Australian Consumers' Association

(a company limited by guarantee)

A.B.N. 72 000 281 925

Financial Report for the Year Ended

30 June 2018

Australian Consumers' Association
ABN: 72 000 281 925

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Australian Consumers' Association
ABN: 72 000 281 925
Directors' Report
For the year ended 30 June 2018

The Directors present their report together with the financial report of Australian Consumers' Association (the "Company") for the year ended 30 June 2018 and the independent auditor's report thereon.

Directors
The names of Directors in office during the financial year and at the date of this report and meetings attended during the year are as follows:

Director	Date appointed	Date of cessation	Board Meetings		Committee Meetings	
			No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Sandra Davey			5	4	13	13
William Davidson			5	5	12	10
Fiona Guthrie			5	5	11	5
Alexandra Kelly	27/11/2017		2	2	6	4
Nicole Rich		27/11/2017	3	3	0	0
Ben Slade			5	5	9	8
Robert Southerton			5	5	16	14
Anita Tang			5	5	8	6
Helen Wiseman			5	5	9	9
Jennifer Zanich			5	5	14	13

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

Qualifications, Experience and Special Responsibilities of Directors

Sandra Davey - Chair

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 Committee and Investment Committee, and is a member of the Business Innovation Committee. Sandra also serves on the Marketing Advisory Committee to the Board of Bush Heritage Australia.

Directors' Report

For the year ended 30 June 2018

William Davidson

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 & Audit and Business Innovation Committees.

Fiona Guthrie AM

Fiona has 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 nine 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, ASIC's External Advisory Panel and the Australian Government Financial Literacy Board. Fiona holds a B.A., LLB and M.B.A.

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 Campaigns & Advocacy and Finance, Risk & Audit Committees.

Alexandra Kelly (from November 2017)

Alexandra is Principal Solicitor at the Financial Rights Legal Centre, which operates the National Debt Helpline, 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 Campaigns & Advocacy Committee.

Nicole Rich (retired November 2017)

Nicole is Executive Director - Family, Youth and Children's Law at Victoria Legal Aid and was previously its Director - Research and Communications. She has considerable experience developing legal research and policy and leading consumer campaigns, including most recently as Director – Policy and Campaigns at the Consumer Action Law Centre from 2007 to 2011. Nicole has practised in the private profession and in community legal centres. Nicole is committed to ensuring that the consumer interest is represented in policy debates and that consumers, particularly disadvantaged or vulnerable consumers, are given a voice on issues that affect them. Nicole holds a BA along with LLB (Honours).

Nicole was appointed to the CHOICE Board in 2008. Nicole was Chair of the Board and Chair of the Governance Committee until her retirement in November 2017.

Ben Slade

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 18 years ago. He has spent over 34 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 is Chair of the Campaigns & Advocacy Committee and a member of the Governance Committee.

Robert Southerton

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 Business Innovation, Finance, Risk & Audit and Governance Committees.

Anita Tang

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 and the Intellectual Disability Rights Service. She currently serves on the Centre for Australian Progress Board.

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.

Anita joined the Board in March 2017 and is a member of the Campaigns & Advocacy and the Business Innovation Committees

Helen Wiseman

Helen is a Chartered Accountant, businesswoman and former KPMG tax partner with over 30 years business experience across a range of industries including manufacturing, distribution, foodservice, insurance, energy and natural resources.

She is currently a founding director of Imalia, a for-purpose business established to empower women financially. Helen has 14 years of board directorship and audit committee experience on a number of not-for-profit and corporate boards, including Bidfood where she chairs the Audit and Risk Committee.

She is also the Patron for SHINE for Kids and a professional mentor through The Executive Connection. Helen has a strong interest in seeing women are adequately represented in consumer advocacy.

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

Jennifer Zanich

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Jennifer spent 10 years in the US where she successfully started and funded several companies including SeeSaw Networks and Xumii (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 Founder Fund to invest in university led startups, creating an Angel Investment Group and developing an entrepreneurial ecosystem.

Jennifer has more than 18 years as a non-executive director and is a graduate of the Australian Institute of Company Directors.

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.

Jennifer was appointed to the Board of CHOICE in 2015 and is Chair of the Business Innovation Committee and a member of Campaigns & Advocacy Committee and Investment Committee. Jennifer also serves on the board of Jobhawk and as an advisor to Bullpen Capital, a US Venture Capital company.

Australian Consumers' Association
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Directors' Report
For the year ended 30 June 2018

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 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.

