

AUSTRALIAN MARIST SOLIDARITY LIMITED

ABN 46 373 535 209

SPECIAL PURPOSE FINANCIAL REPORT

For the year ended 31 December 2017

AUSTRALIAN MARIST SOLIDARITY LIMITED

TABLE OF CONTENTS

| | |
|------------------------------------|---------|
| Directors' Report | 1 - 3 |
| Auditor's Independence Declaration | 4 |
| Directors' Declaration | 5 |
| Statement of Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 - 15 |
| Independent Auditor's Report | 16 - 17 |

AUSTRALIAN MARIST SOLIDARITY LIMITED

DIRECTORS' REPORT

Your Directors present their report on Australian Marist Solidarity Limited ("the company") for the year ended 31 December 2017.

Directors

The following persons were Directors of the company during the year and up to the date of this report:

Mr Peter Sheehan
Br Peter Carroll
Dr Frank Malloy
Mr Richard Ward
Mr David L'Estrange

Mr Marcus Riley
Br Anthony Robinson
Sr Pam Molony
Ms Catherine Thompson
Br Paul Kane

Mr Michael Sinclair and Mr Jim Whiting were appointed as Directors on 14 February 2018 and continues in office as at the date of this report.

Principal activity

The principal activity of the company is to facilitate Community Development Projects for necessitous persons in developing countries. There were no significant changes in the nature of the company's activity during the year.

Operating results and review of operations

The result for the year is a profit of \$31,456 (2016: profit of \$116,382). No dividend is payable in accordance with the company's Constitution.

Objectives and strategy

Objectives

Short term

- Facilitate Community Development Projects for necessitous persons in developing countries

Long term

- Carry out the principal purpose as stated in the company's Constitution

The Directors will continue to review the company's progress and amend its activities where necessary.

Strategies

To achieve these objectives, the company has adopted the following strategy:

- Implement sound financial management through the use of relevant budgets and cash flows that are continually monitored and measured with key performance indicators and ratio analysis.

AUSTRALIAN MARIST SOLIDARITY LIMITED

DIRECTORS' REPORT (continued)

Information on Directors

| <i>Director</i> | <i>Qualifications</i> |
|------------------------|---|
| Mr Peter Sheehan | Partner of an Accounting Firm |
| Mr Marcus Riley | Chief Executive Officer |
| Br Peter Carroll | Marist Brother |
| Br Anthony Robinson | Marist Brother |
| Sr Pam Molony | Sister of the Congregation of the Good Shepherd |
| Dr Frank Malloy | Executive Officer |
| Mrs Catherine Thompson | Principal |
| Mr Richard Ward | Retired Deputy Headmasters |
| Br Paul Kane | Marist Brother |
| David L'Estrange | Lawyer |

Meetings of Directors

During the year there were 4 meetings of Directors held. Attendances were as follows:

| <i>Director</i> | <i>Meetings held whilst a Director</i> | <i>Meetings attended</i> |
|-----------------------|--|------------------------------|
| Peter Sheehan | 4 | 4 |
| Marcus Riley | 4 | 4 |
| Br Peter Carroll | 4 | 3 |
| Br Anthony Robinson | 4 | 2 |
| Sr Pam Molony | 4 | 4 |
| Dr Frank Malloy | 4 | 3 |
| Ms Catherine Thompson | 4 | 2 |
| Mr Richard Ward | 4 | 3 |
| Br Paul Kane | 3 | 2 |
| David L'Estrange | 3 | 3 |

AUSTRALIAN MARIST SOLIDARITY LIMITED

DIRECTORS' REPORT (continued)

Limited by guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute \$100 each towards meeting any outstanding obligations of the company. At 31 December 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$100 per each member (2016: \$100).

Auditor's independence declaration

Division 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* requires the company's auditor to provide the Directors with a written independence declaration in relation to the audit of the financial report for the year ended 31 December 2017. The Auditor's Independence Declaration is attached and forms part of this Directors' Report.

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



Peter Sheehan
Director



Marcus Riley
Director

Brisbane, 23 March 2018

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN MARIST SOLIDARITY LIMITED**

In relation to our audit of the financial report of Australian Marist Solidarity Limited for the year ended 31 December 2017, we declare that to the best of our knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b) no contraventions of any applicable code of professional conduct.



