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Australian Securities & Investments Commission

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**Request Number 9977768.**

Extracted from ASIC's Database on 03/02/2021 at 11:00.

Name: RARD NO 3 PTY LTD  
ACN : 618 271 542

<i>Document ID</i>	<i>No. of Pages</i>	<i>Date Lodged</i>
7EAS21190	33	12/12/19

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**Australian Securities & Investments Commission**

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**Form 388**  
Corporations Act 2001  
**294, 295, 298-300, 307, 308, 319, 321, 322**  
Corporations Regulations  
1.0.08

## Copy of financial statements and reports

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### Company details

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Company name

**RARD NO 3 PTY LTD**

ACN

**618 271 542**

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### Lodgement details

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Registered auditor number

**300187**

Registered auditor name

**SHAUN JASON LINDEMANN**

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### Reason for lodgement of statement and reports

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A large proprietary company that is not a disclosing entity

**Dates on which financial year ends**

Financial year end date

**30-06-2019**

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### Details of large proprietary company

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What is the consolidated revenue of the large proprietary company and the entities that it controls?

**293015845**

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

**176512557**

How many employees are employed by the large proprietary company and the entities that it controls?

**117**

How many members does the large proprietary company have?

**4**

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Form 388 - Copy of financial statements and reports  
RARD NO 3 PTY LTD ACN 618 271 542

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### Auditor's report

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Were the financial statements audited?

**Yes**

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

**No**

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

**Yes**

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### Details of current auditor or auditors

---

#### Appointment of an auditor

Date of appointment **17-10-2018**

ASIC registered auditor number  
**300187**

Given names **SHAUN JASON**

Family name **LINDEMANN**

Address  
**PKF HACKETTS AUDIT  
LEVEL 6  
10 EAGLE STREET  
BRISBANE QLD 4000  
Australia**

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### Certification

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I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

**Yes**

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### Signature

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Select the capacity in which you are lodging the form  
**Agent**

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

**Yes**

Form 388 - Copy of financial statements and reports  
RARD NO 3 PTY LTD ACN 618 271 542

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## Authentication

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This form has been authenticated by  
Name SHAUN JASON LINDEMANN  
This form has been submitted by  
Name Shaun Jason LINDEMANN  
Date 12-12-2019

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**RARD No3 Pty Ltd and its  
controlled entities**

**ABN: 87618271542**

**SPECIAL PURPOSE FINANCIAL REPORT  
For the year ended 30 June 2019**

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

Your Directors present their report on the group for the year ended 30 June 2019.

***Directors***

The following persons were Directors of the group during the whole of the year and up to the date of this report:

Robin Anthony Murphy  
Rory Patrick Murphy  
Adrian John Murphy  
Daniel James Murphy

***Principal Activities***

The group's principal activity during the year consisted of project and facilities management services. There has been no change in the group's principal activity during the year.

***Operating Result and Review of Operations***

The net profit for the year ended 30 June 2019 was \$69,588,218 (2018: \$43,157,374).

The 2019 results reflect a full reporting period of twelve months compared to the prior financial year of eight months as a result of trading commencing part way through the 2018 financial year. The business delivered revenues of \$293,015,845 for the year ended June 2019 compared to \$211,987,533 for the prior period.

***Dividends Paid or Recommended***

No dividends were declared or paid for the year ended 30 June 2019.

***Environmental Regulations***

The group is not affected by any significant environmental legislation.

***Matters Subsequent to the end of the year***

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the group, to affect significantly the operations of the group, results of those operations, or the state of affairs of the group, in subsequent years.

***Likely Developments and Expected Results of Operations***

Likely developments in the operations of the group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT (continued)**

***Significant Changes in State of Affairs***

There were no significant changes in the state of affairs of the group during the year and although it is expected that there will be changes to the company's activities in the near future, it is still unclear as to the extent of the changes predicted and, therefore, no additional information can be provided at the time of this report.

***Options***

No options were issued during the year and there are no options over unissued shares as at the end of the year.

***Indemnification of Officers***

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the group.

***Legal Proceedings***

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the group with leave of the Court under section 237 of the *Corporations Act 2001*.

***Auditor's Independence Declaration***

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is provided with this report.

This report is signed in accordance with a resolution of the Directors.



.....

