Fitness Australia
Annual Report
2010-2011
As at the end of June 2011, Fitness Australia was representing and providing services and support to almost 1,300 businesses and 24,000 registered exercise 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.

The profile of the fitness industry has changed markedly over the past five years with the result that the industry now offers an expanded range of services to meet the health and fitness needs of more and more people within the community. This trend is aligned with Fitness Australia’s vision for a “fitter, healthier Australia.” We encourage the development and delivery of a range of services that suit the varied needs of the broader community with regard to age, physical condition, budget and location.

This growth and diversity in some sectors of the industry has occurred within a difficult economic climate and not all industry businesses have experienced growth and success. We remain aware of these issues and vigilant in our efforts to provide as much support to businesses as possible in order to help build a sustainable future for the industry in all its diversity.

Our work on behalf of the fitness industry has continued 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.

By addressing these key strategic themes, Fitness Australia will assist the industry to continuously improve service delivery, achieve an enhanced profile and reputation and receive greater recognition as a key provider of services that benefit the health and wellbeing of Australians.

Strategic Highlights 2010-2011

Following are some of the achievements and highlights from the past year in the key areas of strategic focus:

Building industry reputation and profile

Quality Assurance Framework

Throughout the year we continued the development of the industry quality assurance and accreditation framework including the development of a Discussion Paper and strategy for implementation. This strategy was endorsed by the National Industry Council in October 2010 and key elements of the framework have been under development since this time and will continue into the next financial year.
Preventative Health Partnerships
Fitness Australia continued to position the fitness industry as part of the preventative health agenda. Our involvement with the Australian Government’s Healthy Communities Initiative, through the Baker IDI Lift for Life® program, has been a very positive experience and one that aims to assist people in disadvantaged communities to improve their health and wellbeing through regular and progressive strength and resistance training. The project has seen the development and implementation of a series of information sessions and training workshops for registered exercise professionals across the nation as well as an expansion of the number of providers licensed to deliver the Lift for Life® program.

Fitness Australia was invited to provide a representative on the Expert Reference Group for the Healthy Communities Quality Framework Registration and Information Portal.

Standardised contracts
With expert legal advice and following industry and government fair trading department consultation, Fitness Australia produced a membership contract template that became available in August 2010. Fitness Australia continues to consult with the ACCC and state/territory fair trading departments to help refine and improve this resource.

Standardised pre-exercise screening
Fitness Australia in collaboration with Sports Medicine Australia (SMA) and Exercise and Sports Science Australia (ESSA) finalised the Adult Pre Exercise Screening System in June 2011. The system’s development has been widely acknowledged as a vital step in standards setting for risk management in effective exercise programming and has been recognised by the Australian Government within the Healthy Communities Initiative. The system consists of a three stage questionnaire and a detailed user manual. A thorough promotional and implementation process will be led by Fitness Australia in 2011-12.

Development of information products including exercise guidelines and fact sheets
Fitness Australia continued to develop a range of guidelines to assist the industry with best practice standards. These included:
- Safety Guidelines for Strength Training
- Kettlebells Training Safety Guidelines
- Guidelines for improving connection with General Practitioners

Improved connection with allied health and medical groups
Throughout the year, strong relationships continued to be built with a range of key organisations and individuals in the allied health and medical fields. These strategic relationships provide connection, information and educational opportunities for the fitness industry.

Participation on the national consumer law reform agenda
Fitness Australia has provided feedback to the government concerning the new Australian Consumer Law. It has also profiles the introduction of the new law to members and developed and made available a member contract template to further assist business members. The template was sent to all state fair trading departments and the ACCC. The ACCC has indicated a willingness to participate on the forthcoming Fitness Australia Quality Assurance Development Advisory Group.

Fringe Benefits Tax Advocacy Program
A detailed submission to Federal Treasury has been developed advocating change to the existing FBT legislation. Several political contacts have been briefed and this advocacy work will continue throughout 2011-12.

Representation on music copyright
Fitness Australia continued to represent the interests of the industry in the ongoing dispute with the Phonographic Performance Company of Australia (PPCA) over the licence scheme for the use of music in group exercise classes.

