

**WILLMOTT FORESTS 1995-1999 PROJECT  
ARSN 089 598 612**

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

This is Annexure A of 20 pages  
Referred to in Form 388:  
Annual Reports



Robert Garton Smith - Director

Dated the 2nd day of October 2018

**WILLMOTT FORESTS 1995-1999 PROJECT  
ARSN 089 598 612**

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# **WILLMOTT FORESTS 1995-1999 PROJECT**

## **ARSN 089 598 612**

### **DIRECTORS' REPORT**

The board of directors of Primary Securities Ltd (Primary) the Responsible Entity of Willmott Forests 1995-1999 Project (the Project) presents its report for the year ended 30 June 2018.

#### **Directors**

The names of the Directors of the Responsible Entity in office during the financial year end and up to the date of the report are:

David Butterfield  
Robert Garton Smith  
Ian Murchison  
Anthony Wamsteker (resigned 18 April 2018)

#### **Principal Activities**

The principal activity of the Project was the growing and harvesting of radiata pine trees on plantations located in South East New South Wales and North East Victoria.

Other than discussed in the review of results and operations below there have been no significant changes in the nature of those activities during this period.

#### **Review of Results and Operations**

For the year ended 30 June 2018, \$7,614,954 (2017: \$7,940,792) gross harvest proceeds were generated from thinning and harvest.

Net profit / (loss) attributable to Growers for the year ended 30 June 2018 was \$6,060,311 (2017: \$325,127).

Operations carried out were harvest management and supervision, road construction and maintenance, fire maintenance and standby, including clearing internal tracks and firebreaks, control of noxious weeds and pests, general maintenance and negotiating timber sale contracts.

On the 8th June 2017 the Supreme Court of Victoria approved a Settlement Agreement between the Liquidators of Willmott Forests Limited (Receivers and Managers Appointed) (In Liquidation) and Primary Securities Ltd on behalf of the Project.

Pursuant to the Settlement Primary (for the Project) was required to pay \$4,000,000 to the Liquidators in instalments and the Liquidators granted Primary a Call Option so that as payments were made to the Liquidators Primary could call for the transfer of titles. On the final payment the balance of the titles still registered in the name of Willmott Forests Ltd had to be transferred.

Other terms of the Settlement are that the Liquidators give up any lien claim and that each party pay their own legal costs.

The Project borrowed \$360,000 to pay the deposit to the Liquidators. Terms of the loans (loans since repaid), included a fee of 6.9% of any capital gain on the sale of each plantation after paying out the Liquidators.

The Project agreed with Willmott Grower Group, Inc to fund further High Court costs of \$400,000, after paying out the Liquidators and any loans to pay the Liquidators.

## **WILLMOTT FORESTS 1995-1999 PROJECT ARSN 089 598 612**

### **DIRECTORS' REPORT (CON'T)**

The Constitution was amended, following a meeting of Growers held on 28 June 2017, to allow for the holding of land in trust for the Growers, and to permit the Responsible Entity to reduce Entitlements of Growers in default and release the Grower from any obligation to pay.

The Project also purchased from the Responsible Entity and related parties (at market value) all the plant and equipment at Bombala for a price of \$51,785 (including GST).

The Project borrowed \$1,243,370 from Primary Mortgage Board (on arms' length terms) using funds mainly provided by Growers, to refund the deposit loan and to otherwise assist to purchase the land. This money (to the extent not already used) was held by a custodian, One Managed Investment Funds Limited, which will also hold land titles.

Nimmitabel cleared plantation land was sold for \$450,000, settlement occurred on the 12 January 2018.

Craigie 2 cleared plantation was sold for \$565,000, settlement occurred on the 19 April 2018.

Numeralla cleared plantation land was sold for \$385,000, settlement occurred on the 27 April 2018.

Proceeds were paid direct to the Liquidators reducing the balloon payment per the Deed of Settlement.

At a meeting of growers held on the 2<sup>nd</sup> November 2017 Growers approved the sale of Avonleigh and Cabanandra plantations (land and trees). These plantations were then put up for sale and sold for \$6,000,000 (\$1,348,000 for the land and \$4,652,000 for the trees). Settlement occurred on the 31 May 2018. This cleared all debt to the Liquidators allowing the commencement of distribution payments to growers. Title to the remaining plantations is expected to be transferred on the date of this report.

