

Annual
Financial
Report

September 30

2017

ABN 27 075 428 787

ReachOut Australia

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Corporation Information

Directors

The following Directors (Responsible Entities) were in office at the date of this report.

Helen Conway
Zoe Gault
Alison Hughes
Michael Price
Nigel Smyth
Julie White (Chairperson)
Andrew Wilson
David Winterbottom

Company Secretary

Ashley de Silva

Chief Executive Officer

Jonathan Nicholas

Registered office and principal place of business

Level 2
35 Saunders Street
Pyrmont NSW 2009

Company contact details

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Queen Victoria Building
Sydney NSW 1230
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E: info@reachout.com
W: www.reachout.com

Auditors

Grant Thornton Audit Pty Ltd
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Sydney NSW 2000

ABN

27 075 428 787

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

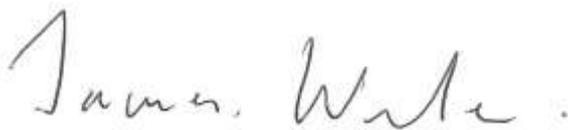
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Auditor's Independence Declaration To the Responsible Entities of ReachOut Australia

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of ReachOut Australia for the year ended 30 September 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



James Winter
Partner - Audit & Assurance

Sydney, 20 November 2017

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2017

	Notes	30 Sep 2017 \$	30 Sep 2016 \$
Revenue	3	7,260,656	7,596,565
Financial income	3	153,843	166,925
Employee expenses		(3,473,506)	(3,383,877)
Marketing and fundraising expenses		(1,503,753)	(1,193,384)
Administration expenses		(138,668)	(270,425)
Travel expenses		(135,774)	(158,674)
Design and delivery of services		(1,605,523)	(2,305,076)
Occupancy expenses		(279,016)	(225,004)
Depreciation and amortisation expense		(135,521)	(91,078)
Surplus for the year		142,738	135,972
Other comprehensive income:			
Net gain / (loss) on revaluation of financial assets		22,453	18,964
Total Comprehensive Income for the year		165,191	154,936

The accompanying notes form part of these financial statements

Statement of Financial Position

As at year ended 30 September 2017

	Notes	30 Sep 2017 \$	30 Sep 2016 \$
Assets			
Current			
Cash and cash equivalents	5	2,351,767	2,481,772
Trade and other receivables	6	128,571	168,783
Total Current Assets		2,480,338	2,650,555
Non-Current			
Plant and equipment	7	233,906	306,897
Intangible assets	8	115,896	139,564
Financial assets	9	2,651,303	2,445,702
Total Non-Current Assets		3,001,105	2,892,163
Total Assets		5,481,443	5,542,718
Liabilities			
Current			
Trade and other payables	10	481,987	583,956
Unspent project grants	11	2,574,937	2,759,748
Provisions	12	199,966	162,070
Total Current Liabilities		3,256,890	3,505,774
Non-Current			
Provisions	12	68,725	46,307
Total Non-Current Liabilities		68,725	46,307
Total Liabilities		3,325,615	3,552,081
Net Assets		2,155,828	1,990,637
Funds			
Accumulated Funds		2,155,828	1,990,637
Total Funds		2,155,828	1,990,637

The accompanying notes form part of these financial statements

Statement of Changes in Funds

For the year ended 30 September 2017

	Accumulated funds \$
Balance at 1 October 2015	1,835,701
Surplus for the year	135,972
Other comprehensive income for the year	18,964
Total comprehensive income for the year	154,936
Balance at 30 September 2016	1,990,637
Balance at 1 October 2016	1,990,637
Surplus for the year	142,738
Other comprehensive income for the year	22,453
Total comprehensive income for the year	165,191
Balance at 30 September 2017	2,155,828

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 September 2017

	Notes	30 Sep 2017 \$	30 Sep 2016 \$
Cash flows from operating activities			
Receipts from donations and other income		7,594,769	6,410,537
Payments to suppliers and employees		(7,635,008)	(7,966,308)
Interest received		132,244	166,925
Net cash inflow (outflow) from operating activities	17	92,005	(1,388,846)
Cash flows from investing activities			
Payment for purchase of plant and equipment and intangible		(38,862)	(340,526)
Acquisition of financial assets		(183,148)	-
Net cash inflow (outflow) from investment activities		(222,010)	(340,526)
Net increase/(decrease) in cash and cash equivalents		(130,005)	(1,729,372)
Cash and cash equivalents at the beginning of the year		2,481,772	4,211,144
Cash and cash equivalents at the end of the year	5	2,351,767	2,481,772

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 September 2017

Note 1. Statement of significant accounting policies

The financial report is a general purpose - reduced disclosure requirement - financial report that has been prepared in accordance with the requirements of the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission ("ACNC").

