

**ACCOMMODATION ASSOCIATION OF AUSTRALIA INC (REGN: IA01767)
AND ITS SUBSIDIARY
ACCOMMODATION ASSOCIATION OF AUSTRALIA PTY LTD (ABN: 32 088 943 239)**

Annual Report - 30 June 2016

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Officers' report
30 June 2016**

The officers present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2016.

Officers

The following persons were officers of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Julian Clark - President
Bruce Copland - Treasurer
Ian Sandilands - Director
Rachel Argaman - Director
Andrew Turner – Director (resigned 10/05/2016)
Col Hughes – Director (re-elected 12/11/2015)
Simon McGrath – Director
Trent Fraser – Director
Zed Sanjana – Director
Barry Robinson – Director (appointed 9/02/2016)

Objectives

The objectives for which the Association is established are:

- a) to promote the interests of persons or entities whose business activities generate income from the provision of accommodation and related or ancillary services;
- b) to promote the welfare of the short term accommodation industry throughout Australia and to foster professionalism and integrity throughout the industry;
- c) to act as a national association providing representation and services to Members across Australia;
- d) to promote and advance the interests of Members;
- e) to assist and give advice to Members on any matters affecting employers and their relationships with employees and to represent Members in proceedings before Federal and State Industrial Tribunals, where such matters are of common interest;
- f) to lobby local, State, Territory and Commonwealth government on behalf of Members;
- g) to cooperate or act in conjunction with any person or persons, firm, company, corporation, public body, or association in respect of any matter in accordance with the objects of the Association, and to appoint representatives from time to time as may be necessary for such purpose;
- h) to establish State and Territory Divisions and regions and to provide for the appointment of state consultative committees to deal with local matters or matters of general interest to the Association which may require local attention;
- i) to admit Full Members, Associate Members, Corporate Members and Honorary Members as hereinafter provided and arrange at the direction of the Board such activities as shall be of mutual benefit to Full Members, Associate Members, Corporate Members and Honorary Members.

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Officers' report
30 June 2016**

Principal activities

During the financial year the continuing activities of the incorporated association were to execute the agenda of the Board of the Association to gain a better outcome for Members.

The Advocacy agenda focused on four distinct areas of **Taxation, Regulation, Employment Conditions and Demand Drivers** for the industry.

Many benefits & services were negotiated and delivered for members to access.

Communications to and on behalf of members for the financial year included **22** Key News Updates digital newsletters, **28** Press releases, **7** submissions to Government or statutory authorities followed up by **68** meetings and events with State and Federal government representatives, Ministers, statutory authorities as well as shadow government representatives.

Four (4) Board Meetings were held across the nation.

Profit for Members was in line with expectations of the Board. Expenses were well controlled.

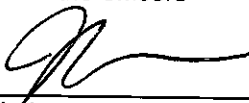
Member Engagement by Purpose – Top Ten (phone / email)

1. Operations General	12963
2. Member Relationship	7973
3. Membership PR	4900
4. Member Renewal	4133
5. Member Reengagement	4099
6. Workplace Relations General	2207
7. Wage Rates	2170
8. Liquor Licensing	1690
9. Public Holiday	1596
10. Corporate Partner Referral	920

Top Ten News Items – Website – 47,145 sessions

1. Airbnb Should Come Clean on Australian Revenue
2. Government Support Fuels Tourism Growth
3. AAoA Announces Major Legal Partnership
4. Federal budget to assist small accommodation businesses
5. Media Statement on Workplace Relations Compliance
6. Visitors to benefit from seasonal worker pilot
7. Media Statement regarding taxation arrangements for non-permanent residents
8. AAoA Welcomes Wyndham's Barry Robinson to Board of Directors
9. Sunshine Coast Economy would benefit from airport expansion
10. Longer Runway Means More Hotel Guests in Tasmania

On behalf of the officers



Julian Clark
President

8 November 2016
Sydney

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Contents
30 June 2016**

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General information

The financial statements cover Accommodation Association of Australia Inc as a consolidated entity. The financial statements are presented in Australian dollars, which is Accommodation Association of Australia Inc's functional and presentation currency.

The financial statements were authorised for issue on 8 November 2016.

