



COMMUNITY
BROADCASTING
ASSOCIATION OF
AUSTRALIA

Financial Report

30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA
(A COMPANY LIMITED BY GUARANTEE)



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COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

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Corporate Information

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Directors	Anne Frankenberg Natalie Pozdeev Phillip Randall Peter Rohweder Tony Smythe Wayne Stamm Melanie Withnall
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Chief Executive Officer	Jon Bisset
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Company Secretary	Jessica Hermosilla
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Youth Representative	Philippa Younes
Women's Representative	Emma Hart

Registered Office and Principal Place of Business	Level 3 44-54 Botany Road Alexandria NSW 2015
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Auditors	Garcia Group Advisors Chartered Accountants
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Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

The Board of Directors of the Community Broadcasting Association of Australia (CBAA) presents their report together with the financial statements for the financial year ended 30 June 2018.

Directors' Details and Meetings

The following persons were Directors of the Community Broadcasting Association of Australia during 2017/18 or since the end of the financial year.

DIRECTOR NAME	DATE APPOINTED	DATE OF CESSATION	ATTENDANCE	
			A	B
Anne Frankenberg	5 Feb 2016	continuing	4	4
Natalie Pozdeev	17 Nov 2012	continuing	4	4
Phillip Randall	15 Nov 2008	continuing	4	4
Jacque Riddell *	21 Sep 2018	continuing	-	-
Peter Rohweder	26 Feb 2011	continuing	4	4
Tony Smythe	8 Nov 2014	continuing	4	3
Wayne Stamm	11 Nov 2016	continuing	4	4
Melanie Withnall	26 Aug 2011	20 Jul 2018	4	4

* Casual vacancy appointed

A Number of meetings the Director was entitled to attend

B Number of meetings the Director attended

Principal Activities

Founded in 1974, the Community Broadcasting Association of Australia (CBAA) is a cultural organisation, charity and the national peak body for community radio and TV stations. As at the 30 June 2018, the CBAA had 302 member organisations nationwide (2017: 291 members) representing over 88% of permanently licensed community broadcasters.

The CBAA champions community broadcasting by building stations' capability and creating a healthy environment for the sector to thrive.

The CBAA is the go-to destination for advice, knowledge and services for the community broadcasting sector. The CBAA helps to grow the capability and sustainability of stations by providing information and resources on community broadcasting matters such as financial management, compliance, online and broadcast infrastructure, content and programming, station management and community engagement.

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Principal Activities *continued*

The CBAA works to build a healthy environment in which community broadcasting can thrive by nurturing a supportive political environment, influencing public policy through leadership and research, and developing and maintaining internal and external sector relationships and networks. In particular, the CBAA proactively works with influential political stakeholders to strengthen knowledge, understanding and support of the community broadcasting sector, and to pursue policy matters that may affect stations. In this role, the CBAA also leads research for community broadcasting.

Strategic Objectives

The CBAA's strategic objectives are:

- To build a healthy environment in which community broadcasting can thrive
- To grow the capability and sustainability of stations
- To strengthen the CBAA's capacity to provide leadership

Review of Operations

During the 2017/18 financial year, the CBAA continued to grow and enhance member and sector initiatives including:

- Bringing \$12 million in extra government funding to the community radio sector through our successful sector leadership efforts. This funding is targeted to support community digital radio, enhanced news and streaming services, and enhanced training. This is in addition to the \$6 million in late 2016/17.
- Providing information and coordination to stations in Canberra, Darwin and Hobart, the first locations targeted for the roll out of DAB+ beyond the existing services in Sydney, Melbourne, Adelaide, Perth and Brisbane.
- Giving subscribing stations access to listener data through our National Listener Survey and Station Community Engagement Survey which can be used in community engagement, sponsorship sales and in the ACMA licence renewal process.
- Launching the Community Radio Station Health Check, a free service to assist stations in building best practice governance.
- Providing access to hundreds of resources in our online Resource Library, which has seen a 70% growth in traffic over the last year.
- Giving subscribing stations access to some of the sector's best program content through the Community Radio Network, including 118 regular programs and over 50 specials.
- Supporting more Australian artists to add their music to the Amrap AirIt service for distribution to community broadcasters. This included more than 1,500 new artists as well as 1,000 previously approved artists. There was also a 13% increase in the number of music files ordered for airplay, up to 126,634.

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

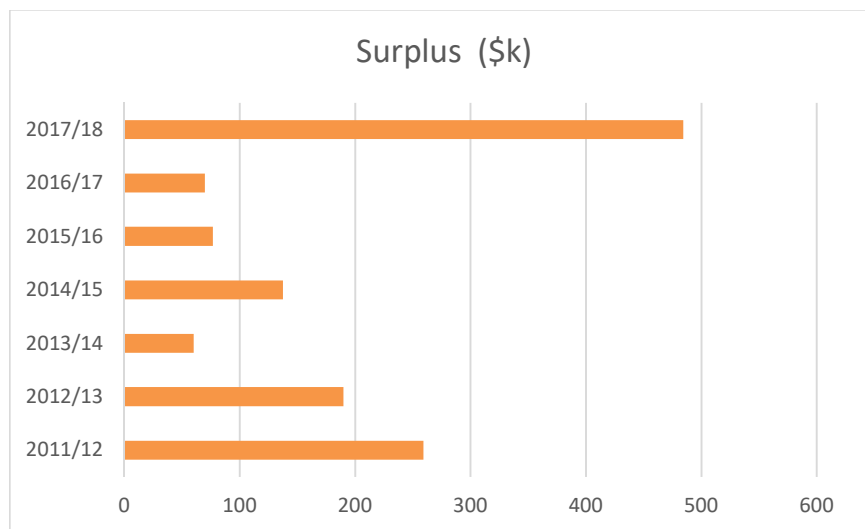
Financial Results

Building the CBAA's future sustainability continues to be a key priority for the Board, and the CBAA is committed to building a sustainable financial model, aligning the CBAA resources, structure and processes to support the organisation's strategic direction and continually building an engaged, vibrant, well-informed, effective and well-supported workforce.

