Australian Consumers' Association

ABN: 72 000 281 925

Financial Report

For the year ended 30 June 2019

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AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

DIRECTORS' REPORT

The Directors present their report together with the financial report of Australian Consumers' Association (the "Company") for the year ended 30 June 2019 and the independent auditor's report thereon.

Directors names

The names of the Directors in office at any time during or since the end of the year are:

Sandra Davey

William Davidson

Fiona Guthrie

Ben Heuston [Appointed 29 November 2018]

Alexandra Kelly

Ben Naparstek [Appointed 8 October 2018]

Ben Slade [Term ended 29 November 2018]

Robert Southerton

Anita Tang

Helen Wiseman

Jennifer Zanich

Directors were in office for the entire year unless otherwise stated.

Meetings of directors

Directors	Board meetings		Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sandra Davey	6	6	13	13
William Davidson	6	5	10	7
Fiona Guthrie	6	6	7	6
Ben Heuston	3	2	3	3
Alexandra Kelly	6	6	6	6
Ben Naparstek	5	3	3	3
Ben Slade	3	3	1	1
Robert Southerton	6	5	12	11
Anita Tang	6	6	6	6
Helen Wiseman	6	5	10	9
Jennifer Zanich	6	6	9	9

Information on directors

Sandra Davey	Chair
Experience	Sandra is an experienced digital and internet executive and is managing director of Product Space. Her love is coaching and helping organisations streamline their digital product practices to improve agility, innovation and product success. Increasingly she works with organisations unpacking the cultural, organisational and structural issues that impact an organisation's ability to create value. Sandra's industry experience crosses telco/broadband, digital media, interactive TV, sport, libraries, industry associations and consumer advocacy. She served as a director and chair of the Australian Interactive Media Industry Association (AIMIA) during the 2000's and was one of the co-founders and inaugural directors of the Australian Domain Name Authority (auDA). For her contribution to the digital media industry, Sandra was inducted into AIMIA's Hall of Fame in 2015. She joined the Board of CHOICE in 2012 and was elected Chair in 2017. She chairs the Governance and Culture Committee and Investment Committee, and is a member of the Commercial Sustainability Committee and Technology and Data Committee. Sandra also serves on the Marketing Advisory Committee to the Board of Bush Heritage Australia.
William Davidson	Deputy Chair
Experience	Bill is CEO of the Worklink Group in Tropical North Queensland. Worklink provides support services to people experiencing mental health challenges, including employment services. Bill is committed to making a difference to people's lives by creating an environment that fosters positive impact at all times. Bill was Managing Director of Australian Hearing from 2013 to 2018. For the 4 years prior to that he was Managing Director of Job Futures Limited, now known as CoAct. He has extensive experience in the delivery of contracted, outsourced services here in Australia, and overseas in the UK and South East Asia. Bill was also the interim CEO of CHOICE in 2008 whilst we sought a new CEO. Bill is passionate about finding ways to provide fair competition and deliver a better deal for the Australian consumer. Bill served on the CHOICE Board from November 2006 until August 2008. Following the appointment of Nick Stace as CEO in February 2009, Bill was co-opted onto the Board in November 2009, and then elected to the Board in November 2010. He is Deputy Chair of the Board and member of the Finance, Risk and Audit Committee, Commercial Sustainability Committee, and Impact and Engagement Committee.

Information on directors (Continued)

Fiona Guthrie AM	Director
Experience	Fiona has over 30 years' experience in consumer advocacy, including a number of years on the executive of the Consumers Federation of Australia. Her main interest has been in advocating for people on low incomes or in vulnerable circumstances to get a fair go, particularly in the financial services marketplace. For the past ten years, Fiona has been the CEO of Financial Counselling Australia, the peak body for financial counsellors. She has held directorships on Energex Retail Pty Ltd, the Insurance Ombudsman Service and the Financial Ombudsman Service, and was previously chair of ASIC's Consumer Advisory Panel. Fiona is currently a member of the ACCC's Consumer Consultative Committee, the Australian Government Financial Literacy Board and a board member of Way Forward Debt Solutions and the Queensland Competition Authority. Fiona holds a BA, LLB and MBA. Fiona was made a member of the Order of Australia in 2017 for her work in social welfare and financial counselling. Fiona joined the Board in November 2015 and is a member of the Finance, Risk and Audit Committee and Investment Committee.
Ben Heuston	Director
Experience	Ben has almost two decades' experience growing new businesses, brands and service lines inside organisations that want to innovate. Ben has headed up digital, innovation and product teams in Media at Telstra, with Australia's largest magazine company and at the 30,000 member Copyright Agency where he stood up for creators. He is a former innovation consultant. Currently, Ben is developing improved customer experiences for consumers at Westpac Bank. He has an MBA from Cranfield University in the UK, is a Chartered Marketer, has a postgraduate diploma in Government and BA/LLB degrees from the University of Sydney. Ben was appointed to the CHOICE Board in November 2018. Ben is a member of the Commercial Sustainability Committee and Technology and Data Committee.

