed and a project steering group formed.

Our Contributors

Regional Industry Council Members

(from 1 July 2009 – 30 June 2010)

ACT

Amanda Pulford
Katriina Lehelma
Rhys Cutifani
Rod Harvey
Scott Williams
Sharon Young

Northern Territory

Leanne Shannon
Daniel Clark

New South Wales

Andrew Simmons
David Hoffman
Jacqueline Zonneveld
James Short
Jeanette Wright
Kristen Green
Louise Pitt
Raymond Younis
Roxana Olivares

Queensland

Bradley Sheppard
Gary Bradley
Marc Renai

South Australia

Allison Minchington
Annette Chatterton
Dion Mychalyn
John Pidgeon
Kristin Lewis
Lee Maglica
Max Martin

Michael Esposito
Michelle Power

Paul Stewart

Peter Conroy

Richard Tisherr

Tasmania

Dean Ewington
Sam Hartley
Colin Millington
David Beard
Stacey Dolliver
Larissa Halls
Melanie Irons
Marty Poorter
Michael Griffiths

Victoria

Paul Kinghorn
Joe Greco
Michelle Gilmore
Emmett Williams
Ricki Jones
Theo Diamondopoulos
John Smith

Travis Bell

Mark Collins

Western Australia

Wayne Stuart
Jill Edmonds
Stuart Greaves
Eva Fekete
Mark Dawson
Rob Hollingshead
Ian Harvey
Jack Declyn

REPs Council Members

(from 1 July 2009 to 30 June 2010)

Dr Robert Parker (Chair)
Bradley Sheppard
John Smith
Leeanne Shannon
Matt Thom
Max Martin
Sharon Young

Our Partners

Baker IDI Heart & Diabetes Institute
Debit Success
Marsh Pty Ltd
Next Telecom
Performax
Sportspeople
Wentworth HR

Our Suppliers & Advisors

Auditor:

Astims Pty Ltd

Government Relations:

Res Publica Public Relations

Legal Advisor:

Holman Webb Lawyers
Minter Ellison Lawyers

IT Advisor:

Neville Bradicich
Central Point Consulting

Graphic Design:

Messy Design



Our People

Board			
Regional Industry Councils		REPS Council	
Chief Executive Officer Lauretta Stace			Executive Assistant Shelley Gooding
General Manager – Industry Development Craig Knox	General Manager – Operations Robert Barnes		General Manager Assistant Courtney Czisz
Industry Development Team	Industry Support Team	Relationship Management Team	FITNESS AUSTRALIA LTD Australian Company Number (ACN): 131 422 403 Australian Business Number (ABN): 51 131 422 403 Bank: CBA Mascot Branch BSB No: 062-200 Acct No: 1024 3449 T: 1300 211 311 E: info@fitness.org.au W: www.fitness.org.au NSW Office Suite 1, 140 Bourke Road ALEXANDRIA NSW 2015 Queensland Office Ground Floor, Suite 20 240 Waterworks Road ASHGROVE QLD 4060 South Australia Office Level 3, 193-195 North Terrace ADELAIDE SA 5000 Victoria Office Ground Floor, 180 Albert Road SOUTH MELBOURNE VIC 3205 Western Australia Office Suite 10, 300 Rokeby Road SUBIACO WA 6008
Professional Development Coordinator Jade Booth	Team Leader Francesca King	Relationship Manager (ACT/NSW) Lisa Agic	
Training Coordinator Shane Rogerson (resigned)	Industry Support Sue Camilleri	Relationship Manager (QLD) Andrew McCallum	
	Industry Support Paul Jenkins	Relationship Manager (SA/NT) Joel Perricone	
	Industry Support Tanya Venturini	Relationship Manager (VIC) Amanda Hall	
	Marketing & Events Team	Relationship Manager (WA) Michael Fitzpatrick	
	Marketing Manager Wendy McWilliam	Relationship Manager (QLD) Natarchia Duncan (resigned)	
	Marketing Coordinator Sarah Gamble	Finance Team	
	Marketing Coordinator Chailee O'Donnell (resigned)	Finance & Administration Manager Mario Fricot	
	Marketing Projects Manager (P/T) Angela Palogiannidis	Accountant (P/T) Joseph Chow	

Our Registered Exercise Professionals & Businesses

In the 2009-2010, 1021 fitness businesses registered with Fitness Australia representing the greatest increase in membership since the Association started. Retention of members from the previous year at 70% did not achieve the targeted 85% retention owing to some consolidation within the industry and some businesses ceasing operations coupled with some businesses deciding they no longer felt there was value in promoting industry standards. Registration of 388 new businesses exceeded our target of 96 for the year heralding a shift in the services and support required to cater for the broader range of needs.