In accordance with its strategy during 2017/18 the CBAA continued to generate revenue to:

- Advance the CBAA's mission
- Increase and improve services to community broadcasters; and
- Set aside additional reserves for ongoing sustainability and future sector developments.

The CBAA's operational surplus for the financial year ended 30 June 2018 was \$484,212 (2016/17: surplus \$69,914).



The operational result after transfer of funds to the Digital Radio Development Fund was a deficit of \$39,396. A further \$60,263 was also transferred from Unrestricted Funds to the Australian Music Initiatives Fund.

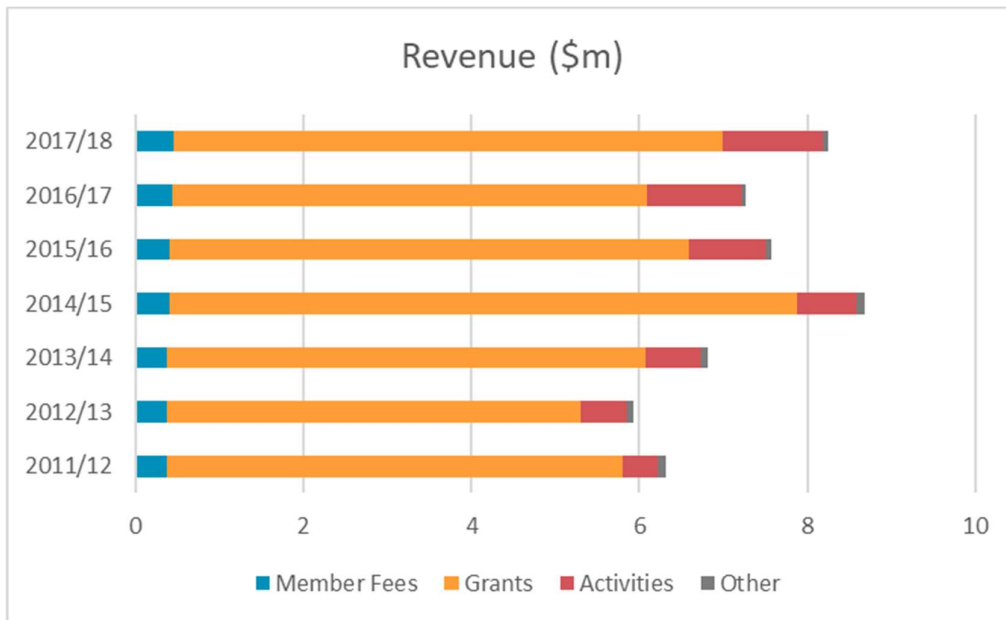
Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Financial Results *continued*

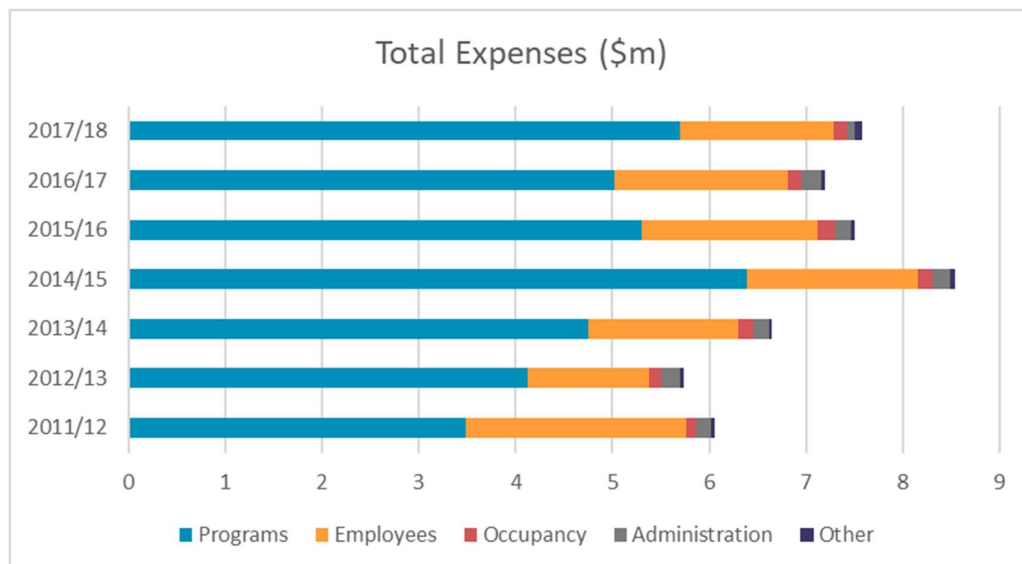
Revenue

Operating revenue increased by 13.5% over the 2017/18 financial year to \$8.25m (2017: \$7.27m).



Expenses

Operating expenses increased 7.9% from last financial year (2017: 1.1% decrease) and included activities to grow and increase member services.