### **Distributions**

A distribution of \$2,359,949 (\$730 per Entitlement) was paid or payable to growers during the year. Unpaid distributions at 30 June 2018 were \$844,135 due to unresolved issues with growers who have loans with Willmott Finance Ltd. (2017: \$nil).

### **Environmental Regulation**

The operations of the Project are subject to the Plantations and Reafforestation Act 1999 and (Code) Regulation 2001 (NSW) and the Code of Practice for Timber Production 2014 (Vic). All operations are carried out in accordance with the applicable Acts and Regulations and there have been no significant breaches of the legislation.

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

The Responsible Entity has decided on a program of thinning and to extend the period to clearfall for the remaining plantations in order to maximise returns to Growers. Other than as reported in Review of Results and Operations there have been no significant changes in the state of affairs.

### **Matters Subsequent to End of Financial Year**

Thinning and harvest continue.

The Project has taken out fire insurance for the coming year.

## **WILLMOTT FORESTS 1995-1999 PROJECT ARSN 089 598 612**

### **DIRECTORS' REPORT (CON'T)**

#### **Indemnifying of Directors and Officers**

During the period ended 30 June 2018, the Responsible Entity paid a premium in respect of a contract insuring the directors, the secretary and executive officers of the Responsible Entity against a liability incurred to the extent permitted by the Corporations Act 2001. The disclosure of premium paid is not permitted under the contract.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

#### **Project Information**

No interests in the Project were held by the current Responsible Entity or associates at the end of the period.

No interests (entitlements) were issued by the Project during the year.

There were 47.08 withdrawals of interests (entitlements) from the Project during the year.

The number of interests (entitlements) in the Project at the end of the financial period was 3,232.81 (2017: 3,279.89)

The number of gross Hectares in the Project at the end of the financial period was 3,954 (2017: 5,473). Net planted hectares at 30 June were 2,129.

The value of the Project's net assets at the end of the period was \$nil.

#### **Non forestry costs paid to the Responsible Entity**

Total non forestry costs paid or payable to Primary for the financial year ended 30 June 2018 were \$333,427 (2017: \$1,044,287), as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Annual Responsible Entity Fees	86,202	88,958
Accounting & Registry	58,704	70,551
Termination and Disclaimer Issues	-	290,270
General Management	43,019	151,669
Property / Land Purchase	10,646	290,781
Lease Protection	-	7,000
Sale of Land & Plantations	134,856	-
Constitution Amendments	-	32,559
Land and Rights Claim	-	112,499
	<b>333,427</b>	<b>1,044,287</b>

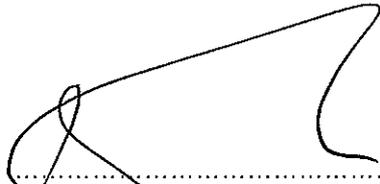
**WILLMOTT FORESTS 1995-1999 PROJECT  
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**DIRECTORS' REPORT**

**Auditors Independence Declaration**

The auditor of the Project has provided the Directors of the Responsible Entity with an independence declaration in accordance with section 307C of the Corporations Act 2001.  
The independence declaration is included within the financial statements.

Signed in accordance with a resolution of the Board of Directors of Primary Securities Ltd.



ROBERT GARTON SMITH  
Managing Director

Dated this 2nd October 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the Willmott Forests 1995-1999 Project for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 2 October 2018

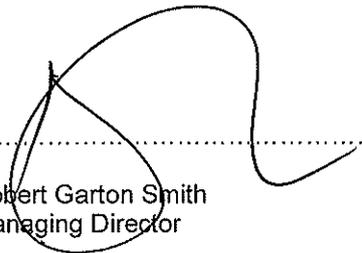
**WILLMOTT FORESTS 1995-1999 PROJECT  
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**DIRECTORS' DECLARATION**

In the opinion of the Directors of Primary Securities Ltd, the Responsible Entity of Willmott Forests 1995-1999 Project:

- (i) The financial statements and notes set out on page 7 to 15 are in accordance with the Corporations Act 2001, including:
  - (a) Complying with Accounting Standards and the Corporations Regulations 2001; and
  - (b) Giving a true and fair view of the financial position of the Project as at 30 June 2018 and of its performance for the year ended on that date;
- (ii) There are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Primary Securities Ltd.