Director

Brisbane, 6<sup>th</sup> December 2019

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

The directors have determined that the group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the group declare that:

- 1) The financial statements and notes, as set out on pages 4 to 24, are in accordance with the Corporations Act 2001 and:
  - a) Comply with Australian Accounting Standards to the extent outlined in Note 1
  - b) Give a true and fair view of the group's financial position as at 30 June 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements
- 2) In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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



.....  
Director

Brisbane, 6th December 2019



**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Sales Revenue	2	293,015,845	211,987,533
Cost of Sales		(147,424,487)	(121,717,320)
Gross Profit		<u>145,591,358</u>	<u>90,270,213</u>
Other Revenue	2	3,289,389	132,711
Employee benefits and on-costs		(44,095,274)	(33,504,764)
Depreciation and amortisation expenses		(18,215)	(3,123)
Finance costs		(60)	-
Other expenses		(13,255,991)	(5,103,858)
<b>Profit before income tax</b>		<u>91,511,207</u>	<u>51,791,180</u>
Income tax expense	4	(21,922,989)	(8,633,806)
<b>Net Profit for the year</b>		<u>69,588,218</u>	<u>43,157,374</u>
<b>Other Comprehensive Income for the year</b>			
Movement in asset revaluation reserve		982,175	-
<b>Total Comprehensive Income</b>		<u>70,570,393</u>	<u>43,157,374</u>
<b>Profit Attributable to members</b>		<u>70,570,393</u>	<u>43,157,374</u>
<b>Total Comprehensive Income attributable to members</b>		<u>70,570,393</u>	<u>43,157,374</u>

The accompanying notes form part of these financial statements.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	124,540,171	65,520,443
Trade and other receivables	6	2,939,751	11,241,257
Inventories	7	1,298,486	2,572,983
Other current assets	8	47,599,526	510,899
<b>TOTAL CURRENT ASSETS</b>		<u>176,377,934</u>	<u>79,845,572</u>
Property, plant and equipment	9	134,623	48,487
<b>TOTAL NON-CURRENT ASSETS</b>		<u>134,623</u>	<u>48,487</u>
<b>TOTAL ASSETS</b>		<u>176,512,557</u>	<u>79,894,059</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	46,388,051	33,051,690
Interest bearing liabilities	11	-	778,685
Provisions	12	919,237	2,272,496
Current Tax Liabilities	13	15,477,493	633,806
<b>TOTAL CURRENT LIABILITIES</b>		<u>62,784,781</u>	<u>36,736,677</u>
<b>TOTAL LIABILITIES</b>		<u>62,784,781</u>	<u>36,736,677</u>
<b>NET ASSETS</b>		<u>113,727,776</u>	<u>43,157,382</u>
<b>EQUITY</b>			
Contributed equity	14	8	8
Revaluation Reserve		982,175	-
Retained earnings		112,745,593	43,157,374
<b>TOTAL EQUITY</b>		<u>113,727,776</u>	<u>43,157,382</u>

The accompanying notes form part of these financial statements.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Issued Capital (Ordinary Shares) \$	Retained Earnings \$	Reserves \$	Total \$
<b>Balance at 1 Jul 2017</b>		<b>8</b>	-	-	<b>8</b>
<b>Comprehensive income</b>					
Profit for the year		-	43,157,374	-	43,157,374
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year attributable to members of the entity</b>		-	43,157,374	-	43,157,374
<b>Transactions with owners, in their capacity as owners</b>		-	-	-	-
Dividends paid or provided for		-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-
<b>Balance at 30 Jun 2018</b>		<b>8</b>	<b>43,157,374</b>	-	<b>43,157,382</b>
<b>Comprehensive income</b>		-	-	-	-
Profit for the year		-	69,588,218	-	69,588,218
Other comprehensive income for the year		-	-	982,175	982,175
<b>Total comprehensive income for the year attributable to members of the entity</b>		-	69,588,218	982,175	70,570,393
<b>Transactions with owners, in their capacity as owners</b>		-	-	-	-
Dividends paid or provided for		-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-
<b>Balance at 30 Jun 2019</b>		<b>8</b>	<b>112,745,592</b>	<b>982,175</b>	<b>113,727,775</b>