Information on directors (Continued)

Alexandra Kelly	Director
Experience	Alexandra is Director of Casework at the Financial Rights Legal Centre, which operates the National Debt Helpline in NSW, Mob Strong Debt Help and the Insurance Law Service. She is a member of the Law Council's Australian Consumer Law Committee and is the consumer representative on the Life Insurance Code Compliance Committee. She served on the Board of the Financial Counsellors of NSW from 2009 to 2012. Alexandra has considerable experience developing consumer rights in the financial services sector through lobbying, working with regulators and government, and raising public awareness of issues in the media and through online financial literacy campaigns. She brings to the CHOICE Board high-level legal expertise, extensive sectoral knowledge, and understanding of social enterprises. Alexandra holds a Bachelor of Laws (Hons) / Bachelor of Psychology and Master of Laws. She was appointed to the Board in 2017 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.
Ben Naparstek	Director
Experience	Ben has almost a decade's experience managing cross-functional teams across content, marketing and emerging technologies. He's headed up online at SBS and served as the digital director of communications marketing firm Edelman, leading the Australian office's team of videographers, designers, UX experts, social curators, paid media specialists, programmers and producers. Ben has served as editor-in-chief of Fairfax Media's Good Weekend magazine and national current affairs magazine The Monthly. Currently, Ben is Director of Audible Originals, overseeing original documentaries, dramas and series for Audible, the Australian arm of the world's largest seller and producer of spoken word entertainment. Ben was appointed to the CHOICE Board in October 2018 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.

Information on directors (Continued)

Ben Slade	Director
Experience	Ben is Managing Principal of the NSW practice of Maurice Blackburn, a national plaintiff and union law firm, where he specialises in consumer and other class actions. Ben worked at the Redfern Legal Centre and Legal Aid NSW before joining Maurice Blackburn 19 years ago. He has spent over 35 years in the consumer movement in Australia involved in community education, consultation, media, lobbying and litigation. He has a passion for consumer rights and he recognises the need to adopt a range of strategies to achieve positive outcomes for consumers. Ben was appointed to the CHOICE Board in November 2013 and was Chair of the Campaigns and Advocacy Committee and a member of the Governance Committee until his retirement in November 2018.
Robert Southerton	Director
Experience	Robert is an experienced professional in marketing, digital, analytics and statistics. He has a broad range of experience across IT, telecommunications, finance and biotechnology industries, having worked for companies including BT Financial Group, ING Direct and Unwired. He has a strong interest in data-driven decision making, and holds qualifications in statistics and operations research. He also holds a Foundations of Directorship qualification from the AICD, gained in 2015. Robert is currently the Managing Director and co-founder of Gondwana Genomics, an Australian biotechnology start-up exporting genetic technology developed in Eucalyptus. Robert joined the CHOICE Board in September 2014, and is a member of the Finance, Risk and Audit Committee and the Governance and Culture Committee.
Anita Tang	Director
Experience	Anita has a strong background in public policy reform, having spent 12 years with the Cancer Council where she led the transformation of its advocacy work. Anita currently runs her own advocacy and campaigning consultancy working with a range of NGOs to bring about social change. Anita has also held senior roles in policy and advocacy at the Community Services Commissions and the Social Issues Committee of the NSW Legislative Council. She has completed the Leadership, Organizing and Action: Leading change program through Harvard University, as well as the Stanford Executive Program for Non-Profit Leaders. Anita has served on the Boards of the Council for Intellectual Disability NSW, the Intellectual Disability Rights Service, and the Centre for Australian Progress. She is currently Chair of the Board of Democracy in Colour, a racial justice campaigning organisation. She is a long-standing member of CHOICE and while at the Cancer Council led a number of collaborative projects with CHOICE, including campaigns against junk food advertising to children and the regulation and eventual ban of commercial solariums.

Information on directors (Continued)

Anita Tang

Experience

Anita joined the Board in March 2017 and is a member of the Commercial Sustainability Committee and Impact and Engagement Committee.