Robert Garton Smith  
Managing Director

Dated this 2nd October 2018

**WILLMOTT FORESTS 1995-1999 PROJECT  
ARSN 089 598 612**

**STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 30 June 2018**

	2018	2017
	\$	\$
<b>Revenue from ordinary activities</b>		
Harvest proceeds	7,614,954	7,940,792
Settlement proceeds (net) sale of land and trees	5,699,176	-
Grower fees	(50,929)	1,381,703
Licence and rental income	39,009	-
Interest income	4,343	1,235
	<u>13,306,553</u>	<u>9,323,730</u>
<b>Expenses</b>		
Harvest and haulage	5,433,699	6,199,762
Plantation management	335,782	273,305
Road construction costs	287,267	171,385
Custodian fees	14,745	-
Responsible entity fees	86,202	88,958
Management expenses	143,687	289,140
Insurances	178,092	50,087
Rates and taxes	48,782	-
Constitution amendments	-	32,559
Depreciation	8,905	-
Land and rights claim	-	112,499
Land purchase	10,646	290,781
Legal fees – termination and disclaimer	68,585	1,300,902
Legal fees - lien	-	103,033
Legal fees – WGG High Court Costs	372,780	-
Legal fees – general	91,277	-
Sale of land and plantations	134,856	-
Other expenses	30,937	86,192
	<u>7,246,242</u>	<u>8,998,603</u>
<b>Total comprehensive income / (loss) attributable to growers</b>	<u><b>6,060,311</b></u>	<u><b>325,127</b></u>

*The accompanying notes form part of these financial statements.*

**WILLMOTT FORESTS 1995-1999 PROJECT  
ARSN 089 598 612**

**STATEMENT OF FINANCIAL POSITION  
As at 30 June 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,110,875	118,292
Trade and other receivables	5	907,279	1,517,778
Grower receivables		-	231,664
Pipes for Roding		11,175	-
<b>Total Current Assets</b>		<u>2,029,329</u>	<u>1,867,734</u>
<b>Non Current Assets</b>			
Fixed assets		38,173	-
Land <sup>1</sup>		2,607,000	400,000
Other assets		188,557	-
<b>Total Non Current Assets</b>		<u>2,833,730</u>	<u>400,000</u>
<b>TOTAL ASSETS</b>		<u><b>4,863,059</b></u>	<u><b>2,267,734</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	1,384,969	2,267,734
Grower's profits		3,478,090	-
<b>Total Current Liabilities</b>		<u>4,863,059</u>	<u>2,267,734</u>
<b>TOTAL LIABILITIES</b>		<u><b>4,863,059</b></u>	<u><b>2,267,734</b></u>
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>

The statement of financial position does not include the value of the trees on the Growers' Woodlots. In *Capelli v Shepard [2009] VSCA 33*, the Victorian Court of Appeal declared that the rights over and interests in all trees which were acquired with the proceeds of investors' contributions to a particular registered forestry scheme, being trees standing on allotments leased by investors in that scheme, were part of the scheme property of that particular scheme. The directors of the responsible entity are currently seeking to insure the trees on the Woodlots leased by Growers in the Project for \$10,560,905. Such an amount is not intended to represent the value of the trees or the amount that may be available to Growers on harvest after paying for harvest and transport costs. As the pine trees standing on Growers' woodlots were acquired with proceeds of Growers' contributions to the Willmott Forests 1995-1999 Project ARSN 089 598 612, the responsible entity considers that the

<sup>1</sup> While the land is held in trust for Growers, no separate trust accounts have been prepared and the land has been treated as an asset of the Project for the purposes of these financial statements.

**WILLMOTT FORESTS 1995-1999 PROJECT  
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rights over and interests in those trees form part of the scheme property of the Willmott Forests 1995-1999 Project ARSN 089 598 612.

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
For the year ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Balance brought forward	-	-
Comprehensive income / (loss) for the year	6,060,311	325,127
Distribution to growers	(6,060,311)	(325,127)
	<hr/>	<hr/>
Balance carried forward	-	-

*The accompanying notes form part of these financial statements.*

**WILLMOTT FORESTS 1995-1999 PROJECT  
ARSN 089 598 612**

**STATEMENT OF CASH FLOWS  
For the year ended 30 June 2018**

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Harvest proceeds	8,072,900	7,539,485
Settlement proceeds	5,699,176	-
Grower fees	153,027	1,213,420
Licence, rental and other income	53,647	-
Interest received	4,343	1,235
Payments to suppliers	<u>(8,709,355)</u>	<u>(8,645,738)</u>
<b>Net cash flow from operating activities</b>	<u>5,273,738</u>	<u>108,402</u>
<b>Cash flows used in investing activities</b>		
Purchase of fixed assets	(47,078)	-
Purchase of land	(2,567,000)	-
Distributions paid	(1,506,421)	-
Transfer of hectares and other assets	<u>(160,656)</u>	<u>-</u>
<b>Net cash flow used in investing activities</b>	<u>(4,281,155)</u>	<u>-</u>
Net increase/(decrease) in cash held	992,583	108,402
Cash at beginning of year	118,292	9,890
<b>CASH AT END OF FINANCIAL YEAR</b>	<u>1,110,875</u>	<u>118,292</u>

