



FESTIVALE

ANNUAL GENERAL MEETING

14th September 2016

Time: 5.30pm

KPMG Boardroom

Level 2/33 George Street

LAUNCESTON

Chairman: Lou Clark

Treasurer: Michael Hine



FESTIVALE 2016 CHAIRMAN'S REPORT

While Festivale 2016 continued to maintain the high standards of excellence that patrons and stall holders have come to expect and community, sponsor and stakeholder feedback was again extremely positive, the financial year result was disappointing.

Going forward we will be focussing strongly on increasing cash and in kind sponsorship as well as patronage. Potential growth for the event lies in attracting more interstate visitors in particular. At the same time we will continue to monitor and control costs particularly our overheads/administrative costs which have blown out in recent years.

It is a fine balancing act to meet the constant challenge of increased operating costs, ensuring we have enough funds to cover issues such as inclement weather while maintaining acceptable stall and public entry fees as well as providing funds to invest in the event for the future.

The Committee annually reviews the success and challenges from each event. This assists with planning for future events. Every component of Festivale is scrutinized against established Key Performance Area's (KPA's). Feedback is sought from patrons, sponsors and stallholders through independent surveys. Feedback is also sought from suppliers and contractors. This feedback allows us to make informed decisions about changes to the future events. An example of this is the review of the event layout prior to the 2016 event based on feedback on the 2015 layout. We want to ensure the best possible placement of stallholders so as to improve pedestrian movement around the event while maximizing the space available to stall holders.

Each year, the Committee analyses the stall holder applications to ensure an even mix of food types is available for patrons. In order to achieve this, Committee members attend other events around the State to talk to stall holders, gauge their interest in attending Festivale and also assess their suitability against our selection criteria. This enables us to attract new stall holders each year as well as maintain a strong combination of experienced food styles and beverages. By attending other events we keep up to date with changes in food and beverage trends, patron tastes as well as identifying new and unique Tasmanian producers and businesses.

While Festivale is built on a very solid foundation, every year new ideas and initiatives are considered and implemented. While we do not try to reinvent the wheel some

change and enhancement of certain aspects of the event are important. Changes for the 2016 event included:

- Repositioning stall holder areas to ensure better patron flow and less crowding in high foot traffic areas
- Free Wi-Fi for patrons and stall holders following a trial in 2015
- An ATM located within City Park following a trial in 2015
- Further development and refinement of Festivale’s Disability Action Plan including additional cross over ramps and working with stall holders to improve access for all patrons
- Revised layout for “Kids Kingdom” to make the area more welcoming for families
- Additional seating for patrons
- Enhancement of ticket scanning systems for patrons
- Introduction of inaugural Festivale Cider Awards in partnership with Cider Tasmania
- Chef and restaurateur, Greg Malouf attended Festivale as a guest chef at the Festivale Lunch at Stillwater Restaurant and judge of Festivale’s Best Stall Awards
- Launched a new partnership with Theatre North and RAW - young talent on stage – a busking competition for performers between the ages of 18-35.

As is our custom following each Festivale we held various debriefs with key stakeholders including Licensing, Police, Fire, Workplace Safety, Security and the Launceston City Council in order to continually improve aspects of the event. We thank all these stakeholders for their assistance with our event.

We attended debriefs with Liquor and Gaming and Tasmania Police who reported that the event was well managed and well controlled. There were no major issues arising from this year’s event. Festivale was safe, over consumption of alcohol continues to reduce and issues with underage consumption and identification is at the lowest level it has ever been.

The Committee’s main goal is to deliver a high quality, professional and affordable event that showcases Tasmania produce and highlights the diverse and talented producers, restaurateurs and beverage makers we have in this state. We believe we do this well as evidenced by the number of patrons who return to the event year after year and help put Festivale on the social and gourmet calendar.

Festivale attracts visitors across a broad demographic. The majority of the events patronage comes from the 25 and over demographic and when asked in 2016, 95.9% of patrons surveyed indicated they would attend Festivale in 2017 and 98.5% of patrons would recommend Festivale to family and friends.