Helen Wiseman Director

Experience

Helen Wiseman is a non-executive director, professional mentor and philanthropist with over 30 years business experience across a range of sectors including technology, food, pharmaceutical, insurance, energy and not for profits. A former KPMG partner, Helen is a highly experienced audit committee chair having held this role for a number of boards.

Helen is currently a non-executive director and audit committee chair for the South African holding company of the global Bidfood foodservice business; and the privately owned Soho Flordis International, a multinational natural healthcare products business. In 2018, Helen completed the 2018 INSEAD International Directors Program.

Helen also has a deep interest in supporting children of prisoners through her role as a Patron of SHINE for Kids. She also established the By My Side sub-fund of the Sydney Community Foundation to further her philanthropic support in this area.

Helen joined the CHOICE Board in November 2014 and is Chair of the Finance, Risk and Audit Committee and a member of the Investment Committee.

Jennifer Zanich Director

Experience

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Jennifer spent 10 years in San Francisco, where she successfully started and funded several companies including one of the first programmatic ad networks, SeeSaw Networks and Xumii, a pioneer in mobile messaging (later acquired by Myriad Group), and was CEO of Wedgetail Communications, an enterprise security company. She is also experienced in corporate operations, strategy and marketing, having spent eight years as Microsoft's Marketing Director in Australia and Asia Pacific. Jennifer has created and delivered 12 products into international markets.

Currently, Jennifer is using her experience and skills to give back to the next generation of Entrepreneurs with her work at UNSW where she is raising a Fund to invest in university led startups, creating an Angel Investment Group and developing an entrepreneurial ecosystem.

Jennifer is a strong advocate for the start-up community in Australia and is a member and participant in many committees and think tanks. Jennifer is sought after as a speaker on entrepreneurship and females in innovation.

Information on directors (Continued)

Jennifer Zanich

Experience	Jennifer has more than 18 years' experience as a non-executive director and is a graduate of the Australian Institute of Company Directors. Jennifer also serves on the board of Jobhawk and as an advisor to Bullpen Capital, a US Venture Capital company. Jennifer was appointed to the Board of CHOICE in 2015 and is Chair of the Commercial Sustainability Committee and a member of the Investment Committee.

Company Particulars

The Australian Consumers' Association (trading as CHOICE) is incorporated in Australia. The address of the registered office and principal place of business is:

57 Carrington Road

MARRICKVILLE NSW 2204

Principal activities

The principal activities of the Company during the financial year were the dissemination of consumer information to the general public and members of the Company through our website and publications, and advocacy on issues of importance to Australian consumers.

Company Purpose

Recognising the inequality in bargaining power between consumers and businesses, the overall purpose of the company is to work for fair, just and safe markets that meet the needs of Australian consumers.

DIRECTORS' REPORT

Short-term and long-term objectives and strategies

The Board adopted a new three-year strategy from 1 July 2018, with three key priorities for increasing CHOICE's impact and sustainability:

1. Increase the power of consumers
2. Engage more people
3. Grow our revenue

To support these goals, we continued the deep investment in organisational transformation commenced in 2016-17, to ensure that CHOICE has the capabilities required to help consumers in complex markets that are increasingly dominated by large global firms. This included in investment in rebuilding choice.com.au, continued modernisation of the technology platforms that we use to connect to consumers and testing of new business models for assisting consumers.

In 2018-19, this investment helped us to drive strong results across the three key areas of our strategy.

Increase the power of consumers

We aim to increase the power of consumers by working with them to drive reforms to the law and business practices. CHOICE played an important role in securing changes for consumers in 2018-19. These included:

- new default prices in the electricity market that will stop millions of consumers from being ripped off by confusing pricing;
- increased penalties for banks and other companies that break consumer laws;
- new laws on superannuation to crack down on underperforming funds and improve insurance within super; and
- federal laws that require gift cards to last for at least three years.

We also worked closely with colleagues in the consumer movement to secure stronger powers for the Australian Securities and Investments Commission, funding for a specialist superannuation consumer centre based at CHOICE and stronger rights for tenants in Victoria.

We saw some of our complaints from previous years lead to enforcement action, with Jetstar fined $1.95M for misleading customers about their refund rights, and Pental fined $700K for misleading claims about White King 'flushable' wipes.

Finally, our work through 2018-19 helped to lay the groundwork for future reform. This included our work on the Banking Royal Commission, which backed our calls for stronger professional obligations for mortgage brokers, power for the Australian Securities and Investments Commission to enforce industry codes and a compensation scheme for people who have lost money through poor advice and misconduct. We expect these reforms to be legislated within the next two years.

Engage more people

Key to our sustainability and impact is our ability to attract large audiences of people to choice.com.au so that we can assist them, encourage them to support our campaigns and introduce them to CHOICE membership.

