

Australian Trust for Conservation Volunteers Ltd

Financial Statements

For the Year Ended 30 June 2018

Australian Trust for Conservation Volunteers Ltd

Contents

For the Year Ended 30 June 2018

	Page
Financial Statements	
Statement of Comprehensive Income	1
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Auditors Independence Declaration	15
Directors' Declaration	16
Independent Audit Report	17

Australian Trust for Conservation Volunteers Ltd

Statement of Comprehensive Income For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Income		
Dividends received	128,274	83,799
Donations	69,300	69,932
Gain on sale of fixed assets	-	4,675
Grants and contract income - Commonwealth Government	467,409	981,061
Grants and contract income - State Government	1,097,827	987,236
Grants and contract income - Local Government	379,072	386,221
Green army administration	4,873,071	6,686,651
Green army project support	959,901	1,962,786
Green army team allowance	7,569,950	10,635,009
Green army trainee allowance	6,917,722	17,236,783
Interest income	63,015	133,702
Management fee	688,229	575,071
Members' fees	29,257	41,152
Project sponsorship	4,918,812	5,225,732
Rent received	-	3,810
Nursery supplies	25,847	12,245
Sundry receipts	26,986	19,328
Training income	4,867	10,051
Volunteer contributions	398,342	549,571
	28,617,881	45,604,815
Expenses		
Accounting fees	11,465	13,635
Advertising	6,321	30,120
Audit fees	29,785	24,200
Bank fees	14,894	21,101
Consultant's fees	139,011	284,790
Depreciation expense	173,424	217,314
Electricity, gas and heating	147,693	127,410
Forgiveness of loan to CVNZ	500,000	258,106
Forgiveness of debtor owing from ANT	620,943	-
Insurance	164,586	162,205
Legal fees	1,100	7,505
Loss on disposal of fixed assets	7,313	-
Membership expenses	714	1,482
Minor equipment	383,587	698,336
Motor vehicle expenses	2,321,609	3,281,975
Office and administration expenses	74,123	93,521
Postage	26,463	43,437
Printing and stationery	16,309	34,836

The accompanying notes form part of these financial statements.

Australian Trust for Conservation Volunteers Ltd

Statement of Comprehensive Income For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Rent	577,880	609,920
Repairs and maintenance	40,126	71,068
Seminars, conferences and staff training	201,242	591,866
Sundry expenses	12,378	25,086
Superannuation contributions	889,319	1,336,485
Task expenses	1,951,423	4,803,727
Telephone and fax	415,655	699,120
Travel	224,832	490,115
Uniforms	101,135	286,392
Wages	16,106,889	30,147,923
Workers compensation	528,466	897,710
	<u>25,688,685</u>	<u>45,259,385</u>
Operating Surplus	2,929,196	345,430
Unrealised loss on revaluation of property	(929,895)	-
	<u>1,999,301</u>	<u>345,430</u>
Surplus for the Year Before Income Tax	1,999,301	345,430
Income tax expense	-	-
	<u>1,999,301</u>	<u>345,430</u>
Surplus for the year	1,999,301	345,430
Other comprehensive income		
Net gain (loss) on revaluation of share investments	(37,067)	99,370
	<u>1,962,234</u>	<u>444,800</u>
Total comprehensive income for the year	1,962,234	444,800

The accompanying notes form part of these financial statements.

Australian Trust for Conservation Volunteers Ltd

**Statement of Financial Position
30 June 2018**

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	3,852,074	8,747,942
Trade and other receivables	3	816,451	1,239,222
Inventories	4	20,618	16,192
Investments	5	3,550,684	3,587,751
Other assets	6	509,708	477,548
TOTAL CURRENT ASSETS		8,749,535	14,068,655
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,169,974	5,267,920
TOTAL NON-CURRENT ASSETS		4,169,974	5,267,920
TOTAL ASSETS		12,919,509	19,336,575
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	502,622	1,734,997
Income in advance	9	2,966,151	9,199,259
Provisions	10	896,609	1,641,136
TOTAL CURRENT LIABILITIES		4,365,382	12,575,392
NON-CURRENT LIABILITIES			
Provisions	10	295,983	465,273
TOTAL NON-CURRENT LIABILITIES		295,983	465,273
TOTAL LIABILITIES		4,661,365	13,040,665
NET ASSETS		8,258,144	6,295,910
EQUITY			
Issued capital		5	5
Retained earnings		8,155,151	6,055,850
Reserves	11	102,988	240,055
TOTAL EQUITY		8,258,144	6,295,910

The accompanying notes form part of these financial statements.