The venue is a key component to Festivale's success as well as providing the ultimate in al fresco experience for patrons. The options for patrons are endless; a table under an umbrella, a picnic blanket on the ground or just sitting under the shade of one of the many trees in City Park. In addition to this add a mix of stall holders who are passionate about their product and willing and happy to share their knowledge to those who are interested. Throw in a perfect line up of local and mainland entertainment, Master Classes, the Festivale Lunch, Wine and Cider Awards and Festivale really does offer the ultimate experience to patrons.

Festivale's annual patron survey speaks volumes about the high quality visitor experience. In 2016, the greatest number of patrons (50.8%) attending Festivale were local, living within 20kms of the event; 14.4% lived within 100km and 17.1% of patrons were from other parts of Tasmania. Interstate visitors accounted for 15.6% of patrons with the greatest numbers coming from the eastern seaboard states while 2.7% of visitors came from overseas.

The 2016 event was estimated to generate in excess of \$5M in overall economic impact* and this is supported by the following survey results:

1. 20.1% of patrons visited other tourist attractions during their stay in Launceston in 2016.*
2. while 65.5% stayed in hotel or motel accommodation*

Festivale provides a huge economic benefit for the local economy including accommodation, restaurants, attractions and retail within the city of Launceston. In 2016, hotel and motel accommodation for the Friday and Saturday night was almost non-existent with some patrons booking accommodation in rural towns.

To enable us to stage this amazing weekend we have a huge contingent of sponsors to thank and acknowledge for their support and investment in Festivale:

Premium Partner

James Boag

Sparkling Sponsors

KMPG

Toxfree

Launceston City Council

Pinot Noir Sponsors

VJAM

Walker Designs

Coates Hire

Plumm Wineglasses

Toll

Hartz
Flying Colours
Launceston Airport
Bellamys Organic
Sauvignon Blanc
Tassie Instant Marquee
Tudors Pack N Wrap
Saunders Wool
Think Big Printing
Dowde & Turner Travel Associates

Riesling
Tamar Valley Wine Route
Metro
Guardaway
Impressions Promotional Products
Stillwater
Goaty Hill Tasmania
Intas group
Design Tasmania
Balmoral on York

Media Partners
Southern Cross
ABC Northern Tasmania
Australian Good Food and Travel Guide

It would not be possible to stage this event each year without a fabulous volunteer committee and staff. I would like to acknowledge and thank them for their commitment, passion and hard work.

2015/2016 Committee:

Jake Norris
Chris Veevers
Brenda Sheldrick
Brett Mackenzie (Vice Chairman)
David Dunn (Vice Chairman)
Rosemary Armitage
Meagan Bennett
Andrew Hurst
Glen Smith
Rachel Ciezki
Kate Oliver

Glenn Smith, who stage managed the Festivale Wine Awards and Master Classes for the last two years stepped down from the committee post the 2017 event and I thank Glenn for his valued contribution during his time on the committee.

At the 2016 Festivale launch we also acknowledged one of our long serving committee members who stepped down from the committee in September 2015. Brenda Sheldrick joined the Festivale Committee over 10 years ago. Throughout this time Brenda served on the Logistics and Entertainment committees and also for a number of years took on the role of event officer each October to February. Brenda made an invaluable contribution to Festivale and her wise words and experience has helped us through many challenges. We will miss her.

I would also like to acknowledge, Jayne Clark who joined our staff for a short time in 2015 for her contribution as Festivale's event officer and Mary Shannon who filled in on a casual basis following Jane's resignation.

After six events, Dearne Pearce decided to not renew her employment contract with Festivale for a further three year term. Dearne finished in mid-May 2016 before heading off on a well-deserved overseas holiday. We thank her for her passion and commitment to Festivale over the past six years and acknowledge the support she received in her role as Event Manager from her husband, Craig Pearce.

