

# **Cape York Natural Resource Management Ltd**

ABN: 89 146 770 167

## **Financial Statements**

For the Year Ended 30 June 2018

# Cape York Natural Resource Management Ltd

ABN: 89 146 770 167

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For the Year Ended 30 June 2018

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# Cape York Natural Resource Management Ltd

ABN: 89 146 770 167

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	4	4,664,646	4,193,725
Employee benefits expense		(1,770,816)	(1,331,541)
Depreciation expense	8	(51,442)	(42,923)
Other expenses		(2,851,225)	(1,730,476)
<b>Surplus before income tax</b>		<b>(8,837)</b>	1,088,785
Income tax expense		-	-
<b>Surplus for the year</b>		<b>(8,837)</b>	1,088,785
<b>Total comprehensive income for the year</b>		<b>(8,837)</b>	1,088,785

The accompanying notes form part of these financial statements.

# Cape York Natural Resource Management Ltd

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## Statement of Financial Position

30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	2,628,423	2,809,138
Trade and other receivables	6	487,871	18,996
Other financial assets	7	10,000	10,000
TOTAL CURRENT ASSETS		<u>3,126,294</u>	<u>2,838,134</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	153,710	152,486
TOTAL NON-CURRENT ASSETS		<u>153,710</u>	<u>152,486</u>
TOTAL ASSETS		<u>3,280,004</u>	<u>2,990,620</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	647,538	131,445
Borrowings	10	19,124	12,978
Employee benefits	11	90,533	127,840
TOTAL CURRENT LIABILITIES		<u>757,195</u>	<u>272,263</u>
NON-CURRENT LIABILITIES			
Borrowings	10	27,092	22,843
Employee benefits	11	44,877	-
TOTAL NON-CURRENT LIABILITIES		<u>71,969</u>	<u>22,843</u>
TOTAL LIABILITIES		<u>829,164</u>	<u>295,106</u>
NET ASSETS		<u>2,450,840</u>	<u>2,695,514</u>
<b>EQUITY</b>			
Reserves		1,404,189	-
Retained surplus		1,046,651	2,695,514
TOTAL EQUITY		<u>2,450,840</u>	<u>2,695,514</u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Surplus	General Reserve	Redundancy Reserve	Unexpended Grants Funds Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	2,695,514	-	-	-	2,695,514
Loss for the year	(8,837)	-	-	-	(8,837)
Transfers from retained earnings to reserves	(1,404,189)	250,000	39,343	1,114,846	-
Transfers to NQ NRM Alliance Ltd	(235,837)	-	-	-	(235,837)
<b>Balance at 30 June 2018</b>	<b>1,046,651</b>	<b>250,000</b>	<b>39,343</b>	<b>1,114,846</b>	<b>2,450,840</b>

2017

	Retained Surplus	General Reserve	Other Reserves UD1	Other Reserves UD2	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	1,606,731	-	-	-	1,606,731
Surplus for the year	1,088,783	-	-	-	1,088,783
<b>Balance at 30 June 2017</b>	<b>2,695,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,695,514</b>

The accompanying notes form part of these financial statements.

# Cape York Natural Resource Management Ltd

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## Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	3,893,238	4,269,505
Payments to suppliers and employees	(4,098,379)	(3,184,873)
Interest received	35,132	28,903
Net cash provided by/(used in) operating activities	<u>(170,009)</u>	<u>1,113,535</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	-	20,454
Purchase of property, plant and equipment	(21,100)	(74,221)
Net cash used by investing activities	<u>(21,100)</u>	<u>(53,767)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	52,666	-
Repayment of borrowings	(42,272)	(12,978)
Net cash used by financing activities	<u>10,394</u>	<u>(12,978)</u>
Net increase/(decrease) in cash and cash equivalents held	(180,715)	1,046,790
Cash and cash equivalents at beginning of year	<u>2,809,138</u>	<u>1,762,347</u>
Cash and cash equivalents at end of financial year	5 <u><u>2,628,423</u></u>	<u><u>2,809,137</u></u>

The accompanying notes form part of these financial statements.

# Cape York Natural Resource Management Ltd

ABN: 89 146 770 167

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

The financial report covers Cape York Natural Resource Management Ltd as an individual entity. Cape York Natural Resource Management Ltd is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2018 was the implementation of the Draft Regional NRM plan and the Regional Investment Strategy.

The functional and presentation currency of Cape York Natural Resource Management Ltd is Australian dollars.

The financial report was authorised for issue by those charged with governance on the date of signing the Responsible Persons' Declaration.

Comparatives are consistent with prior years, unless otherwise stated.

Amounts in the financial statements have been rounded off to the nearest dollar.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (b) Leases

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

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

#### (c) 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 Company 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.

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

# Cape York Natural Resource Management Ltd

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

### 2 Summary of Significant Accounting Policies

#### (c) Revenue and other income

##### Grant revenue

Grant revenue is recognised in the statement of profit or loss and other 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.

Cape York Natural Resource Management Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

#### (d) 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.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (e) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

##### Property, plant and equipment

Plant and equipment are measured using the cost model.



# Cape York Natural Resource Management Ltd

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

### 2 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

##### Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2%
Motor Vehicles	20% - 50%
Office Furniture & Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) 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;
- available-for-sale financial assets

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 profit or loss and other 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.