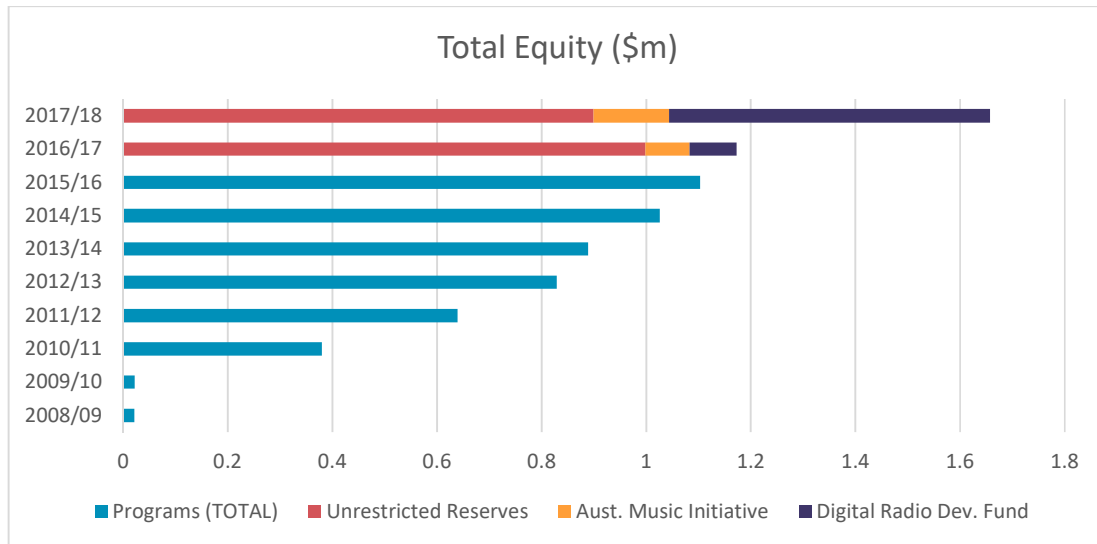


Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Review of Financial Condition

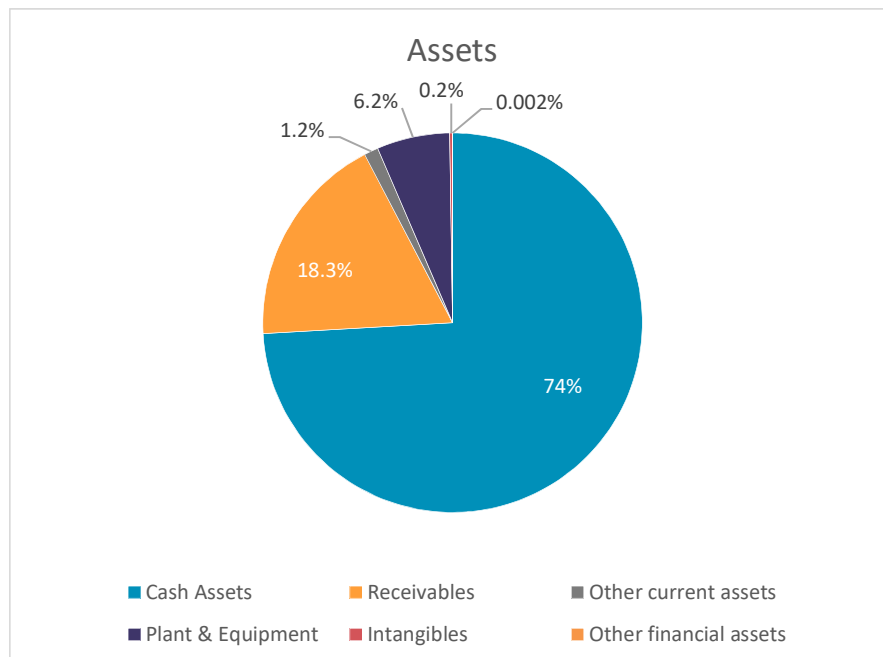
Members' Funds increased from \$1.17m to \$1.66m during the year ended 30 June 2018.



Assets

Total assets at the 30 June 2018 totalled \$5.6m, a 49.3% increase on the previous year, attributable primarily to the timing of payments required for major CBAA initiatives.

Cash assets totalled \$4.2m (2016/17: \$3m)



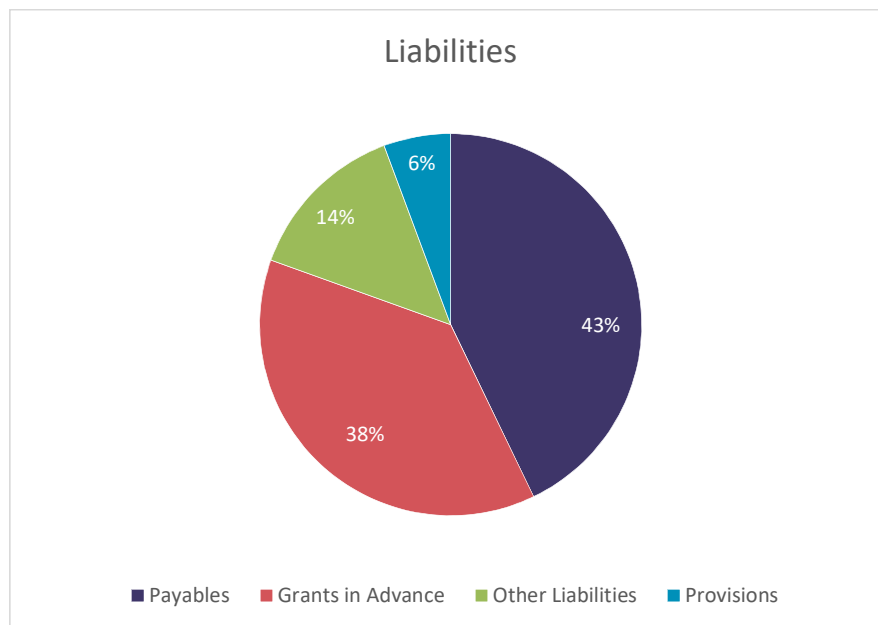
Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Review of Financial Condition *continued*

Liabilities

Total liabilities at 30 June 2018 totalled \$3.98m, a 52.9% increase on the previous year, again attributable primarily to the timing of payments required for major CBAA initiatives.



Reserves Policy

Reserves play an important role in the financial stability and long-term sustainability of an organisation. Managing reserves is an important aspect of the overall financial management – a crucial element of good charity governance.