Fitness businesses represent the Constitutional members of Fitness Australia as the national Health and Fitness Industry Association and the segmentation of our membership by category impacts the way the Association operates yet also creates opportunities for the industry to engage in ways that is meaningful to particular segments of the market.

By membership category our 2009-2010 membership segmentation is:

PT & Fitness Studio	314	27%
Club Operator	483	42%
Linked Club Operator	307	27%
Industry Supplier	52	4%

Supplier Membership (now known as Industry Suppliers) is a non-voting category of membership for which there were 40 businesses registered in the reporting period.

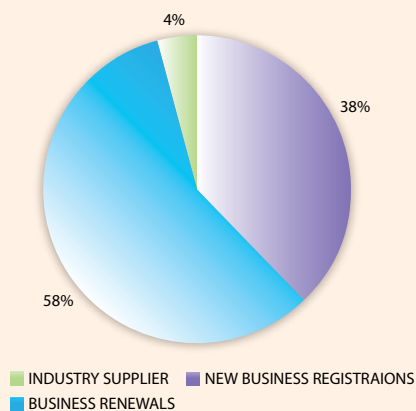
Creating tangible benefits for fitness businesses remains a core consideration when valuing business registration fees. As mentioned previously, accessing Fitness Australia's brand as an industry credential is at the heart of the value proposition. While we continue to build this value proposition we have positioned industry support services front and centre in a bid to provide "bottom line" oriented programs which make operating life a little easier for our members.

These services include:

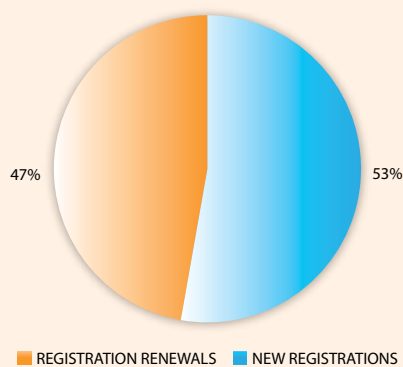
- Fitness Australia's HR/IR Helpdesk: members and designated staff can call Fitness Industry experts for advice on human resources and industrial relations free of charge, receiving support, advice, templates and tools worth many times the cost of membership.
- Current employment opportunities: National Fitness Industry Job Board, powered by Sportspeople allows exercise professionals to plan and extend their career in the health and fitness industry. Over 250,000 people look at this industry jobs board each month. Registered businesses are identified with the Fitness Australia brand to position them over and above those businesses who are not.
- Fitness Industry Business Insurance Program: Through our partner Marsh we continue to offer the best value for money insurance program specifically designed to cater for fitness businesses in Australia. Our members save 25% of their premiums when purchasing insurance protection which often equates to savings many times the cost of being a member.
- Fitness Australia apparel: Fitness Australia's Principal Partner – Performax – delivers a line of fitness clothing designed for registered exercise professionals and businesses which when stocked can help create a secondary income stream for our members as well as making our members' staff look professional.
- Over the course of 2009-2010, Fitness Australia's Relationship Management team made 2943 face to face visits with registered fitness businesses, professionals and students. At the same time, the Industry Support Team took 43,269 number of calls via the 1300 support line.