At the start of 2018-19 we were facing a year-on-year decline in the number of visitors to choice.com.au. In response, we invested in a number of changes to our editorial teams. These changes allowed us to establish a new team focussed on growing our online audiences through producing content that is engaging and shareable online. We also established an investigations team, to rebuild CHOICE's reputation as a source of important investigative journalism on issues that matter to consumers. By the end of the year, our investigation into online retailer Kogan had helped to drive a change in its terms and conditions, our investigations of unsafe goods had supported our calls for stronger product safety laws and the first part of our major investigation into the funeral industry was driving new conversations about the way this industry exploits vulnerable consumers.

We continued our investment in growing a community of online campaign supporters. This community, which is made up of people who are willing to work with us to help win reforms, grew by 11% in 2018-19, to 201,000 people by 30 June. During the year, supporters took an increasingly creative and sophisticated range of actions, including sending handwritten letters to ministers, sending us copies of letters they had received from health funds, taking photos of inadequate unit pricing and making phone calls to politicians.

Recognising the importance of a good experience for the over 1 million consumers who visit us online every month, we rebuilt choice.com.au to make it faster and easier to use on mobile devices. Whereas a project of this size might previously have been outsourced, our investment in recent years in building a strong digital team allowed us to undertake this in-house. This gave us greater control over the quality of the work and meant that we retained the ability to make ongoing improvements after the project ended. As well as improving the tools that consumers use, we improved back-end infrastructure, to ensure that the website is faster, more reliable and secure.

The investment in these changes helped us to begin growing our audience year-on-year by June 2019, providing a solid foundation for further improvement in 2019-20.

Grow our revenue

Our strategies for growing revenue involved testing new business models for assisting consumers, while improving the sustainability of our established sources of revenue.

Through 2018-19, we tested a new way to help consumers in the retail electricity market - *Transformer*. This service scanned consumers' bills, matched them to the best offer on the market and then took care of the process of switching to a new provider in exchange for a $99 fee. While over 2,500 consumers signed up for the service, we made the decision to shut it down before it was able to demonstrate profitability, after the New South Wales government introduced a free service along similar lines. Some of the benefits of Transformer live on, for the customers who we helped to save a total of $1.68M by switching to better deals, and for residents of New South Wales, who may not have had a free service were it not for the innovative model provided by Transformer. The data we gained from Transformer also supported our successful calls for better default electricity prices, which will benefit consumers in all states where there is retail competition.

Short-term and long-term objectives and strategies (continued)

Grow our revenue (continued)

We achieved revenue growth in each of our established business models. Our first price rise in over four years supported modest growth in membership revenue, although the number of members fell slightly. The price change only applied to quarterly memberships. We left the price of one- and two-year memberships unchanged and a greater proportion of members took out these options because of the value they offered. This shift towards longer-term memberships will help us to maintain financial stability over time.

Revenue from our CHOICE Recommended scheme grew by 12% as we expanded into new areas of interest to consumers. This was despite the fact that we turned down some licensing opportunities on a matter of principle, because we did not want to be associated with businesses that treat their customers poorly, as highlighted by the Banking Royal Commission.

We also enjoyed modest growth in revenue from testing for external clients, including manufacturers, government agencies and our sister organisation, Consumer New Zealand. This revenue helps to support the ongoing operation of our laboratories to test products for consumers.

Performance measures

Consistent with the key areas of our strategy, we measure our performance through:

- the number of meaningful wins that we achieve for consumers
- the number of consumers helped to make decisions through our tools and services
- the number of people connected to CHOICE through our digital channels
- growth in total revenue.

The Board sets annual targets for each area and monitors performance through the year.

Review of financial operations and results

We entered 2018-19 in a strong financial position, with $10.24M in cash and term deposits as well as a substantial property asset in the form of CHOICE’s headquarters in Marrickville.

Most of our cash had been built up over five successive years of above budget surpluses in the period to 2015-16. The total value of these surpluses was $6.31M (excluding the impact of the travel grant noted below). Given the rapid changes in the way that consumers engage with CHOICE, the Board recognised the need to make some strong strategic investments to support our future sustainability. These investments, which have taken the form of planned deficits totalling $3.26M over the past three years (excluding expenditure related to the travel grant), have allowed us to build CHOICE’s profile as a campaigning organisation, invest in technology that will support future growth, and develop our own in-house capability to build and improve digital tools to help consumers. It has also helped us to grow our annual revenue, which has increased by $2.36M or 12.9% over the past three years.