Strategy
2017-18 was the final year of a three-year strategy that aimed to improve CHOICE's impact and sustainability.

Over the life of this strategy, we have invested heavily in transforming CHOICE, so that it is better positioned to respond to changes in markets, technology and consumer needs. This is important in order to ensure that the organisation is as sustainable and relevant in the future as it has been across our first 59 years of existence. We have been able to fund this transformation by reinvesting some of the healthy cash reserves that CHOICE had accumulated over five successive years of surplus results. As reflected in these financial statements, this phase of re-investment has involved total deficits of $2.92m across 2016-17 and 2017-18, of which $1.19m was funded by a grant received in 2014-15 and $1.73m was due to operating activities.

This investment helped us to achieve significant progress against our four key strategic goals in 2017-18, positioning CHOICE for stronger future.

1. DRIVE change in areas where we can have a significant impact for consumers

CHOICE played an important role in a number of major wins for Australian consumers, some in areas that had been long-term priorities:

- **Consumer law reform:** After two years of consultations and research, the Australian Government announced major reforms to the Australian Consumer Law, including stronger penalties, a general safety provision, better product recalls and clearer rights for refunds and replacements. CHOICE was the leading voice for reform in some of these areas.
- **Credit card law reform:** New laws require banks to let people cancel credit cards online and do more to ensure that people can afford to repay their credit card.
- **Remedies for lemon vehicles:** Following CHOICE research released in 2016, the ACCC took action against major vehicle manufacturers for failing to refund consumers who had purchased 'lemon' cars and for using non-disclosure agreements to stop people speaking out.
- **Airbag recall:** CHOICE's investigation into the Takata airbag recall led to national action, with the Minister initiating Australia's first mandatory recall.

- **NSW laws on ticketing and gift cards:** NSW introduced new laws to curb high-cost ticket scalping and introduce fair expiry periods on gift cards. The gift card reforms led some major retailers to change their practices across the country.
- **Thermomix fined for misleading consumers:** After CHOICE in 2016 reported 80 case studies of people who had experienced injuries or serious problems with their Thermomix machine, the ACCC took legal action against Thermomix, which was fined $4.6 million for misleading consumers about their rights.

We made a number of submissions to the Royal Commission into Misconduct in the Banking, Insurance and Superannuation Industry, providing evidence of areas where financial institutions have engaged in misconduct or failed to live up to community expectations.

Key to our ability to achieve these changes has been the significant growth in our community of online campaign supporters, who help us by signing petitions, phoning politicians and providing case studies to demonstrate the need for reform. During 2017-18, we established a new team with specialist skills in engaging online communities to drive change and developed new online campaigning tools, to help us to attract more supporters and make it easier for them to take action. This helped us to grow this community by 61% in 2017-18, taking us to over 180,000 supporters by 30 June.

2. EXPAND through innovation to assist consumers and grow revenue outside our existing business model

Our efforts to expand through innovation are driven by our New Things team, originally established in 2015.

Recognising the high levels of consumer concern about rising electricity bills and the tricks that energy retailers use to make it almost impossible to find the best deal, the development of a new intervention to assist consumers was a major priority in 2017-18.

After earlier trials demonstrated that consumers were interested in paying for a service that would switch them to the best deal, CHOICE invested heavily in building systems to automate the processes required to support this. Called Transformer, the service scans a consumer's bill to identify their electricity consumption and current plan. It then matches this data to the range of deals available on the market, to identify the level of savings that can be realised by switching to the best deal. Consumers who wish to switch are invited to pay a fee in exchange for Transformer taking over the switching process.

Transformer began taking customers in April 2018, with the public response indicating strong consumer interest in this kind of service.

While Transformer was the major priority of our New Things team, we continued to invest in other innovations to assist consumers in a broad range of product and service markets, outside the appliance reviews for which CHOICE is traditionally known. This included further support for the CluckAR app, which helps consumers to find genuine free range eggs at the point of sale, as well as the new 'Cado' superannuation bot, which helps younger consumers to understand how to consolidate their super accounts through Facebook Messenger.

Through helping consumers in new ways, these innovations have helped to introduce CHOICE to younger generations of consumers.

3. IMPROVE and grow our existing business to improve our long-term sustainability

We continued to invest in continuous improvement to our existing business models, to provide better assistance to consumers and grow our revenue.

While CHOICE has been assisting consumers to make decisions about health insurance for decades, we have realised that in order to provide genuine assistance, we need first class digital tools. Over the past few years we have invested in two key tools:

- Do I Need Health Insurance? – a free tool that helps any consumer to decide whether it is worth considering taking out private health insurance.