The Company is a not-for-profit entity and company limited by guarantee domiciled in Australia, registered with the Australian Charities and Not-for-profits Commission and under the Charitable Fundraising Act 1991(NSW).

The financial report was authorised for issue by the Responsible Entities on 20 November 2017.

Basis of preparation

These general purpose financial reduced disclosure requirements have been prepared in accordance with Australian Accounting Standards –Reduced Disclosure Requirements, and the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991(NSW).

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs. The following material accounting policies, which are consistent with the previous period, have been adopted in the preparation of this report.

All amounts are in Australian dollars.

Significant Accounting policies

(a) Financial instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. These non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Notes to the financial statements (continued)

Cash and cash equivalents comprise cash balances, term deposits and corporate bonds. The Company's investment strategy is to earn a financial return whilst guaranteeing capital preservation. In the current year that strategy has led to increased investment in corporate bonds to generate increased interest income.

(b) Plant and equipment and Computer Software (intangible)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Software and IT systems and applications are recognised as intangibles and stated at cost less accumulated amortisation.

Depreciation and amortisation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Class of plant and equipment	Useful Life
Office Equipment	5-10 years
Computer Hardware	3 years
Computer Software (intangible)	3-5 years
Leasehold Improvements	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment and software is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss.

Impairment

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Notes to the financial statements (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are designated as available for sale. When available-for-sale financial investments are recognised initially, they are measured at fair value. Any available-for-sale financial investments donated to the company are recognised at fair value at the date the company obtains control of the asset.

After initial recognition, available-for sale financial investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, being either a significant or prolonged decline in value below cost, at which time, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the Statement of Profit or Loss and Other Comprehensive Income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(d) Provision for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, annual and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

Superannuation contributions

Contributions to defined contribution superannuation plans are expensed in the period they are incurred.

(e) Leased assets

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

Notes to the financial statements (continued)

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of the amount of Goods and Services Tax (GST).

Donations in kind

The Company receives various pro-bono services and donations in kind. Revenue has not been brought to account in the financial statements for services as management are unable to reasonably estimate the value of these donations and services. Revenue has been brought to account in the financial statements for contributed assets as management are able to reasonably estimate the fair value of these assets.

Grants and project income

Government grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled.

Project grants from non-government funders are subject to conditions and agreed terms, and are carried as unspent project grants (liability) until spent, as these funds are not deemed to be controlled under AASB 1004 until the project expenditure occurs.

Donations and fundraising

Income from donations and appeals is recognised as revenue upon receipt, in accordance with AASB 1004.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

The Company's investment strategy is to earn a financial return whilst guaranteeing capital preservation.

(g) Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Notes to the financial statements (continued)

(h) Taxation

The company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended; it is therefore exempt from income tax.

(i) Goods and Services Tax (GST)

Revenue, expenses and plant and equipment 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 expense. Receivables and payables in the balance sheet 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(j) Comparative figures

Comparative figures of the Company for the previous 12 month period are included throughout these statements.

(k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Notes to the financial statements (continued)

Note 2. Members' guarantee

The company is Limited by Guarantee under the Australian Charities and Not-for-profits Commission Act 2012. If the Company is wound up, the Constitution of the Company states that each member undertakes to contribute an amount not exceeding \$10 towards the meeting of any outstanding obligations of the Company.

There were 8 members of the Company at 30 September 2017.

Note 3. Revenue

	30 Sep 2017	30 Sep 2016
	\$	\$
Revenue from operating activities:		
Donations	2,105,543	895,275
Fundraising Events Income	431,669	102,740
Government grants	4,217,219	5,375,335
Non-government grants	356,161	1,141,691
Consulting	142,243	34,921
Sundry Income	7,821	46,603
	7,260,656	7,596,565
Other income		
Interest Income	153,843	166,925
Total Revenue	7,414,499	7,763,490

Note 4. Total comprehensive income from ordinary activities

(a) Operating surplus from ordinary activities has been arrived at after charging the following items:

	30 Sep 2017	30 Sep 2016
	\$	\$
Design and delivery of services	1,605,523	2,305,076
Operating lease rental expense	235,344	169,093
Depreciation and amortisation expense	135,521	90,911
Loss on disposal of plant and equipment	-	166