In 2010, the Copyright Tribunal determined that the maximum rate for Tariff V should be set at $15 per fitness class largely on the basis of the original pilot study results. In their summing up, the Tribunal rejected the substantive economic evidence put forward by PPCA and the ‘per member per month’ rate calculation for determining the Tariff on the basis of the arguments put forward by Fitness Australia.

As a result of the Tribunal findings, Fitness Australia made an Appeal to the Federal Court on the basis that the decision was procedurally unfair. This Appeal was upheld by the Federal Court in December 2010.

The PPCA then made an application to the High Court to appeal the decision of the Federal Court. This application was dismissed in May 2011. As a result of these legal proceedings, the Tariff V rate remained at 96.8c per fitness class and the parties were ordered to return the matter to the Copyright Tribunal for determination according to law.

In March 2011, the Australasian Performing Right Association (APRA) signalled its intention to enter into negotiations with the fitness industry on the terms and rate for its equivalent tariff for the use of music in group fitness classes. In May 2011, an Agreement was successfully negotiated with APRA for a revised Licence Scheme, to be effective from 1 July 2011.

As at May 2011 Fitness Australia entered into negotiations with the PPCA in order to attempt to resolve the matter and avoid further litigation.
Building and positioning the Fitness Australia brand

Brand Awareness Campaigns

Fitness Australia’s consumer awareness campaign, “Exercise. Your Life Needs It” was successfully implemented via television and other types of advertising in Western Australia, Tasmania and New South Wales in conjunction with Government funding in those states. This spawned an industry-funded add on campaign in the Mackay-Whitsunday area in Queensland.

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.

Fitness Australia continued to build on its commitment of direct communication with Members delivering well in excess of 1,000 face-to-face meetings, site visits and registered training organisation presentations via our Relationship Management Team across the nation.
Strategic Forums & Stakeholder Consultation

In the first half of 2011, Fitness Australia convened and hosted two important strategic forums for industry business operators and leading educational institutions.

The Industry Leaders Forum and Education Forum were designed to:
- Explore and discuss issues of importance to the fitness industry;
- Consider the vision, future possibilities and opportunities for the industry;
- Define Fitness Australia’s role in achieving this vision;
- Build upon the strategic planning process and assist the Board of Directors and executive team to develop strategies for Fitness Australia and the industry as a whole to meet its strategic opportunities and challenges over the coming 5 year period.

The resulting product was the creation of a revised strategic roadmap for the future of the fitness industry and a clearly articulated purpose for Fitness Australia that encompasses a broad range of industry intelligence and feedback. This will help to ensure that the fitness industry continues to be served by a strong and influential industry association that is representative of its diverse views and opinions and that a common vision and purpose is shared amongst members.

Building the capacity of the industry

An enhanced continuing education platform for registered exercise professionals

An expert independent review of Fitness Australia’s Registration and Continuing Education (CE) Systems was undertaken by Professor Stephen Bird from RMIT University. The Board of Directors and REPs Council considered the recommendations around quality assurance, content selection and general structure of the system, as did delegates at the Education Forum in May 2011. The review recommendations have been widely accepted, providing support for systematic change and improvement to the CE and Professional Registration Systems. A specific project plan has now been developed to address this objective within the next 12 months.

Acknowledgements

We would like to extend our thanks to the Board of Directors, Council members, stakeholders, partners and other industry volunteers for their hard work, support and guidance throughout the year. Fitness Australia would not be where it is today if not for the efforts of many skilled, energetic, dedicated and passionate people.

We would also like to pay tribute to the talented and hard-working team at Fitness Australia. Robert Barnes and Craig Knox continue to head up the Executive Leadership Team in the key areas of operations and industry development and both continue to demonstrate extraordinary leadership, expertise and commitment to serving the expectations and needs of members and leading a team of people who are deeply committed to the vision and values of Fitness Australia.

Finally, we extend our sincere thanks to the growing number of people within 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 revised the strategic 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 continuing to share this exciting journey with you.

Lauretta Stace
Chief Executive Officer

Paul Kinghorn
Chairman
Discussion and analysis of the financial results for the twelve months ending 30 June 2011.

