

# **Pro Musica Incorporated**

**ABN: 46 381 984 616**

## **Financial Statements**

**For the Year Ended 31 December 2016**

# **Pro Musica Incorporated**

ABN: 46 381 984 616

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**For the Year Ended 31 December 2016**

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# Pro Musica Incorporated

ABN: 46 381 984 616

## Committee's Report For the Year Ended 31 December 2016

The committee members submit the financial report of the Association for the financial year ended 31 December 2016.

### 1. General information

#### Committee members

The names of committee members throughout the year and at the date of this report are:

Bev Clarke	President
Dorothy Danta	Vice President
Will Laurie	Treasurer
Govert Mellink	Public Officer
Anna Prosser	Board member
Christina Cook	Board member
James Treloar	Board member
Kent Chambers	Board member
Sarah O'Connor	Board member
David Chessell	Board member

#### Principal activities

The principal activities of the Association during the financial year were to support and encourage enjoyment of music by members and the general public, through the presentation of the Canberra International Music Festival and other events.

#### Significant changes

No significant change in the nature of these activities occurred during the year.

### 2. Operating results and review of operations for the year

#### Operating result

The profit of the Association for the financial year amounted to \$ 31,490 (2015: \$ 61,615).

Signed in accordance with a resolution of the Members of the Committee:

Committee member: 

Committee member: 

Dated 03 April 2017

## Pro Musica Incorporated

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### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

		2016	2015
	Note	\$	\$
Sales revenue	3	623,434	577,750
Administrative costs		(54,901)	(55,262)
Artist fees and accomodation		(141,634)	(92,688)
Depreciation	6(a)	(857)	(1,286)
Production costs		(149,413)	(193,880)
Promotion costs		(90,226)	(53,446)
Staff costs		(154,913)	(119,573)
<b>Profit for the year</b>		<b>31,490</b>	<b>61,615</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>31,490</b>	<b>61,615</b>

The accompanying notes form part of these financial statements.

# Pro Musica Incorporated

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## Statement of Financial Position As At 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	168,392	203,123
Trade and other receivables	5	224,020	162,130
TOTAL CURRENT ASSETS		<u>392,412</u>	<u>365,253</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,717	2,574
TOTAL NON-CURRENT ASSETS		<u>1,717</u>	<u>2,574</u>
TOTAL ASSETS		<u><u>394,129</u></u>	<u><u>367,827</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	7	348,388	321,499
Borrowings	8	-	32,077
TOTAL CURRENT LIABILITIES		<u>348,388</u>	<u>353,576</u>
TOTAL LIABILITIES		<u>348,388</u>	<u>353,576</u>
NET ASSETS		<u><u>45,741</u></u>	<u><u>14,251</u></u>
<b>EQUITY</b>			
Retained earnings		<u>45,741</u>	<u>14,251</u>
TOTAL EQUITY		<u><u>45,741</u></u>	<u><u>14,251</u></u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2016	14,251	14,251
Profit attributable to members	31,490	31,490
Balance at 31 December 2016	45,741	45,741

2015

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2015	(47,364)	(47,364)
Profit attributable to members	61,615	61,615
Balance at 31 December 2015	14,251	14,251

# Pro Musica Incorporated

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## Statement of Cash Flows For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	575,968	638,217
Payments to suppliers and employees	(578,760)	(553,778)
Interest received	138	882
Net cash provided by/(used in) operating activities	10 <u>(2,654)</u>	<u>85,321</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of borrowings	<u>(32,077)</u>	(38,423)
Net cash used by financing activities	<u>(32,077)</u>	(38,423)
Net increase/(decrease) in cash and cash equivalents held	(34,731)	46,898
Cash and cash equivalents at beginning of year	<u>203,123</u>	156,225
Cash and cash equivalents at end of financial year	4 <u><u>168,392</u></u>	<u><u>203,123</u></u>

The accompanying notes form part of these financial statements.

# Pro Musica Incorporated

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## Notes to the Financial Statements For the Year Ended 31 December 2016

The financial statements cover Pro Musica Incorporated as an individual entity. Pro Musica Incorporated is a not-for-profit Association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The functional and presentation currency of Pro Musica Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Act.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (b) Revenue and other income

Ticket sales, grants and sponsorship revenue are recognised in the same financial year as the expenses related to the relevant revenues are incurred. Donations, memberships, interest and other sources of revenue are generally recognised on receipt.

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

#### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture and Equipment	33.33%



## **Notes to the Financial Statements For the Year Ended 31 December 2016**

### **2 Summary of Significant Accounting Policies**

#### **(d) Property, plant and equipment**

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### **(e) Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2016**

#### **2 Summary of Significant Accounting Policies**

##### **(e) Financial instruments**

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Association has no derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Association's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

### **2 Summary of Significant Accounting Policies**

#### **(e) Financial instruments**

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Association uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

##### *Impairment of financial assets*

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

##### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

#### **(f) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

# Pro Musica Incorporated

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (g) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9: Financial Instruments and associated Amending Standards	Applicable to annual reporting periods beginning on or after 1 January 2018	The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.	Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