The accompanying notes form part of these financial statements.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		318,289,289	212,398,902
Payments to suppliers and employees		(207,658,332)	(139,738,231)
Interest paid		(60)	(32)
Interest received		2,966,330	132,711
Income tax paid		(7,079,302)	(8,000,000)
<b>Net cash provided by operating activities</b>	15(b)	<b>106,517,925</b>	<b>64,793,350</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Investments		(38,610,453)	-
Payment for property, plant and equipment		(104,351)	(51,610)
<b>Net cash used in investing activities</b>		<b>(38,714,804)</b>	<b>(51,610)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans (to)/received from related parties		(8,004,698)	-
<b>Net cash provided by (used in) financing activities</b>	15(c)	<b>(8,004,698)</b>	<b>-</b>
Net (decrease) increase in cash held		59,798,423	64,741,740
Cash at beginning of financial year		64,741,748	8
<b>Cash at end of financial year</b>	15(a)	<b>124,540,171</b>	<b>64,741,748</b>

The accompanying notes form part of these financial statements.

## **RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements and notes represent those of RARD NO3 Pty Ltd ('the company') and its controlled entities ('the group') RARD NO3 Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 6th December 2019 by the directors of the company.

#### **Basis for Preparation**

The directors' have prepared the financial statements on the basis that the group is a non-reporting entity because there are no users dependent on general purpose financial reports.

This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

The amounts presented in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

The accounting policies that have been adopted in the preparation of this report are as follows:

#### **Accounting Policies**

##### **(a) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RARD No. 3 Pty Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary details are provided in Note 17.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

## **RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**(b) Revenue & Other Income recognition**

The Group has applied AASB 15: *Revenue from Contracts with Customers* during the period, however, this had no impact on how revenue was recognised and as such there has been no change to the Group’s accounting policies.

Revenue recognition relating to the provision of services is recognised on a monthly basis as determined with reference to the contractual terms under the *Contract in relation to the provision of Garrison and Welfare Services on the Republic of Nauru*, as services are provided by the company.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of goods and services tax.

**(c) Expenses**

Expenditure is recognised when goods and services are provided to the group and are recognised upon incurrence as a liability.

**(d) Income tax**

Current income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

**(e) Cash & Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(f) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement within normal trading terms of 30 days or in accordance with contractual terms. The Groups impairment policy in relation to receivables is outlined below.

**(g) Financial Instruments**

**Initial recognition and measurement**

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

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

**Classification and subsequent measurement**

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

*Financial assets*

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income.

Financial assets are subsequently measured at amortised cost as all financial instruments meet the following criteria:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.



## RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

##### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### **Impairment**

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: *Financial Instruments*.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

*Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

**(h) Goods & 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 Tax Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

**(i) Employee Benefits**

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

**(j) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Inventories**

Inventories balances measured at the lower of cost and net realisable value represent Stock on hand and Stock in transit as at 30 June 2019. Inventories are valued according to the First in First out method of valuation.

**(l) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the group prior to the end of the year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

**(m) Interest bearing liabilities**

Loans, lease liabilities and hire purchase obligations are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of the borrowing balance.

**(n) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(o) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**Key judgments**

*(i) Provision for the impairment of receivables*

The trade receivables reported as at the end of the reporting period are considered to be recoverable therefore the directors believe that no provision for impairment is required

*(ii) Provision for the termination of contract costs*

The group's single contract with the Commonwealth of Australia is due to expire on the 31<sup>st</sup> December 2019. As such, provisions have been recognised in relation to expected costs based on directors estimates of the expected cost and probability of the contract concluding.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) New and Amended Accounting Policies Adopted by the Group**

**Initial application of AASB 9: *Financial Instruments***

The Group has adopted AASB 9 with a date of initial application of 1 July 2018. As a result, the Group has changed its financial instruments accounting policies as detailed in this note.

AASB 9 requires retrospective application with some exceptions.

New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Group's business model and the cash flow characteristics of the financial assets

Despite the issues mentioned, the Group may make irrevocable election at initial recognition of a financial asset to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income.

The directors of the Group determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- the Group's investments in equity instruments not held for trading that were acquired during the period have been designated as at fair value through other comprehensive income. The movement in fair value on these equity instruments is accumulated in the financial assets reserve; and
- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding;

***Impairment***

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous Standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

Given that the Group holds minimal trade receivables, the impact of the changes to the impairment model used was minimal and, therefore, no adjustment has been made to current and prior periods.