**The year in review**

In its third year of operation as a national association, Fitness Australia generated revenues of $3.9 million which represents growth of 18.3% compared to the previous financial year. At the same time, total expenditure increased by 14.9% year on year, resulting in an overall gross operating surplus of $366,999 and a net (after tax) surplus of $263,592. This is a pleasing result, given that Fitness Australia has concurrently made significant investments in industry advocacy programs, marketing and communications initiatives and information technology enhancements throughout the year.

Revenue growth has largely been driven by continued growth in both professional registrations and business membership as well as enhanced customer retention rates which is an indicator that Fitness Australia’s profile within the industry continues to grow and that our customers are receiving value from their association.

Fitness Australia continued to build on its foundation in the key areas of business and professional registration, ending the year with 1,291 business memberships (including associates) and 13,301 professional registrations. The national register of exercise professionals numbered 24,363 at the end of the year. The affinity agreement with Marsh Insurance continued to perform strongly generating income of $447,278 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 $824,614, a strong balance sheet and good cash flows, Fitness Australia is ideally poised to continue to grow and develop as a strong and influential industry association. This continued strength will enable more services, improved profile and greater benefits for the Australian fitness industry and the supporters of Fitness Australia.
Fitness Australia Limited
ABN: 51 131 422 403
Directors' Report
for the Year Ended 30 June 2011

The Directors present this report on the company for the financial year ended 30th June 2011

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

Paul William Kinghorn
Benjamin Jon Ritchie
Robert John Parker
Kerry Anne Chikarovski
Mark Gregory Forrest
Susan Jane Kingsmill
Samantha Jane Martin-Williams (resigned October 2010)
Kevin John Moultrie (resigned October 2010)
Gregory Charles Oliver (appointed October 2010)
Andrew Simon Nairn (appointed October 2010)
Melanie Cameron (appointed February 2011)

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 who is also Chief Executive Officer, has held the position of Secretary since 3 June 2008.

Operating Results
The profit of the company for the financial year after providing for income tax was $263,592 (2010 Profit of $192,219).

Review of Operations
A Review of the company operations during the financial year and the results of those operations are as follows;
Revenue increased $602,734 this year in comparison to last year. The main increases in revenue were registrations ($321,436), business membership ($123,540), advertising ($21,880) and marketing & business development ($29,129).
Expenses and finance costs increased by $459,994. The main increases in expenditure were human resources ($168,291 of which was an increase in the long service leave accrual of $30,321) and marketing expenses ($226,674).

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
Fitness Australia Limited
ABN: 51 131 422 403
Directors' Report
for the Year Ended 30 June 2011

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 William Kinghorn - Director
Qualifications - General Manager - Lifestyle Fitness

Benjamin Jon Ritchie - Director
Qualifications - Manager - Genesis Fitness Club - Kelmscott WA

Robert John Parker - Director
Qualifications - Head, Children’s Hospital Institute of Sports Medicine - The Children’s Hospital at Westmead

Kerry Anne Chikarovski - Director
Qualifications - Director - Chikarovski and Associates

Mark Gregory Forrest - Director
Qualifications - Finance Director - Fitness First Australia

Susan Jane Kingsmill - Director
Qualifications - Owner - Hiscoes Fitness Centre

Gregory Charles Oliver (appointed October 2010) - Director
Qualifications - Chief Executive Officer - Goodlife Health Clubs

Andrew Simon Nairn (appointed October 2010) - Director
Qualifications - General Manager & Director- Flinders Campus Community Services Inc

Melanie Cameron (appointed February 2011) - Director
Qualifications - Associate Professor - School of Exercise Science, Australian Catholic University
Meetings of Directors
Attendance at meetings:

<table>
<thead>
<tr>
<th>Director</th>
<th>Number eligible to attend</th>
<th>Number attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul William Kinghorn</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Benjamin Jon Ritchie</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Robert John Parker</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Kerry Anne Chikarovski</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Mark Gregory Forrest</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Susan Jane Kingsmill</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Samantha Jane Martin-Williams</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Kevin John Moultrie</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Gregory Charles Oliver</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Andrew Simon Nairn</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Melainie Cameron</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

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

Susan Kingsmill - Owner of Hiscoes Fitness Centre paid membership of $825 to Fitness Australia on 30 June 2011.
Kevin Moultrie - Owner of Transformers Fitness for Kids paid membership of $385 to Fitness Australia on 20 August 2010.

