



Celebrating

25

years

EST. 1993

PRESIDENT'S REPORT

Committee of Management



Chelsea Ellis

**MY FIRST YEAR AS PRESIDENT HAS BEEN AN EVENTFUL ONE AT CLIFTON STREET!**

We have seen the transition of Leanne leaving, to the welcoming of Scott as Centre Director. The executive committee took great care in selecting a Centre Director who would continue the great standard of service to which Clifton Street is accustomed. A few months in and we feel extremely confident that Scott will take Clifton Street to even greater heights in standards, and his positive outlook, leadership skills and welcoming nature are already becoming a part of the foundations at Clifton Street. I would like to include a special thank you to Kathy for being a fantastic acting Manager while we advertised and interviewed for the Centre Director position. She took it on board with great enthusiasm and with the admin support of Heather, it was an effortless transition.

You may already have noticed visible changes in the physical environment at the Centre. New couches and blinds in all the rooms, new yard equipment (half pipe and boat!) and something less noticeable to parents but the amazingly organised store rooms and planning room which were incentives from Scott and managed by the staff. There are many exciting changes in the planning and discussion stage including re-branding Clifton Street as we look to improve our presence in the wider community. A new logo (see front cover) and a new website will be revealed later this year. We look forward to sharing these new milestones with you all.

As a community run Centre, we are unable to function without the generous time and energy volunteered by our great team that form the Committee of Management. A big shout out to our team members; Community Engagement team (Amanda, Georgie and Richard), the Buildings and Grounds team (Erica, Caroline and Alice), the

Sustainability team (Simon and Cath) and the Executive team (Claire, Nicki and Lee). Several committee members will be standing down this year, and a couple are moving to different areas of the committee. Thank you to the members standing down, for the excellent skills you have brought to the table, and for your tireless commitment to our lovely Centre! You guys are fantastic!

Now to our Clifton Street families. Family involvement is at the heart of our Centre. Our children are the reason we have all come together as a community. When parents contribute to fundraising initiatives, working bees, excursions or getting involved in the children's rooms, it truly enriches the experiences of the children and staff on a daily basis as you give back to the Centre in many different ways.

If families are the heart of the Centre, our wonderful staff are the backbone. I see their passion for care and education every day. I hear it in the stories my girls come home with about their experiences that day. On behalf of the family community, we are so grateful to each and every staff member for the planning, the singing, the cooking, the cleaning, the playing and the love you provide to our children. Thank you!

I am looking forward to another productive year in 2019!

Chelsea



CENTRE DIRECTOR'S REPORT

Centre Director



Scott Walker

OVER THE LAST 12 MONTHS THERE HAVE BEEN A NUMBER OF CHANGES WITHIN THE CENTRE, PRIMARILY IN THE ADMINISTRATION OF THE FEES, THE SIGN IN PROCEDURE, AND DIGITAL COMMUNICATIONS WITH FAMILIES.

Due to the software packages chosen, there has been a number of issues, and these have been ongoing; as a result, the decision has been made to explore our options, looking for software that is of industry standard, and that complies fully with the newly introduced Government regulations. We would like to implement a change by the end of this year.

There has also been a number of staffing changes, primarily the leaving of Leanne, with Kathy stepping up to run the Centre whilst a new Director was sought. Scott Walker has been appointed as the Director, and started in July. Melissa Gonzalez will return part time in Nov 2018, and the 2IC role will be shared by her & Kathy.

A new Cleaner has been sourced, and the level of cleanliness and hygiene has increased dramatically. Margo our Bookkeeper and long-time member of our Community (of around 20 years) has resigned and finished with us in September – we wish her all the best, and thank her for her dedication, experience and extensive work she has provided to this Community in her time with us. Margo is replaced by Angelo Calandra, an experienced accountant and bookkeeper – welcome Angelo, we are very pleased to have you on board.