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016**

		Consolidated	
	Note	2016	2015
		\$	\$
Revenue	3	1,407,089	1,294,595
Expenses			
Academy and project expenses		(156,980)	(107,369)
Accountancy expenses		(27,174)	(26,500)
ATO penalties		(3,971)	(63,902)
Auditors remuneration	12	(24,082)	(11,450)
Bank charges and credit card commissions		(3,700)	(6,228)
Consultants fees		(186,863)	(122,355)
Depreciation expense	4	(3,493)	(5,040)
Employment expenses		(517,122)	(551,385)
Events and awards for excellence		(28,207)	(43,899)
Insurance expenses		(3,303)	(2,351)
Legal expenses		-	(21,500)
Office expenses		(151,005)	(151,908)
Operational expenses		(51,235)	(30,312)
Subscriptions		(37,787)	(16,547)
Travelling expenses		(95,962)	(77,388)
Profit before income tax expense		116,205	56,461
Income tax expense		(2,150)	(4,174)
Profit after income tax expense for the year attributable to the members of Accommodation Association of Australia Inc		114,055	52,287
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Accommodation Association of Australia Inc		<u>114,055</u>	<u>52,287</u>

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Statement of financial position
As at 30 June 2016**

		Consolidated	
	Note	2016	2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	571,906	466,848
Trade and other receivables	6	121,527	135,148
Other current assets	7	55,040	56,363
Total current assets		<u>748,473</u>	<u>658,359</u>
Non-current assets			
Property, plant and equipment	8	11,431	14,924
Total non-current assets		<u>11,431</u>	<u>14,924</u>
Total assets		<u>759,904</u>	<u>673,283</u>
Liabilities			
Current liabilities			
Trade and other payables	9	119,170	114,138
Employee benefits	10	48,019	49,233
Other current liabilities	11	633,050	664,302
Total current liabilities		<u>800,239</u>	<u>827,673</u>
Total liabilities		<u>800,239</u>	<u>827,673</u>
Net liabilities		<u>(40,335)</u>	<u>(154,390)</u>
Equity			
Accumulated losses		<u>(40,335)</u>	<u>(154,390)</u>
Total equity		<u>(40,335)</u>	<u>(154,390)</u>

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Statement of changes in equity
For the year ended 30 June 2016**

	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	(206,677)	(206,677)
Profit after income tax expense for the year	52,287	52,287
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>52,287</u>	<u>52,287</u>
Balance at 30 June 2015	<u>(154,390)</u>	<u>(154,390)</u>
	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	(154,390)	(154,390)
Profit after income tax expense for the year	114,055	114,055
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>114,055</u>	<u>114,055</u>
Balance at 30 June 2016	<u>(40,335)</u>	<u>(40,335)</u>

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Notes to the financial statements
30 June 2016**

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the officers' opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Associations Incorporation Act QLD. The officers have determined that the accounting policies adopted are appropriate to meet the needs of the members of Accommodation Association of Australia Inc.

Historical cost convention

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical cost.

Going concern basis

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2016, the consolidated entity has an excess of current liabilities over current assets amounting to \$51,766. This excess is largely attributable to subscriptions in advance, which based on prior experience, are unlikely to result in cash outflow to the consolidated entity.

Current management is confident of future cash surpluses based on the 2017 FY budget, year to date achievements and latest forecasts. The 2017 FY projections forecast a modest surplus, which is underpinned by an anticipated increase in existing new membership subscriptions – including negotiations with various association chains to secure entire groups. Corporate alliance partnership income is also forecast to grow, during the course of the 2017 FY, and coupled with careful management of the forecast annual expenditure budget, the projected net profit will result in an overall improvement in the Association's current financial position.

Based on the above, the director's believe it is appropriate for the financial report to be prepared on the going concern basis.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Academy revenue

Academy revenues are recognised when the service is rendered.

Subscription revenue

Subscription revenue is measured at the fair value of the consideration received or receivable in the period to which membership relates. Revenue is reduced for estimated subscription cancellations and on similar allowances.

Interest

Interest revenue is recognised when received or receivable.

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Notes to the financial statements
30 June 2016**

Note 1. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The entity is taxed applying the 'mutuality principle' whereby it is liable for tax only on non-member income. Tax effect accounting has been adopted. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The entity's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes 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 known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gain and losses or income and expenses arising from intra-group transaction, are eliminated in preparing the financial report of the Consolidated Entity.