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

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.

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 section307C of the Corporations Act 2001 follows this report.
Fitness Australia Limited
ABN: 51 131 422 403
Directors' Report
for the Year Ended 30 June 2011

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 wilful breach of duty in relation to the company.

Paul William Kinghorn
Director

Benjamin Jon Ritchie
Director

Dated this 19th day of September 2011
Auditors Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Fitness Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Fitness Australia Limited for the year ended 30 June 2011 there have been;

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) 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 19th day of September 2011
## Fitness Australia Limited
ABN: 51 131 422 403

### Statement of Comprehensive Income
For the Year ended 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>2</td>
<td>3,775,929</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2</td>
<td>128,704</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td></td>
<td>(575,804)</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td></td>
<td>(220,627)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td></td>
<td>(272,252)</td>
</tr>
<tr>
<td>Membership expenses</td>
<td></td>
<td>(122,209)</td>
</tr>
<tr>
<td>Registration expenses</td>
<td></td>
<td>(59,675)</td>
</tr>
<tr>
<td>Meeting expenses</td>
<td></td>
<td>(87,102)</td>
</tr>
<tr>
<td>Human resources</td>
<td></td>
<td>(1,816,821)</td>
</tr>
<tr>
<td>Projects</td>
<td></td>
<td>(79,068)</td>
</tr>
<tr>
<td>Grant Revenue Expenses</td>
<td></td>
<td>(6,537)</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>(281,986)</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>4</td>
<td>(15,553)</td>
</tr>
<tr>
<td>Profit before Income Tax</td>
<td></td>
<td>366,999</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>5</td>
<td>(103,407)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) for the year</strong></td>
<td></td>
<td>263,592</td>
</tr>
</tbody>
</table>

**Other comprehensive income:**

- **Other comprehensive income for the year**
  - -

**Total comprehensive income for the year**

- **263,592**
  - **192,219**

**Profit/(Loss) attributable to members**

- **263,592**
  - **192,219**

**Total comprehensive income attributable to members**

- **263,592**
  - **192,219**

The accompanying notes form part of these financial statements.
Fitness Australia Limited  
ABN: 51 131 422 403  
Statement of Financial Position  
As at 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

### Current Assets
- Cash and Cash Equivalents  | 6 | 876,850 | 540,911 |
- Trade and Other Receivables | 8 | 60,878  | 400,788 |
- Financial Assets            | 9 | -       | 90,691  |
- Other                       | 11| 514,193 | 335,642 |
**Total Current Assets**     |   | 1,451,921 | 1,368,032 |

### Non-Current Assets
- Property, Plant and Equipment | 12| 261,977 | 192,078 |
- Intangible Assets             | 13| 186,736 | 213,684 |
- Other                        | 11| 228,318 | 574,454 |
**Total Non-Current Assets**   |   | 677,031 | 980,216 |

**Total Assets**              |   | 2,128,952 | 2,348,248 |

### Current Liabilities
- Trade and Other Payables    | 14| 323,490 | 319,704 |
- Current Tax Liabilities     | 10| 50,356  | 32,040  |
- Borrowings                  | 15| 69,325  | 561,184 |
- Short Term Provisions       | 16| 187,371 | 126,711 |
- Other Liabilities           | 17| 538,916 | 646,026 |
**Total Current Liabilities** |   | 1,169,458 | 1,685,665 |

### Non-Current Liabilities
- Borrowings                  | 15| 134,880 | 101,563 |
**Total Non-Current Liabilities** | | 134,880 | 101,563 |

**Total Liabilities**         |   | 1,304,338 | 1,787,228 |

**Net Assets**                |   | 824,614  | 561,020  |

### Equity
- Reserves                    | 18| 632,874 | 632,874 |
- Retained Profits            |   | 191,740 | (71,854) |
**Total Equity**              |   | 824,614  | 561,020  |