- Our health insurance finder – a guided decision making tool that helps members with an online CHOICE subscription to choose the policy that is best for their needs.

These tools were original launched in 2016-17, and we invested in significant improvements to them in 2017-18. This allowed us to help members of the general public to understand the health insurance market, attract new members to CHOICE, and provide better assistance to existing members. Together, these tools helped 121,000 Australian with health insurance choices in 2017-18.

We also invested in continuous improvements to our product testing program, making household solar energy a major new priority. We renewed our solar panel testing partnership with CSIRO and produced a broader range of information to help consumers to make decisions about solar technology for their homes. We also launched a new national broadband performance testing program in partnership with Honesty Box, allowing us to publish real-world data on how the National Broadband Network (NBN) is performing in consumers' homes.

The development of in-house digital products teams over the past three years has allowed us to build a program of continuous improvements to choice.com.au, which by the end of 2017-18 was attracting almost two million visits a month. We launched a new home page that does a better job of exposing the full range of ways in which we help consumers, improved the search function so that it is easier for consumers to find what they need, and commenced a program of improvements to the way that we present information from our product testing.

This program of improvements to the core ways in which we help consumers supported the 4.5% increase in revenue outlined below, through modest growth in membership revenue and very strong growth in our CHOICE Recommended licensing scheme.

4. LIVE up to the standards we expect of others

Our strategy over the past three years has had a strong focus on our conduct as an organisation, with goals of reducing our environmental impact while increasing our positive social impact.

During 2017-18 we invested in installing solar panels on the CHOICE building in Marrickville, which helped us to achieve a 20% year on year reduction in direct carbon emissions. We also became accredited as a carbon-neutral organisation under the National Carbon Offset Standard.

Through our staff-led Social Impact Strategy saw us deepen our relationship with the Women's and Girls

Emergency Centre in inner Sydney, donating $70,000 in household goods that had been tested by CHOICE, to help clients experiencing or at risk of homelessness. We also supported staff to volunteer to improve the local environment, planting over 150 trees in the Cooks River Valley.

Our efforts to improve workforce diversity and inclusion were recognised in the Australian Human Resources Institute Awards, where we were a finalist in the award for gender equality in the workplace.

Performance measures

The Company measures its performance through a number of indicators including:

- Number of campaign supporters
- Percentage of campaign supporters who are engaged, taking two or more actions within a twelve-month period
- Number of new products and services tested or scaled
- Revenue from new products and services
- Revenue raised through membership, CHOICE Recommended licensing revenue, and external test research
- The size of monthly audience that is actively engaging with CHOICE through our digital channels.
- Net Promoter Score
- Staff engagement
- Carbon emissions

Review of financial operations and results

Significant surpluses accrued over recent years have allowed us to make deliberate investments in improving our impact and sustainability.

As a result, the Board had approved a deficit budget for 2017-18 to accelerate the pace of change to the ways the organisation helps consumers, on the basis that this was a prudent re-investment of the organisation's healthy cash reserves.

Through 2017-18, revenue increased by 4.5%, through continued growth in revenue from membership and the CHOICE Recommended licensing scheme.

Operating expenditure increased by 9.2% in line with the investments approved by the Board. This allowed us to enhance our ability to campaign for consumers, test new ways to help consumers in complex markets, and make ongoing improvements to our traditional business models, especially choice.com.au.

$661k (3.2%) of operating expenditure was on activities to help consumers in the travel market, funded by a multi-year grant that was originally provided in 2014-15. The revenue from that grant was fully recognised at the time it was received, as explained in note 20.

We ended the year with an operating deficit of $1.99m, split between $0.66m in expenditure funded by the 2014-15 travel grant and $1.33m from operating activities. This was within the deficit approved by the Board, reflecting careful financial management through the year.

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CHOICE ended the year in a strong financial position, with $10.24m in cash and term deposits. This will allow the Board to continue to support carefully managed investment in transforming the organisation over the next few years.

Events subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely development 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 public 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 a maximum of $1 each towards meeting any liabilities of the Company. As at 30 June 2018 the number of voting members was 5,444 (2017: 5,869).

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 2018 has been received and can be found on page 26 of the financial report.