Notes to the financial statements (continued)

(b) Charitable Fundraising and Donations Disclosures

Statement of Income and Expenditure of Fundraising Appeals

	30 Sep 2017	30 Sep 2016
	\$	\$
General donations	2,105,543	895,275
Fundraising events	431,669	102,740
Corporate and other non-government grants received	356,161	1,141,691
<i>Less allocation of fundraising funds:</i>		
Direct costs of fundraising appeals	(261,654)	(114,230)
Funds applied to projects		
Net surplus obtained from fundraising appeals	2,631,719	2,025,476

Assets and liabilities resulting from Fundraising

Fundraising Funds recognised as deferred income and committed to future projects (carried as liabilities – refer Note 11)	779,663	570,394
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Funds received for specific purposes or programs are applied in accordance with the intention of the donation or grant. Other than deferred revenue disclosed as a liability in Note 11, fundraising balances are not separately disclosed in the assets and liabilities and are applied to the charitable purposes of the company through accumulated funds.

Notes to the financial statements (continued)

Note 5. Cash and cash equivalents

	30 Sep 2017	30 Sep 2016
	\$	\$
Cash at bank and on hand	1,683,533	2,315,241
Term deposits	668,234	166,531
	2,351,767	2,481,772

Note 6. Trade and other receivables

	30 Sep 2017	30 Sep 2016
	\$	\$
Receivables	352	27,530
Less: provision for doubtful debts	-	-
Prepayments	94,054	57,059
Other debtors	34,165	84,194
	128,571	168,783

Note 7. Plant and equipment

	Lease Improvements	Plant and Equipment	TOTAL
	\$	\$	
Cost			
Balance as at 1 October 2016	288,035	165,906	453,941
Additions	-	16,126	16,126
Disposals	-	-	-
Balance as at 30 September 2017	288,035	182,032	470,067
Depreciation			
Balance as at 1 October 2016	(42,515)	(104,529)	(147,044)
Depreciation Charge	(57,607)	(31,510)	(89,117)
Disposals	-	-	-
Balance as at 30 September 2017	(100,122)	(136,039)	(236,161)
Carrying amount			
Balance as at 30 September 2016	245,520	61,377	306,897
Balance as at 30 September 2017	187,913	45,993	233,906

Notes to the financial statements (continued)

Note 8. Intangible assets

	Computer Software \$
Cost	
Balance as at 1 October 2016	164,425
Additions	22,736
Disposals	-
Balance as at 30 September 2017	187,161
Amortisation	
Balance as at 1 October 2016	(24,861)
Amortisation Charge	(46,404)
Disposals	-
Balance as at 30 September 2017	(71,265)
Carrying amount	
Balance as at 30 September 2016	139,564
Balance as at 30 September 2017	115,895

Note 9. Available-for- sale financial asset

	30 Sep 2017 \$	30 Sep 2016 \$
Listed Investment portfolio at fair value		
Australian Fixed Interest securities, Notes and Convertible Preference Shares	2,651,303	2,445,702
	2,651,303	2,445,702

The available-for-sale investments are quoted on the Australian Securities Exchange.

Note 10. Trade and other payables

	30 Sep 2017 \$	30 Sep 2016 \$
Current		
Trade creditors	59,258	105,068
Sundry creditors and accruals	156,947	230,912
GST payable	109,888	124,326
PAYG withheld	69,312	41,920
Superannuation payable	86,582	81,730
	481,987	583,956

Notes to the financial statements (continued)

Note 11. Unspent project grants

	30 Sep 2017	30 Sep 2016
Current	\$	\$
Unspent grants - government	1,795,274	2,189,354
Unspent grants - non government	779,663	570,394
	2,574,937	2,759,748

Note 12. Provisions

	30 Sep 2017	30 Sep 2016
Current	\$	\$
Employee benefits		
Annual leave	119,410	103,635
Fringe benefits	-	1,136
Long service leave	80,556	57,299
	199,966	162,070
Non-Current		
Employee benefits		
Long service leave	33,613	34,603
Office lease make good	35,112	11,704
	68,725	46,307

Note 13. Commitments

Operating leases include premises and a printer.

	30 Sep 2017	30 Sep 2016
Payable	\$	\$
No longer than one year	235,521	162,764
Longer than one year but no longer than five years	515,380	506,068
Longer than five years but no longer than ten years	-	-
	750,901	668,832

The Company has a 5 year lease for its current premises expiring 30 November 2020 with an option for a further 3 year term.