The accompanying notes form part of these financial statements.
Fitness Australia Limited
ABN: 51 131 422 403

Statement of Changes in Equity
For the Year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Reserves</th>
<th>Retained Profits</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2009</td>
<td>634,983</td>
<td>(264,073)</td>
<td>370,910</td>
</tr>
<tr>
<td>Movements through State Entities</td>
<td>(2,109)</td>
<td>(2,109)</td>
<td></td>
</tr>
<tr>
<td>Profit/(Loss) for year</td>
<td></td>
<td>192,219</td>
<td>192,219</td>
</tr>
<tr>
<td>At 30 June 2010</td>
<td>632,874</td>
<td>(71,854)</td>
<td>561,020</td>
</tr>
<tr>
<td>Profit/(Loss) for year</td>
<td>-</td>
<td>263,592</td>
<td>263,592</td>
</tr>
<tr>
<td>At 30 June 2011</td>
<td>632,874</td>
<td>191,738</td>
<td>824,612</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Cash Flows from Operating Activities
Receipts from Members & Customers | 4,209,333 | 3,664,000 |
Payments to Suppliers & Employees | (3,342,652) | (3,982,812) |
Interest Received | 38,159 | 20,092 |
Income Tax (Paid)/Refunded | (85,091) | - |
Net Cash Inflow/(Outflow) from Operating Activities | 819,748 | (298,720) |

Cash Flows from Investing Activities
(Purchase)/Sale of Property, Plant & Equipment | (115,957) | (217,439) |
Net Cash Inflow/(Outflow) from Investing Activities | (115,957) | (217,439) |

Cash Flows from Financing Activities
Proceeds/(Repayment) of Borrowings | (458,541) | 609,947 |
Inflow/(outflow) from discontinued operations | - | (2,109) |
(Increase)/Decrease in Value of Deposits | 90,691 | (16,414) |
Net Cash Inflow/(Outflow) from Financing Activities | (367,850) | 591,424 |

Net Increase/(Decrease) in Cash Held | 335,942 | 75,267 |
Cash and Cash Equivalents as at 1 July 2010 | 540,909 | 465,642 |
Cash and Cash Equivalents as at 30 June 2011 | 876,851 | 540,909 |
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

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
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 Fitness Australia Limited by 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.
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

(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.
Revenue from insurance sponsorship received from Marsh Insurance Pty Ltd under the
fitness professionals 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) Trade and Other Payables
Trade and other payables represent the liability outstanding at the end of the reporting
period for goods and services received by the company during the reporting period which
remains unpaid.

(j) 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.
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

(k) 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.

(l) 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.

(m) 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
case with 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.

(n) Loan - Fitness First (Operation Music)
Fitness Australia Limited had entered into a loan agreement with Fitness First Australia Pty
Ltd. The balance of this loan is shown under Current Borrowings for 2010. As of 30 June
2011 the loan balance had been repaid in full.

(o) 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. 705 of 2010.

(p) New Accounting Standards for Application in Future Periods
The AASB has issued new, revised and amended Standards and Interpretations that have
mandatory application dates for future reporting periods and which the company has
decided not to early adopt. The company does not anticipate early adoption of any of the
reporting requirements would have any material effect on the company’s financial
statements.
# Fitness Australia Limited
## Notes to the Financial Statements
### For the Year ended 30 June 2011

