Australian Government
Registered Organisations Commission

29 October 2018

Mr Jamie Halfhide
Vice President and Secretary
Building Services Contractors Association of Australia, New South Wales Division

By e-mail: bscaansw@bscaa.com

Dear Mr Halfhide

Building Services Contractors Association of Australia, New South Wales Division
Financial Report for the year ended 31 December 2017 - FR2017/344

I acknowledge receipt of the amended financial report for the year ended 31 December 2017 for the Building Services Contractors Association of Australia, New South Wales Division (BSCAANSW). The financial report was lodged with the Registered Organisations Commission (ROC) on 26 October 2018.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of Management Statement

Reference to s.272

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC.

The BSCAANSW Committee of Management statement, at reference (e)(v), refers to 'a Registrar'. In future, please ensure this reference is to 'Commissioner'.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

K.Morgan

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

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BUILDING SERVICES CONTRACTORS ASSOCIATION OF AUSTRALIA, NEW SOUTH WALES DIVISION
s.268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
Certificate for the year ended **31 DECEMBER 2017**

I **JAMIE HALFHIFE** being the **VICE PRESIDENT/SECRETARY** of the **BUILDING SERVICES CONTRACTORS ASSOCIATION OF AUSTRALIA, NEW SOUTH WALES DIVISION** certify:

- that the documents lodged herewith are copies of the full report for the **BUILDING SERVICES CONTRACTORS ASSOCIATION OF AUSTRALIA, NEW SOUTH WALES DIVISION** for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the **BUILDING SERVICES CONTRACTORS ASSOCIATION OF AUSTRALIA, NEW SOUTH WALES DIVISION** on **26 OCTOBER 2018**; and
- that the full report was presented to the Committee of Management of the reporting unit on **26 OCTOBER 2018** in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:

Name of prescribed designated officer: **JAMIE HALFHIDE**

Title of prescribed designated officer: **VICE PRESIDENT/SECRETARY**

Dated: **26 OCTOBER 2018**

Building Service Contractors Association Of Australia NSW Division

ABN 13 033 709 955

Financial Report for the Year Ended 31 December 2017

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OPERATING REPORT

The committee of Management presents its report on the reporting unit for the financial year ended 31 December 2017.

This Operating Report covers the activities of the Building Service Contractors Association Of Australia NSW Division (the Association) for the financial year ended 31st December 2017, the results of those activities and any significant changes in the nature of those activities during the year.

1. Review of the Principal Activities of the Association

The principal activity of the Association during the financial year was the provision of services to members in the contract cleaning and security industries.

The Association negotiates with industry stakeholders to improve the working conditions for its members and enhance the image of both industries. The Executive Committee meets on a monthly basis to review and monitor the activities of the Division to ensure they achieve the set objectives and remain relevant to Members. The review results indicate that we are meeting our objectives.

Members are kept up to date by way of regular postal and emailed information on industrial relations and other issues concerning their industry. Networking opportunities are provided by quarterly members meeting.

In view of the decrease in Government funding for traineeships in the Cleaning industry, the Association has developed a series of cost effective online training packages.

2. Operating result

The loss of the association for the financial year amounted to $17,163 (2016 loss: $30,877). The loss for the year was mainly due to decline in membership and sponsorship.

3. Membership of the Association

At the end of the financial year the number of members was 24 for the cleaning division and 70 for the security division.

4. Members Right to Resign

All members of the Association have the right to resign from the Association in accordance with Rule 9 of the Association rules, and Chapter 6 Part 3 Section 174 of Fair Work (Registered Organisations) Act 2009, by providing written notice addressed and delivered to the BSCCA NSW office. Detail of Rule 9 is as follows:-

9. - RESIGNATION OF MEMBERSHIP

9.1 A BSCAA NSW member may resign from membership by written notice addressed and delivered to the Executive Director.

9.2 Where a BSCAA NSW member ceases to be eligible to become a member of BSCAA NSW a notice of resignation of membership takes effect on whichever of the following is later:

- (a) on the day the notice is received by BSCAA NSW; or
- (b) on the day specified in the notice of resignation, which is a day not earlier than the day when the BSCAA NSW member ceases to be eligible to become a BSCAA NSW member.