In June 2016 former committee member, Meagan Bennett was appointed as Festivale's Event Manager and we look forward to Meagan delivering her first event in 2017.

We could not stage this event without Craig Radin, Site Manager and his team. We thank Craig for his cool head and thoughtful manner and look forward to working with him again in 2017.

Finally I do need to mention New Year on Royal. NYOR 2015 was to be the last New Year's Eve celebration staged by the Committee. While we believe it's extremely important for Launceston to have a New Year's Eve celebration, the Committee made a decision in early 2015 to re-focus our efforts on Festivale. It was wonderful night and it was great to finish on a high note. I would like to thank members of the Committee who worked at NYOR 2015, Andrew Hurst, Glenn Smith, Meagan Bennett and Rosemary Armitage who all did a fantastic job along with event manager, Dearne Pearce. We would like to thank and acknowledge our NYOR sponsors but in particular City Prom and Launceston City Council who both contributed financially to the event.

As Chair I am immensely proud of how our dedicated and hardworking team put this wonderfully successful event together for the city, the region and the state each year. I would also like to extend my thanks on behalf of the Committee to our partners, husbands, wives and families for allowing us to be involved with Festivale. It takes

many volunteer hours to stage Festivale and without the support of our families putting on this major event would be problematic.

As Chair I am extremely proud of how our small, dedicated and hardworking team put this wonderful event together year in year out. Much of this work goes unseen and most of it is done without a lot of thanks.

There is immense satisfaction in knowing that Festivale continues to be one of the major and best food and wines events on Tasmania's summer calendar.

Lou Clark
Chairman
Launceston Festivale Committee Inc
12 September 2016



C A M E R O N S

LAUNCESTON FESTIVALE
COMMITTEE
INCORPORATION

AUDITED FINANCIAL
STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2016
(CLIENT COPY – PLEASE RETAIN FOR YOUR RECORDS)

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Committee Members



Launceston Festivale Committee
Incorporation

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE COMMITTEE OF LAUNCESTON FESTIVALE COMMITTEE INCORPORATION

Scope

We have audited the accompanying financial report, being a special purpose financial report, of Launceston Festivale Committee Incorporation, which comprises of a balance sheet as at 30th June 2016, the profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The Committee of Launceston Festivale Committee Incorporation is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Associations Incorporation Act 1964* and the needs of the members. The Committee's responsibility also includes such internal control as the officers determine 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the officers, as well as evaluating the overall presentation of the financial report.

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



C A M E R O N S

Opinion

In our opinion, the financial report gives a true and fair view of the financial position of Launceston Festivale Committee Incorporation as at 30th June 2016, and of its financial performance for the year then ended in accordance with the financial reporting requirements of the *Associations Incorporation Act 1964*.

Matters of Emphasis

Without modifying our opinion, we draw attention to the following:

Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Launceston Festivale Committee Incorporation to meet the requirements of the *Associations Incorporation Act 1964*. As a result, the financial report may not be suitable for another purpose.

Note 1 to the financial report, which describes the basis of going concern of preparation and the financial results and cash position of the association. The association has suffered operating deficient that have resulted in reduction in the cash/liquid assets of the association. We have been provided with the projected cash trading for the next financial year and based on these projections the association will operate without further deficits in the cash position. Should the projections not be achieved then this would have a significantly negative effect on the operating solvency of the association.

It is not practicable for the Launceston Festivale Committee Incorporation to maintain an effective system of internal control over cash receipts until their initial entry in the accounting records. Accordingly, it was not practicable for us to extend our audit procedures to verify receipts beyond an examination of the initial receipting records of the Association.