### 2. Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business membership</td>
<td>670,447</td>
<td>546,907</td>
</tr>
<tr>
<td>Associate membership</td>
<td>75,764</td>
<td>67,959</td>
</tr>
<tr>
<td>International (IHRSA)</td>
<td>1,080</td>
<td>4,500</td>
</tr>
<tr>
<td>Marketing &amp; business development</td>
<td>57,827</td>
<td>28,698</td>
</tr>
<tr>
<td>Advertising</td>
<td>110,056</td>
<td>88,176</td>
</tr>
<tr>
<td>Affinity agreements</td>
<td>447,278</td>
<td>408,679</td>
</tr>
<tr>
<td>Registrations</td>
<td>2,248,205</td>
<td>1,926,769</td>
</tr>
<tr>
<td>Accreditation</td>
<td>81,182</td>
<td>94,268</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>36,060</td>
<td>14,500</td>
</tr>
<tr>
<td>Partnership Income</td>
<td>48,030</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,775,929</td>
<td>3,180,456</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>4,912</td>
<td>6,301</td>
</tr>
<tr>
<td>Projects</td>
<td>60,000</td>
<td>95,000</td>
</tr>
<tr>
<td>Interest received</td>
<td>38,159</td>
<td>20,092</td>
</tr>
<tr>
<td>Recoveries</td>
<td>24,956</td>
<td>14,500</td>
</tr>
<tr>
<td>Profit on Sale of Non-current Assets</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>128,704</td>
<td>121,443</td>
</tr>
<tr>
<td></td>
<td>3,904,633</td>
<td>3,301,899</td>
</tr>
</tbody>
</table>

### 3. Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on sale of non-current assets</td>
<td></td>
<td>45,165</td>
</tr>
<tr>
<td>Auditor’s remuneration</td>
<td>26,900</td>
<td>24,175</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td>575,804</td>
<td>349,130</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>220,627</td>
<td>212,875</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>272,252</td>
<td>212,078</td>
</tr>
<tr>
<td>Membership expenses</td>
<td>122,209</td>
<td>97,501</td>
</tr>
<tr>
<td>Registration expenses</td>
<td>59,675</td>
<td>59,031</td>
</tr>
<tr>
<td>Meeting expenses</td>
<td>87,102</td>
<td>67,903</td>
</tr>
<tr>
<td>Human resources</td>
<td>1,816,821</td>
<td>1,648,530</td>
</tr>
<tr>
<td>Projects</td>
<td>79,068</td>
<td></td>
</tr>
<tr>
<td>Grant Revenue Expenses</td>
<td>6,537</td>
<td>52,234</td>
</tr>
<tr>
<td>Other expenses</td>
<td>241,919</td>
<td>294,207</td>
</tr>
<tr>
<td>Bad and doubtful debts</td>
<td>185</td>
<td>6,248</td>
</tr>
<tr>
<td>Motor Vehicle Expenses</td>
<td>12,982</td>
<td>2,713</td>
</tr>
<tr>
<td></td>
<td>3,522,081</td>
<td>3,071,790</td>
</tr>
</tbody>
</table>

### 4. Finance Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer finance</td>
<td>14,332</td>
<td>5,850</td>
</tr>
<tr>
<td>Toyota Finance</td>
<td>1,221</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,553</td>
<td>5,850</td>
</tr>
</tbody>
</table>
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

5. INCOME TAX

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Profit</td>
<td>366,999</td>
<td>224,259</td>
</tr>
<tr>
<td>Principle of mutuality adjustment</td>
<td>(43,632)</td>
<td>(9,872)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>21,321</td>
<td>(107,589)</td>
</tr>
<tr>
<td>Taxable Income</td>
<td>344,688</td>
<td>106,798</td>
</tr>
<tr>
<td>Income Tax Payable</td>
<td>103,407</td>
<td>32,039</td>
</tr>
</tbody>
</table>

6. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>365</td>
<td>365</td>
</tr>
<tr>
<td>Term deposits (&lt; 3 months)</td>
<td>209,039</td>
<td>12,489</td>
</tr>
<tr>
<td>CBA cheque account</td>
<td>59,100</td>
<td>89,296</td>
</tr>
<tr>
<td>St George account - operation music</td>
<td>8,221</td>
<td>45,630</td>
</tr>
<tr>
<td>CBA online saver account</td>
<td>397,085</td>
<td>393,131</td>
</tr>
<tr>
<td>CBA Business Saver DOHA</td>
<td>164,883</td>
<td>-</td>
</tr>
<tr>
<td>CBA Premium 1 - DOHA</td>
<td>38,157</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>876,850</td>
<td>540,911</td>
</tr>
</tbody>
</table>

Cash Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>876,850</td>
<td>540,911</td>
</tr>
<tr>
<td></td>
<td>876,850</td>
<td>540,911</td>
</tr>
</tbody>
</table>

7. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after Income Tax | 263,592 | 192,219 |

