

# GILLOW & TEESE

Chartered Accountants

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*Committed to your Business Success*

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Directors

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Our Ref: RG/BEASR16  
Your Ref:

22 August 2003

Korda Mentha  
GPO Box 3127  
BRISBANE QLD 4001  
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Dear Lachlin

RE: BEAUCESERT SHIRE RAILWAY SUPPORT GROUP INC. T/A BEAUCESERT RAIL

It is our opinion that had the constitution of Beaudesert Rail been drafted appropriately, the group could have been an exempt body for income tax purposes and as such the grant funding received would not be taxable.

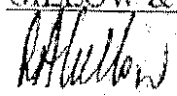
The Australian Taxation Office has issued a Private Ruling advising the group is not exempt from income tax, however has issued an Interpretive Decision advising that the federal grant income is not assessable as it was received prior to commencing operations.

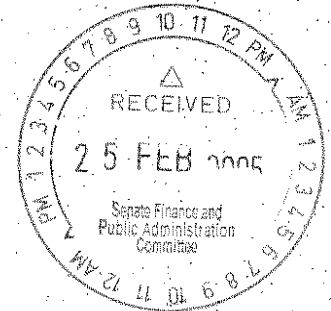
The group was established to promote a heritage steam train and the history of the 'old rail line' that previously linked Bethania to Beaudesert. The group received a \$5 million Commonwealth Federation Project Grant which had specific guidelines as to how the funds were to be expended. No provision for income tax was provided for, or expected by either the group or the Federal Government.

In our opinion it would be illogical for the Commonwealth Government to provide a special federation grant and expect 30% of the funding returned as income tax. We are currently in the process of negotiating with the Australian Taxation Office to determine whether amending the constitution will allow Beaudesert Rail to be reclassified as an exempt body for income tax.

Should you have any queries in relation to the above matter, please do not hesitate to contact this office.

Yours faithfully,  
GILLOW & TEESE

  
R.A. Gillow  
Partner



Chartered Accountants