In line with good governance and proper risk management, the CBAA Board regularly considers an appropriate level of reserves for its circumstances, as well as a strategy for building or spending its reserves in a way that is consistent with its purpose. Each year the Board considers the financial risks associated with income and expenditure streams and balance sheet items, to determine the level of reserves sufficient to protect and safeguard assets, meet liabilities as they fall due, provide resilience and capacity to manage unforeseen financial difficulties and deliver against the CBAA's strategic mission and aspirations.

The CBAA identifies reserves for future projects, programs, services or asset acquisition (Project Funds); or as a reserve in the event of future unfavourable or unexpected circumstances (Contingency Fund).

At 30 June 2018, the CBAA held \$613,600 in its Digital Radio Development Fund and \$144,545 in its Australian Music Initiatives Fund. These two funds are restricted funds that must be spent on the purposes for which they were received or held. In addition \$898,823 are held as unrestricted funds.

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the company.

Significant Events after Year End

In August 2018 the Community Broadcasting Foundation (CBF) released its findings from its investigation into the management of the Australian Music Radio Airplay Project (Amrap) initiative by the Community Broadcasting Association of Australia (CBAA).

The investigation came about following complaints raised by a former CBAA staff member in 2017 and in a public campaign in early 2018.

In summary the findings were:

- Funds provided under the CBAA Grant Agreements were used for the primary purpose of managing and further developing the Amrap initiative in accordance with the terms and conditions of those agreements;
- A review of the CBAA's budgets and financial reports did not identify anything of material concern from an accounting or audit perspective;
- No substantive inaccuracies or incompleteness was identified in respect to the progress and financial reports provided by the CBAA to the CBF; and
- There was no undisclosed inaccuracy in the CBAA's financial statements or declarations it issued to the CBF.

The allegations were taken very seriously by the CBAA's board. Stakeholders can be assured that the investigation was very thorough and the CBAA worked co-operatively at all times with the CBF during that process. The CBAA remains dedicated to Amrap and confident in our ability to deliver it effectively, as we have done for almost two decades and in the service of thousands of Australian musicians and community broadcasters.

There has not been any other matter or circumstance that has arisen in the interval between the end of the financial year and the date of this report that has significantly affected, or may significantly affect, the operations of the CBAA, the results of those operations, or the state of affairs of the company in subsequent financial years.

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Board Composition

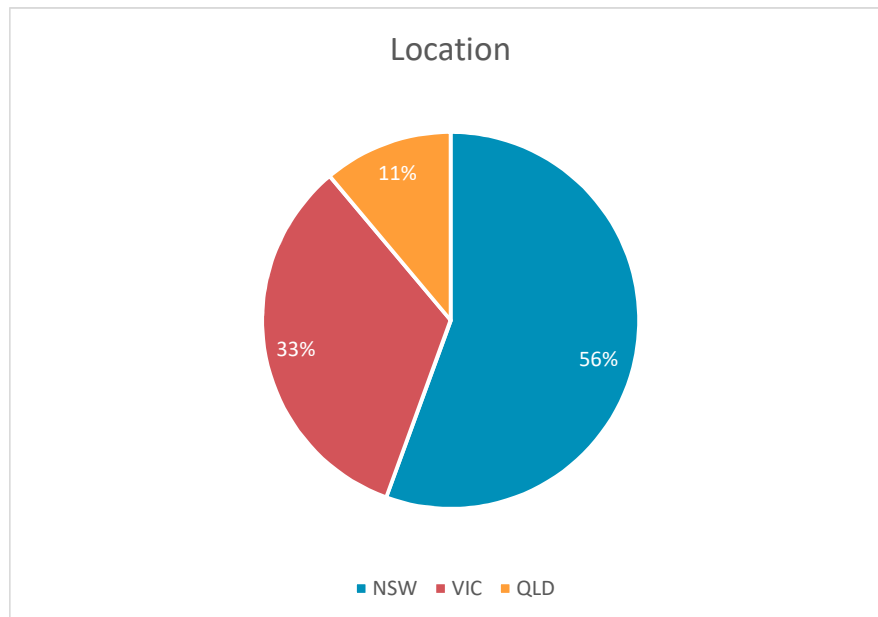
The CBAA is committed to ensuring we have a diverse workforce and an inclusive environment conducive to respect and substantive quality in the appointment of well-qualified employees, senior management and board candidates so that we can:

- Achieve our strategic goals;
- Maximise member value; and
- Promote processes within our organisation that deliver long-term economic advantages to the organisation.

In addition, the CBAA Constitution requires that, so far as possible, the Board should be representative of:

- i. All States and Territories of Australia; and
- ii. Different types of community broadcasting interests.