Adjustments for Non-Cash Components in Profit:

- Depreciation | 73,683 | 62,270 |
- (Profit)/Loss on Sale of Property, Plant & Equipment | (677) | 45,115 |

Changes in Assets and Liabilities

- (Increase)/Decrease in Trade and Other Receivables | 339,910 | (32,035) |
- (Increase)/Decrease in other assets | 46,373 | (433,019) |
- Increase/(Decrease) in Trade and Other Payables | 3,787 | (645,211) |
- Increase/(Decrease) in Provisions | 78,975 | 59,876 |
- Increase/(Decrease) in Other Liabilities | 14,104 | 452,065 |

Net Cash Provided by Operating Activities | 819,748 | (298,720) |
## Notes to the Financial Statements

**For the Year ended 30 June 2011**

### 8. Trade and Other Receivables

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>74,878</td>
<td>439,559</td>
</tr>
<tr>
<td>Less provision for doubtful debts</td>
<td>(14,000)</td>
<td>(38,771)</td>
</tr>
<tr>
<td><strong>Total Trade and Other Receivables</strong></td>
<td><strong>60,878</strong></td>
<td><strong>400,788</strong></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term deposits (&gt; 3 months)</td>
<td>-</td>
<td>90,691</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td>-</td>
<td>90,691</td>
</tr>
</tbody>
</table>

### 10. Tax Assets and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for income tax</td>
<td>50,356</td>
<td>32,040</td>
</tr>
<tr>
<td><strong>Net Tax Liabilities</strong></td>
<td><strong>50,356</strong></td>
<td><strong>32,040</strong></td>
</tr>
</tbody>
</table>

### 11. Other Assets

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued income</td>
<td>45,947</td>
<td>1,464</td>
</tr>
<tr>
<td>Deposits paid</td>
<td>19,289</td>
<td>7,242</td>
</tr>
<tr>
<td>Operation music income &amp; expenses</td>
<td>126,946</td>
<td>-</td>
</tr>
<tr>
<td>Prepayments</td>
<td>24,211</td>
<td>29,136</td>
</tr>
<tr>
<td>Industry innovation fund (operation music)</td>
<td>297,800</td>
<td>297,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>514,193</strong></td>
<td><strong>335,642</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry innovation fund (operation music)</td>
<td>224,471</td>
<td>574,454</td>
</tr>
<tr>
<td>Prepaid borrowing expenses</td>
<td>3,847</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>228,318</strong></td>
<td><strong>574,454</strong></td>
</tr>
</tbody>
</table>
# Notes to the Financial Statements

**For the Year ended 30 June 2011**

## 12. Property, Plant & Equipment

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plant &amp; Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles at cost</td>
<td>89,938</td>
<td>8,112</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>7,031</td>
<td>2,028</td>
</tr>
<tr>
<td></td>
<td>82,907</td>
<td>6,084</td>
</tr>
<tr>
<td>Furniture &amp; fittings at cost</td>
<td>155,919</td>
<td>154,189</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>40,074</td>
<td>25,566</td>
</tr>
<tr>
<td></td>
<td>115,845</td>
<td>128,623</td>
</tr>
<tr>
<td>Computer &amp; office equipment at cost</td>
<td>76,935</td>
<td>62,870</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>37,172</td>
<td>23,368</td>
</tr>
<tr>
<td></td>
<td>39,763</td>
<td>39,502</td>
</tr>
<tr>
<td>Low value pool</td>
<td>23,462</td>
<td>17,869</td>
</tr>
<tr>
<td></td>
<td>23,462</td>
<td>17,869</td>
</tr>
<tr>
<td><strong>Total Plant &amp; Equipment</strong></td>
<td>261,977</td>
<td>192,078</td>
</tr>
</tbody>
</table>

## 13. Intangible Assets

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software at cost</td>
<td>199,205</td>
<td>193,725</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>40,221</td>
<td>12,431</td>
</tr>
<tr>
<td></td>
<td>158,984</td>
<td>181,294</td>
</tr>
<tr>
<td>Website at cost</td>
<td>32,466</td>
<td>32,466</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>4,714</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>27,752</td>
<td>32,390</td>
</tr>
<tr>
<td></td>
<td>186,736</td>
<td>213,684</td>
</tr>
</tbody>
</table>