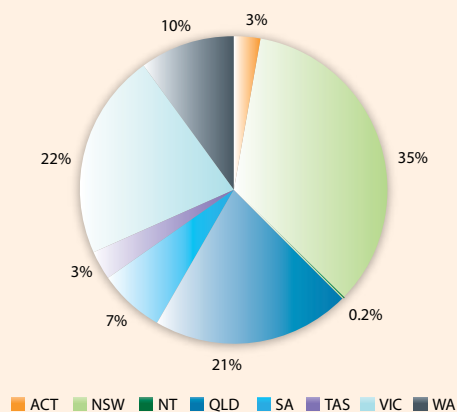
Percentage of Business Registrations Processed between 1 July 2009 to 30 June 2010



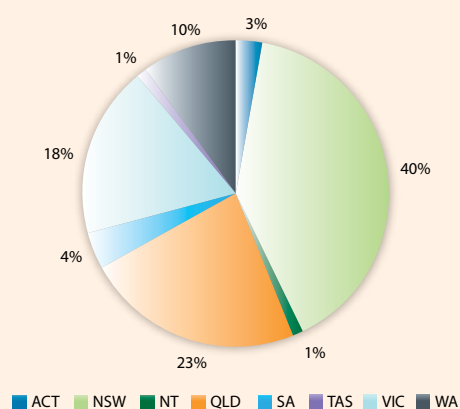
Percentage of Exercise Professional Registrations Processed between 1 July 2009 to 30 June 2010



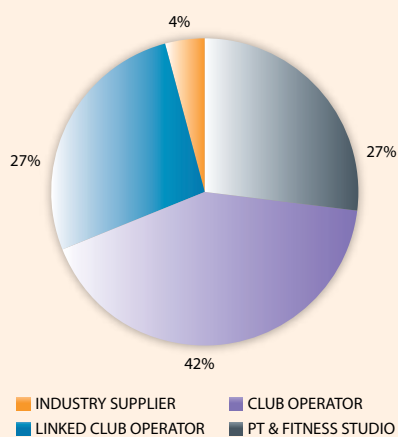
Geographical distribution of Registered Businesses in Australia



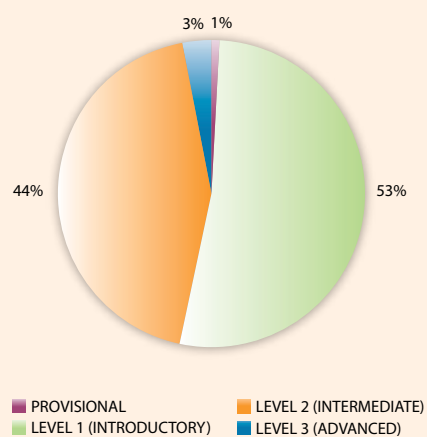
Geographical distribution of Registered Exercise Professionals in Australia



Breakdown of Fitness Australia Business Registration Type



Fitness Australia Registered Exercise Professional Level



Annual Financial Report Discussion and Analysis

Discussion and analysis of the financial results for the twelve months ending 30 June 2010.

The year in review

In its second year of operation as a national association, Fitness Australia generated revenues of \$3.3 million which represents growth of 22.3% compared to the previous financial year. At the same time, total expenditure increased by only 4.0% year on year, resulting in an overall gross operating surplus of \$224,259 and a net (after tax) surplus of \$192,219. This is a pleasing result, given that Fitness Australia has concurrently made significant investments in industry advocacy programs and information technology enhancements throughout the year.

Revenue growth has largely been driven by growth in professional registrations which is a positive indicator for the increasing profile and importance of the industry's national professional registration scheme.

Fitness Australia continued to build on its foundation in the key areas of business and professional registration, ending the year with 1,021 business registrations (including associates) and 11,399 professional registrations. The national register of exercise professionals numbered 20,954 at the end of the year. The affinity agreement with Marsh Insurance continued to perform strongly generating \$408,679 income and providing high quality, cost effective insurance products to both professionals and business.

Throughout the year, Fitness Australia continued to invest industry funds in a range of industry development initiatives, advocacy programs, consumer promotion and improvements to communications, industry connection and service delivery.

With an improved net asset (Member Funds) position of \$561,020, a stronger balance sheet and good cash flows, Fitness Australia is ideally poised to continue to grow and develop as a strong and influential industry body. This continued strength will enable more services, improved profile and greater benefits for the Australian fitness industry and the supporters of Fitness Australia.

Report of the Directors'

The Directors present this report on the company for the financial year ended 30th June 2010.