*Classification and measurement of financial liabilities*

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

<b>Financial instrument category</b>		
	<b>AASB 139 original</b>	<b>AASB 9 new</b>
<b>Financial assets</b>		
<b>Current and non-current</b>		
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost
Investments in equity instruments designated as at fair value through other comprehensive income	Available-for-sale financials	Financial assets at fair value through other comprehensive income
<b>Financial liabilities</b>		
<b>Current and non-current</b>		
Trade and other payables	Amortised cost	Financial liabilities at amortised cost

**Initial application of AASB 15: Revenue from Contracts with Customers**

The Group has adopted AASB 15: *Revenue from Contracts with Customers* with a date of initial application of 1 July 2018.

There was no change to how revenue is recognised and, as such, no adjustment has been proposed.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Group and applicable in future reporting periods.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees, as the Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

**Basis of preparation**

The accounting for the Group's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Group from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the Group has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

It is expected that the amount of the right-of-use asset and lease liability recognised on initial application will not be materially different to the total amount of commitments shown in Note 16.

AASB 16 is not expected to have a material impact on the profit and loss.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Significant contract with the Commonwealth of Australia.**

The majority of project revenue for the current reporting period has been received under a single contract between the group and the Commonwealth of Australia. This contract has an expiry date of 30 June 2020, and as at the date of these financial statements, this contract had not been renewed.

<b>2. REVENUE</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Sales Revenue:		
Construction revenue	293,015,845	211,987,533
Other revenue:		
Interest	2,966,330	132,711
Dividend Income	323,059	-
	<u>3,289,389</u>	<u>132,711</u>

**3. NET PROFIT**

The net profit before income tax expense includes the following specific net gains and expenses:

<b>Revenue and Net gains</b>		
Interest	2,966,330	132,711
Dividend Income	323,059	-
<b>Expenses</b>		
Depreciation/amortisation	18,215	3,123
Consultant expense	2,950,000	735,763
Rent expense	845,313	1,411,615
Insurance	5,962,753	1,764,064
Audit Fees	19,500	19,500

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
<b>4. INCOME TAX EXPENSE</b>	<b>\$</b>	<b>\$</b>
<b>(a) The aggregate amount of income tax expense includes the following net gains and expenses:</b>		
Net profit/(loss) before income tax expense	<u>91,511,207</u>	<u>51,791,180</u>
At the statutory income tax rate of 30% (2018: 30%) Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	27,453,362	15,537,354
Non-assessable non-exempt income	(594,037)	(2,606,550)
Tax offset for Franked Dividends/Foreign Income	(1,150,915)	-
Trust distributions	5,380	-
Other	<u>(1)</u>	<u>(1)</u>
	<u>25,713,789</u>	<u>12,930,803</u>
Difference in overseas tax rates	(4,097,942)	(4,296,997)
Adjustments for current tax of prior periods	307,141	-
Income Tax Expense	<u>21,922,988</u>	<u>8,633,806</u>
<b>(b) The components of income tax expense:</b>		
Current tax	21,615,847	8,633,806
Deferred tax	-	-
Adjustment for current tax of prior periods	<u>307,142</u>	<u>-</u>
	<u>21,922,989</u>	<u>8,633,806</u>
Deferred income tax (revenue) expense included in tax expense comprises:		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Franking credits available for use in subsequent financial years	<u>1,531,262</u>	<u>39,813</u>



**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>5. CASH</b>		
Cash at bank and on hand	124,540,171	65,520,433
	<hr/>	<hr/>
<b>6. RECEIVABLES</b>		
Trade debtors	2,802,644	5,696,052
Sundry debtors	137,107	-
Accrued Income	-	5,545,205
GST Receivable	-	-
	<hr/>	<hr/>
	2,939,751	11,241,257
	<hr/>	<hr/>
<b>7. INVENTORIES</b>		
Stock on Hand	1,191,457	2,154,655
Stock in Transit	107,029	418,328
	<hr/>	<hr/>
	1,298,486	2,572,983
	<hr/>	<hr/>
<b>8. OTHER CURRENT ASSETS</b>		
Prepayments	2,200	510,899
Loan Accounts - Related Parties	8,004,698	-
Investments	39,592,628	-
	<hr/>	<hr/>
	47,599,526	510,899
	<hr/>	<hr/>
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Plant & equipment – at cost	128,354	36,900
Less accumulated depreciation	(11,887)	(1,643)
	<hr/>	<hr/>
	116,467	35,257
	<hr/>	<hr/>
Office equipment – at cost	27,607	14,709
Less accumulated depreciation	(9,451)	(1,479)
	<hr/>	<hr/>
	18,156	13,230
	<hr/>	<hr/>
	134,623	48,487
	<hr/>	<hr/>