Residential Location of the Board and Youth and Women's Representatives

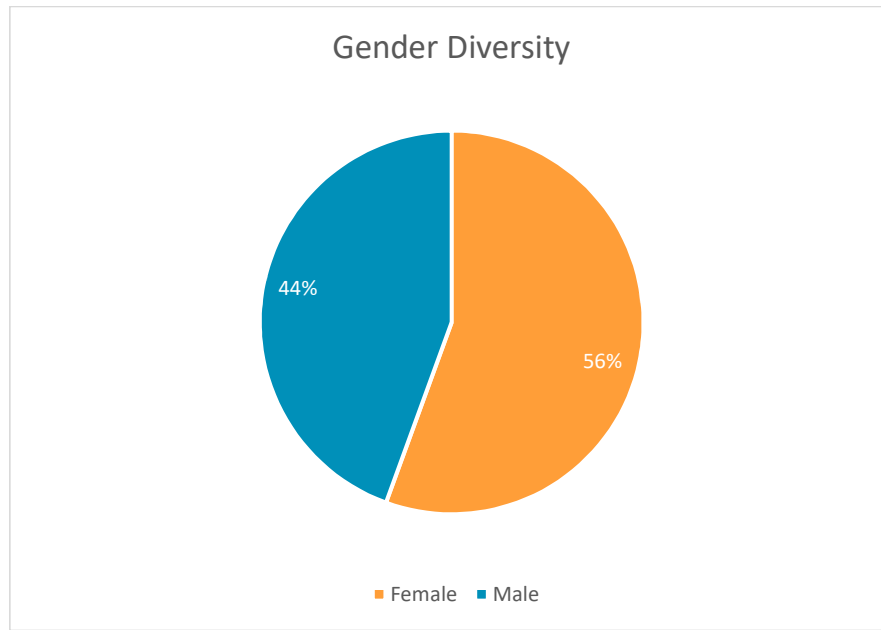


Directors' Report

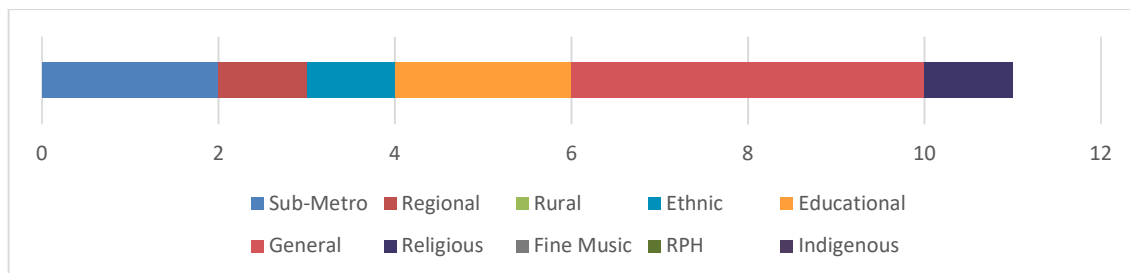
COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Board Composition *continued*

Gender Diversity of the Board and Youth and Women's Representatives



Different types of community broadcasting interests (more than one per Director)



Contribution in winding up

The company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that licence holding members of the Company are liable to contribute if the Company wound up is \$2,900 (2017: \$2,910)

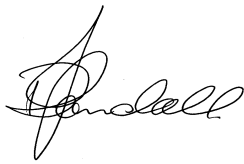
Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Auditor's Independence

A copy of the Auditor's Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 11 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.



PHILLIP RANDALL

President



JON BISSET

Chief Executive Officer

Sydney

Dated 19th October 2018

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Directors' and Representatives and Officers' experience, qualifications and special responsibilities. (Positions held during the FY2017-18 and since the end of the financial year.)

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Phillip Randall	<p>Phillip has more than 41 years' experience in commercial and community radio and is currently CEO of Hope Media Ltd.</p> <p>He has demonstrated skills in broadcasting, leadership, financial management and governance, and currently manages the operations of two of Australia's most successful community broadcasting stations in Sydney and Brisbane.</p>	President
Melanie Withnall	<p>Melanie was the Managing Director at 2SER and has 22 years' experience in community broadcasting. Melanie completed Master of Arts (International Studies), Bachelor of Arts (International Studies), Bachelor of Arts (Communication) and Graduate Diploma (Commercial Radio Broadcasting).</p>	Vice President (until 20 Jul 2018)
Peter Rohweder	<p>Currently the Chairperson of Broadcasting Park Pty Ltd, Peter has a Bachelor of Business (Management) and over 20 years' experience within the community media sector.</p> <p>Peter was previously employed as the Station Manager at Radio 4EB and prior to that he was the Station Manager at 4ZZZ. Prior to his employment at 4ZZZ Peter organised festivals and volunteered in many different capacities at the station.</p>	
Natalie Pozdeev	<p>Natalie completed her Masters of Education (Leadership) with Distinction, and holds qualifications in Training, Education, Sustainability, Events, Design, Video and Photography. She is the Head Teacher of Media at TAFE NSW, leading the delivery of journalism and radio courses.</p> <p>With over 15 years' experience in community radio, and 10 years in media education, Natalie is currently the Chair of 2RRR. She was previously Head of Radio at the Australian Film Television and Radio School (AFTRS), mentored on the SYN Youth Media Leadership program, was Station Manager (2RRR) and Women's Representative on the Board (CBAA).</p>	Chair - Audit, Risk & Compliance Committee (Until 1 Jun 2018)

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Tony Smythe	<p>Tony is the Managing Director of Eastside Radio and holds a Bachelor of Commerce degree. He has over 15 years' experience in the broadcasting sector.</p> <p>Tony is also the Festival Director and founder of Global Rhythms and part of the Smiling for Smiddy cycling charity family.</p>	<p>Member - Audit, Risk & Compliance Committee Chair - CRN Advisory Committee</p>
Anne Frankenberg	<p>Anne is Deputy General Manager of the Australian National Academy of Music. She has 15 cumulative years of experience as a Director on not-for-profit boards, and 12 years of CEO and senior management experience in international development, performing arts and community radio organisations.</p> <p>Anne has Bachelor degrees in Arts (Psychology) and Music (Performance), a Graduate Diploma in Arts (Performance), an Executive MBA, and has the Certified Fund Raising Executive accreditation. She has completed the Governance Foundations for NFP Directors course with the Australian Institute of Company Directors.</p>	<p>Vice President (from 21 Jul 2018) Member - Audit, Risk & Compliance Committee</p>
Wayne Stamm	<p>Wayne is semi-retired and works as a consultant and advisor for community radio stations and as a reporter for Radioinfo.</p> <p>He has over 30 years' experience in radio, 18 of which is in community broadcasting. Wayne is a graduate of the Australian Business Institute with an Advanced Diploma of Management, and has completed the advanced NFP Directors course with the Australian Institute of Company Directors.</p>	
Jacquie Riddell	<p>Jacquie has over 30 years' experience in senior roles in media and the creative industries. She was until recently the Director of Public Engagement at the Art Gallery of NSW, where she led audience development, digital and content, public programs, education, design, publishing and membership as well as marketing and communications.</p> <p>Previously she held executive leadership roles at Barangaroo, SBS, XYZnetworks' 4 high profile music channels (Channel [V], Max, Country Music Channel and Club [V]), and the national Triple J network. Jacquie is a graduate of the Australian Institute of Company Directors.</p>	<p>Appointed to fill casual vacancy</p>