Directors

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

Paul Kinghorn <i>(appointed November 2009)</i>	Kevin John Moultrie <i>(appointed June 2010)</i>
Benjamin Jon Ritchie	Julie Marie Johnson <i>(resigned July 2009)</i>
Robert John Parker	Kevin Ian Norton <i>(resigned November 2009)</i>
Kerry Anne Chikarovski	Timothy Philip Woodman <i>(resigned November 2009)</i>
Mark Gregory Forrest	Sidney Michael Vincent <i>(resigned May 2010)</i>
Susan Jane Kingsmill	
Samantha Jane Martin-Williams <i>(appointed November 2009)</i>	

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

Company Secretary

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

Lauretta Stace was appointed company secretary on 3 June 2008. Lauretta Stace is also Chief Executive Officer of Fitness Australia Limited.

Operating Results

The profit of the company for the financial year after providing for income tax was \$192,219 (2009 Loss of \$264,075).

Review of Operations

A Review of the company operations during the financial year and the results of those operations are as follows;

Revenue increased \$602,428 this year in comparison to last year. The main increases in revenue were registrations (\$427,258), business membership (\$72,405), advertising (\$46,795) and accreditation (\$26,356).

Expenses and finance costs increased by \$114,093. The main increases in expenditure were other expenses (\$104,869) and occupancy expenses (\$78,286).

The directors chose to change the revenue recognition policy this year to a cash basis from an accruals basis. This resulted in an increase in profit of \$133,698 this year and decrease in the loss of \$725,644 in the 2009 financial year. The change in the 2009 financial year has been reflected in the comparative figures.

Significant Changes in State of Affairs

There have been no significant changes in the state of the company's affairs during the financial year.

Principal Activities

The principal activities of the company during the course of the year were:

To operate as a company representing, informing and supporting the fitness industry in Australia, administering the national registration scheme and setting and promoting high standards of training, education and continuing development for fitness professionals, stimulating informed debate on issues of interest in the industry, advocating policy positions, and promoting the role of the fitness industry to government, health agencies and the community.

There have been no significant changes in the nature of these activities during the year.

After Balance Date Events

No known matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the company's operations, the results of those operations or the state of affairs of the company in subsequent financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely known developments in future financial years.

Information on Directors

Paul Kinghorn (appointed November 2009)
Qualifications – Owner – Equilibrium Health and Fitness, General Manager – Lifestyle Fitness

Benjamin Jon Ritchie
Qualifications – Owner – Shapes Health Club

Robert John Parker
Qualifications – Head, Children's Hospital Institute of Sports Medicine – The Children's Hospital at Westmead

Kerry Anne Chikarovski
Qualifications – Director – Chikarovski and Associates

Mark Gregory Forrest
Qualifications – Finance Director – Fitness First Australia

Susan Jane Kingsmill
Qualifications – Owner – Hiscoes Fitness Centre

Samantha Jane Martin-Williams (appointed November 2009)
Qualifications – Chief Executive Officer – Newcastle University Sport

Kevin John Moultrie (appointed June 2010)
Qualifications – Owner – Transformers Fitness for Kids

Meetings of Directors

Attendance at meetings:

Directors' Meetings		
	Number eligible to attend	Number Attended
Paul Kinghorn	5	5
Benjamin Jon Ritchie	8	7
Robert John Parker	9	8
Kerry Anne Chikarovski	9	6
Mark Gregory Forrest	9	8
Susan Jane Kingsmill	9	8
Samantha Jane Martin-Williams	5	4
Kevin John Moultrie	0	0
Julie Marie Johnson	1	1
Kevin Ian Norton	4	3
Timothy Philip Woodman	4	4
Sidney Michael Vincent	8	8

Indemnities Granted

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the company.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director Related Transaction

During the year the following transactions occurred between the company and the directors or related entities:

Paul Kinghorn – Owner of Equilibrium Health & Fitness paid memberships to Fitness Australia of \$770 on 15 August 2009 and \$495 on 28 July 2009.

Benjamin Ritchie – Owner of Shapes Health Club paid membership of \$770 to Fitness Australia on 1 November 2009.