Principal of consolidation

The consolidated financial statements incorporate the asset and liabilities of all controlled entities of the Consolidated Entity.

Controlled entities

Controlled entities are entities controlled by the Consolidated Entity. Control is based on whether the Consolidated Entity has power over an entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power to affect the entity's returns. All three of these criteria must be met for a consolidated entity to have control over an entity. Investments in controlled entities are carried at their cost of acquisition in the company's financial statements, less impairment if applicable.

Note 1. Significant accounting policies (continued)

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciation rates used for each class of depreciable assets are:

Office equipment	10% - 37.5%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 30 June 2016. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There are no critical accounting judgements, estimates and assumptions made by the management.

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Notes to the financial statements
30 June 2016**

Note 3. Revenue

	Consolidated	
	2016	2015
	\$	\$
Subscription revenue	1,118,153	1,121,784
Interest received	8,040	15,200
Academy revenue	177,538	102,378
	<u>1,303,731</u>	<u>1,239,362</u>
<i>Other revenue</i>		
Industrial relations revenue	4,229	3,716
Awards revenue	2,863	42,979
Commissions received	14,455	7,407
ATO remissions	78,911	-
Sundry revenue	2,900	1,131
	<u>103,358</u>	<u>55,233</u>
Total Revenue	<u><u>1,407,089</u></u>	<u><u>1,294,595</u></u>

Note 4. Expenses

	2016	2015
	\$	\$
Surplus before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	<u>3,493</u>	<u>5,040</u>
Total depreciation	<u>3,493</u>	<u>5,040</u>

Note 5. Current assets - cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	62	55
Cash at bank	103,219	155,840
Cash on deposit	468,625	310,953
	<u>571,906</u>	<u>466,848</u>

Note 6. Current assets - trade and other receivables

	2016	2015
	\$	\$
Trade debtors	82,293	125,970
Other receivables	471	-
ATO refunds receivable	37,074	-
GST receivable	1,689	9,178
	<u>121,527</u>	<u>135,148</u>

Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Notes to the financial statements
30 June 2016

Note 7. Current assets - other

	Consolidated	
	2016	2015
	\$	\$
Prepayments	29,234	26,521
Security deposits & bonds	24,668	24,668
Current tax receivables	1,138	5,174
	<u>55,040</u>	<u>56,363</u>

Note 8. Non-current assets - property, plant and equipment

	2016	2015
	\$	\$
Office equipment - at cost	159,243	159,243
Less: Accumulated depreciation	(147,812)	(144,319)
	<u>11,431</u>	<u>14,924</u>
	<u>11,431</u>	<u>14,924</u>

Note 9. Current liabilities - trade and other payables

	2016	2015
	\$	\$
Trade payables	31,897	36,763
Other payables	87,273	77,375
	<u>119,170</u>	<u>114,138</u>

Note 10. Current liabilities - employee benefits

	2016	2015
	\$	\$
Employee benefits	<u>48,019</u>	<u>49,233</u>

Note 11. Current liabilities - other

	2016	2015
	\$	\$
Subscriptions in advance	<u>633,050</u>	<u>664,302</u>
	<u>633,050</u>	<u>664,302</u>

**Pinnacle Incorporated Association Special Purpose
Notes to the financial statements
30 June 2016**

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership the auditors of the incorporated association:

	2016 \$	2015 \$
<i>Audit services</i>		
Audit of the financial statements	24,082	11,450

Note 13. Parent entity information

	Parent Entity	
	2016 \$	2015 \$
Loss after income tax	(66,344)	(150,396)
Total comprehensive income	(66,344)	(150,396)
Total current assets	658,465	753,991
Total assets	663,641	760,091
Total current liabilities	649,609	679,715
Total liabilities	649,609	679,715
Equity - retained profit	14,032	80,376

Contingent Liability

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital Commitment – Property, plant & equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Note 14. Contingent liabilities

The incorporated association had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Note 15. Commitments

The incorporated association had no commitments for expenditure as at 30 June 2016 and 30 June 2015.

Note 16. Events after the reporting period

The Accommodation Association of Australia signed an Alliance Agreement with Australian Timeshare Holiday Ownership Council (ATHOC) in July 2016 that will see benefits for both organisations and establishment of a permanent office in Queensland.