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

Sandra Davey

Ms Sandra Davey
Director

8.10.18

Dated
Sydney

H Wiseman

Ms Helen Wiseman
Director

8/10/18

Dated
Sydney

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	2	19,582,832	18,746,071
Other income	2	427,747	548,803
Cost of sales		(1,614,318)	(1,557,974)
Gross profit		**18,396,261**	**17,736,900**
Technical and consumer research expenses		(4,009,666)	(3,810,916)
Editorial, website and content production expenses		(4,922,826)	(4,454,375)
Marketing, advertising and promotion expenses		(2,491,683)	(2,467,030)
Subscriptions and customer services expenses		(501,661)	(491,432)
General and administrative expenses		(3,881,482)	(3,538,253)
Campaigns and communications expenses		(1,593,731)	(1,301,168)
Innovation expenses		(1,555,248)	(1,193,290)
Other operating expenses		(769,457)	(881,597)
Travel Hub project		(661,081)	(528,526)
Total operating expenses		**(20,386,835)**	**(18,666,587)**
Income tax expense	1(n)	-	-
Deficit for the year	3	**(1,990,574)**	**(929,687)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to members of the entity		**(1,990,574)**	**(929,687)**

This statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial report.

Australian Consumers' Association

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Statement of Financial Position

For the year ended 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,377,455	2,893,454
Other financial assets	5	6,858,895	8,261,328
Trade and other receivables	6	404,809	667,912
Inventories	7	6,401	6,624
Other assets	8	608,341	539,864
TOTAL CURRENT ASSETS		**11,255,901**	**12,369,182**
NON-CURRENT ASSETS			
Intangible assets	9	1,787,908	1,747,418
Property, plant and equipment	10	9,278,576	9,292,680
TOTAL NON-CURRENT ASSETS		**11,066,484**	**11,040,098**
TOTAL ASSETS		**22,322,385**	**23,409,280**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,366,542	1,863,295
Deferred revenue	12	4,588,581	4,294,219
Provisions	13	607,618	537,612
TOTAL CURRENT LIABILITIES		**7,562,741**	**6,695,126**
NON-CURRENT LIABILITIES			
Deferred revenue	12	209,399	182,021
Provisions	13	82,009	73,323
TOTAL NON-CURRENT LIABILITIES		**291,408**	**255,344**
TOTAL LIABILITIES		**7,854,149**	**6,950,470**
NET ASSETS		**14,468,236**	**16,458,810**
EQUITY			
Accumulated surplus		14,468,236	16,458,810
TOTAL EQUITY		**14,468,236**	**16,458,810**

This statement of financial position is to be read in conjunction with the notes to the financial report.

Australian Consumers' Association

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Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		22,298,458	21,583,234
Payments to suppliers and employees		(22,277,106)	(21,175,243)
Net cash generated from operating activities		**21,352**	**407,991**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		211,797	238,271
Payment for property, plant and equipment		(324,706)	(1,205,508)
Payment for intangible assets		(826,872)	(904,338)
Net proceeds from/ (payments for) term deposits		1,402,430	(213,577)
Net cash generated from/ (used in) investing activities		**462,649**	**(2,085,152)**
Net increase/(decrease) in cash and cash equivalents held		484,001	(1,677,161)
Cash and cash equivalents at the beginning of the financial year		2,893,454	4,570,615
Cash and cash equivalents at the end of the financial year	4	**3,377,455**	**2,893,454**

This statement of cash flows is to be read in conjunction with the notes to the financial report.

Statement of Changes in Equity

For the year ended 30 June 2018

	Accumulated surplus	Total
	$	$
Balance as at 1 July 2017	16,458,810	16,458,810
Deficit attributable to members	(1,990,574)	(1,990,574)
Balance at 30 June 2018	**14,468,236**	**14,468,236**
Balance at 1 July 2016	17,388,497	17,388,497
Deficit attributable to members	(929,687)	(929,687)
Balance at 30 June 2017	**16,458,810**	**16,458,810**

This statement of changes in equity is to be read in conjunction with the notes to the financial report.

Notes to the Financial Report

For the year ended 30 June 2018

1 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, revised or amending Accounting Standards and Interpretations adopted**
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) **Basis of preparation**
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 for 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 selected 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 8 October 2018.

(c) **Revenue and other income**
Revenue from the sale of goods is recognised upon payment of the sales order or invoices.

Revenue from the 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 using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

(d) **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.

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.

(e) **Trade and other receivables**

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

(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 carried at cost or less, where applicable, any accumulated depreciation and impairment losses.