### 3 Revenue and Other Income

	2016	2015
	\$	\$
Sales revenue		
- Ticket sales	276,080	207,937
- Grant - Chief Minister's Department	-	78,925
- Fundraising events	-	15,020
- Grant - Australia Council	54,320	60,420
- Grant - Festivals ACT	20,000	20,000
- Grants - Others	140,508	82,903
- Concert Sponsorship	78,550	62,900
- Donations	16,047	15,274
- General advertising income	900	900
- Other income	34,641	31,849
- Membership income	2,250	740
- Interest income	138	882
<b>Total Revenue</b>	<b>623,434</b>	<b>577,750</b>

### 4 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at bank and in hand	168,392	203,123

# Pro Musica Incorporated

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 4 Cash and Cash Equivalents

2016	2015
\$	\$
<u>168,392</u>	<u>203,123</u>

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	<u>168,392</u>	<u>203,123</u>

### 5 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	9 201,036	108,433
Pledges Receivable	9 -	2,100
Prepayments	20,978	49,035
GST receivable	2,006	2,562
<b>Total current trade and other receivables</b>	<u><b>224,020</b></u>	<u>162,130</u>

### 6 Plant and equipment

PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	15,135	15,135
Accumulated depreciation	<u>(13,418)</u>	<u>(12,561)</u>
<b>Total furniture, fixtures and fittings</b>	<u><b>1,717</b></u>	<u>2,574</u>

#### (a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Furniture, fixtures and fittings	Total
	\$	\$
<b>Year ended 31 December 2016</b>		
Balance at the beginning of year	2,574	2,574
Depreciation expense	(857)	(857)

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## Notes to the Financial Statements For the Year Ended 31 December 2016

### 6 Plant and equipment

#### (a) Movements in carrying amounts of plant and equipment

	Furniture, fixtures and fittings \$	Total \$
Balance at the end of the year	1,717	1,717
	Furniture, fixtures and fittings \$	Total \$
Year ended 31 December 2015		
Balance at the beginning of year	3,860	3,860
Depreciation expense	(1,286)	(1,286)
Balance at the end of the year	2,574	2,574

### 7 Trade and Other Payables

	2016 \$	2015 \$
Current		
Trade and other payables	9,113	4,176
GST payable	-	11,951
Accrued expense	5,000	13,739
Income received in advance	334,275	291,633
	<u>348,388</u>	<u>321,499</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

#### (a) Financial liabilities classified as trade and other payables

	2016 \$	2015 \$
Trade & other payables:		
total current	348,388	321,499
Less : GST Payables	-	(11,951)
Total	<u>348,388</u>	<u>309,548</u>

Note

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## Pro Musica Incorporated

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### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 8 Borrowings

	2016	2015
	\$	\$
CURRENT		
Loans from members	-	32,077
<b>Total current borrowings</b>	<b>-</b>	<b>32,077</b>

#### 9 Financial Risk Management

The Association's financial instruments consists mainly of deposits with banks, accounts receivable and payable.

	2016	2015
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	4 168,392	203,123
Trade and other receivables	5 201,036	110,533
<b>Total financial assets</b>	<b>369,428</b>	<b>313,656</b>
<b>Financial liabilities:</b>		
Trade and other payables	7 348,388	321,499
<b>Total financial liabilities</b>	<b>348,388</b>	<b>321,499</b>

#### Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities. The Association manages the risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis
- monitoring undrawn credit facilities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

## Pro Musica Incorporated

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## Notes to the Financial Statements For the Year Ended 31 December 2016

### 9 Financial Risk Management

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

### 10 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Profit for the year	31,490	61,615
Non-cash flows in profit:		
- depreciation	6(a) 857	1,286
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(89,970)	(34,524)
- (increase)/decrease in prepayments	28,057	(47,296)
- increase/(decrease) in income in advance	42,642	95,873
- increase/(decrease) in trade and other payables	4,937	(9,945)
- increase/(decrease) in GST payable	(11,928)	11,951
- increase/(decrease) in accrued expense	(8,739)	13,739
- increase/(decrease) in other payables	-	(7,378)
Cashflows from operations	<u>(2,654)</u>	<u>85,321</u>

### 11 Events after the end of the Reporting Period

The financial report was authorised for issue on 03 April 2017 by the Committee of Management.

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

### 12 Association Details

The registered office of the association is:

Pro Musica Incorporated  
Ainslie Art Centre  
30 Elouera Street  
BRADDON ACT 2612



**Pro Musica Incorporated**

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**Statement by Members of the Committee**

In the opinion of the committee the financial report as set out on pages 2 to 14:

- 1. Present fairly the financial position of Pro Musica Incorporated as at 31 December 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- 2. At the date of this statement, there are reasonable grounds to believe that Pro Musica Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President ..... 

Committee member ..... 

Dated: 03 April 2017

## Pro Musica Incorporated

# Independent Audit Report to the members of Pro Musica Incorporated

## Report on the Audit of the Financial Report

### Qualified Opinion

We have audited the financial report of Pro Musica Incorporated (the Association), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 31 December 2016 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards.

### Basis for Qualified Opinion

As is common for organisation of this type, it is not practical to maintain an effective system of internal control over membership, donations and sponsorship monies received into the association until their entry into the accounting system. Accordingly, our audit in relation to the income items stated was limited to the amounts recorded.

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 Association in accordance with the auditor independence requirements of 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 qualified opinion.

## **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act (ACT) 1991, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 reporter, 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 Association 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management 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.

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Hardwickes**  
Chartered Accountants

*Hardwickes*

*R Johnson*

Robert Johnson FCA  
Partner

Canberra  
Dated: 03 April 2017