Other than the above, no matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd
Officers' declaration
30 June 2016**

In the officers' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the requirements of the Associations Incorporation Act QLD;
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the association's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the officers



Julian Clark
President

8 November 2016
Sydney

**Independent auditor's report to the members of
Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd**

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**Independent auditor's report to the members of
Accommodation Association of Australia Inc
and its Subsidiary
Accommodation Association of Australia Pty Ltd**

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**Accommodation
Association
of Australia**

John Bresolin
BDO East Coast Partnership
Level 11
1 Margaret Street
Sydney NSW 2000

8 November 2016

Dear John

AUDIT FOR YEAR ENDED 30 JUNE 2016 OF ACCOMMODATION ASSOCIATION OF AUSTRALIA INC AND ITS SUBSIDIARY

This representation letter is provided in connection with your audit of the financial statements of Accommodation Association of Australia Inc. and its subsidiary ("The Group") for the year ended 30 June 2016, for the purpose of you expressing an opinion as to whether the financial statements are, in all material respects, presented fairly in accordance with the accounting policies described in Note 1 to the financial statements.

We acknowledge our responsibility for ensuring that the financial statements are in accordance with the accounting policies described in Note 1 to the financial statements and confirm that the financial statements are 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.

Internal Controls

1. We have established and maintained adequate internal controls to facilitate the preparation of reliable financial statements and adequate records have been maintained.
2. All material transactions have been properly recorded in the accounting records underlying the financial statements.

Accounting Policies

3. We confirm that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.

Statement of Financial Position

Assets - General

4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.

National Office

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Member Enquiries

1300 304 397



5. The group has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.

Property, Plant & Equipment

6. Rates of depreciation applied to reduce book values of individual assets to their estimated residual values, reflect the probable useful lives of those assets to the group.
7. Allowances for depreciation have been adjusted for all items of property, plant and equipment that have been abandoned or are otherwise unusable.
8. The group has no 'make good' obligations in respect of its property, plant and equipment for which it would be required to make a restoration provision under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.
9. Property, plant and equipment is appropriately recorded at the lower of amortised cost or its recoverable amount.
10. Only those items allowed to be capitalised under AASB 116 *Property, Plant and Equipment* have been recorded as additions during the period.

Impairment of Assets

11. We have reviewed the requirements of AASB 136 *Impairment of Assets* and have determined that there have been no impairment indicators in the period which would require the performance of impairment testing.

Receivables

12. Adequate allowance has been made, in the opinion of the directors, against receivables owing to the group at the end of the reporting period.

Cash

13. There are no arrangements including restrictions on cash balances, compensating balances and line-of-credit or similar arrangements.

Liabilities

14. All liabilities have been taken up in the financial statements.
15. No asset of the group were or is pledged as security for any liability.

Statement of Profit or Loss and Other Comprehensive Income

Revenue

16. Revenue is recognised when it is probably that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Income Tax

17. The entity is taxed applying the 'mutual principle' whereby it is liable for tax only on non-member income. Tax effect accounting has been adopted. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The



entity's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

General

Related Party Transactions

18. We have provided you with details of the identity of all related party relationships and transactions.
19. Details of all material related party transactions have been properly recorded and disclosed in the notes to the financial statements.
20. All related party transactions are on an arm's length basis.

Contingent Liabilities

21. We are not aware of any actual or possible litigation and claims involving this group.

Commitments

22. There are no other commitments other than as disclosed in the notes to the financial statements.

Books, Records and Documentation

23. We have made available to you all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit.

Minutes

24. All minutes of meetings held by the Board of Directors, Committees and shareholders since the end of the previous reporting period have been given to you for your inspection. The most recent meetings held were on 11 August 2016.

Compliance with Laws and Regulations

25. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
26. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.
27. There 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 statements.

Subsequent Events

28. No events have occurred subsequent to the end of the reporting period that would require adjustment to, or disclosure in, the financial statements.
29. No events have occurred subsequent to the end of the reporting period that are not sufficiently material to require disclosure in the notes to the financial statements, but should be disclosed to shareholders through some other medium.

Fraud

30. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud and error.



31. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
32. We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the group and which involved management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements.
33. We have disclosed to you any knowledge we have of allegations of fraud or suspected fraud which has been communicated to us by employees, former employees, analysts, regulators etc., and which may have affected the group's financial statements.