GREGORY HARPER
Registered Company Auditor
ASIC Registration #: 337294

Dated: 12 Sep 2016

CAMERONS
46 Cameron St
Launceston Tas 7250

LAUNCESTON FESTIVALE
COMMITTEE INCORPORATION

FINANCIAL REPORTS
FOR THE PERIOD ENDED 30TH JUNE 2016

Profit & Loss

Festivale 1 July 2015 to 30 June 2016

	30 Jun 16	30 Jun 15
Income		
Beer Sales	77,617	61,355
Info Tent Sales	43,201	37,537
Stallholder Charges	148,837	133,838
Ticket Sales - Gate	313,915	254,796
Ticket Sales - Pre Sold	51,356	50,086
Total Income	634,925	537,611
Gross Profit	634,925	537,611
Plus Other Income		
Interest Received	1,557	6,158
Sponsorship & Donations - Cash	140,484	137,000
Sponsorship & Donations - In Kind	252,018	247,001
Sundry Income	893	203
Total Other Income	394,952	390,363
Less Operating Expenses		
Administrative Overheads		
Accounting Fees	20,000	20,000
Audit Fees	2,563	2,581
Bank Fees	1,761	1,985
Buggy Costs (Rego)	146	145
Committee Expenditure	13,909	9,722
Computer Expenses	1,392	3,308
Depreciation	7,568	10,146
Employee Expenses - Superannuation	7,766	8,441
Employee Expenses - Wages	97,655	88,852
Insurance	12,112	11,572
Interest Paid	236	260
Meeting Room Hire	-	136
Memberships & Subscriptions	1,215	696
Office Rent & Facilities	10,000	10,000
Parking	13	19
Postage	1,799	1,338
Printing & Stationery	1,423	1,737
Recruitment Fees	1,075	-
Sales Commissions & Fees	2,149	1,729
Storage	98	168
Sundry Admin	516	425
Telephone & Internet Expenses	6,117	3,638
Training & Planning	864	227
Vouchers (Funny Money)	720	1,670
Total Administrative Overheads	191,098	178,796

Profit & Loss

	30 Jun 16	30 Jun 15
Bar - COGS & Expenses		
Bar Staff	17,121	16,528
Purchases - Beer	28,639	22,802
Purchases - Cups	-	2,070
Total Bar - COGS & Expenses	45,760	41,401
Entertainment Expenditure		
Audiovisual Production	82,366	81,998
Entertainers, MC's & Stage Managers	111,523	96,833
Fireworks	16,455	16,591
Travel & Accommodation	24,453	21,739
Total Entertainment Expenditure	234,796	217,161
Publicity & Promotion		
Advertising - Newspaper & Print	6,823	10,160
Advertising - TV, Billboard & Other	87,125	83,937
Awards	840	1,125
Demonstrations	-	3,895
Festivale Lunch (Including Guest Chef)	13,114	14,266
Marketing & Sponsors Entertainment	15,003	14,392
Masterclass Expenses	2,201	2,597
Photos & Videos	1,840	1,000
Printing & Website	49,565	58,782
Purchases - Glasses	42,380	41,174
Purchases - Merchandise	6,420	7,793
Signage	19,286	14,776
Surveys	5,650	5,449
Total Publicity & Promotion	250,247	259,347
Venue Expenditure		
Cash Collection & Handling	5,000	5,000
Donations to Volunteer Clubs	13,859	17,939
Electricity	2,464	1,892
Gas	1,887	7,438
Ice, Water & Van	13,303	12,156
Labour Hire	38,010	37,466
Licences & Permits	2,798	3,167
Marquees	54,695	55,452
P&E Hire	88,517	90,696
Security	52,917	50,534
Site Cleaning	45,511	47,484
Site Electrician	25,500	24,826
Site Planning & Surveying	7,789	4,720
Sundry Venue Expenditure	3,794	15,113
Ticketing System	3,786	3,897
Total Venue Expenditure	359,830	377,779
Total Operating Expenses	1,081,732	1,074,484
Net Profit	(51,855)	(146,510)