Freehold Property

Freehold land and buildings are shown at deemed cost.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and 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.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	2 - 2.5%
Plant and Equipment	5 - 33.3%
Intangibles	20 - 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's carrying amount is written down immediately to its recoverable amount if the class's 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**
At the end of each reporting period, the Company 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 profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate future cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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.

(j) **Financial instruments**

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the 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 plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:
(a) the amount at which the financial asset or financial liability is measured at initial recognition;
(b) less principal repayments;
(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that impairment has arisen.

Impairment losses are recognised in the profit or loss.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) **Employee benefits**
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

(l) **Cash and cash equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less 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 short-term borrowings in current liabilities on the statement of financial position.

(m) **Goods and services tax (GST)**
Revenues, expenses and 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 Div 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.

(p) **Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) **Critical accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1(k), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Report

For the year ended 30 June 2018

	2018	2017
2. Revenue and Other Income	**$**	**$**
Revenue		
Revenue from sale of goods	5,716,608	6,003,090
Revenue from provision of services	13,866,224	12,742,981
Total revenue	**19,582,832**	**18,746,071**
Other income		
Interest income	211,797	238,271
Rental income	160,450	154,532
Grant income	54,000	156,000
Others	1,500	-
Total other income	**427,747**	**548,803**
Total revenue and other income	**20,010,579**	**19,294,874**

3. Deficit for the Year

The result for the year includes the following specific expenses:

	2018	2017
Employee benefits expense		
- Contributions to defined contribution superannuation funds	1,191,532	989,629
- Salaries excluding contributions to defined contribution superannuation funds	12,628,914	10,650,728
Total employee benefits	**13,820,446**	**11,640,357**
Depreciation and amortisation		
- Land and buildings	272,220	254,530
- Plant and equipment	313,407	238,934
- Intangible assets	366,002	286,164
Total depreciation and amortisation	**951,629**	**779,628**

	2018	2017
4. Cash and Cash Equivalents		
Cash on hand	2,600	676
Cash at bank	3,374,855	2,892,778
	3,377,455	**2,893,454**
5. Other Financial Assets		
Short term deposits with maturity dates of 3-12 months	**6,858,895**	**8,261,328**

Notes to the Financial Report

For the year ended 30 June 2018

	2018	2017
6. Trade and Other Receivables	**$**	**$**
CURRENT		
Trade receivables	380,031	643,809
Other receivables	24,778	24,103
	404,809	**667,912**
7. Inventories		
CURRENT		
Inventories – at cost	**6,401**	**6,624**
8. Other Assets		
CURRENT		
Prepayments	**608,341**	**539,864**
9. Intangibles		
DATABASE MANAGEMENT		
At cost	190,679	182,366
Less: accumulated amortisation	(132,184)	(101,601)
	58,495	**80,765**
WEBSITE DEVELOPMENT & WORK IN PROGRESS		
At cost	2,487,448	1,992,782
Less: accumulated amortisation	(759,379)	(473,326)
	1,728,069	**1,519,456**
PHONE APPLICATIONS		
At cost	171,651	171,651
Less: accumulated amortisation	(171,651)	(26,259)
	-	**145,392**
COMPUTER SOFTWARE		
At cost	3,819,806	3,819,806
Less: accumulated amortisation	(3,818,462)	(3,818,001)
	1,344	**1,805**
	1,787,908	**1,747,418**

Notes to the Financial Report

For the year ended 30 June 2018

Movements in Carrying Amounts

	Database Management	Website Development & Work in Progress	Phone Applications	Computer Software	Total
	$	$	$	$	$
Carrying amount at the beginning of the year	**80,765**	**1,519,456**	**145,392**	**1,805**	**1,747,418**
Reclassification of assets to Property, Plant & Equipment	-	(288,830)	-	-	(288,830)
Additions	-	826,872	-	-	826,872
Write Off	-	(43,375)	(88,175)	-	(131,550)
Amortisation charge	(22,270)	(286,054)	(57,217)	(461)	(366,002)
Carrying amount at the end of the year	**58,495**	**1,728,069**	**-**	**1,344**	**1,787,908**

10. Property, Plant and Equipment	**2018 $**	**2017 $**
LAND AND BUILDINGS		
Freehold Land at deemed cost	1,400,000	1,400,000
	1,400,000	**1,400,000**
Buildings at deemed cost	9,027,401	8,787,242
Less: accumulated depreciation	(2,211,523)	(1,939,322)
	6,815,878	**6,847,920**
PLANT AND EQUIPMENT		
Plant and equipment at cost	4,383,978	4,052,634
Less: accumulated depreciation	(3,321,280)	(3,007,874)
	1,062,698	**1,044,760**
	9,278,576	**9,292,680**

Movements in Carrying Amounts:

Movement in 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 arrangement of individual employees.