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**9. PROPERTY, PLANT & EQUIPMENT (continued)**

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below:

	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
Carrying amount	36,900	14,709	-	51,609
Addition	91,454	12,898	-	104,352
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation	(11,887)	(9,451)	-	(21,338)
Closing balance	<u>116,467</u>	<u>18,156</u>	<u>-</u>	<u>134,623</u>

<b>10. PAYABLES</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	15,857,630	11,074,383
Creditors accruals	23,350,380	20,052,334
PAYG Clearing	4,142,666	410,525
Payroll clearing	4,394,200	-
Superannuation payable	39,311	81,220
GST Payable	(1,481,547)	1,433,228
FBT Payable	85,411	-
	<u>46,388,051</u>	<u>33,051,690</u>

**11. INTEREST BEARING LIABILITIES**  
**- CURRENT**

Overdraft	-	778,685
	<u>-</u>	<u>778,685</u>

**12. PROVISIONS - CURRENT**

Employee entitlements	919,237	2,272,496
	<u>919,237</u>	<u>2,272,496</u>

**13. TAX LIABILITIES - CURRENT**

Provision for income tax	15,477,493	633,806
	<u>15,477,493</u>	<u>633,806</u>

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>14. CONTRIBUTED EQUITY</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
8 fully paid ordinary shares	<u>8</u>	<u>8</u>
	<u>8</u>	<u>8</u>

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

<b>15. CASH FLOW INFORMATION</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of Cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the period, as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and on hand (Note 5)	124,540,171	65,520,433
Overdraft (Note 11)	-	(788,685)
Cash as per statement of cash flows	<u>124,540,171</u>	<u>64,741,748</u>
<b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	69,588,218	43,157,374
Non-cash flows in profit:		
- Depreciation	18,215	3,123
- Profit on sale of assets	-	-
- Loss on sale of assets	-	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	8,301,506	(11,241,257)
- (increase)/decrease in inventories	1,274,497	(2,572,983)
- (increase)/decrease in prepayments	508,697	(510,899)
- (increase)/decrease in other assets	-	-
- increase/(decrease) in trade and other payables	13,336,362	33,051,690
- increase/(decrease) in employee entitlements	(1,353,258)	2,272,496
- increase/(decrease) in income tax liabilities	14,843,688	633,806
Net Cash provided by Operating activities	<u>106,517,925</u>	<u>64,793,350</u>

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**15. CASH FLOW INFORMATION (continued)**

**(c) Changes in Liabilities Arising from Financing Activities**

	<b>Related Party Loans Receivable</b>
Balance at 1 July 2018	-
Net cash used in financing activities	(8,004,698)
Other changes	-
Balance as at 30 June 2019	<u>8,004,698</u>

<b>16. OPERATING LEASE COMMITMENTS</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Non-cancellable operating leases contracted for but not recognised in the financial statements: Payable – minimum lease payments:		
- not later than 12 months	35,504,576	58,241,433
- between 12 months and five years	-	19,413,811
- later than five years	-	-
	<u>35,504,576</u>	<u>77,655,244</u>

**17. INTERESTS IN SUBSIDIARIES**

**(a) Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the parent entity. The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line-by-line basis in the consolidated financial statements of the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

**RARD NO3 PTY LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**17. INTERESTS IN SUBSIDIARIES (continued)**

Name of Subsidiary	Place of incorporation and operation	Ownership Interest Held by the Group*	
		2019 %	2018 %
Canstruct International Pty Ltd	Australia	100	100
Canstruct Developments Pty Ltd	Australia	100	100
Canstruct Manufacturing Pty Ltd	Australia	100	100
Canstruct Imports Pty Ltd	Australia	100	100

\* Companies were dormant at 30 June 2019.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The group has no contingent liabilities or assets as at 30 June 2019.

**19. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On the 20<sup>th</sup> of November 2019, Canstruct International Pty Ltd extended their contract between the Commonwealth of Australia, represented by the Department of Home Affairs and Canstruct International Pty Ltd, with The Government of Nauru in relation to the provision of Garrison and Welfare Services on the Republic of Nauru. The contract, dated 31 October 2019, with an initial expiry date of 31 December 2019 has been amended to end on 30 June 2020.