**Reconciliation of net profit attributable to growers to net cash flow from operating activities:**

	2018	2017
	\$	\$
Net profit / (loss) attributable to growers	6,060,311	325,127
<b>Change in operating assets and liabilities</b>		
Movement in receivables	608,289	(886,013)
Movement in other payables	(1,403,767)	669,288
Non-cash depreciation	8,905	-
<b>Net cash flow from operating activities</b>	<u>5,273,738</u>	<u>108,402</u>

*The accompanying notes form part of these financial statements.*

# **WILLMOTT FORESTS 1995-1999 PROJECT**

## **ARSN 089 598 612**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2018**

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

The Project is a registered Managed Investment Scheme under the Corporations Act 2001.

Primary Securities Ltd, the current Responsible Entity of the Project, is incorporated and domiciled in Australia.

The registered office of the current Responsible Entity is located at 3 Shuffrey Street, Fremantle, Western Australia, 6160.

##### **a. Basis of Accounting Preparation**

This general purpose financial report has been prepared in accordance with the Constitution and with Australian equivalents to the International Financial Reporting Standards Board and the Corporations Act 2001.

Willmott Forests 1995-1999 Project is a for-profit entity for the purpose of preparing financial statements.

The preparation of financial statements under AIFRS required the use of certain critical accounting estimates and requires that management exercise its judgement in the process of applying the Project's accounting policies. Due to the nature of the Project's activities there are no major areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Costs are based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars which is the Project's functional and presentation currency.

The Responsible Entity has reviewed the new accounting standards and interpretations which have been published but are not mandatory for 30 June 2018 reporting periods. The Responsible Entity's assessment is that the new pronouncements will have no impact on the amounts recognised in the financial statements but may affect the format of their disclosure in future years.

The following is a summary of the material accounting policies adopted by the project in the preparation of the financial report. These accounting policies have been consistently applied, unless otherwise stated.

##### **b. Revenue recognition**

Revenue from the sale of agricultural produce is recognised when the produce has been delivered to the customer, the customer has accepted the produce and it is probable that the related receivable will be collected.

Proceeds from insurance claims for damages to the trees in the plantation, caused by events for which the Responsible Entity has taken out plantation insurance, are recognised as revenue when received.

**WILLMOTT FORESTS 1995-1999 PROJECT  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**c. Cash and Cash Equivalents**

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

**d. Biological Assets**

As the trees are the assets of the growers they are not recorded in the Project accounts.

**e. Trade and Other Receivables**

Receivables are recognised and carried at original amount, less a provision for any uncollected debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

**f. Trade and Other Payables**

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Project.

Payables include distributions payable.

**g. Goods and Services Tax (GST)**

Amounts recognised as receivable and payables at balance date include the amount of GST receivable and payable.

**h. Land**

Land is recognised and carried at original cost.

**2 INCOME TAX**

All Project assets and any income of the Project are held on behalf of either the growers or the Responsible Entity. The Project does not derive any income on its own account and accordingly is not subject to income tax.

**3 REMUNERATION OF AUDITORS**

The Responsible Entity bears the cost of the audit of both the Project and its Compliance Plan.

**WILLMOTT FORESTS 1995-1999 PROJECT**  
**ARSN 089 598 612**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

**4 CASH AND CASH EQUIVALENTS**

Reconciliation of cash and cash equivalents

For the purposes of the Statement of Financial Position and the Cash Flow Statement, cash and cash equivalents comprise:

	30 June 2018 \$	30 June 2017 \$
Cash at bank and in hand	<u>1,110,875</u>	<u>118,292</u>

**5 TRADE AND OTHER RECEIVABLES**

	30 June 2018 \$	30 June 2017 \$
Harvest proceeds receivable	778,859	1,236,805
Other receivables	<u>128,420</u>	<u>280,973</u>
	<u>907,279</u>	<u>1,517,778</u>

**6 TRADE AND OTHER PAYABLES**

Trade creditors	497,515	1,880,273
Loan -deposit land settlement	-	360,000
Distribution	844,136	-
Other payables	<u>43,318</u>	<u>27,461</u>
	<u>1,384,969</u>	<u>2,267,734</u>

**7 KEY MANAGEMENT PERSONNEL**

**a. Responsible Entity**

Primary Securities Ltd is the Responsible Entity for the Project and represents the interests of Growers.