Notes to the Financial Report

For the year ended 30 June 2018

	Land and Buildings	Plant and Equipment	Total
	$	$	$
Carrying amount at the beginning of the year	**8,247,920**	**1,044,760**	**9,292,680**
Disposal	(20,239)	(21,774)	(42,013)
Additions at cost	92,744	231,962	324,706
Reclassification of assets from Intangible assets	167,673	121,157	288,830
Depreciation expense	(272,220)	(313,407)	(585,627)
Carrying amount at the end of the year	**8,215,878**	**1,062,698**	**9,278,576**

	2018	2017
11. Trade and Other Payables	**$**	**$**
CURRENT		
Trade payables	486,780	72,768
Other current payables	1,879,762	1,790,527
	2,366,542	**1,863,295**
12. Deferred Revenue		
CURRENT		
Subscription revenue	3,750,799	3,377,597
CHOICE Recommended	666,765	749,125
Other revenue	171,017	167,497
	4,588,581	**4,294,219**
NON-CURRENT		
Subscription revenue	**209,399**	**182,021**
13. Provisions		
CURRENT		
Long service leave	**607,618**	**537,612**
NON-CURRENT		
Long service leave	**82,009**	**73,323**
Total Provisions	**689,627**	**610,935**

Movements in Carrying Amounts:	**Long service leave $**	**Total**
Carrying amount at the beginning of the year	**610,935**	**610,935**
Additional provisions raised during the year	115,513	115,513
Amounts used	(36,821)	(36,821)
Carrying amount at end of the year	**689,627**	**689,627**

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(k).

14. Contingent Liabilities and Contingent Assets
In the opinion of the Directors, the company did not have any contingencies at 30 June 2018 (30 June 2017: None).

15. Events after the end of the Reporting Period
There were no events subsequent to the end of the reporting period.

16. Interests of Key Management Personnel
The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2018 $	2017 $
Key Management Personnel Compensation	**1,577,696**	**1,471,874**

17. 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.

18. 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 2018.

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:

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	4	3,377,455	2,893,454
Other financial assets	5	6,858,895	8,261,328
Trade and other receivables	6	404,809	667,912
Total financial assets		**10,641,159**	**11,822,694**
Financial Liabilities			
Trade and other payables	11	2,366,542	1,863,295
Total financial liabilities		**2,366,542**	**1,863,295**

Notes to the Financial Report

For the year ended 30 June 2018

19. Capital and Lease Commitments

Capital Commitments
As at the time of signing the accounts the company had no financial commitments for any capital expenditure. (2017: $Nil).

Lease Commitments
The company has no operating or finance lease commitments at 30 June 2018 (2017: $Nil)

20. Travel Hub Funding Disbursement

The following details the expense allocation for the reporting period.

	2018	2017
Funding	**$**	**$**
Grant receipt	-	-
Funding Opening Balance	**1,452,251**	**1,980,777**
Expenses		
Phase 2 - quantitative research	-	-
Phase 3 - quantitative research	22,250	15,491
Project manager	7,767	12,386
Travel Insurance Selector Tool	46,654	-
Content creation	76,219	14,695
Content publishing	19,330	20,753
Digital producer	52,443	7,454
Creation of digital assets	124,444	9,067
SEM and promoted content	201,155	262,291
Marketing manager	1,341	556
Travel and accommodation	2,106	4,529
Policy and project officer	101,075	145,829
Other	6,297	35,475
Total Expenses	**661,081**	**528,526**
Funding Closing Balance	**791,170**	**1,452,251**

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 $661,081 in this financial year to meet its objectives pursuant to the grant. This is now the third year of the agreement and the Company has spent a total of $2,008,260 over the term, resulting in a funding balance of $791,170. The grant period has been extended and the Company expects the project to run until 2021.

Directors' Declaration

For the year ended 30 June 2018

In the directors' opinion:

1. The financial statements and notes, as set out on pages 10 to 25, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position of the company as at 30 June 2018 and of its performance for the year ended on that date.

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 H Wiseman ....
Sandra Davey Helen Wiseman

Dated 8 October 2018

AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF AUSTRALIAN CONSUMERS' ASSOCIATION
ABN 72 000 281 925

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 2018, 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

8 October 2018

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 2018, 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 2018 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 2018, 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

8 October 2018