Another significant change has been limiting the food that is brought into the Centre – parents are no longer bringing food in, with breakfast and birthday cakes being provided by the Centre. This provides a significant safety element for our children that have allergies and anaphylaxis.

From a curriculum aspect, sustainability and community involvement have been recognised as

areas we would like to improve upon. During the rest of this year, and into 2019 families will see significant changes in respect to these areas.

Policies and procedures: as a number of practices have changed, the policies and procedures will follow, once we complete trial periods, and ensure we are compliant and providing best practice at the time of implementation. Families will be kept up to date with these changes as they occur.

PROFESSIONAL DEVELOPMENT

- Our teams mandatory training has been assessed and is up to date.
- Our recent PD day concentrated on the Physical Environment (QA3), with a great deal of the day spent on improvement of the overall presentation of the Centre; its Learning Spaces, yards and storage areas – this is a focus at the moment and will continue to be so for some time.
- Just completed Team training - understanding Yourself and Others, last week, full Team. Looking to follow up on it early 2019 to consolidate it in practice. It is a point of focus being led by Management.

Several of the team also continue to study at the moment, and we support their decision to do so.

CENTRE EVENTS

This year we celebrated the following events within the Centre:

- Creative arts with Joana
- Wild action – Australian native animals
- Crazy hair week (Raising money for world's greatest shave)
- Book week
- Didgeridoo Australia
- Footy week

CONT.

BUILDING MAINTENANCE/ UPGRADES SCHEDULE

- New blinds installed in all rooms
- Industrial cubby in kinder yard
- Creek water bed getting fixed
- New outdoor furniture purchased
- Soundproof panels for Marram room (to be installed)

ROOM UPDATES

Wimbi Room Team:

Annabelle, Kristal, Angela, Kelly, Tahlia

The Wimbi children have been learning about the primary colours through songs, art experiences, story books, and table top activities. Working on Self-help skills, such as washing own hands at sink, feeding themselves with hands or utensils, using language when in social play.

Walert Room Team:

Ele, Saime, Sandra, Suzy

The educators in the Walert room this term have had a focus on children learning the first letter of their names, this has become an intentional teaching moment due to lots of interest from the children in sounding out letters and attempting to write letters of the alphabet.

Darnum Room Team:

Connie, Stella, Merolyn, Kylie

The Darnum Room continue to work on Our Planet earth, the children have learnt about many countries, their foods and cultures.

This year Dora has focused on teaching the children words in Spanish.

Marram Kinder Team:

Kim, Regina, Effie, Sonya, Kiersten

Mandarin Program: This will be reintroduced in 2019. Kelly will be teaching the children how to sing, count, and speak basic phrases in Mandarin. The children's end of year excursion walking trail at Darebin parklands was a great success.

Support Staff:

Ghonwa, Ashira, Toni (Cook),

STAFF FOCUS GROUPS

OH&S

Policies and procedures have been updated to reflect the child safety standards. This group of educators is in the final stages of reviewing and updating the Emergency Management Plan. This has been a huge project!

Reconciliation Action Plan

This group continues to build connections and networks with the Wurundjeri Members. Given Australia's past and our responsibility to Indigenous Australians, there needs to be a significant and sustained focus on embedding Aboriginal and Torres Strait Island perspectives in early childhood education and care—first with educators, and through them young children and families.

Work Place Culture Group

Fortnightly meditation sessions for the educators have continued with some positive results. Currently a team of educators are participating in the September challenge to raise money for people living with Cerebral Palsy.

Quality Improvement Plan

The QIP will be reviewed in early 2019 to reflect the achievements and new direction taken over the past few months. Emphasis on the QIP being the responsibility of the entire Team to be part of, contribute to, and be knowledgeable of, will be a focus.

Sustainability

This staff group has continued to work closely with the environmental sustainability subcommittee. The Educators have attended a sustainability workshop and connected with Alicia who has a wealth of knowledge on all matter's sustainability. Additional teaching resources were purchased, the goal being to educate the children of the impacts our actions have on the environment. This is done with the goal to embed these practices into our program.