9.3 Where a BSCAA NSW member resigns membership for reasons other than set out in Rule 9.2 notice of resignation takes effect on whichever of the following is later:

- (a) at the end of 2 weeks after the notice is received by BSCAA NSW; or
- (b) on the day specified in the notice.

9.4 Any dues payable but not paid by a former BSCAA NSW member in relation to a period before that former BSCAA NSW member's resignation from BSCAA NSW took effect, may be sued for and recovered in the name of BSCAA NSW in a court of competent jurisdiction, as a debt due to BSCAA NSW.

9.5 A notice delivered to the Executive Director is taken to have been received by BSCAA NSW when it was delivered.

9.6 A notice of resignation that has been received by BSCAA NSW is not invalid because it was not addressed and delivered in accordance with Rule 9.1.

9.7 A resignation from membership of BSCAA NSW is valid even if it is not effected in accordance with these Rules if the BSCAA NSW member is informed in writing by or on behalf of BSCAA NSW that the resignation has been accepted.

5. **Members of the Committee of Management**

The following persons were members of the Committee of Management;

Debbie Delimitros	President
Jamie Halfhide	Vice President & Secretary
Terry Corby	
Nicholas Jenkinson	
Ravindra Naidoo	
Charles Vasilas	
Andrew Valencour	
Dean Graoroski	

All members held their position for the full year unless otherwise indicated.

6. **Superannuation Trustees**

No Officer or member of the Association is:

(1) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
(2) A director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and

Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

7. **Employees of the Association**

The Association had 1 full time and 1 part-time employee during the year.

8. **Significant Changes in Financial Affairs.**

There were no significant changes in the Association's financial affairs during the year apart from declining membership and sponsorship.

Signed in accordance with the resolution by the Committee of Management

....

Jamie Halfhide (Vice President and Secretary)
Dated this 26 day of Oct 2018

Committee of Management Statement

On 26 October 2018 the Committee of Management of the Building Service Contractors Association of Australia NSW Division, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31st December 2017:

The Committee of Management declares in relation to the GPFR that in its opinion:

a. the financial statements and notes comply with the Australian Accounting Standards;

b. the financial statements and notes comply with any other requirements imposed by the Reporting guidelines of the Commissioner of Registered Organisations Commission;

c. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

d. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

e. during the financial year to which the GPFR relates and since the end of that year;

   (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

   (ii) the financial affairs of the reporting unit have been kept and maintained in accordance with the rules of the organisation including the rules of the branch concerned; and

   (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and

   (iv) the Organisation does not consist of two or more reporting units; and

   (v) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the Fair Work (Registered Organisations) Act 2009;

   (vi) no orders have been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

f. in relation to recovery of wages activity;
there was no recovery of wages activity during the year. hence no revenue derived from such activity.

This declaration is made in accordance with a resolution of the Committee of Management.

....