Lever Audit Pty Ltd



Simon Green CA
Director

Brisbane, 23 March 2018

AUSTRALIAN MARIST SOLIDARITY LIMITED

DIRECTORS' DECLARATION

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Directors declare that the financial statements and notes set out on pages 6 to 15:

- a) comply with Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b) give a true and fair view of the company's financial position as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Sheehan
Director



Marcus Riley
Director

Brisbane, 23 March 2018

AUSTRALIAN MARIST SOLIDARITY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | 2017 | 2016 |
|---|-------------|------------------|------------------|
| | | \$ | \$ |
| <i>Continuing operations</i> | | | |
| Revenue: | | | |
| Donations and gifts | | 1,690,283 | 1,000,399 |
| Grants | | 480,127 | 515,814 |
| Administration fee | | 47,260 | 55,976 |
| Interest | | 7,216 | 19,614 |
| Foreign currency exchange gain | | - | 11,994 |
| Other income | | 179,383 | 133,692 |
| | | <u>2,404,269</u> | <u>1,737,489</u> |
| Expenditure: | | | |
| Funds to International Projects | | 2,091,996 | 1,506,676 |
| Program Support Costs | | 52,532 | - |
| Administration costs | | 215,358 | 114,431 |
| Foreign currency exchange loss | | 12,928 | - |
| | | <u>2,372,813</u> | <u>1,621,107</u> |
| Profit / (loss) before income tax expense | | <u>31,456</u> | <u>116,382</u> |
| Income tax benefit / (expense) | 1(c) | <u>-</u> | <u>-</u> |
| Profit / (loss) for the year | | <u>31,456</u> | <u>116,382</u> |
| <i>Other comprehensive income</i> | | | |
| Other comprehensive income items | | - | - |
| Income tax relating to other comprehensive income items | | <u>-</u> | <u>-</u> |
| Total other comprehensive income for the year net of income tax | | <u>-</u> | <u>-</u> |
| Total comprehensive income attributable to the ordinary equity holders of the company | | <u>31,456</u> | <u>116,382</u> |

The accompanying notes form part of these financial statements.

AUSTRALIAN MARIST SOLIDARITY LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

| | Note | 2017 \$ | 2016 \$ |
|----------------------------------|------|-------------------------|-------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 1,512,637 | 1,523,324 |
| Receivables | 4 | 47,196 | 3,868 |
| Total Current Assets | | <u>1,559,833</u> | <u>1,527,192</u> |
| Non-current Assets | | | |
| Plant and equipment | 5 | <u>1,805</u> | <u>-</u> |
| Total Non-current Assets | | <u>1,805</u> | <u>-</u> |
| Total Assets | | <u><u>1,561,638</u></u> | <u><u>1,527,192</u></u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables | 6 | <u>8,521</u> | <u>5,531</u> |
| Total Current Liabilities | | <u>8,521</u> | <u>5,531</u> |
| Total Liabilities | | <u><u>8,521</u></u> | <u><u>5,531</u></u> |
| Net Assets | | <u><u>1,553,117</u></u> | <u><u>1,521,661</u></u> |
| Equity | | | |
| Contributed equity | 7 | | - |
| Reserve Funds | 8 | 1,105,653 | 1,286,280 |
| Retained earnings | | 447,464 | 235,381 |
| Total equity | | <u><u>1,553,117</u></u> | <u><u>1,521,661</u></u> |

The accompanying notes form part of these financial statements.

AUSTRALIAN MARIST SOLIDARITY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Contributed equity \$ | Reserve Funds - Designated \$ | Reserve Funds - Undesignated \$ | Retained earnings \$ | Total \$ |
|--|--------------------------------------|--|--|-------------------------------------|---------------------|
| Balance as at 1 January 2016 | - | 1,219,292 | 47,990 | 137,997 | 1,405,279 |
| Profit / (loss) for the year | - | - | - | 116,382 | 116,382 |
| Total other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 116,382 | 116,382 |
| Funds transferred to/(from) Reserves | - | 88,158 | - | (88,158) | - |
| Dividends recognised for the year | - | - | - | - | - |
| Balance as at 31 December 2016 | - | 1,307,450 | 47,990 | 166,221 | 1,521,661 |
| Balance as at 1 January 2017 | - | 1,307,450 | 47,990 | 166,221 | 1,521,661 |
| Profit / (loss) for the year | - | - | - | 31,456 | 31,456 |
| Total other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 31,456 | 31,456 |
| Funds transferred to/(from) Reserves | - | (249,787) | - | 249,787 | - |
| Dividends recognised for the year | - | - | - | - | - |
| Balance as at 31 December 2017 | - | 1,057,663 | 47,990 | 447,464 | 1,553,117 |

The accompanying notes form part of these financial statements.