Thank you to the Team, Committee & Families for their welcoming of myself to the Clifton St Community – I look forward to working with you all in the year ahead.

Scott



TREASURER'S REPORT

Committee of Management



Nicki Clark

I AM HAPPY TO REPORT THAT FOR THE YEAR ENDED 30 JUNE 2018, THE CENTRE MADE A NET LOSS OF \$20,886 (BUDGETED LOSS WAS \$35,265).

Normally, I would not be happy to report a Net Loss (who would?!), but given the Net Loss for last financial year 30 June 2017 was \$146,804, we have been able to turnaround the Centre's results by \$120,000! This enormous improvement was achieved mainly by the increase in the daily fee in January 2018 to bring Clifton Street's daily fee to a more financially stable rate, which is also in line with other Centres in our area, and an overall decrease in Operational expenses.

We also had great response to our inaugural Community Contributions initiative, whereby families whose children are leaving the Centre (typically the 4 year old kinder kids at the end of each year) were asked to consider contributing all or part of their Holding Fee/Bond back to the Centre. In total, families contributed \$2,050 back to our Centre.

Total Employment expenses for 2018 were 91% of income. This is comparative to other Not for Profit Community Childcare Centres. Although the Employment expenses increased from 2017, this was expected due to the majority of our Staff receiving an annual 4% increase in wages each year under the Professional Childcare Standards (PCS) 2015 Award. The PCS Award pays a higher wage rate than the Children's Service Award 2010 under the Fair Work Act. It is common practice for Community Childcare Centres to pay their staff under the PCS Award.

The Executive Committee has recently signed up to be part of the new 2018 PCS Award. The 2018 PCS will be in place for the next 3 years and ensure that our Staff are awarded a 4% wage increase each year.

Our Operational and Administrative expenses were \$35,155 less than 2017. This was as a result of concerted cost control to get the Centre back to a more sustainable financial position.

The accumulated Fundraising income was recently spent on four new leather couches for each Room at the Centre. These look fantastic (thanks to Chelsea our President, for her amazing trade discount that the Centre was able to use!) Combined with some new rugs and other new play equipment, the Centre is really looking refreshed. It has been nice to be able to start saying "yes" to spending requests, rather than "no", which has been the case for the last two years due to our loss position.

It has been a big year from a Finance perspective, but many processes and systems have been put in place to ensure a smooth and robust running of our Centre in the future. The past year has resulted in a significantly positive increase in income and decreased expenses, transitioning to a new Accounting Software (previously MYOB on one laptop to Xero - cloud based), setting up Staff with online Timesheets to feed into the Payroll software more efficiently, hiring a new Centre Director and lastly, hiring a new Bookkeeper.

Margo Baker, our Bookkeeper for nearly 8 years, resigned in September 2018. Margo was a parent at Clifton Street back in the early days (circa 1998!!), was the Treasurer on the Committee for a few years

during that time and then eventually came back to the Centre to offer her services as our Bookkeeper. Thank-you Margo for your enormous commitment to Clifton Street over all these years. You will be missed.

Angelo Calandra from AFC Business Solutions has been appointed our new Bookkeeper. Angelo will work at the Centre in Scott's office on Fridays.

THE 2019 BUDGET IS EXPECTED TO BRING IN A \$40,000 PROFIT.

I will be stepping down as Treasurer officially at the 2018 AGM. Our new Treasurer will be supported by me for a longer period than has been done in

the past with handovers. The Exec Committee has implemented a new Exec Member transition process that means the incumbent member will still attend the following two Exec Committee meetings after stepping down and be available to the new member for any transition questions.

I will still be at the Centre for the next two years, as my youngest boy Louis will finish at Clifton Street in 2020.

Nicki

An extract of the 2018 Financial Report is included in the Appendix.