Jamie Halfhide (Vice President and Secretary)
Dated this 26 day of Oct 2018

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
INCOME			
Membership subscription		120,212	140,154
Members meeting income		2,645	4,834
Excellence Awards (including sponsorship)		43,182	37,518
Insurance Commission		-	10
Interest		9,099	6,670
Sundry income		396	750
Administration Fee from National office		15,000	30,000
Sitting fee LSL Board		3,720	3,720
Capitation income from another reporting unit of the organisation			
Compulsory levy/voluntary contribution income			-
Donations income			-
Grants income			-
Prior year adjustment			-
		194,254	223,656
EXPENDITURE			
Advertising		36	-
Audit fee		1,600	2,000
Bank charges		1,427	2,197
Computer expenses		163	452
Depreciation		884	330
Excellence Awards		30,307	43,521
Education		-	170
Gifts to B Connolly		4,372	-
Industrial Advocacy		5,250	-
Insurance		4,068	3,862
Management Fee –TAS		17,590	-
Members meetings		10,867	6,618
National Office expenses		1,969	1,261
Office expenses		827	742
Postages		1,646	2,416
Printing & stationary		2,510	2,963
Provision for annual leave/long services leave		-	3,288
Rent & outgoings		20,369	22,264
Security expenses		-	-
Subscription expenses		6,056	5,778
Employee expenses:-			
Salary **	2	83,522	123,353
Salary sacrifice super **	2	-	4,380
Superannuation **	2	12,196	12,612

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
Sundry expenses		1,360	2,860
Telephone		7,182	7,347
Temporary staff		-	-
Training - Governance		1,500	-
Travel		986	6,119
Website development		590	-
Prior year adjustment		(5,860)	-
Fees expense incurred as consideration for employers making payroll deductions of membership subscriptions			-
Contributions or capitation expense paid to another reporting unit of the organisation			-
Affiliation fees expense paid to external entities such as political parties, groups or bodies etc			-
Compulsory levies expense paid			-
Grants expense under/ up to $1000 paid			-
Grants expense over $1000 paid			-
Donations expense under/up to $1000 paid			-
Donations expense over $1000 paid			-
Attendance fees or allowances paid to representatives of the reporting unit at conferences etc			-
Legal costs or other expenses related to litigation			-
RO Act Penalties expense paid			-
		211,417	254,533
Operating Surplus		(17,163)	(30,877)

** paid to Employees other than office holders

There was NIL salary, superannuation, annual leave or other employee expenses paid to holders of office of the entity

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	3	289,844	345,207
Trade and other receivables	4	27,374	2,400
TOTAL CURRENT ASSETS		317,218	347,607
NON CURRENT ASSETS			
Plant and equipment	5	2,690	3,574
TOTAL NON CURRENT ASSETS		2,690	3,574
TOTAL ASSETS		319,908	351,181
CURRENT LIABILITIES			
Trade and other payables	6	42,985	20,678
Other provisions	7	-	36,417
TOTAL CURRENT LIABILITIES		42,985	57,095
TOTAL LIABILITIES		42,985	57,095
NET ASSETS		276,923	294,086
MEMBERS' FUNDS			
Accumulated surplus		276,923	294,086
TOTAL MEMBERS' FUNDS		276,923	294,086

The accompanying notes form part of these financial statements.

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

	Accumulated Surplus $	Financial Assets Reserve $	General Reserves $	Total $
Balance at 1 January 2012	157,406	-	-	157,406
Operating surplus	86,063	-	-	86,063
Balance at 31 December 2012	243,469	-	-	243,469
Operating surplus	46,405	-	-	46,405
Balance at 31 December 2013	289,874	-	-	289,874
Operating surplus	30,086	-	-	30,086
Balance at 31 December 2014	319,960	-	-	319,960
Operating surplus	5,004	-	-	5,004
Balance at 31 December 2015	324,964			324,964
Operating surplus	(30,878)			(30,878)
Balance at 31 December 2016	294,086			294,086
Operating surplus	(17,163)			(17,163)
Balance at 31 December 2017	276,923			276,923

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		120,212	140,155
Other operating receipts		21,761	39,313
Excellence Awards (including sponsorship)		43,182	37,518
Payments to suppliers and employees		(249,617)	(252,380)
Interest received		9,099	6,670
Net cash provided by operating activities	8	(55,363)	(28,724)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan repayment from National Office		-	-
Purchase of property, plant and equipment		-	-
Net cash used in investing activities		-	-
Net increase in cash held		(55,363)	(28,724)
Cash and cash equivalents at beginning of financial year		354,207	373,931
Cash and cash equivalents at end of financial year	3	289,844	345,207

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Building Service Contractors Association Of Australia NSW Division is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Significant accounting judgements and estimates

The directors evaluate estimates and judgments 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.