AUSTRALIAN MARIST SOLIDARITY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | 2017 \$ Inflows / (Outflows) | 2016 \$ Inflows / (Outflows) |
|--|------|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | | |
| Receipts from operations (inclusive of GST) | | 2,251,881 | 1,718,678 |
| Payments to suppliers (inclusive of GST) | | (2,267,814) | (1,627,952) |
| Interest received | | 7,216 | 19,613 |
| Interest paid | | - | - |
| Income tax refund / (paid) | | - | - |
| Net cash provided by (used in) operating activities | 9 | (8,717) | 110,339 |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | | (1,970) | - |
| Net cash provided by (used in) investing activities | | (1,970) | - |
| Cash flows from financing activities | | | |
| Dividend paid | | - | - |
| Net cash provided by (used in) financing activities | | - | - |
| Net increase (decrease) in cash held | | (10,687) | 110,339 |
| Cash at beginning of the year | | 1,523,324 | 1,412,985 |
| Cash at the end of the year | 3 | 1,512,637 | 1,523,324 |

The accompanying notes form part of these financial statements.

AUSTRALIAN MARIST SOLIDARITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Basis of Preparation

Australian Marist Solidarity Limited (“the company”) is a company limited by guarantee, incorporated and domiciled in Australia.

Special Purpose Financial Report

In the Directors’ opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared for the sole purpose of complying with the Directors’ reporting obligations under the *Australian Charities and Not-for-profits Commission Act 2012* and the Australian Council for International Development’s (“ACFID”) Code of Conduct and must not be used for any other purpose.

The financial report contains only those disclosures considered necessary by the Directors to meet the needs of the members and to provide an understanding of the financial position and performance of the company.

The financial report was authorised for issue by the Directors on the date specified in the Directors’ Report.

Accounting Standards

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) as described in Note 2 to the financial statements. The Directors have determined that the accounting policies of the company are appropriate to meet the needs of the members.

Historical Cost Convention

The financial statements have been prepared on an accruals basis and are based on historical costs and do 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 consideration given in exchange for the assets.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of the normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

Functional and Presentation Currency

The functional currency of an entity is measured using the currency of the primary economic environment in which that entity operates. The financial report is presented in Australian dollars, which is the functional and presentational currency of the company.

AUSTRALIAN MARIST SOLIDARITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Basis of Preparation (continued)

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. There are no areas of the company's financial statements that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Adoption of New and Revised Accounting Standards

During the 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 Australian Accounting Standards and Interpretations did not have a material impact on the recognition, measurement or disclosure of any transactions in the financial statements of the company.

New Accounting Standards for application in future years

The AASB has issued new and revised Australian Accounting Standards and Interpretations that have mandatory application dates for future reporting years and which the company has decided not to early adopt. These Australian Accounting Standards and Interpretations are not expected to have a material impact on the company.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These accounting policies have been consistently applied to the year presented, unless otherwise stated.

(a) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue amount can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Donations, gifts, administration fees and interest are recognised as it is received / banked.

Non-reciprocal grant funds are recognised as income when the company obtains control over the funds, which is generally at the time of receipt and the company will comply with all attached conditions.

(b) Expenditure

Expenses represent liabilities for goods and services provided to the company and are recognised upon incurrence of the liability.

Funds to International programs payments are recognised as expenditure when the approved funding has been transferred to the program's manager.

AUSTRALIAN MARIST SOLIDARITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Summary of Significant Accounting Policies (continued)

(c) Income Tax

No provision for income tax has been recognised as the Directors have assessed the company as being exempt from income tax under the *Income Tax Assessment Act 1997*.

(d) Cash and Cash Equivalents

Cash includes cash on hand, funds held at call and other short term highly liquid investments which are readily convertible to cash on hand with an insignificant risk of change in value, and bank overdraft positions which are used in the company's cash management function on a day-to-day basis.

(e) Receivables

Trade debtors are recognised at the amounts receivable as they are due for settlement within 60 days. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(f) Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Reserve Funds

Unexpended donations and contributions received by the company are transferred from Retained Earnings to Reserve Funds for future accountability, transparency and disbursement.

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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. Receivable 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.

(i) Depreciation

Depreciation is recognised on a diminishing value basis to write down the cost less estimated residual value of plant and equipment over their expected useful lives.

(j) Foreign Currency Account

Foreign currency account is recognised in \$USD and when converting to \$AUD in the financials, it is using the exchange rate at 31 December 2017.