COMMUNICATIONS REPORT

Sub-Committee of Management



Amanda Bishop



Georgie Chapman



Richard Page

THE COMMUNITY ENGAGEMENT TEAM HAS SOUGHT TO INCREASE ENGAGEMENT OF FAMILIES IN THE CENTRE'S COMMUNITY OVER THE PAST 12 MONTHS.

Including through the wonderful end of year function, the welcome evening, movie nights and the newly commenced room-based trivia at Welcome to Thornbury.

While these events provide a great opportunity to meet other families in the Clifton St community, many also provide an important platform for fundraising for the Centre.

In the last 12 months, the Community Engagement team has raised over \$3,000 that has gone directly back into the Centre, including for equipment and items such as new furniture and rugs and which have noticeably improved the environment at the Centre.

HERE'S A BREAKDOWN OF FUNDS RAISED SINCE THE LAST ANNUAL REPORT WAS PUBLISHED IN SEPTEMBER 2017:

Christmas party - \$1486.60

Welcome evening - \$456.97

Cookie dough fundraiser - \$219

Peter Rabbit movie fundraiser - \$359.50

Mother's Day Movie evening - \$290

Father's Day picture mugs fundraiser - \$456

None of this would be possible without the support of the families of Clifton St. Thank you for all your contributions this year!

Amanda, Georgie and Richard



SUSTAINABILITY REPORT

Sub-Committee of Management



Simon Madden



Cath Haridy



2 + 2 = 5. I LEARNT THIS IN BUSINESS STUDIES. IT RELATES TO 'SYNERGY', HOW BRINGING TOGETHER DIFFERENT PARTS CREATES MORE THAN THEIR SUM.

This year the sustainability committee has thankfully had additional assistance from some real experts! One of our ideas finally took shape in the form of an incursion, and staff professional development session by two experts in sustainability in early childhood & teaching. Alicia and Bella kindly discussed best practice in terms of how 'protecting the environment' should be approached with young children, and also tackled many queries and thoughts tabled by the staff. Two day incursions were filled with fun activities and discussions about ecosystems and habitats, (check out the great Storypark post by Regina for lots of photos!) This incursion and PD was very well received, and we are hoping that this could become a regular incursion for the kinder kids, and staff alike. There have been discussions of networking with other Centres in Darebin and trialing other sustainability initiatives - so the momentum is there!

We'd like to thank the committee and management for approving this, and the staff sustainability committee for embracing this and their enthusiasm.

It was really exciting to get more in touch with the staff committee this year and see all the related work that is done at CS. Regina, Sonya, Ele, Stella and Kristel are doing a great job from a day to day outlook. From discussing waste with children, encouraging use of 'trash' for art, fostering a love of the environment through nature activities and indigenous culture, the staff group really are doing a fantastic job! The feedback from the incursion teachers was that they were pleasantly surprised at the level of sustainability at CS already - so well done guys!

The philosophy of sustainability is one which can relate to various aspects of any business, and embedding this into processes at the decision making time is vital. This is why we are developing a Green Purchasing Policy. This policy will encourage staff and management to consult a checklist when purchasing products/services etc. Areas such as recyclability, durability, packaging, FSC certification are just some of the aspects which will be reviewed. We hope this will be embraced as it will ensure that sustainability will always be considered.

Other ideas such as more compost capacity, expanded worm farms, and tackling other waste streams are all on the table now, and Scott has already excitedly embraced some of these - so next year is looking very promising!

Simon & Cath



BUILDINGS & GROUNDS REPORT

Sub-Committee of Management



Erica McElhinney



Alice Park



Caroline Nadebaum

**IT'S BEEN ANOTHER BUSY AND PRODUCTIVE YEAR FOR THE BUILDINGS AND GROUNDS SUB-COMMITTEE!**

We've completed 3 working bees in the past 12 months and there have been wonderful contributions from the Clifton Street families at each of them and we are grateful to those that have come along to help out. The weather has been a challenge at each of them, but we've pushed on rain, hail and shine! Having a sausage sizzle and encouraging the children to come along keeps the fun times rolling. One more to go this year, the week before the Centre Christmas party, come on down!