Note 14. Contingent liabilities

Nil

Notes to the financial statements (continued)

Note 15. Related Parties transactions**Key management personnel disclosures**

Key management personnel ("KMP") are the Board of Directors, CEO and Deputy CEO. The Directors act in an honorary capacity and receive no paid compensation for their services.

Donations may be received from related parties. The Company has received a corporate grant over three years since 2016 of \$166,667 per year from a private foundation of which a member of KMP is a Director.

The aggregate compensation made to key management personnel of the Company is set out below:

	30 Sep 2017	30 Sep 2016
	\$	\$
Key management personnel remuneration	410,333	357,768

Note 16. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the year which may significantly affect the operations of the Company or the results of those operations for the period under report.

Note 17. Reconciliation of cash flows from operating activities

	30 Sep 2017	30 Sep 2016
	\$	\$
Net surplus for the year	142,738	135,972
Non-cash flows in net surplus for the year:		
Depreciation and amortisation	135,521	90,912
Loss/(gain) on disposal of software and hardware assets	-	160
Investment fair value movement	-	(3,858)
Changes in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	40,212	(13,940)
Increase / (decrease) in trade and other creditors	(101,969)	(67,626)
Increase / (decrease) in unspent project grants	(184,811)	(1,531,142)
Increase / (decrease) in employee benefits	60,314	676
New cash provided by operating activities	92,005	(1,388,846)

Note 18. Company Details

The charity street address and principal place of business of the Company is:

Level 2, 35 Saunders Street
Pymont NSW 2009

The Company operates entirely in Australia providing charitable services to the community.

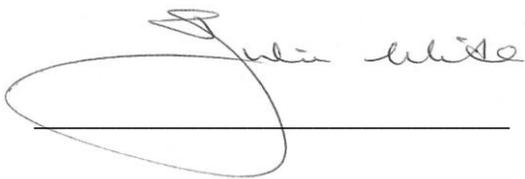
Responsible Entities' Declaration

For the year ended 30 September 2017

In the Responsible Entities' opinion:

- 1 The attached financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:
 - a. giving a true and fair view of the financial position of the Company as at 30 September 2017 and of its performance and its cash flows, for the year ended on that date; and
 - b. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013;
- 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 (the Responsible Entities):



A handwritten signature in black ink, appearing to read 'Julie White', is written over a solid horizontal line. The signature is cursive and includes a large, looping flourish at the beginning.

Julie White
Chairperson

Sydney
20 November 2017

Principal Officer's Declaration

I, Ashley de Silva, Principal Officer of ReachOut Australia declare that in my opinion:

1. the Statement of Profit and Loss and Comprehensive Income of ReachOut Australia for 2017 gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals:
2. the Statement of Financial Position of ReachOut Australia for 2017 gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals conducted by the organisation;
3. the provisions of the Charitable Fundraising Act 1991, the Regulations under that Act and the conditions attached to the Charitable Fundraising Authority have been complied with by the organisation; and
4. the internal controls exercised by ReachOut Australia are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.



Ashley de Silva

Deputy CEO and Principal Officer

20 November, 2017

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Independent Auditor's Report To the Members of ReachOut Australia

Report on the audit of the financial report

Opinion

We have audited the financial report of ReachOut Australia (the "registered entity"), which comprises the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration.

In our opinion:

1. the financial report of ReachOut Australia has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act"), including:
 - a. giving a true and fair view of the registered entity's financial position as at 30 September 2017 and of its financial performance for the year then ended; and
 - b. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;
2. the financial report of ReachOut Australia shows a true and fair view of the financial result of fundraising appeals for the year;
3. the financial report and associated records of ReachOut Australia have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015;
4. money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015; and
5. there are reasonable grounds to believe that ReachOut Australia will be able to pay its debts as and when they fall due.

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Liability limited by a scheme approved under Professional Standards Legislation.

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 registered entity in accordance with 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 Responsible Entities for the Financial Report

The Responsible Entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act, the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2015, and for such internal control as the Responsible Entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Responsible Entities are responsible for assessing the registered entity'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 Responsible Entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity'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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Responsible Entities.
- Conclude on the appropriateness of the Responsible Entities' 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

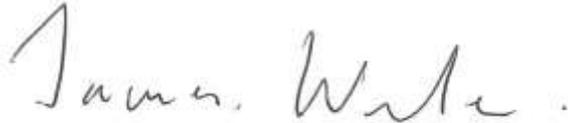
required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered 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 our audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



James Winter
Partner - Audit & Assurance

Sydney, 20 November 2017