Susan Kingsmill – Owner of Hiscoes Fitness Centre paid membership of \$770 to Fitness Australia on 7 July 2010 (related to 2010 financial year).

Kevin Moultrie – Owner of Transformers Fitness for Kids paid membership of \$385 to Fitness Australia on 17 August 2009.

Samantha Martin-Williams – Registered Exercise Professional paid registration of \$209 to Fitness Australia on 16 July 2009.

All transactions occurred within a normal customer relationship on conditions no more favourable than those available to other customers.

Dividends

The constitution of the company prohibits distribution of its income among its members and no dividends have been or will be paid.

Auditor's Independence Declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 follows this report.



Paul Kinghorn
Director



Benjamin Ritchie
Director

Dated this 23rd day of September 2010

Auditors Independence Declaration

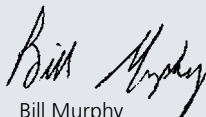
To the Directors of Fitness Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Fitness Australia Limited for the year ended 30 June 2010 there have been;

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



Astims SWM
Chartered Accountants



Bill Murphy

Suite 6, Level 1, 55 Grosvenor Street, Neutral Bay NSW 2089

Dated this 6th day of September 2010

Report 2010

Statement of Comprehensive Income For the Year Ended 30 June 2010

	Note	2010	2009
	\$	\$	
Sales revenue	2	3,180,456	2,580,172
Other revenue	2	121,443	119,299
Marketing expenses		(349,130)	(374,702)
Occupancy expenses		(212,875)	(134,589)
Administration expenses		(212,078)	(216,190)
Membership expenses		(97,501)	(77,060)
Registration expenses		(59,031)	(48,539)
Meeting expenses		(67,903)	(93,561)
Human resources		(1,648,530)	(1,615,477)
Program development		-	(77,807)
Grant Revenue Expenses		(52,234)	-
Other expenses		(372,508)	(315,590)
Finance Costs	4	(5,850)	(10,031)
Profit before Income Tax		224,259	(264,075)
Income Tax Expense	5	(32,040)	-
Profit/(Loss) for the year		192,219	(264,075)
Other comprehensive income:		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		192,219	(264,075)
Profit/(Loss) attributable to members		192,219	(264,075)
Total comprehensive income attributable to members		192,219	(264,075)

The accompanying notes form part of these financial statements.

Statement of Financial Position As At 30 June 2010

	Note	2010	2009
		\$	\$
Current Assets			
Cash and Cash Equivalents	6	540,911	465,641
Trade and Other Receivables	8	400,788	368,753
Financial Assets	9	90,691	74,277
Other	11	335,642	355,863
Total Current Assets		1,368,032	1,264,534
Non-Current Assets			
Property, Plant and Equipment	12	192,078	204,784
Intangible Assets	13	213,684	90,926
Other	11	574,454	-
Total Non-Current Assets		980,216	295,710
Total Assets		2,348,248	1,560,244
Current Liabilities			
Trade and Other Payables	14	319,704	964,914
Current Tax Liabilities	10	32,040	-
Borrowings	15	561,184	30,372
Short Term Provisions	16	126,711	98,875
Other Liabilities	17	646,026	72,747
Total Current Liabilities		1,685,665	1,166,908
Non-Current Liabilities			
Borrowings	15	101,563	22,428
Total Non-Current Liabilities		101,563	22,428
Total Liabilities		1,787,228	1,189,336
Net Assets		561,020	370,908
Equity			
Reserves	19	632,874	634,983
Accumulated Losses		(71,854)	(264,075)
Total Equity		561,020	370,908

The accompanying notes form part of these financial statements.