**20. COMPANY DETAILS**

The registered office of the company is:

Vincent's Chartered Accountants  
 Level 34, 32 Turbot Street  
 BRISBANE  
 QLD 4000

The principal place of business is:

769 Fairfield Road  
 Yeerongpilly,  
 BRISBANE  
 QLD, 4076

PKF Brisbane Audit



2 December 2019

The Directors  
RARD No3 Pty Ltd  
769 Fairfield Road  
Yeerongpilly QLD 4105

Dear Directors

**REPORT TO THE BOARD – YEAR ENDED 30 JUNE 2019**

We have substantially completed the audit of the financial report for RARD No3 Pty Ltd for the year ended 30 June 2019 consisting of the Statement of Financial Position as at 30 June 2019, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, together with the accompanying notes and the Directors' Declaration.

**Outstanding Matters and Audit Report**

Subject to the Directors approving and signing the financial report and letter of representation, we confirm that we are in a position to issue an unmodified audit opinion, as follows.

*"Opinion*

*In our opinion the financial report of RARD No3 Pty Ltd and its controlled entities is in accordance with the Corporations Act 2001, including:*

- a) *Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and*
- b) *Complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.*

*Basis for Opinion*

*We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.*

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

*Emphasis of Matter – Basis of Accounting*

*Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose."*

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### **Key Accounting and Audit Issues**

In accordance with our normal practice, we now report those matters concerning the accounting systems and operating procedures, which came to our attention during our audit of the group for the year ended 30 June 2019. Appendix A sets out an update of the key matters that arose during the audit for the year ended 30 June 2019 and an update of matters raised in prior years. 0 sets out other matters required to be communicated to the Board.

We request you review these issues to ensure there are no residual further considerations or matters that could impact these issues; you concur with the resolution of the issue; and there are no further significant issues of which you are aware.

### **Misstatements**

In order to reduce audit risk to an acceptable level, we consider materiality when planning and performing the audit. We assess materiality by considering qualitative and quantitative factors and by exercising professional judgement.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

No misstatements were identified during the audit.

### **Internal control**

Internal control comprises five components: (a) the control environment, (b) an entity's risk assessment process, (c) the information system, (d) internal control activities and (e) monitoring of internal controls.

In accordance with Australian Auditing Standards, as part of our audit we obtained an understanding of the entity's internal control relevant to the audit only. Most controls relevant to the audit will relate to financial reporting but note that not all financial reporting controls will be relevant to the audit. An audit will generally not need to consider controls that extend beyond those matters that relate directly to financial reporting of the entity.

The responsibility for establishing and maintaining a system of internal control is ultimately that of the Directors, albeit on a delegated basis through management. The adoption of any system of internal control needs to be considered and measured against the Directors' responsibility for safeguarding the entity's assets and for the prevention and detection of fraud, error and non-compliance with regulatory requirements.

Internal controls are required to be reviewed on a regular basis to ensure that all significant controls are operating effectively. The entity's organisational structure will provide the framework within which activities are planned, executed, controlled, monitored and analysed in order to achieve the entity's objectives. This involves the defining of key areas of responsibilities, key performance indicators (financial and non-financial) and establishing appropriate and clear lines of reporting.

You will appreciate that our audit procedures are designed primarily to enable us to form an opinion on the statutory financial statements of the entity as a whole. To form our opinion we obtain reasonable assurance that the accounting records of the entity are reliable and an adequate basis for the preparation of the financial report. This necessarily involves the testing of transactions on a sample basis. As such, our audit procedures do not necessarily bring to light at each audit all the weaknesses in the systems, which only a more detailed examination would reveal, or consider all systems and operating procedures implemented by the entity.

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**Independence**

We confirm that in respect of the audit of the financial report for the year ended 30 June 2019, we have maintained our independence in accordance with requirements and provisions of Accounting Professional and Ethical Standard 110 *Code of Ethics for Professional Accountants* and the *Corporations Act 2001*.

**Conclusion**

This report is intended solely for the use of the Board of Directors and senior management and should not be used for any other purpose nor given to any other party without our prior written consent.

We would like to thank Gavin Hargrave and his staff for the assistance provided to us during the engagement.

I look forward to the opportunity of discussing any aspects of this report with you, if required.

Yours faithfully

PKF

PKF Brisbane Audit

A handwritten signature in black ink, appearing to read 'S Lindemann', written over a light blue horizontal line.

Shaun Lindemann  
Partner