Our revenue in 2018-19 increased by 3.5% to $20.72M, fuelled by a 0.7% increase in membership revenue and a 15.8% increase in revenue from other sources, including the CHOICE Recommended licensing scheme, Transformer and product testing services. Total non-membership revenue accounted for 21.1% of total revenue, up from 18.9% the previous year. This is in line with our strategy to diversify our revenue sources so that we are less exposed to fluctuations in membership revenue.

Review of financial operations and results (continued)

As explained in note 1(c), we have updated the categories of operating expenditure in the Statement of Profit or Loss on page 14 so that they better represent the way that CHOICE's functions are performed as we deliver our strategic initiatives. Prior year figures have been updated to provide accurate year-on-year comparison. These show that consistent with the financial strategy approved by the Board, operating expenditure (excluding cost of sales) increased by 2% to $20.79M. The key areas of year-on-year increases were digital product development and innovation expenses.

Our investment in digital product development focused on improvements to choice.com.au - the way that most consumers engage with us - as well as enhancements to our technology and data platforms, so that they are more flexible and able to support future innovation. Some of these changes also delivered significant savings in recurrent operating costs - especially in the area of information technology.

Our investment in innovation allowed us to continue to test new ways of assisting consumers in complex markets, including the Transformer energy switching service. While this showed early promise, attracting over 2,500 paying customers in the first six months, the introduction of a free service by the New South Wales Government in November 2018 significantly reduced the potential market for Transformer, resulting in our decision to shut it down. This resulted in a net operating loss for Transformer of $0.72M, which is incorporated in the overall deficit. While the Board held high hopes for this service given the strong consumer need for assistance in the energy market, we recognise that it is in the nature of innovation expenditure that not all ideas will succeed, and that the benefits are sometimes non-financial. The establishment of a free service by New South Wales government was a great outcome for consumers that may not have occurred without the example provided by Transformer. CHOICE gained valuable knowledge in energy pricing, marketing, customer service operations and commercial partnerships that will be invaluable as we test other ideas.

$251K (1.3%) of operating expenditure was on activities to help consumers in the travel market, funded by a multi-year grant provided in 2014-15. While the income from that grant was recognised in full when it was received, the expenditure is recognised in each subsequent year (see note 21).

We ended the year with a planned deficit of $1.78M, of which $0.25M was due to expenditure funded by the travel grant and $1.53M was from operating activities. The total deficit decreased by 10.4% year-on-year, reflecting the fact that although expenses grew, revenue grew by a greater amount. This was consistent with the financial strategy approved and monitored by the Board. We have budgeted for a significantly lower deficit in 2019-20, as we continue to target investment at areas that have demonstrated the greatest potential for growing our revenue and impact.

Despite our deficit, over $1M growth in deferred revenue meant that our cash and investments balance reduced by only $609K, leaving us with $9.63M in cash and term deposits as at 30 June. This is a strong financial position, with a significant buffer over the cash reserves floor set by the Board.

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

DIRECTORS' REPORT

Likely developments and expected results of operations

The Company expects to maintain the present status and level of operations.

Members Liability

The company is incorporated under the *Corporations Act 2001 (Cth)* and is a company limited by guarantee.

If the company is wound up, the company's constitution states that each voting member of the company is required to contribute to a maximum of $1 each towards meeting any liabilities of the company. As at 30 June 2019 the number of voting members was 5,806 (2018: 5,444).

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 15 of the financial report.

This report is made in accordance with a resolution of directors.

Events subsequent to the end of the financial year

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

Signed on behalf of the board of directors.

Director: ______________________
Sandra Davey

Director: ______________________
William Davidson

Dated this 30th day of September 2019

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Australian Consumers' Association for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Melissa Alexander

M A ALEXANDER
Partner

PITCHER PARTNERS
Sydney

30 September 2019

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue and other income			
Revenue from contracts with customers	2	20,270,643	19,582,832
Other income	3	447,234	427,747
Cost of sales		(1,715,512)	(1,614,318)
Gross profit		19,002,365	18,396,261
Less: expenses			
Technical and consumer research expenses		(3,579,438)	(3,909,269)
Editorial content		(1,970,874)	(2,094,619)
Digital product development		(2,794,677)	(2,587,225)
Data & technology		(1,394,347)	(1,073,912)
Marketing		(1,973,672)	(2,280,607)
Subscriptions and customer services expenses		(551,809)	(501,661)
General and administrative expenses		(3,042,268)	(3,020,636)
Campaigns and communications expenses		(1,493,553)	(1,593,731)
Innovation expenses		(2,338,318)	(1,215,275)
Depreciation and amortisation expenses		(1,067,768)	(951,629)
Facility and other operating expenses		(328,534)	(497,189)
Travel Hub project	21	(250,690)	(661,081)
Total operating expenses		(20,785,948)	(20,386,834)
Income tax expense	1 (n)	-	-
Deficit for the year		(1,783,583)	(1,990,573)
Other comprehensive income for the year		-	-
Total comprehensive loss attributable to the members of the entity		(1,783,583)	(1,990,573)