The working bees help to keep the grounds looking good and to maintain a safe environment for the children. They have also been a great opportunity to meet other parents and carers within our fantastic community which has been the highlight for us. We strongly encourage all families to attend at least one working bee a year. You don't have to be an expert with the tools (we certainly are not!) and from your time and effort, you will be rewarded by seeing your children play and explore in the various outdoor spaces. We have been discussing the option for families to make a financial contribution where attending a working bee throughout the year is not viable so that we can continue to maintain our wonderful outdoor spaces.



As well as the usual maintenance tasks, some other notable tasks have been completed at the working bees, including:

- Completion of the wooden perimeter border of the digging pit
- Painting the bench seat and bridge
- An outdoor space was set up for our amazing educators to have some R'n'R (table donated by Alice)
- Blackboard painting in the Darnum Room
- The new couches were all sprayed with leather conditioner
- Several of the wooden tables have been sanded and varnished (this is ongoing – if you'd like to take a table home to complete speak with B&G COM)

There have been a few other developments where we have engaged the services of the council and/or contractors, which included the cleaning and replacement of the shade sails throughout the Centre and Air Conditioning was installed in the kitchen. The sound panels in the Marrum room have proved difficult to install and discussions are ongoing with the Council to get them in place.

Working Bee!

CONT.

The Centre was involved with National Tree Day (27th July) where Bunnings Preston kindly donated 18 shrubs and native grasses. The Marrum room children along with Di (our fabulous gardener) planted the trees out by the car park. We look forward to seeing them grow! The Centre has now added the National Tree Day to the annual curriculum.

As always, we would like to acknowledge the amazing contributions made to garden from Di and Martin Caves. Year after year, they go well over and above what one would normally expect from a gardening service and the committee really

appreciate not only their commitment to the Centre, but their guidance and recommendations made throughout the year. The outdoor space is such a draw card to the Centre and all credit goes to Di and Martin.

Alice and I are now leaving the Centre and heading to big school. We're leaving you in the capable hands of Caroline. We've enjoyed our time on the committee, getting to know one another and all the folks that come to the working bees. Keep up the good work.

Erica, Alice & Caroline





CLIFTON STREET CHILDREN'S CENTRE INCORPORATED

A.B.N. 93 086 325 587

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

CLIFTON STREET CHILDREN'S CENTRE INCORPORATED
A.B.N. 93 086 325 587
COMMITTEE'S REPORT

Your committee members present the special purpose financial report on the entity for the financial year ended 30 June 2018.

Committee Members

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

<u>Name</u>	<u>Portfolio</u>
Chelsea Ellis	Chairperson
Claire Kinghorn	Vice Chairperson
Lee Miglino	Secretary
Nicki Clark	Treasurer
Amanda Bishop	General Member
Georgie Chapman	General Member
Simon Madden	General Member
Alice Park	General Member
Erica McElhinney	General Member
Cath Haridy	General Member

Principal Activities

The principal activity of Clifton Street Children's Centre during the financial year was to provide high quality care and education programs for children, which are accessible and affordable. These programs are sensitive to, and reflect the diverse and hanging needs of, the children, families and staff within the centre as well as the broader community and the early childhood field.

Significant Changes

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating Results

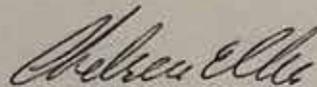
The deficit for the year attributable to the entity amounted to \$20,886 (2017: \$146,804 deficit).

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

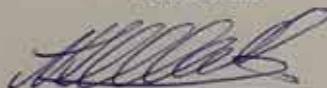
Signed in accordance with a resolution of the Members of the Committee.