**b. Details of Key Management Personnel**

The Directors of Primary Securities Ltd are considered to be key management personnel of the Project. The Directors in office on appointment as Responsible Entity of the Project and at the date of this report are:

David Butterfield  
 Robert Garton Smith  
 Ian Murchison  
 Anthony Wamsteker (resigned 18 April 2018)

**WILLMOTT FORESTS 1995-1999 PROJECT  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018**

**8 COMMITMENTS**

The Directors are not aware of any commitments that would have a material impact upon the financial statements.

**9 MATTERS SUBSEQUENT TO END OF FINANCIAL YEAR**

Thinning and harvest continue.

The Project has taken out fire insurance for the coming year.

The financial report was approved on 2nd October 2018.

**10 RELATED PARTY TRANSACTIONS**

All transactions with related parties are conducted on commercial terms and conditions.

**11 REMUNERATION AND RETIREMENT BENEFITS TO DIRECTORS**

No amount was paid by the Project directly to the Directors of the responsible entity. Consequently, no compensation, as defined in AASB 124 "Related Party Disclosures" has been paid by the Project to the Directors as Key Management Personnel.

**12 FEES PAID TO THE RESPONSIBLE ENTITY**

This financial report records the assets, liabilities, revenues and expenses of the Project. Reconstruction Fees and Management Fees are paid to the Responsible Entity.

Any Reconstruction and Management fees received by the Responsible Entity are then used by the Responsible Entity as Manager for the purposes as allowed in the Constitution.

Reconstruction and Management fees billed by Primary Securities Ltd to growers during the reporting period were \$nil (2017: \$ nil).

Total non forestry costs paid or payable to Primary Securities Ltd for the financial year ended 30 June 2018 were \$333,427 (2017: \$1,044,287).

**13 INTERESTS IN THE PROJECT HELD BY THE RESPONSIBLE ENTITY AND ASSOCIATES**

As at 30 June 2018 no interests were held by the Responsible Entity, Primary Securities Ltd or its associates.

**14 CONTINGENT LIABILITIES**

There are no known contingent liabilities as at the reporting date.

**WILLMOTT FORESTS 1995-1999 PROJECT  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018**

**15 CAPITAL AND FINANCIAL RISK MANAGEMENT**

Due to its nature the Project does not have a capital structure and the Board of the Responsible Entity has determined that the Project does not require a capital management strategy.

The Project's activities may expose it to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. The Responsible Entity closely monitors the Project's activities to minimise potential adverse effects on the financial performance and financial position of the Project.

**Accounting policies, terms and conditions**

Cash is recognised at face value and is held in trust accounts in the name of the Responsible Entity.

Receivables are carried at their invoiced value less any provisions for doubtful debts. Receivables are non interest bearing assets.

Project funds payable to the Responsible Entity are carried at the principal amount and are paid pursuant to the Constitution.

Payables are carried at the principal amount and are paid pursuant to the Constitution.

**Credit Risk**

The Project does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

**Market Risk**

The Project operates exclusively within Australia and hence there is no exposure to foreign exchange risk.

The Project does not hold any financial assets or financial liabilities and hence there is no exposure to interest rate or price risk.

**Liquidity Risk**

The Project has no financial liabilities and hence there is no exposure to liquidity risk.

**Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values.

## INDEPENDENT AUDITOR'S REPORT TO THE GROWERS OF WILLMOTT FORESTS 1995-1999 PROJECT

### Opinion

We have audited the financial report of Willmott Forests 1995-1999 Project ("the Scheme") which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and 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 the directors.

In our opinion, the accompanying financial report of the Willmott Forests 1995-1999 Project is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We have 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 Scheme in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 ethical requirements in accordance with the Code.

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

### Other Information

The directors of the Responsible Entity, Primary Securities Ltd are responsible for the other information. The other information comprises the information in the Scheme's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Directors' Responsibilities for the Financial Report**

The directors of the Responsible Entity, are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

## **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 the 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 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors 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.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 2 October 2018