Key estimates

(i) *Impairment*

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future impact on Building Service Contractors of Australia NSW Division include:

AASB 9 Financial Instruments (reporting periods on or after 1 January 2018).

The standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

AASB 16: Leases
(reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:
-recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
-depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
-variable lease payments that depend on an index or a rate are included in the initial;
-measurement of the lease liability using the index or rate at the commencement date;
-by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
-additional disclosure requirements

This Standard will require retrospective restatement, as well as enhanced disclosures regarding leases.

a. Income tax

The income of the Building Service Contractors Association of Australia NSW Division is exempt from Income Tax Section 50 of the *Income Tax Assessment Act*, being a registered union of employers *Fair Work (Registered Organisations) Amendment Act 2013*.

a. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

b. Employee Benefits

Note 1: Summary of Significant Accounting Policies

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

c. Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting year.

d. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue from the provision of membership subscriptions is recognised when invoices are raised
(ie on the accrual basis).

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

Note 1: Summary of Significant Accounting Policies

e. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

f. Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

g. Financial instruments

Financial assets and financial liabilities are recognised when Building Service Contractors Association Of Australia NSW Division becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Note 1: Summary of Significant Accounting Policies

h. Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

i. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

j. Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

k. *Contingent liabilities and contingent assets*

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

l. Plant and equipment

Asset recognition threshold

Purchases of, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2017	2016
Plant and equipment	3 to 5 years	3 to 5 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

m. Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the [reporting unit] were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

n. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

o. Fair value measurement

Building Service Contractors Association Of Australia NSW Division measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the [reporting unit].The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Building Service Contractors Association Of Australia NSW Division uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Building Service Contractors Association Of Australia NSW Division determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Building Service Contractors Association Of Australia NSW Division has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

p. Going concern

The Building Service Contractors Association of Australia, NSW Division is not reliant on any agreed financial support to continue on a going support basis.

	2017	2016
	$	$
NOTE 2: EXPENSES		
Note 2A: Employee expenses*		
Holders of office:		
Wages and salaries	Nil	Nil
Superannuation	Nil	Nil
Leave and other entitlements	Nil	Nil
Separation and redundancies	Nil	Nil
Other employee benefit expense	Nil	Nil
Subtotal employee expenses holders of office	Nil	Nil
Employees other than office holders:		
Wages and salaries	83,522	123,353
Superannuation	12,196	16,992
Leave and other entitlements	-	3,288
Separation and redundancies		
Other employee expenses		
Subtotal employee expenses employees other than office holders	95,718	143,633
Total employee expenses	95,718	143,633

	2017	2016
NOTE 3: CASH AND CASH EQUIVALENT		
Cash on hand	122	400
NAB Credit Card		
Term deposit	264,679	261,384
Cash at bank	25,043	83,423
	289,844	345,207
NOTE 4: TRADE AND OTHER RECEIVABLES		
Trade receivable	10,192	2,640
Other receivable	17,182	(240)
BSCAA – National Office		-
Provision for doubtful debts		-
	27,374	2,400

NOTE 5: PLANT AND EQUIPMENT	2017 $	2016 $
Plant and equipment – at cost	31,579	31,579
Less accumulated depreciation	(28,889)	(28,005)
	2,690	3,574

RECONCILIATION OF OPENING/CLOSING BALANCE		
As at 1 Jan		
Gross book value	31,579	31,579
Accumulated depreciation and impairment	(28.005)	(27,675)
Net book value 1 Jan	3,574	3,904
Additions:		
By purchase		-
From acquisition of entities (including restructuring)		-
Impairments		-
Depreciation expense	884	330
Other movement *[give details below]*		-
Disposals:		
From disposal of entities (including restructuring)		-
Other		-
Net book value 31 Dec	2,690	3,574
Net book value as of 31 Dec represented by:		
Gross book value	31,579	31,579
Accumulated depreciation and impairment	(28,889)	(28,005)
Net book value 31 Dec	2,690	3,574