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	5	2,085,988	3,377,455
Other financial assets	6	7,541,499	6,858,895
Trade and other receivables	7	769,707	404,809
Inventories	8	1,824	6,401
Other assets	9	644,939	608,341
Total current assets		11,043,957	11,255,901
Non-current assets			
Intangible assets	10	1,199,121	1,787,908
Property, plant and equipment	11	8,993,223	9,278,576
Total non-current assets		10,192,344	11,066,484
Total assets		21,236,301	22,322,385
Current liabilities			
Trade and other payables	12	2,097,881	2,366,541
Deferred revenue	13	5,596,927	4,588,581
Provisions	14	495,945	607,618
Total current liabilities		8,190,753	7,562,740
Non-current liabilities			
Deferred revenue	13	227,907	209,400
Provisions	14	132,988	82,009
Total non-current liabilities		360,895	291,409
Total liabilities		8,551,648	7,854,149
Net assets		12,684,653	14,468,236
Equity			
Accumulated surplus		12,684,653	14,468,236
Total equity		12,684,653	14,468,236

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus $	Total equity $
Balance as at 1 July 2017	16,458,809	16,458,809
Deficit attributable to members	(1,990,573)	(1,990,573)
Total comprehensive income for the year	(1,990,573)	(1,990,573)
Balance as at 30 June 2018	14,468,236	14,468,236
Balance as at 1 July 2018	14,468,236	14,468,236
Deficit attributable to members	(1,783,583)	(1,783,583)
Total comprehensive income for the year	(1,783,583)	(1,783,583)
Balance as at 30 June 2019	12,684,653	12,684,653

The accompanying notes form part of these financial statements.

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash receipts from customers		23,270,718	22,298,458
Payments to suppliers and employees		(23,578,527)	(22,277,106)
Net cash (used in) / provided by operating activities		(307,809)	21,352
Cash flows from investing activities			
Interest received		191,584	211,797
Payments for property, plant and equipment		(328,500)	(324,706)
Payments for intangible assets		(164,138)	(826,872)
Net (payments for) / proceeds from term deposits		(682,604)	1,402,430
Net cash (used in) / provided by investing activities		(983,658)	462,649
Reconciliation of cash and cash equivalents			
Cash at beginning of the financial year		3,377,455	2,893,454
Net (decrease) / increase in cash held		(1,291,467)	484,001
Cash and cash equivalents at end of financial year	5	2,085,988	3,377,455

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) New and revised accounting standards effective at 30 June 2019

AASB 9 contains requirements in relation to the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 Financial Instruments Recognition and Measurement. Under the new requirements four categories of financial assets are replaced with three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The company has not been impacted by the change in categories and continues to recognise its trade receivables and other financial assets, being term deposits, at amortised cost.

A new impairment model, the expected credit loss model, applies to those financial assets at amortised cost. The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure this trade and other receivables have been grouped based on due date. As the settlement period is short the counterparties do not present any credit risks. This change of impairment model does not have a material impact on the company.

Further details of the company's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in note 1(i).

(b) Basis of preparation of the financial report

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of select non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the directors of the company on 30 September 2019.

(c) Comparative numbers

The allocation of expenditure to functions in the Statement of Profit or Loss and Other Comprehensive Income has been updated during 2019 to better reflect the true cost of each function and reallocate balances included in General and Administration expenditure. The comparative numbers have been reallocated accordingly to ensure consistency. There is no impact on the result for the year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue

The company derives revenue from sale of goods, rendering of a service, grants, interest and other revenue. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the sale of goods is recognised upon payment of the sales order or invoices.

Revenue from rendering of a service is recognised upon delivery of the service to customers.

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Interest revenue is recognised as interest accrues.

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

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

(e) 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 classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 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 12 months after the reporting period.

All other assets are classified as non-current.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A liability is classified as current when:

- it is either expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(g) Property, plant and equipment

Each class of property, plant and equipment is measured at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Freehold Property

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates
Buildings	2-20%
Plant and equipment	5-33.3%
Motor vehicles	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each asset class' carrying amount is written down immediately to its recoverable amount if the class' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

(h) Intangible assets

Intangible assets are initially recognised at cost. They have a finite life and are carried at cost less any accumulated amortisation or impairment losses. Intangibles have a useful life of 3-5 years and are assessed annually for impairment.