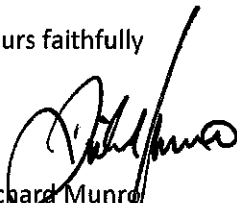
Uncorrected Misstatements

34. We acknowledge that you have brought to our attention uncorrected misstatements detected during the course of your audit (Appendix A). We have considered the effect of any uncorrected misstatements on the financial statements. We consider the effect of the misstatements to be immaterial, individually and in aggregate, to the financial statements taken as a whole.


Electronic Presentation of Financial Statements

35. We are responsible for the electronic presentation of the financial statements.
36. We will ensure that the electronic version of the audited financial statements and the auditor's report on the web site will be identical to the final signed hard copy version.
37. We will clearly differentiate between audited and unaudited information in the construction of the group's web site as we understand the risk of potential misrepresentation.
38. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
39. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.
40. Where applicable, we have complied with the requirements of the *Corporations Act 2001* with respect to the electronic presentation of the audited financial reports.

Yours faithfully



Richard Munro
Chief Executive Officer



Julian Clark
President



Appendix A - Uncorrected Misstatement

	Balance Sheet		Profit & Loss	
	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
	\$	\$	\$	\$
AAoA Inc				
Reclassification of non-current subscription in advance from current	25,243	25,243	-	-
Unrecorded revenue	3,488	-	-	3,488
Total	28,731	25,243	-	3,488

Background

In conducting our audit, we are required to make enquiries of management regarding fraud. These enquiries form part of our risk assessment process and are critical in performing a risk based audit.

This questionnaire has been developed to assist in these discussions.

Questions

Please address the following questions:

Questions to gain an understanding of historical frauds perpetrated and the commitment of management regarding fraud prevention, deterrence and detection.

Questions to gain an understanding of historical frauds perpetrated and the commitment of management regarding fraud prevention, deterrence and detection.

Do you have any knowledge of any fraud perpetrated, alleged or suspected that could result in a material misstatement of the entity's financial statements? No

Do you have any knowledge of any other perpetrated, alleged or suspected fraud (regardless of value)? No

Have you received any letters or communications from employees, former employees or others concerning allegations of fraud? No

What is the process undertaken by management when such fraud is suspected or perpetrated? CEO will investigate and report to Treasurer

Questions to gain an understanding of management's fraud risk assessment and responses to identified risks.

What process do you as management undertake to assess the risk of fraud in the entity? Review bank accounts, we also have an external accountant to review

What is your understanding about the risks of fraud in the entity, including any specific fraud risks the entity has identified or any account balances or classes of transactions for which a risk of fraud may be more likely to exist, and why? Small risk, so far we have not had any significant breaches of compliance

What programs and controls have you, as management, established to mitigate specific fraud risks that have been identified, or that otherwise help to prevent, All expenses to be signed by GM Operations and CEO, after the accountant has processed.

deter and detect fraud?

Describe any general policies or procedures in place to discourage fraudulent activities and encourage whistle blowing (e.g. severe punishment of perpetrators, rewards for whistle blowing, guarantees to remain anonymous once reporting suspected fraud, training, etc.)

All expenses are signed off by both the GM of Operations and the CEO, after the Accountant has processed for authorisation. With a small team at the AAoA it would be difficult to commit any fraud without the knowledge of the CEO.

How do you as management monitor those programs or controls?

Daily, via bank accounts, as well as monthly management reporting

Has anyone asked you or others within the entity to withhold information from us, alter documents, or make fictitious entries in the books?

No

Are you aware of any inappropriate or unusual activity relating to the processing of journal entries and other adjustments?

No

Questions to gain an understanding about how communication around fraud risks is undertaken

How do you, as management, communicate to employees your views on business practices and ethical behaviour?

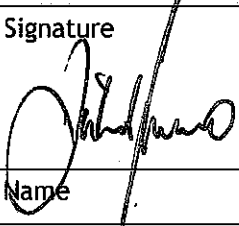
We have a weekly staff meeting, but this topic is not covered as the staff do not have any authority to charge back expenses etc.

Have you reported to Those Charged with Governance regarding your processes for identifying and responding to the risks of fraud?

N/A

How have Those Charged with Governance communicated their views on fraud risks to you?

N/A

Signature	
Name	Richard Munro
Position	CEO
Date	7/7/16