AUSTRALIAN MARIST SOLIDARITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 \$ | 2016 \$ |
|---|------------|------------|
| 3. Cash | | |
| Cheque accounts | 265,459 | 114,887 |
| Cash / term deposit accounts | 1,152,478 | 1,145,803 |
| International Aid Fund | 70,814 | 231,824 |
| Foreign currency cheque account (\$USD) | 23,886 | 30,810 |
| | 1,512,637 | 1,523,324 |
| 4. Receivables | | |
| Trade debtors | 42,745 | - |
| GST refund | 4,451 | 3,868 |
| | 47,196 | 3,868 |
| 5. Plant and Equipment | | |
| Plant and equipment – at cost | 1,970 | - |
| Accumulated depreciation | (165) | - |
| | 1,805 | - |
| 6. Payables | | |
| Trade and sundry creditors | 8,521 | 5,531 |
| | 8,521 | 5,531 |

7. Contributed Equity

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 31 December 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$100 (2016: \$100).

8. Reserve Funds

Designated Funds Reserve

Designated Reserve Funds record donations and contributions received by the company where the contributor or donor has designated the funds to a specific purpose or project.

| | 2017 \$ | 2016 \$ |
|-------------------------|------------|------------|
| <u>Cambodia project</u> | | |
| Opening balance | 994,667 | 975,669 |
| Transfers to reserve | - | 122,717 |
| Transfers from reserve | (180,627) | (34,559) |
| | 814,040 | 1,063,827 |

AUSTRALIAN MARIST SOLIDARITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | 2017 | 2016 |
|---|----------------------|----------------------|
| | \$ | \$ |
| 8. Reserve Funds (continued) | | |
| <u>AMS projects</u> | | |
| Opening balance | 243,623 | 243,623 |
| Transfers to reserve | - | - |
| Transfers from reserve | - | - |
| | <u>243,623</u> | <u>243,623</u> |
| Total Designated Reserve Funds | <u>1,057,663</u> | <u>1,307,450</u> |
| <i>Non-designated Funds Reserve</i> | | |
| Non-designated Reserve Funds record donations and contributions received by the company where the contributor or donor has not designated the funds to a specific purpose or project. | | |
| <u>Cambodia project</u> | | |
| Opening balance | 32,626 | 32,626 |
| Transfers to reserve | - | - |
| Transfers from reserve | - | - |
| | <u>32,626</u> | <u>32,626</u> |
| <u>AMS projects</u> | | |
| Opening balance | 15,364 | 15,364 |
| Transfers to reserve | - | - |
| Transfers from reserve | - | - |
| | <u>15,364</u> | <u>15,364</u> |
| Total Non-designated Reserve Funds | <u>47,990</u> | <u>47,990</u> |
| Total Reserve Funds | <u>1,105,653</u> | <u>1,355,440</u> |

9. Cash Flow Information

Reconciliation of profit / (loss) to net cash flows from operating activities

| | | |
|------------------------------------|----------------|----------------|
| Profit / (loss) for the year | 31,456 | 116,382 |
| Adjustment to Reserve Funds | - | - |
| Depreciation | 165 | - |
| (Increase)/decrease in receivables | (43,328) | (1,701) |
| Increase/(decrease) in payables | 2,990 | (4,342) |
| | <u>(8,717)</u> | <u>110,339</u> |

10. Contingent Liabilities and Commitments

The company did not have any contingent liabilities or commitments as at 31 December 2017.

AUSTRALIAN MARIST SOLIDARITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Matters subsequent to the end of the financial year

No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in years subsequent to 31 December 2017.

12. Company Details

The registered office and principal place of business of the company is Marist Mission Centre, Marist College Ashgrove, Ashgrove, Qld, 4060.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN MARIST SOLIDARITY LIMITED**

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Australian Marist Solidarity Limited ("the company") which comprises the Statement of Financial Position as at 31 December 2017, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("the ACNC Act") including:

- a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of the audit report.

We are independent of the company in accordance with the ACNC Act and ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose and should not be distributed to or used by parties other than the members. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Revenue Recognition

We draw attention to Note 2 to the financial statements, which describes the company's accounting policy in respect of revenue. It is impracticable to establish and maintain an effective system of internal control over donations, gifts, contributions and grants revenue prior to amounts being received and/or banked and recorded in the accounting records. Accordingly, our audit procedures with respect to revenue has been restricted to ensuring that the amounts banked were properly recorded in the accounting records.

Responsibilities of the Directors for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act, the Australian Council for International Development's Code of Conduct and the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN MARIST SOLIDARITY LIMITED
(continued)**

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as appropriate, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- b) Obtain an understanding of internal controls relevant to the audit 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 controls;
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- e) Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.



Levert Audit Pty Ltd



Simon Green CA
Director

Brisbane, 23 March 2018