Statement of Changes in Equity For the Year Ended 30 June 2010

	Reserves	Retained Profits	Total Equity
As at 1 July 2008	-	-	-
Movements through State Entities	634,983	-	634,983
Profit/(Loss) for year	-	(264,075)	(264,075)
At 30 June 2009	634,983	(264,075)	370,908
Movements through State Entities	(2,109)	-	(2,109)
Profit/(Loss) for year	-	192,219	192,219
At 30 June 2010	632,874	(71,856)	561,018

Statement of Cash Flows For the Year Ended 30 June 2010

	Note	2010	2009
		\$	\$
Cash Flows from Operating Activities			
Receipts from Members & Customers		3,664,000	2,322,000
Payments to Suppliers & Employees		(3,982,812)	(2,059,577)
Interest Received		20,092	14,939
Net Cash Inflow/(Outflow) from Operating Activities	7	(298,720)	277,362
Cash Flows from Investing Activities			
(Purchase)/Sale of Property, Plant & Equipment		(217,439)	(425,227)
Net Cash Inflow/(Outflow) from Investing Activities		(217,439)	(425,227)
Cash Flows from Financing Activities			
Proceeds/(Repayment) of Borrowings		609,947	52,800
Inflow/(outflow) from discontinued operations		(2,109)	634,983
(Increase)/Decrease in Value of Deposits		(16,414)	(74,277)
Net Cash Inflow/(Outflow) from Financing Activities		591,424	613,506
Net Increase/(Decrease) in Cash Held		75,267	465,642
Cash and Cash Equivalents as at 1 July 2009		465,642	-
Cash and Cash Equivalents as at 30 June 2010		540,909	465,642

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Year Ended 30 June 2010

1. Statement of significant accounting policies

The financial report is a general purpose financial report and it has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise stated the accounting policies have been consistently applied. The following is a summary of the material accounting policies used by Fitness Australia Limited in the preparation of the financial report.

(a) Cash and Cash Equivalents

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

(b) Provisions

Provisions are recognised when the group 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 the end of the reporting period.

(c) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value.

(d) 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.

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 including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line or diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Low value pool	37.5 % DV
Computer and office equipment	20.0 - 35.0 %
Furniture and fittings	10.0 - 25.0 %
Motor vehicles	12.5% PC

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

(e) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

(f) Income Tax

The income tax (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Non-member income of the company is only assessable for tax, as member income is excluded under the principle of mutuality.

(g) Leases

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

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

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

(h) Revenue and Other Income

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

Revenue from registration fees received from fitness professionals on registration or renewal of registration is also now recognised upon receipt of monies. This policy has changed in 2010 from an accruals basis where revenue was recognised in monthly segments over the 24 month period that registration is provided. The effect on profit due to the change in policy was an increase of \$133,698. Income tax payable also increased by \$32,040. The change in policy has also been reflected in the comparative figures, the change resulted in a decrease in the loss for 2009 of \$725,644.

Revenue from insurance sponsorship received from Marsh Insurance Pty Ltd under the fitness professional's insurance scheme is recognised in full when the company has a right to receive the revenue.

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

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

(i) 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.

(j) 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 group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(k) 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 group.

Key Estimates – Impairment

The group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the group that may be indicative of impairment triggers.

Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(l) Industry Innovation Fund (Operation Music)

The balance of Industry Innovation Fund (Operation Music) shown under other assets represents payments made to Minter Ellison lawyers in respect of Fitness Australia's legal battle with the Phonographic Performance Company of Australia in the Copyright Tribunal of Australia, proceedings number CTI of 2006. This balance will be reduced through application of funds received through the Industry Innovation Fund.

(m) Loan – Fitness First (Operation Music)

Fitness Australia Limited has entered into a loan agreement with Fitness First Australia Pty Ltd. The balance of this loan is shown under current Borrowings. The loan amount has been used to cover the liabilities incurred through the legal battle with the PPCA. The loan is to be repaid by 30 June 2011 through monthly instalments.

(n) Operation Music

The balance of operation music and expenses shown under other liabilities represents contributions from members less payments made to Minter Ellison lawyers in respect of an Appeal of the Copyright Tribunal decision Fitness Australia Limited v Copyright Tribunal of Australia & PPCA in the Federal Court of Australia No. NSD 705 of 2010.

(o) Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact of the adoption of these standards and interpretations has had on the financial statements of Fitness Australia Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised version of AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised version of AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income.

Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

Notes to the Financial Statements For the Year Ended 30 June 2010

	2010	2009
	\$	\$

2. Revenue

Sales Revenue

Business membership	546,907	474,502
Associate membership	67,959	64,500
International (IHRSA)	4,500	5,051
Marketing & business development	28,698	17,777
Advertising	88,176	41,381
Affinity agreements	408,679	389,742
Registrations	1,926,769	1,499,511
Accreditation	94,268	67,912
Sponsorship	14,500	19,796
	3,180,456	2,580,172

Other Revenue

Other revenue	6,301	14,360
Projects	95,000	90,000
Interest received	20,092	14,939
Profit on Sale of Non-current Assets	50	-
	121,443	119,299
	3,301,899	2,699,471

3. Expenses

Loss on sale of non-current assets	45,165	80,397
Auditor's remuneration	24,175	34,104
Marketing expenses	349,130	374,702
Occupancy expenses	212,875	134,589
Administration expenses	212,078	216,190
Membership expenses	97,501	77,060
Registration expenses	59,031	48,539
Meeting expenses	67,903	93,561
Human resources	1,648,530	1,615,477
Program development	-	77,807
Grant Revenue Expenses	52,234	-
Other expenses	294,207	189,338
Bad and doubtful debts	6,248	6,631
Motor Vehicle Expenses	2,713	5,120
	3,071,790	2,953,515

4. Finance Costs

Interest paid		
Computer finance	5,850	10,031
	5,850	10,031

Notes to the Financial Statements For the Year Ended 30 June 2010

	2010	2009
	\$	\$

5. INCOME TAX

Accounting Profit	224,259	(264,075)
Principle of mutuality adjustment	(9,872)	50,769
Other adjustments	(107,589)	89,711
Taxable Income	106,798	(123,595)
Income Tax Payable	32,039	-

6. Cash and Cash Equivalents

Cash on hand	365	365
Term Deposits (< 3 months)	12,489	12,228
CBA cheque account	89,296	59,363
St George account – operation music	45,630	25,924
CBA online saver account	393,131	367,761
	540,911	465,641

Cash Reconciliation

Cash and Cash Equivalents	540,911	465,641
	540,911	465,641

7. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after Income Tax	192,219	(264,075)
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Adjustments for Non-Cash Components in Profit:

Depreciation	62,270	49,121
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(Profit)/Loss on Sale of Property, Plant & Equipment	45,115	80,397
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Changes in Assets and Liabilities

(Increase)/Decrease in Trade and Other Receivables	(32,035)	(368,753)
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(Increase)/Decrease in other assets	(433,019)	(355,864)
-------------------------------------	-----------	-----------

Increase/(Decrease) in Trade and Other Payables	(645,211)	964,914
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Increase/(Decrease) in Provisions	59,876	98,875
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Increase/(Decrease) in Other Liabilities	452,065	72,747
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Net Cash Provided by Operating Activities	(298,720)	277,362
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	2010	2009
	\$	\$

8. Trade and Other Receivables

Current

Trade receivables	439,559	407,709
Less provision for doubtful debts	(38,771)	(38,956)
	400,788	368,753

Total Trade and Other Receivables	400,788	368,753
--	----------------	----------------

9. Financial Assets

Current

Term Deposits (> 3 months)	90,691	74,277
	90,691	74,277

Total Financial Assets	90,691	74,277
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10. Tax Assets and Liabilities

Current

Liabilities

Provision for income tax	32,040	-
	32,040	-

Net Tax Liabilities	32,040	-
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11. Other Assets

Current

Accrued income	1,464	99
Deposits paid	7,242	7,242
Operation music income & expenses	-	338,352
Prepayments	29,136	10,170
Industry innovation fund (operation music)	297,800	-
	335,642	355,863

Non-Current

Industry innovation fund (operation music)	574,454	-
	574,454	-

Notes to the Financial Statements For the Year Ended 30 June 2010

	2010	2009
	\$	\$
12. Property, Plant & Equipment		
Plant & Equipment		
Motor vehicles at cost	8,112	8,112
Accumulated depreciation and impairment	2,028	1,014
	6,084	7,098
Furniture & fittings at cost	154,189	147,098
Accumulated depreciation and impairment	25,566	10,861
	128,623	136,237
Computer & office equipment at cost	62,870	51,681
Accumulated depreciation and impairment	23,368	11,943
	39,502	39,738
Low value pool	17,869	21,711
	17,869	21,711
Total Plant & Equipment	192,078	204,784
Total Property, Plant & Equipment	192,078	204,784