Australian Trust for Conservation Volunteers Ltd

**Statement of Changes in Equity
For the Year Ended 30 June 2018**

2018

	Issued Capital	Retained Earnings	Insurance Excess Reserve	Financial Asset Reserve	Green Army Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 27 June 2016	5	6,055,850	20,000	120,055	100,000	6,295,910
Surplus attributable to members of the entity	-	1,999,301	-	-	-	1,999,301
Transfer to reserve	-	100,000	-	-	(100,000)	-
Net loss on revaluation of share investments	-	-	-	(37,067)	-	(37,067)
Balance at 30 June 2018	5	8,155,151	20,000	82,988	-	8,258,144

2017

	Issued Capital	Retained Earnings	Insurance Excess Reserve	Financial Asset Reserve	Green Army Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 27 June 2015	5	5,710,420	20,000	20,685	100,000	5,851,110
Surplus attributable to members of the entity	-	345,430	-	-	-	345,430
Net gain on revaluation of share investments	-	-	-	99,370	-	99,370
Balance at 24 June 2016	5	6,055,850	20,000	120,055	100,000	6,295,910

The accompanying notes form part of these financial statements.

Australian Trust for Conservation Volunteers Ltd

Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government and community	22,399,193	47,535,631
Payments to suppliers and employees	(27,472,817)	(46,730,519)
Dividends received	127,427	87,141
Interest received	63,015	133,702
Net cash provided by (used in) operating activities	<u>(4,883,182)</u>	1,025,955
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	28,894	4,675
Proceeds from (payments for) held-to-maturity financial assets	-	2,000,000
Purchase of property, plant and equipment	(41,580)	(90,400)
Net cash provided by (used in) investing activities	<u>(12,686)</u>	1,914,275
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in cash and cash equivalents held	(4,895,868)	2,940,230
Cash and cash equivalents at beginning of year	8,747,942	5,807,712
Cash and cash equivalents at end of financial year	2 <u><u>3,852,074</u></u>	<u><u>8,747,942</u></u>

The accompanying notes form part of these financial statements.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the not-for-profit Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore a special purpose financial statements that have been prepared for the information of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(a) Cash and cash equivalents

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

(c) Investments

Shares in listed corporations are carried at fair value at the year end date. Unrealised gains and losses are recognised in other comprehensive income and recorded in the financial asset reserve. The accumulated gains and losses recorded in the financial asset reserve are only recognised in profit and loss when the investment is sold or impaired.

Shares in related entities are recorded at cost.

(d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(d) Financial instruments

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

The investment in Australian Nature Tours is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of comprehensive income resulting from the impairment of debt securities are reversed through the statement of comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(e) Property, Plant and Equipment

Land and buildings are measured at Directors' valuation with reference to independent valuations and other market information available with effect to 30 June 2018. Prior to 30 June 2018 all land and buildings were recorded at cost.

Plant and equipment, including motor vehicles, are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated using the straight-line method or the diminishing value method from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5% to 20%
Plant and Equipment	6.67% to 100%
Motor vehicles	15.6% to 36%

(f) Employee benefits

All employees are entitled to 13 weeks of long service leave after 10 years of service. Provision for long service leave is made on a pro rata basis for all employees who have completed 7 or more years service. The entitlement becomes payable on a pro rata basis upon completion of 7 years service. The provision for annual leave and the portion of the provision for long service leave that is expected to be used in the next financial year are included in the Statement of Financial Position under current liabilities.

Contributions are made by the Company to superannuation funds on behalf of employees and are charged as expenses when incurred.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(g) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

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

Members' fees are included as income in the year of receipt.

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

(h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(i) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(j) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

(k) Comparative Amounts

Comparatives figures have been adjusted to conform to changes in presentation for the current financial year when required by accounting standards or as a result of change in accounting policy.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	860,757	927,569
Short-term bank deposits	2,991,317	7,820,373
	<u>3,852,074</u>	<u>8,747,942</u>

3 Trade and other receivables

Trade receivables	797,801	1,221,419
Imputation credits refundable	18,650	17,803
	<u>816,451</u>	<u>1,239,222</u>

4 Inventories

Uniforms - at cost	20,618	16,192
	<u>20,618</u>	<u>16,192</u>

5 Investments

Shares in listed corporations - at market value	1,360,993	1,398,060
Shares in related entities - Australian Nature Tours	189,691	189,691
Held-to-maturity financial assets	2,000,000	2,000,000
	<u>3,550,684</u>	<u>3,587,751</u>

6 Other assets

Prepayments	198,051	287,636
Accrued income	254,980	111,229
Rental bonds held	56,677	78,683
	<u>509,708</u>	<u>477,548</u>