NOTE 6: TRADE AND OTHER PAYABLE		
Trade creditor	13,984	1,426
Accrual	4,074	12,700
PAYG withholding	15,820	4,730
GST payable	(1,009)	1,822
Others -Credit Card	10,116	-
	42,985	20,678

NOTE 7: PROVISION		
OFFICE HOLDERS:		
Annual leave	-	-
Long service leave	-	-
Separation/Redundancy	-	-
Other	-	-
EMPLOYEES OTHER THAN OFFICE HOLDERS:		
Annual Leave	-	5,489
Long service leave	-	30,928
Separation/Redundancy	-	-
Other	-	-

	2017 $	2016 $
NOTE 8: CASH FLOW STATEMENT		
A. Reconciliation of Net Cash Provided by operating activities to Operating surplus/(deficit)	(17,163)	(30,879)
Depreciation	884	330
Loss on disposal of depreciable asset		
Provision for impairment		
Provision for employee entitlement	-	3,288
Increase in Debtors	(24,974)	391
Increase in Creditors	(14,110)	(1,855)
	(55,363)	(28,725)

Note 9: RELATED PARTY TRANSACTIONS

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

	2017 $	2016 $
Loan repayment from National Office	-	-
Administration Fee from National office	15,000	30,000
Outstanding balances at the end of the financial year	-	-
Doubtful debt provision raised against any related party	-	-

The accounting functions for all Divisions of the Association was provided by the National Office. This arrangement was discontinued and the control of finances returned to the individual State Divisions.

National Office is the entity known as Building Service Contractors Association of Australia Limited and is a related party because it is the policy making body of the Association of which NSW Division is one of several state Divisions.. The NSW Division provides administrative support for the National Office and is compensated by an annual fee of $30,000 for this service.

Note 10: KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE REPORTING PERIOD
The key management personnel of the NSW Division includes the Office Bearers and Executive Committee members and the Executive staff and compensation relates to Executive staff only.

	2017	2016
Short-term employee benefits		
Salary (including annual leave taken)	95,718	90,655
Annual leave accrued	-	5,489
Performance bonus		-
[other major categories]		-
Total short-term employee benefits	**95,718**	**96,144**
Post-employment benefits:		
Superannuation	-	9,025
Total post-employment benefits	-	**9,025**
Other long-term benefits:		
Long-service leave	-	30,928
Total other long-term benefits	-	**30,928**
Termination benefits		-
Total	**95,718**	**136,097**

NOTE 11: TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR CLOSE FAMILY MEMBERS
There is no transaction between key management personnel and no transactions between their close family members and the organisation

Loans to/from key management personnel		
None	-	-
Other transactions with key management personnel		
None	-	-

NOTE 12 REMUNERATION OF AUDITORS

Value of the services provided		
Financial statement audit services	1,600	2,000
Other services	-	-
Total remuneration of auditors	1,600	2,000

No other services were provided by the auditors of the financial statements.

NOTE 13:FINANCIAL INSTRUMENT

Credit Risk

Credit risk arises from cash and cash equivalents as well as credit exposures in respect of outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

At balance date cash and deposits were held with the National Australia Bank and ME Bank.

	Total Gross Amount	Total carrying value	Neither past due nor impaired	<30 days	30 - 60 days	60 - 90 days	>90 days	Individually Impaired
	$	$	$	$	$	$	$	$
2017								
Cash and cash equivalents	289,844	289,844	289,844	-	-	-	-	-
Receivables	27,374	27.374	27,374	-	-	-	-	-
Total	317,218	317,218	317,218	-	-	-	-	-
2016								
Cash and cash equivalents	345,207	345,207	345,207	-	-	-	-	-
Receivables	2,400	2,400	2,400	-	-	-	-	-
Total	347,607	347,607	347,607	-	-	-	-	-

Liquidity risk

The association manages liquidity risk by monitoring actual cash flows and maintaining sufficient cash to fund operations. Surplus funds are generally only invested in short term deposits with Australian Banks.