13. Intangible Assets

Non-Current

Software at cost	193,725	91,712
Accumulated amortisation	12,431	19,356
	181,294	72,356
Website at cost	32,466	18,570
Accumulated amortisation	76	-
	32,390	18,570
	213,684	90,926

14. Trade and Other Payables

Current

FBT payable	1,565	-
Trade creditors	197,154	886,501
PAYG withholding payable	24,784	30,060
Superannuation payable	27,445	28,681
Provision for GST	68,756	19,672
	319,704	964,914
Total Trade and Other Payables	319,704	964,914

	2010	2009
	\$	\$
15. Borrowings		
Current		
Computer finance lease (APT)	56,762	-
Computer finance lease (Coresoft)	21,257	30,372
Loan – Fitness First (operation music)	483,165	-
	561,184	30,372
Non-Current		
Computer finance lease (APT)	100,392	-
Computer finance lease (Coresoft)	1,171	22,428
	101,563	22,428
Total Borrowings	662,747	52,800

16. Provisions

Current

Provision for fringe benefit tax	1,560	1,320
Provision for employee benefits	125,151	97,555
	126,711	98,875
Total Provisions	126,711	98,875

17. Other Liabilities

Current

Operation music income & expenses	121,214	-
Accrued expenses	104,312	66,525
Unexpended grant funding (lift for life)	-	6,222
Unexpended grant funding (DOHA)	220,000	-
Unexpended grant funding (sports wagering)	40,000	-
Unexpended funds (WA)	160,500	-
	646,026	72,747
	646,026	72,747

18. Contingent Liabilities

Fitness Australia Limited is currently in dispute with a company whose courses were previously recognised as an Approved Program Provider under the Fitness Australia Continuing Education Scheme. This matter has been handed to Fitness Australia's insurance company for review.

Fitness Australia Limited have decided to appeal the decision in the Operation Music case against the Phonographic Performance Company of Australia Limited.

The maximum contingent liability in respect of the above is as follows:

Legal claim against Fitness Australia Limited	50,000	-
Operation Music appeal	250,000	-
	300,000	-

Report 2010

Notes to the Financial Statements For the Year Ended 30 June 2010

	2010	2009
	\$	\$
19. Reserves		
Transferred equity	632,874	634,983
	632,874	634,983
Movements during the year		
Transferred equity		
Fitness Aus Inc surplus funds	-	253,262
Fitness QLD Inc	-	977
Fitness Vic surplus funds	(2,014)	101,461
Fitness Tas surplus funds	(73)	23,585
Fitness NSW surplus funds	(885)	286,482
Fitness ACT surplus funds	863	(5,099)
Fitness SA surplus funds	-	(26,895)
Fitness WA surplus funds	-	1,210
	(2,109)	634,983

20. Financial Risk Management

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

Financial Management Risk Policies

The finance committee's overall risk management strategy seeks to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis.

	2010	2009
	\$	\$
21. Auditors Remuneration		
Astims SWM Chartered Accountants were the auditors of Fitness Australia Limited		
Auditor's remuneration	24,175	34,104
	24,175	34,104

22. Business Details

The registered office of the company is:
Fitness Australia Limited
140 Bourke Road Alexandria, NSW, 2015

The principal place of business is:
Fitness Australia Limited
140 Bourke Road Alexandria, NSW, 2015

Directors Declaration For the Year Ended 30 June 2010

The directors of the company declare that:

1. The accompanying financial statements and notes of the company as at 30 June 2010 are in accordance with the Corporations Act 2001:
 - a) give a true and fair view of the company's financial position as at 30 June 2010 and its performance for the year end on that date; and
 - b) comply with Australian Accounting Standards.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become payable.

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



Paul Kinghorn
Director



Benjamin Ritchie
Director

Date the 23rd day of September 2010

Fitness Australia

PO Box 6453
Alexandria NSW 2015
T. 1300 211 311
E. info@fitness.org.au
W. fitness.org.au