Balance Sheet

Festivale As at 30 June 2016

30 Jun 2016 30 Jun 2015

Assets

	30 Jun 2016	30 Jun 2015
Bank		
CBA - Business Online Saver	100,000	136,664
CBA - Business Transaction A/C	16,202	3,185
Total Bank	116,202	139,849
Current Assets		
Other Debtors	110	3,370
Petty Cash	100	100
Prepayments	-	17,186
Trade Debtors	7,210	8,327
Total Current Assets	7,420	28,983
Fixed Assets		
Plant & Equipment - at WDV	26,024	33,592
Total Fixed Assets	26,024	33,592
Total Assets	149,646	202,424

Liabilities

Current Liabilities		
CBA - Credit Card (D Pearce)	2,892	40
GST Payable	(6,131)	(5,510)
Other Creditors	-	550
PAYGW Payable	7,296	4,832
Salary Sacrifice - Car Parking	(6)	(10)
Superannuation Payable	996	2,291
Trade Creditors	13,896	17,674
Total Current Liabilities	18,944	19,867
Total Liabilities	18,944	19,867
Net Assets	130,702	182,557

Equity

Current Year Earnings	(51,855)	(146,510)
Retained Earnings	182,557	329,067
Total Equity	130,702	182,557

LAUNCESTON FESTIVALE COMMITTEE INCORPORATION
ABN 61 392 554 163

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 Summary of Significant Accounting Policies

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act 1964 Tasmania. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on a accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

(a) Income Tax

The association has self-assessed the income tax exemption status and determined that it is exempt from income tax.

(b) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

LAUNCESTON FESTIVALE COMMITTEE INCORPORATION
ABN 61 392 554 163

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held 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 short-term borrowings in current liabilities on the balance sheet.

LAUNCESTON FESTIVALE COMMITTEE INCORPORATION
ABN 61 392 554 163

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(d) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of any goods and services tax (GST) payable to the Australian Taxation Office.

(e) Comparative Figures

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

(f) Critical Accounting Estimates and Adjustments

The committee members evaluate estimates and judgements incorporated into the financial report 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 association.

(g) Members' Guarantee

The organisation is incorporated under the Associations Incorporation Act 1964. If it is wound up, the rules of the organisation state that each member is required to make a token contribution towards meeting any outstanding obligations.

(h) Going Concern

The financial statements are prepared on a going concern basis. The committee has determined that the organisation will be able to pay its debts as and when they become due and payable.

The organisation acknowledges that there has been a trading loss in each of the previous two financial years, this has identified and appropriate actions to rectify this have been taken. The organisation's president and bookkeeper have each been replaced, and the new members are focused on the ongoing viability of the organisation.

9 September 2016

GREGORY HARPER

PO Box 1368

LAUNCESTON TAS 7250

Dear Gregory Harper

This representation letter is provided in connection with your audit of the financial report of Launceston Festivale Committee Incorporation for the year ended 30th June 2016, for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting Standards and the Launceston Festivale Committee Incorporation constitution.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Australian Accounting Standards and the Launceston Festivale Committee Incorporation constitution and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have made available to you:
 - a) All financial records and related data, other information, explanations and assistance necessary for the conduct of the audit
2. There:
 - a) Has been no fraud, error or non-compliance with laws and regulations involving committee members or employees who have a significant role in internal control;
 - b) Has been no fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report; and
 - c) Have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

4. We believe the effects of those uncorrected financial report misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of any such item(s) is attached.
5. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
6. We have considered the requirements of AASB 136, "Impairment of Assets", when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
7. The following have been properly recorded and/or disclosed in the financial report:
 - a) Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
 - b) Share options, warrants, conversions or other requirements;
 - c) Arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
 - d) Agreements to repurchase assets previously sold;
 - e) Material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;
 - f) Unasserted claims or assessments that our lawyer has advised us are probable of assertion; and
 - g) Losses arising from the fulfillment of, or an inability to fulfill, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
8. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
9. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all items of property, plant and equipment that have been abandoned or are otherwise unusable.
10. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
11. There were no material commitments for construction or acquisition of property plant and equipment or to acquire other non-current assets such as investments or intangibles, other than those disclosed in the financial report.

12. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realizable value.
13. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report or the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully,

Treasurer