(i) Impairment of assets

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Accounting Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets, being term deposits, are recognised by the company are subsequently measured in their entirety at amortised cost.

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

(k) Employee benefits

(i) Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (Continued)

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings within short-term borrowings in the current liabilities in the statement of financial position.

(m) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables and payables in the statement of financial position.

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.

(n) Income tax

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

(o) Provisions

Provisions are recognised when the entity 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

	2019 $	2018 $
NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from sale of goods	5,411,876	5,716,608
Revenue from provision of services	14,858,767	13,866,224
	20,270,643	19,582,832
NOTE 3: OTHER INCOME		
Interest income	191,584	211,797
Rental income	166,573	160,450
Grant income	-	54,000
Others	89,077	1,500
	447,234	427,747

NOTE 4: DEFICIT FOR THE YEAR

The result for the year includes the following specific expenses:

	2019 $	2018 $
Employee benefits expense		
- Contributions to defined contribution superannuation funds	1,168,134	1,191,532
- Salaries excluding contributions to defined contribution superannuation funds	12,749,278	12,628,914
Total employee benefits	13,917,412	13,820,446
Depreciation and amortisation		
- Land and buildings	288,886	272,220
- Plant and equipment	274,353	313,407
- Intangible assets	504,529	366,002
Total depreciation and amortisation	1,067,768	951,629
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	1,252	2,600
Cash at bank	2,084,736	3,374,855
	2,085,988	3,377,455
NOTE 6: OTHER FINANCIAL ASSETS		
Short term deposits with maturity dates of 3-12 months	7,541,499	6,858,895

	2019 $	2018 $
NOTE 7: TRADE AND OTHER RECEIVABLES		
CURRENT		
Receivables from contracts with customers	742,432	380,031
Other receivables	27,275	24,778
	769,707	404,809
NOTE 8: INVENTORIES		
CURRENT		
Inventories at cost	1,824	6,401
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	619,011	608,341
Accrued income	25,928	-
	644,939	608,341
NOTE 10: INTANGIBLE ASSETS		
Website development & work in progress at cost	2,355,840	2,487,448
Less: Accumulated amortisation	(1,192,945)	(759,379)
	1,162,895	1,728,069
Database management at cost	190,679	190,679
Less: Accumulated amortisation	(154,453)	(132,184)
	36,226	58,495
Computer software at cost	3,817,502	3,819,806
Less: Accumulated amortisation	(3,817,502)	(3,818,462)
	-	1,344
Phone applications at cost	-	83,475
Less: Accumulated amortisation	-	(83,475)
	-	-
Total intangible assets	1,199,121	1,787,908

	2019 $	2018 $

NOTE 10: INTANGIBLE ASSETS (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2019 $	2018 $
Website development & work in progress		
Opening balance	1,728,069	1,519,456
Additions	164,138	826,872
Write-offs	(193,547)	(43,375)
Amortisation charge	(481,953)	(286,054)
Reclassification to property, plant & equipment	(53,812)	(288,830)
Closing balance	1,162,895	1,728,069
Database management		
Opening balance	58,495	80,765
Amortisation charge	(22,269)	(22,270)
Closing balance	36,226	58,495
Computer software		
Opening balance	1,344	1,805
Disposals	(1,037)	-
Amortisation charge	(307)	(461)
Closing balance	-	1,344
Phone applications		
Opening balance	-	145,392
Write-offs	-	(88,175)
Amortisation charge	-	(57,217)
Closing balance	-	-

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Land and Buildings

	2019 $	2018 $
Freehold land at deemed cost	1,400,000	1,400,000
Buildings at deemed cost	9,168,983	9,027,401
Less: accumulated depreciation	(2,500,409)	(2,211,523)
	6,668,574	6,815,878

	2019 $	2018 $

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Plant and equipment		
Plant and equipment at cost	4,520,282	4,383,978
Less: accumulated depreciation	(3,595,633)	(3,321,280)
	924,649	1,062,698
Total property, plant and equipment	8,993,223	9,278,576

(a) Reconciliations

Movement in Carrying Amounts:
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year. Depreciation on motor vehicles is not expensed through the statement of profit or loss and other comprehensive income as it is included in the salary sacrifice arrangements of individual employees.