## 14. Trade and Other Payables

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FBT payable</td>
<td>-</td>
<td>1,565</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>189,965</td>
<td>197,154</td>
</tr>
<tr>
<td>PAYG withholding payable</td>
<td>28,831</td>
<td>24,784</td>
</tr>
<tr>
<td>Superannuation payable</td>
<td>34,040</td>
<td>27,445</td>
</tr>
<tr>
<td>Provision for GST</td>
<td>70,654</td>
<td>68,756</td>
</tr>
<tr>
<td></td>
<td>323,490</td>
<td>319,704</td>
</tr>
<tr>
<td><strong>Total Trade and Other Payables</strong></td>
<td>323,490</td>
<td>319,704</td>
</tr>
</tbody>
</table>
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

15. **Borrowings**

**Current**
- Computer finance lease (APT): 48,287
- Computer finance lease (Coresoft): 3,823
- Toyota Finance: 17,215
- Loan - Fitness First (operation music): -
  - Total: 69,325

**Non-Current**
- Computer finance lease (APT): 52,105
- Computer finance lease (Coresoft): -
- Toyota Finance: 82,775
  - Total: 134,880

**Total Borrowings**
- 204,205
- 662,747

16. **Provisions**

**Current**
- Provision for fringe benefit tax: 1,500
- Provision for Payroll Tax: 9,600
- Provision for employee benefits: 176,271
  - Total: 187,371

**Total Provisions**
- 187,371
- 126,711

17. **Other Liabilities**

**Current**
- Operation music income & expenses: -
- Accrued expenses: 114,791
- Unexpended grant funding (DOHA): 166,916
- Unexpended grant funding (WA Dept of sports and recreation): 80,000
- Unexpended funds (WA): 159,376
- Unexpended Grant Funding (SA): 17,833
  - Total: 538,916

**Total Other Liabilities**
- 538,916
- 646,026

18. **Reserves**

**Transferred equity**
- 632,874
- 632,874

Movements during the year
Fitness Australia Limited
Notes to the Financial Statements
For the Year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferred equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fitness Vic surplus funds</td>
<td>-</td>
<td>(2,014)</td>
</tr>
<tr>
<td>Fitness Tas surplus funds</td>
<td>-</td>
<td>(73)</td>
</tr>
<tr>
<td>Fitness NSW surplus funds</td>
<td>-</td>
<td>(885)</td>
</tr>
<tr>
<td>Fitness ACT surplus funds</td>
<td>-</td>
<td>863</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2,109)</td>
</tr>
</tbody>
</table>

19. Auditors Remuneration

Astims SWM Chartered Accountants were the auditors of Fitness Australia Limited

Auditor's remuneration

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,900</td>
<td>24,175</td>
</tr>
</tbody>
</table>

20. 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
Fitness Australia Limited  
ABN: 51 131 422 403  
Directors Declaration for the Year Ended 30 June 2011

The directors of the company declare that:

1. The accompanying financial statements and notes of the company as at 30 June 2011 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 2011 and its performance for the year ended 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 William Kinghorn  
Director

Benjamin Jon Ritchie  
Director

Dated the 19th day of September 2011
FITNESS AUSTRALIA LIMITED
ABN: 51 131 422 403
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
FITNESS AUSTRALIA LIMITED

We have audited the accompanying financial report of Fitness Australia Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes and the directors’ declaration of the company at the year’s end or from time to time during the financial year.

Director’s Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls 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
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Fitness Australia Limited on 19 September 2011, would be in the same terms if provided to the directors as at the date of this auditor’s report.
FITNESS AUSTRALIA LIMITED
ABN: 51 131 422 403
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
FITNESS AUSTRALIA LIMITED

Auditor’s Opinion
In our opinion, the financial report presents fairly, in all material respects, the financial position of Fitness Australia Limited as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including Australian Accounting Interpretations).

Astims SWM
Chartered Accountants

Bill Murphy

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

Dated this 19th day of September 2011