Directors' Report

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Emma Hart	Emma has 4 years' experience within the community broadcasting sector. She holds a Bachelor of Arts degree.	Women's Representative
Philippa Younes	Philippa has 7 years' experience in community broadcasting. She holds a Bachelor of Strategic Communications degree.	Youth Representative
Jessica Hermosilla	<p>Jessica has over 15 years in not-for-profit organisations.</p> <p>She holds degrees in Master of Business Administration, Master of General Management, and a Bachelor of Arts - Liberal Arts</p>	Chief Operating Officer; Company Secretary
Jon Bisset	<p>Jon has spent more than 25 years as a Chief Executive and non-executive Director of significant organisations, including with non-profit organisations covering professional services, health and ageing, business events, sport, media, technology, fundraising and association management.</p> <p>Jon is also a Non-Executive Director of Connecting Up Australia and is a Graduate of the Australian Institute of Company Directors and of Sydney Leadership and has a Bachelor of Applied Science (Phys Ed).</p>	Chief Executive Officer

Auditor's Independence Declaration

To the Directors of the Community Broadcasting Association of Australia:

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Community Broadcasting Association of Australia for the year ended 30 June 2018, we declare that, to the best of our knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) No contravention of any applicable code of professional conduct in relation to the audit.

GARCIA GROUP ADVISORS

Chartered Accountants

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal line.

MICHAEL GARCIA

Principal

SYDNEY

Dated 19th October 2018

Statement of Surplus or Deficit and Other Comprehensive Income

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
REVENUE	4	8,253,863	7,267,560
EXPENSES			
Programs, services and projects		5,676,395	5,027,002
Employee and consultancy expenses		1,583,490	1,782,512
Depreciation and amortisation expense		56,606	36,405
Occupancy expense		152,203	148,220
Administration expenses		300,957	203,507
		-----	-----
Total expenses		7,769,651	7,197,646
		-----	-----
Net surplus for the year		484,212	69,914
Other comprehensive income		-	-
		-----	-----
Total comprehensive income attributable to the members of the entity		484,212	69,914
		=====	=====

Statement of Financial Position

as at 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash assets	5	4,172,162	2,965,573
Trade and other receivables	6	1,028,366	625,606
Other assets	7	67,469	42,440
		-----	-----
Total current assets		5,267,997	3,633,619
		-----	-----
Non-current assets			
Property, plant & equipment	8	351,192	88,849
Intangibles	9	12,945	49,405
Other financial assets	10	100	100
		-----	-----
Total non-current assets		364,237	138,354
		-----	-----
TOTAL ASSETS		5,632,234	3,771,973
		=====	=====
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,703,110	1,101,278
Government and other grants	12	1,181,167	926,367
Other current liabilities	13	550,537	276,964
Provisions	14	218,899	213,390
		-----	-----
Total current liabilities		3,653,713	2,517,999
		-----	-----
Non-current liabilities			
Government and other grants	12	314,924	21,113
Provisions	14	6,629	60,105
		-----	-----
Total non-current liabilities		321,553	81,218
		-----	-----
TOTAL LIABILITIES		3,975,266	2,599,217
		=====	=====
NET ASSETS		1,656,968	1,172,756
		=====	=====
FUNDS			
Reserves	16	758,145	174,274
Unrestricted funds		898,823	998,482
		-----	-----
		1,656,968	1,172,756
		=====	=====

Statement of Changes in Equity

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	Reserves \$	Unrestricted Funds \$	2018 Total Funds \$
Balance at 1 July 2017		174,274	998,482	1,172,756
Surplus for the year		-	484,212	484,212
Other comprehensive income		-	-	-
Transfer from unrestricted funds	16	583,871	(583,871)	-
		-----	-----	-----
Balance at 30 June 2018		758,145	898,823	1,656,968
		=====	=====	=====
Balance at 1 July 2016		-	1,102,842	1,102,842
Surplus for the year		-	69,914	69,914
Other comprehensive income		-	-	-
Transfer from unrestricted funds	16	174,274	(174,274)	-
		-----	-----	-----
Balance at 30 June 2017		174,274	998,482	1,172,756
		=====	=====	=====

Statement of Cash Flows

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
Cash Flows from operating activities			
Receipt of grants		7,483,400	5,507,076
Membership fees and activities		1,706,777	2,295,549
Interest received		45,586	43,705
Payment to suppliers and employees		(8,017,829)	(8,418,238)
		-----	-----
Net cash generated/ (utilised) in operating activities		1,217,934	(571,908)
		=====	=====
Cash Flows from Investing Activities			
Payments for property and equipment		(11,345)	(4,523)
Payments for intangibles		-	(16,971)
		-----	-----
Net cash flows used in investing activities		(11,345)	(21,494)
		-----	-----
Net increase/ (decrease) in cash held		1,206,589	(593,402)
Cash and cash equivalents at beginning of the financial year		2,965,573	3,558,975
		-----	-----
Cash and cash equivalents at end of the financial year	5	4,172,162	2,965,573
		=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

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Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

1 General information and statement of compliance

The financial report includes the consolidated financial statements and notes of the Community Broadcasting Association of Australia Limited.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Community Broadcasting Association of Australia Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 19 October 2018.

2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2017. Information on the more significant standard(s) is presented below.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 Revenue

Revenue comprises revenue from the sale of goods, government grants, fundraising activities and client contributions. Revenue from major products and services is shown in Note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Government funding

A number of the company's programs are supported by grants received from the federal, state and local governments. If conditions are attached to a grant which must be satisfied before the company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Revenue is recognised when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Donations and Bequests

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably. Bequests are recognised when the legacy is received.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Statement of accounting policies *continued*

3.3 Operating expenses

Operating expenses are recognised in surplus or deficit upon utilisation of the service or at the date of the origin.