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

7 Property, plant and equipment

	2018	2017
	\$	\$
Land and buildings		
At Directors' valuation (2018)	4,028,196	-
At cost	10,000	5,098,555
Accumulated depreciation	(36,619)	(120,719)
Total land and buildings	<u>4,001,577</u>	<u>4,977,836</u>
Plant and equipment		
Plant and equipment	1,310,605	1,309,744
Accumulated depreciation	(1,184,598)	(1,110,927)
Total plant and equipment	<u>126,007</u>	<u>198,817</u>
Motor vehicles		
At cost	369,845	425,827
Accumulated depreciation	(327,455)	(334,560)
Total motor vehicles	<u>42,390</u>	<u>91,267</u>
Total property, plant and equipment	<u><u>4,169,974</u></u>	<u><u>5,267,920</u></u>

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Plant and equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Balance at the beginning of year	4,977,836	198,817	91,267	5,267,920
Additions	-	41,580	-	41,580
Disposals - written down value	-	(12,075)	(24,132)	(36,207)
Depreciation expense	(46,364)	(102,315)	(24,745)	(173,424)
Revaluation	(929,895)	-	-	(929,895)
Balance at the end of the year	<u><u>4,001,577</u></u>	<u><u>126,007</u></u>	<u><u>42,390</u></u>	<u><u>4,169,974</u></u>

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

8 Trade and other payables

	2018	2017
	\$	\$
Trade payables	276,273	423,893
Accrued expenses	139,380	794,107
GST payable	84,381	467,559
Other payables	2,588	49,438
	<u>502,622</u>	<u>1,734,997</u>

9 Income in advance

Income in advance	2,966,151	9,199,259
	<u>2,966,151</u>	<u>9,199,259</u>

10 Provisions

CURRENT

Annual leave	397,488	624,230
Long service leave	100,753	308,035
Provision for Green Army expenses	398,368	708,871
	<u>896,609</u>	<u>1,641,136</u>

NON CURRENT

Long service leave	295,983	465,273
	<u>295,983</u>	<u>465,273</u>

11 Reserves

Insurance excess reserve

The Insurance Excess Reserve has been created to provide for the excess payable in the event of a claim on the Company's public liability insurance policy.

Financial asset reserve

Change in the fair value of available for share investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

Green Army reserve

The Green Army reserve has been created to provide for Green Army expenses that are to be funded by the Company.

12 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each voting member is required to contribute a maximum of \$ 50 each towards meeting any outstanding and obligations of the Company. At 30 June 2018 the number of members was 12.

Australian Trust for Conservation Volunteers Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

13 Contingencies

The company's bankers have provided a bank guarantee of \$11,000 in favour of GAJ Nominees Pty Ltd in relation to the lease of the office situated at Shop 7A, 69 Mitchell Street, DARWIN, NT.

14 Company Details

The registered office of the company is:

Australian Trust for Conservation Volunteers Ltd
20 Lydiard Street South
BALLARAT VIC 3350

The principal place of business is:

728 Barkly Street
BALLARAT VIC 3350

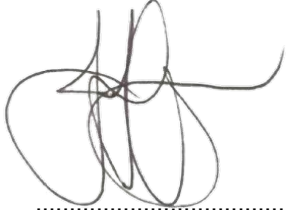
Australian Trust for Conservation Volunteers Ltd

Auditors Independence Declaration To the Directors of Australian Trust for Conservation Volunteers Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PPT Audit Pty Ltd
PPT Audit Pty Ltd



Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

17 October 2018

Australian Trust for Conservation Volunteers Ltd

Directors' Declaration

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 1 to 14, are in accordance with the *Corporations Act 2001* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, and:
 - (a) comply with Australian Accounting Standards to the extent described in Note 1; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director
Mr David Clark

Director
Mr Phil Harrison

Dated 18 October 2018

Australian Trust for Conservation Volunteers Ltd

Independent Audit Report to the Members of Australian Trust for Conservation Volunteers Ltd

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Australian Trust for Conservation Volunteers Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 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 our report. We are independent of the Company in accordance with the auditor independence requirements of *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 report, which describes the basis of accounting. The financial report has been prepared to assist the Company to meet the requirements of *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Directors for the Financial Report

Management is 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 to the financial report is appropriate to meet the requirements of *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. Management's responsibility also includes such internal control as management determines necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

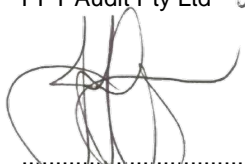
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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:

- 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's 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 Company'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.
- 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 control that we identify during our audit.

PPT Audit Pty Ltd
PPT Audit Pty Ltd



Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

19 October 2018