## Notes to the Financial Statements

### For the Year Ended 30 June 2018

#### 2 Summary of Significant Accounting Policies

##### (f) 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.

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

##### *Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

##### (g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(h) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

##### **(i) Economic dependence**

Cape York Natural Resource Management Ltd is dependent on the Australian Commonwealth and State Government for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Australian Commonwealth and State Government will not continue to support Cape York Natural Resource Management Ltd.

##### **(j) Adoption of new and revised accounting standards**

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

#### **3 Critical Accounting Estimates and Judgments**

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### **Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

##### **Key estimates**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

# Cape York Natural Resource Management Ltd

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

### 4 Revenue and Other Income

	2018	2017
	\$	\$
- Project income	4,366,369	4,024,797
- Donations	7,634	5,779
- Miscellaneous income	255,510	134,246
- Other income	35,132	28,903
	<u>4,664,645</u>	<u>4,193,725</u>

### 5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	-	1,000
Bank balances	2,628,423	2,808,138
	<u>2,628,423</u>	<u>2,809,138</u>

### 6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	487,871	18,996
	<u>487,871</u>	<u>18,996</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 7 Other Financial Assets

#### Available-for-sale financial assets

CURRENT		
Unlisted investments - fair value		
Shares in Community 21	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

# Cape York Natural Resource Management Ltd

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

### 8 Property, plant and equipment

Furniture, fixtures and fittings		
At cost	12,144	12,144
Accumulated depreciation	(6,978)	(5,764)
Total furniture, fixtures and fittings	<u>5,166</u>	<u>6,380</u>
Motor vehicles		
At cost	274,372	253,272
Accumulated depreciation	(125,828)	(107,166)
Total motor vehicles	<u>148,544</u>	<u>146,106</u>
	<u>153,710</u>	<u>152,486</u>

#### (a) Movements in Carrying Amounts

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

	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$
<b>Year ended 30 June 2018</b>			
Balance at the beginning of year	6,380	146,106	152,486
Additions	-	52,666	52,666
Depreciation expense	(1,214)	(50,228)	(51,442)
<b>Balance at the end of the year</b>	<u>5,166</u>	<u>148,544</u>	<u>153,710</u>

### 9 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	426,867	50,436
Mastercard	13,455	-
GST payable	30,487	17,879
Operating lease payables	27,290	-
Accrued expenses	114,689	35,189
Other payables	8,118	4,978
Other payables	26,631	22,962
	<u>647,537</u>	<u>131,444</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

# Cape York Natural Resource Management Ltd

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

### 10 Borrowings

	2018	2017
	\$	\$
CURRENT		
Vehicle loan	19,124	12,978
	<u>19,124</u>	<u>12,978</u>
NON-CURRENT		
Vehicle loan	27,092	22,843
	<u>27,092</u>	<u>22,843</u>

### 11 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Long service leave	-	52,719
Annual leave	90,533	75,121
	<u>90,533</u>	<u>127,840</u>
NON-CURRENT		
Long service leave	44,877	-
	<u>44,877</u>	<u>-</u>

### 12 Leasing Commitments

#### Operating leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases: - not later than one year	7,335	-

An operating lease is in place for the Cooktown office, which expires in October 2018. Lease payments are increased on an annual basis to reflect market rentals.

### 13 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$ 10 each towards meeting any outstandings and obligations of the Company. .

# Cape York Natural Resource Management Ltd

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

### 14 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Cape York Natural Resource Management Ltd during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	522,343	239,814
Long-term benefits	61,139	-
Post-employment benefits	56,224	103,976
	<u>639,706</u>	<u>343,790</u>

### 15 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None).

### 16 Related Parties

Cape York Natural Resource Management Ltd aligned with FNQ NRM Ltd trading as Terrain NRM and Northern Gurl Resource Management Group Ltd and created a new entity, NQ NRM Alliance Ltd to perform the corporate services role for all 3 NRMs centrally. Board members from Cape York Natural Resource Management Ltd are present on the board of NQ NRM Alliance Ltd. Due to this relationship, the NQ NRM Alliance Ltd is noted as a related party to Cape York Natural Resource Management Ltd. Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members

#### Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Purchases	Sales	Owed to the company	Owed by the company
<b>NQ NRM Alliance Ltd</b>				
External corporate services	178,543	660	660	1,624

### 17 Events after the end of the Reporting Period

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

### 18 Statutory Information

The registered office of and principal place of business of the company is:

Cape York Natural Resource Management Ltd  
47-67 Maunds Road  
ATHERTON QLD 4883

**Cape York Natural Resource Management Ltd**


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**Responsible Persons' Declaration**

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person ..... 

Responsible person ..... 

Dated this ..... 27 ..... day of September 2018



**Cape York Natural Resource Management Ltd**  
**Independent Auditor's Report to the Members of Cape York**  
**Natural Resource Management Ltd**

## Opinion

We have audited the financial report of Cape York Natural Resource Management Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other 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 has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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.

**Cape York Natural Resource Management Ltd**  
**Independent Auditor's Report to the Members of Cape York Natural Resource Management Ltd**  
**(Cont.)**

**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 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:

- 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 those charged with governance.
- Conclude on the appropriateness of those charged with governance'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 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 the 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 those charged with governance 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 the audit.



**CROWE HORWATH AUDIT QUEENSLAND**



**Donna Sinanian**

Partner

Townsville, 27 / 09 / 2018.

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*