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Freehold land and buildings		
Opening carrying amount	8,215,878	8,247,920
Additions	98,800	92,744
Disposals	-	(20,239)
Depreciation expense	(288,886)	(272,220)
Reclassification of assets from Intangible Assets	42,782	167,673
Closing carrying amount	8,068,574	8,215,878
Plant and equipment		
Opening carrying amount	1,062,698	1,044,760
Additions	229,700	231,962
Disposals	(104,425)	(21,774)
Depreciation expense	(274,353)	(313,407)
Reclassification of assets from Intangible Assets	11,030	121,157
Closing carrying amount	924,650	1,062,698

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	286,563	486,780
Other current payables	1,811,318	1,879,761
	2,097,881	2,366,541

	2019 $	2018 $
NOTE 13: DEFERRED REVENUE		
CURRENT		
Deferred revenue from provision of services	5,596,927	4,588,581
	5,596,927	4,588,581
NON-CURRENT		
Deferred revenue from provision of services	227,907	209,400
NOTE 14: PROVISIONS		
CURRENT		
Long service leave	495,945	607,618
NON-CURRENT		
Long service leave	132,988	82,009
Total Provisions	628,933	689,627

(a) Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j).

Movements in Carrying Amounts:	**Long service leave $**	**Total $**
Carrying amount at beginning of the year	689,627	689,627
Additional provisions raised during the year	120,932	120,932
Amounts used	(181,626)	(181,626)
Carrying amount at end of the year	628,933	628,933

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 30 June 2019 (30 June 2018: None).

	2019	2018
	$	$

NOTE 16: EVENTS AFTER THE END OF THE REPORTING PERIOD

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2019, of the company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2019, of the company.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2019	2018
Key Management Personnel Compensation	1,631,869	1,577,696

NOTE 18: RELATED PARTY TRANSACTIONS

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

There were no related party transactions during the year.

NOTE 19: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, credit card facilities and accounts receivable and payable. The Company does not have any derivative instruments at 30 June 2019.

Financial assets designated at fair value through profit or loss
Financial liabilities designated at fair value through profit or loss

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2019	2018
Financial assets		
- Cash and cash equivalents	2,085,988	3,377,455
- Other financial assets	7,541,499	6,858,895
- Trade and other receivables	769,311	404,809
Total financial assets	10,396,798	10,641,159
Financial liabilities		
- Trade and other payables	1,847,192	2,366,542
Total financial liabilities	1,847,192	2,366,542

	2019	2018
	$	$

NOTE 20: CAPITAL AND LEASING COMMITMENTS

Capital Commitments
As at the time of signing the accounts the company had no financial commitments for any capital expenditure (2018: $Nil).

Lease Commitments
The company has no operating or finance lease commitments at 30 June 2019 (2018: $Nil).

NOTE 21: TRAVEL HUB FUNDING DISBURSEMENT

	2019 $	2018 $
Funding		
Grant receipt	-	-
Funding Opening Balance	791,170	1,452,251
Expenses		
Phase 3 - quantitative research	-	22,250
Project manager	955	7,767
Travel Insurance Selector Tool	15,000	46,654
Content creation and publishing	94,037	95,549
Digital producer	4,526	52,443
Creation of digital assets	-	124,444
SEM and promoted content	80,417	201,155
Marketing manager	4,583	1,341
Travel and accommodation	4,475	2,106
Policy and project officer	44,697	101,075
Other	2,000	6,297
Total Expenses	250,690	661,081
Funding Closing Balance	540,480	791,170

The company received a one-off grant of $2.8M in the financial year ended 30 June 2015. This grant was to be used over a four and a half year term ending in January 2019 to better provide information, tools and advice to Australian consumers in the travel market. Against this grant, the company has spent $250,690 in this financial year to meet its objectives pursuant to the grant. This is now the fourth year of the agreement and the company has spent a total of $2,258,950 over the term, resulting in a funding balance of $540,480. The grant period has been extended and the company expects the project to run until 2021.

AUSTRALIAN CONSUMERS' ASSOCIATION
ABN: 72 000 281 925

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 16 - 32, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

   (b) giving a true and fair view of the financial position as at 30 June 2019 and performance for the year ended on that date of the company.

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

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

Director: ______________________
Sandra Davey

Director: ______________________
William Davidson

Dated this 30th day of September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION
ABN 72 000 281 925

Report on the Financial Report

Opinion

We have audited the financial report of Australian Consumers' Association ("the Company"), a company limited by guarantee, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Company.

In our opinion, the accompanying financial report of Australian Consumers' Association is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 Company or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Melissa Alexander

M A ALEXANDER
Partner

Pitcher Partners

PITCHER PARTNERS
Sydney

30 September 2019