3.4 Intangible expenses

Recognition of other intangible assets.

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8. The following useful lives are applied:

- website and software: 3-5 years

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in surplus or deficit within other income or other expenses.

3.5 Property, plant and equipment

Property, plant and other equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the company's management. Property, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and other equipment. The following useful lives are applied:

Property, plant and equipment	3-10 years
-------------------------------	------------

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in surplus or deficit within other income or other expenses.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Statement of accounting policies *continued*

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Leases

Operating leases

Where the company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.8 Impairment testing of intangible assets and plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the company's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Statement of accounting policies *continued*

3.9 Income taxes

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. The company holds deductible gift recipient status.

3.10 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 Taxation Office, in which case it is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The company's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in surplus or deficit in the periods in which the changes occur. The company presents employee benefit obligations 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 (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefits plans

The company provides post-employment benefits through defined contribution plans.

Defined contribution plans

The company pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Statement of accounting policies *continued*

3.12 Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

3.13 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

3.14 Economic dependence

The company is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

3.15 Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The company's continued existence is ultimately dependent upon the success of future productions and government support.

If the company is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from those stated in the financial report.

At the date of the report, the company has received notification that 2018 grant funding has been approved and it is expected that the company will be able to continue in its normal capacity.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

3 Statement of accounting policies *continued*

3.16 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated 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.

Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the company's past experience with similar premises and estimates of likely restoration costs determined by the property manager. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
4 Revenue			
From continuing operations			
Membership fees		446,104	438,841
Grants received – CBF	4.1	6,101,329	5,106,881
Grants received – APRA	4.1	17,500	17,500
Grants received – DOHA	4.1	385,373	490,888
Grants received – Organ and Tissue Authority	4.1	33,510	35,850
Consultancy fees received - WA		-	7,264
CRN, Conference and activities revenues		722,921	712,598
Digital Radio Service fees received		480,984	401,787
Other income		20,556	12,246
		-----	-----
		8,208,277	7,223,855
		-----	-----
Other income			
Interest received		45,586	43,705
		-----	-----
Total revenue and other income		8,253,863	7,267,560
		=====	=====

4.1 Grant income reconciliation

CBF Grants

Unexpended grants – 1 July		867,471	1,430,875
Grants received during the year		6,380,274	4,579,521
Grants returned during the year		-	(36,044)
Unexpended grants – 30 June		(1,146,416)	(867,471)
		-----	-----
CBF grant income		6,101,329	5,106,881
		=====	=====

APRA Grants

Unexpended grants – 1 July		-	-
Grants received during the year		17,500	17,500
Unexpended grants – 30 June		-	-
		-----	-----
APRA grant income		17,500	17,500
		=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
4.1 Grant income reconciliation <i>continued</i>			
Department of Health & Ageing (DOHA) Grants			
Unexpended grants – 1 July		848	119,790
Grants received during the year		384,525	371,946
Unexpended grants – 30 June		-	(848)
		-----	-----
DOHA grant income		385,373	490,888
		=====	=====
Organ and Tissue Authority Grants			
Unexpended grants – 1 July		33,510	35,850
Grants received during the year		32,880	33,510
Unexpended grants – 30 June		(32,880)	(33,510)
		-----	-----
Organ and Tissue Authority grant income		33,510	35,850
		=====	=====
5 Cash and cash equivalents			
Cash at bank and on hand		4,172,162	2,965,573
		=====	=====
6 Trade and other receivables			
Trade receivables		602,559	200,884
Less: allowance for doubtful debts		(30,000)	(30,000)
		-----	-----
		572,559	170,884
Deposits		453,391	453,391
Sundry receivables		2,416	1,331
		-----	-----
		1,028,366	625,606
		=====	=====
7 Other current assets			
Prepayments		67,469	42,440
		=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
8 Property, plant and equipment			
Plant and equipment			
Office furniture and equipment - at cost		920,102	599,369
Accumulated depreciation	3.5	(580,950)	(527,032)
		-----	-----
Total office furniture and equipment		339,152	72,337
		=====	=====
Leasehold improvements			
Leasehold improvements - at cost		58,781	58,781
Accumulated depreciation	3.5	(46,741)	(42,269)
		-----	-----
Total leasehold improvements		12,040	16,512
		=====	=====
Total property, plant and equipment		351,192	88,849
		=====	=====

Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year:

	Plant & Equipment \$	Leasehold Improvements \$	2018 Total \$
Carrying amount - 1 July	72,337	16,512	88,849
Additions	306,506	-	306,506
Depreciation	(15,674)	(4,472)	(20,146)
Amortisation of asset grant liability	(24,017)	-	(24,017)
	-----	-----	-----
Carrying amount - 30 June	339,152	12,040	351,192
	=====	=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	Note	2018 \$	2017 \$
9 Intangibles			
Intangibles			
Website and software - at cost		96,088	96,088
Accumulated amortisation	3.4	(83,143)	(46,683)
		-----	-----
Total intangibles		12,945	49,405
		=====	=====
Reconciliation			
Reconciliation of the carrying amount of Intangibles at the beginning and end of the current financial year:			
Carrying amount - 1 July		49,405	48,769
Additions		-	16,971
Amortisation		(36,460)	(16,335)
		-----	-----
Carrying amount - 30 June		12,945	49,405
		=====	=====
10 Other financial assets			
Non-current			
Available-for-sale financial assets - at cost		100	100
		=====	=====
11 Trade and other payables			
Current			
Trade creditors		1,572,641	1,011,543
Other creditors and accrued charges		130,469	89,735
		-----	-----
		1,703,110	1,101,278
		=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	2018 \$	2017 \$
12 Government and other grants		
Current		
Unexpended grants	1,179,296	901,829
Asset grant liability	1,871	24,538
	-----	-----
	1,181,167	926,367
	=====	=====
Non - Current		
Asset grant liability	314,924	21,113
	=====	=====

The above Unexpended Grants include Government funding and related interest that must be spent in accordance with the terms of a funding agreement. Each year the Government funding received is acquitted with the Grant body, and approval is sought to retain any surplus to meet project activities that are not yet complete. (Refer to Note 3.2).