Chairperson



Chelsea Ellis

Treasurer



Nicki Clark

Dated this

10th day of October 2018

CLIFTON STREET CHILDREN'S CENTRE INCORPORATED
A.B.N. 93 086 325 587
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
INCOME		
Childcare related income	1,931,926	1,840,006
Other income	30,093	18,459
TOTAL INCOME	<u>1,962,019</u>	<u>1,858,465</u>
EXPENDITURE		
Administrative and operational expenses		
Accounting, audit and bookkeeping fees	17,245	13,241
Cleaning and cleaning supplies	37,508	51,404
Computer expenses	10,423	12,305
Consumables/resources	24,289	22,371
Equipment and furniture	429	13,639
Excursions and incursions	8,086	21,255
Food and drink	51,654	50,790
Other administration and operational expenses	46,424	46,208
Amortisation and depreciation	10,502	12,434
Staff related expenses	1,776,345	1,761,622
TOTAL EXPENDITURE	<u>1,982,905</u>	<u>2,005,269</u>
Net surplus/(deficit) attributable to the Association	<u>(20,886)</u>	<u>(146,804)</u>

CLIFTON STREET CHILDREN'S CENTRE INCORPORATED
A.B.N. 93 086 325 587
BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	2	397,736	418,185
Trade and other receivables	3	63,995	55,553
Prepayments		-	-
TOTAL CURRENT ASSETS		461,731	473,738
NON CURRENT ASSETS			
Property, plant and equipment	4	36,861	36,206
TOTAL NON-CURRENT ASSETS		36,861	36,206
TOTAL ASSETS		498,592	509,944
CURRENT LIABILITIES			
Trade and other creditors	5	58,173	58,592
Amounts received in advance	6	101,450	106,997
Provisions	7	197,619	174,193
TOTAL CURRENT LIABILITIES		357,242	339,782
NON-CURRENT LIABILITIES			
Provisions	7	18,243	26,169
TOTAL NON-CURRENT LIABILITIES		18,243	26,169
TOTAL LIABILITIES		375,485	365,951
NET ASSETS		123,107	143,993
EQUITY			
Accumulated members funds		123,107	143,993
TOTAL EQUITY		123,107	143,993

CLIFTON STREET CHILDREN'S CENTRE INCORPORATED
A.B.N. 93 086 325 587
STATEMENT BY MEMBERS OF THE COMMITTEE

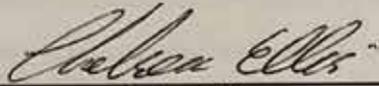
The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial

In the opinion of the committee the financial report as set out on pages 2 to 11:

- 1 Presents a true and fair view of the financial position of the Clifton Street Children's Centre Incorporated as at 30 June 2018 and its performance for the year ended on that date.
- 2 At the date of this statement, there are reasonable grounds to believe that the Clifton Street Children's Centre Incorporated will be able to pay its debts as and when they fall due.

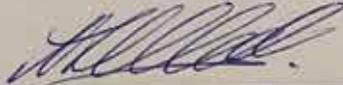
This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Chairperson



Chelsea Ellis

Treasurer



Nicki Clark

Dated this

10th day of October 2018

CLIFTON STREET CHILDREN'S CENTRE INCORPORATED
A.B.N. 93 086 325 587
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Clifton Street Children's Centre Incorporated. (the Association), which comprises the balance sheet as at 30 June 2018, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the members of the Board.

In my opinion, the financial report of the Association is in accordance with the *Australian Charities and Not for Profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*, including:

- i. giving a true and fair view of the Association's financial position as at 30 June 2018 and of its performance for the year ended; and
- ii. complying with Australian Accounting Standards as per Note 1, the *Australian Charities and Not for Profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*.

Basis for Opinion

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

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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Clifton Street Children's Centre Incorporated. to meet the requirements of the *Australian Charities and Not for Profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity 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

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Name of Auditor: Frederik R. L. Eksteen

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Date: 16 October 2018

thank
you