The association does not have any borrowing facilities in place at the reporting date.

The following table summarizes the maturity profile of the Association's financial liabilities at 31 December 2017 and 31 December 2016 based on contractual undiscounted payments:

	Non Interest Bearing	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Floating Interest Rate	Total	Weighted Average Interest rate
	$	$	$	$	$	$	
2017							
Financial Liabilities							
Payables	42,985	-	-	-	-	42,985	
	42,985	-	-	-	-	42,985	
2016							
Financial liabilities							
Payables	57,095	-	-	-	-	57,095	
	57,095	-	-	-	-	57,095	

Cash flow and fair value interest rate risk

The association's main interest rate risk arises from cash and cash equivalents that is subject to variable rates.

As at the reporting date, the association had the following variable rate financial instruments:

	31 December 2017		31 December 2016	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and cash equivalents	2.5	289,843	2.5	345,206

Market risk

Sensitivity analysis of the risk that the Association is exposed to for 2017

Interest rate risk

At 31 December 2017, if interest rates had changed by -/+ 50 basis points from the year-end rates with all other variables held constant, post-tax loss for the year and equity would have been $1,449 lower/higher (2016 : $1,726) mainly as a result of higher/lower interest expense from borrowings and interest income from cash and cash equivalents.

Price risk

There is no price risk for the Association.

Note 14: Assets and liabilities – Fair Value Measurement

Management of the reporting unit assessed that the fair value of *[cash, trade receivables, trade payables, and other current liabilities]* approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at *[year-end date]* was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets. (ie. Fair value hierarchy Level 1).
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Association based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at *31 December 2014* the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values (ie. fair value hierarchy Level 2)
- The analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Assets measured at fair value

Plant and equipment – at cost	31,579	31,579
Less accumulated depreciation	(28,889)	(28,005)
	2,690	3,574

NOTE 15: ASSOCIATION DETAIL
The registered office of the Association is: Building Service Contractors Association Of Australia NSW Division, Suite 3,139 Alexander St, Crows Nest NSW 2065.

NOTE 16:SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the Commissioner:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

NOTE 17: OTHER DISCLOSURES AS REQUIRED BY REPORTING GUIDELINES

	2017	2016
Payables to employers as consideration for their making payroll deductions of membership subscriptions	-	-
Payables in respect of legal costs related to litigation or other legal matters	-	-
The operation of a fund or account in respect of compulsory levies or voluntary contributions	-	-
The investment of monies from compulsory levies or voluntary contributions	-	-
The operation of any fund or account (other than the General Fund) required by the rules of the organisation	-	-
The transfer to or withdrawal from any special purpose fund, account or controlled	-	-
	-	-
Assets or liabilities acquired as part of an amalgamation, restructure, determination of change in reporting unit by General Manager under s245 or a revocation by General Manager under s249		

Mitchell & Partners
CHARTERED ACCOUNTANTS

Independent Audit Report to the Members of Building Services Contractors Association of Australia NSW Division

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Building Services Contractors Association of Australia NSW Division (the Reporting Unit), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Building Services Contractors Association of Australia NSW Division as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and
b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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Suite 3, Level 2 | 66 Clarence Street Sydney | NSW 2000 Australia | TELEPHONE: 02 9392 8686 | FACSIMILE: 02 9299 8195 | EMAIL: reception@mitchellpartners.com.au

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 Committee of Management is responsible for assessing the Reporting Unit'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 Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee 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 Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an auditor registered under the RO Act.

Mitchell & Partners

Bun Kiem Lee
Partner

Sydney, NSW
26 October 2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2018/9