The net values of plant, equipment and intangibles have been adjusted to reflect the contract agreement between the company and the Community Broadcasting Foundation (CBF) with respect to the vesting of ownership for assets purchased from CBF grant funds. (Refer to Note 8 and Note 9).

13 Other current liabilities

Current		
Deposits received	195	240
Income in advance	550,342	276,724
	-----	-----
	550,537	276,964
	=====	=====

14 Provisions

Current		
Annual leave	96,082	95,953
Long service leave	122,817	117,437
	-----	-----
	218,899	213,390
	=====	=====
Non - Current		
Long service leave	6,629	60,105
	=====	=====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

	2018	2017
	\$	\$
15 Commitments for expenditure		
Operating leases		
Leases as lessee		
Minimum commitments are payable as follows:		
Within 1 year	198,032	126,765
Later than 1 years but not later than 5 years	854,102	17,550
	-----	-----
	1,052,134	144,315
	=====	=====

16 Project Reserve Funds

The details of project reserve funds are as follows:

	Digital Radio Development Fund	Australian Music Initiatives	2018 Total
	\$	\$	\$
Balance at 1 July 2017	89,992	84,282	174,274
Transfer from unrestricted funds	523,608	60,263	583,871
	-----	-----	-----
Balance at 30 June 2018	613,600	144,545	758,145
	=====	=====	=====

The CBAA maintains reserves for future projects, programs, services or asset acquisition (Project Funds) or as a reserve in the event of future unfavourable or unexpected circumstances (Unrestricted Funds).

The above Reserves are Restricted Funds that must be spent on the purpose for which they were received or are held.

Each year the Board considers the financial risks associated with income and expenditure streams and balance sheet items, and determines the level of reserves sufficient to protect ongoing programs and to re-structure in the event of a major downturn. The policy is to not hold more reserves than needed for these purposes in order to maximise the amount available to spend on community broadcasting sector.

17 Contingent liabilities

There are no contingent liabilities that have been incurred by the company in relation to 2018 or 2017.

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

18 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

19 Member's guarantee

The company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the company is wound up, the constitution states that each licence holding member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that licence holding members of the Company are liable to contribute if the Company wound up is \$2,900 (2017: \$2,910)

20 Related party transactions

The company's related parties transactions include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Transactions with related entities

The Directors act in an honorary capacity and receive no compensation for their services.

Where legal services have been provided by a Directors, these services were provided on a pro-bono basis and no remuneration was received.

(b) Transactions with key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director (whether executive or otherwise) of that company is considered key management personnel.

Key management of the company is the Chief Executive Officer, senior managers and non-executive members of the Board of Directors. Key management personnel remuneration includes the following expenses:

	2018	2017
	\$	\$
Total key management personnel remuneration	808,826 =====	643,113 =====

Notes to the Financial Statements

for the year ended 30 June 2018

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

21 Other related party transactions

Several Directors and representatives of the company also hold management positions with affiliated member organisations as follows:

NAME	ROLE	AFFILIATED ORGANISATION	POSITION WITHIN ORGANISATION
Phillip Randall	President	Hope Media Ltd (2CBA)	CEO
		Family Radio Ltd (4FRE)	CEO
Melanie Withnall	Vice President	Sydney Educational Broadcasting Ltd (2SER)	Managing Director
Peter Rohweder	Director	Ethnic Broadcasting Association of QLD (4EB)	Station Manager
Natalie Pozdeev	Director	Ryde Regional Radio Co-operative Ltd	Chairperson
Tony Smythe	Director	Eastside Radio (2RES)	Station Manager
Wayne Stamm	Director	2NURFM- The University of Newcastle	Station Manager

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

The Directors act in an honorary capacity and receive no compensation for their services. During the year, the Directors have been reimbursed for out-of-pocket expenses incurred on behalf of the company.

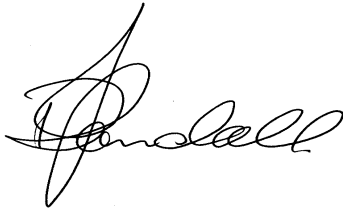
Directors' Declaration

COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

In the opinion of the Directors of the Community Broadcasting Association of Australia:

- (a) The financial statements and notes of the Community Broadcasting Association of Australia are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including;
 - (i) Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) There are reasonable grounds to believe that the Community Broadcasting Association of Australia will be able to pay its debts as and when they become due and payable. (Refer Note 3.15)

Signed in accordance with a resolution of the Directors.



PHILLIP RANDALL

Director

Sydney

Dated 19th October 2018

Independent Audit Report

TO THE MEMBERS OF THE COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Audit Opinion

We have audited the financial report of Community Broadcasting Association of Australia Ltd (“the Company”), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors’ Declaration.

In our opinion, the financial report of Community Broadcasting Association of Australia Ltd has been prepared in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company’s financial position as at 30 June 2018 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013,

Basis for Opinion

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

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Company’s annual 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 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 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 – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 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 Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Independent Audit Report continued

TO THE MEMBERS OF THE COMMUNITY BROADCASTING ASSOCIATION OF AUSTRALIA

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism through 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 audit'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.

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.

GARCIA GROUP ADVISORS

Chartered Accountants



MICHAEL GARCIA

Principal

Sydney

Dated 19th October 2018