



MARGARET RIVER BUSSELTON TOURISM
ASSOCIATION Inc.

FINANCIAL REPORT
For The Period Ended 30th June 2017

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MRBTA STATEMENT OF FINANCIAL POSITION**FOR THE PERIOD ENDED 30TH June 2017**

| | NOTE | 2017 \$ | 2016 \$ |
|--------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash Assets | 5 | 1,882,700 | 2,452,591 |
| Receivables | | 78,021 | 151,624 |
| Inventories | | 411,924 | 283,032 |
| Other | | 144,917 | 257,683 |
| TOTAL CURRENT ASSETS | | 2,517,562 | 3,144,932 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 6 | 1,749,020 | 438,950 |
| Intangible Assets | 7 | 291,584 | 204,182 |
| Leased Assets | 8 | 158,997 | 310,734 |
| TOTAL NON-CURRENT ASSETS | | 2,199,601 | 953,866 |
| TOTAL ASSETS | | 4,717,163 | 4,098,798 |
| CURRENT LIABILITIES | | | |
| Payables | | 721,935 | 496,964 |
| Current Tax Liabilities | | 120,749 | 238,407 |
| Lease Liabilities | 9 | 105,725 | 59,938 |
| Provisions | 10 | 410,756 | 352,462 |
| Loans | 11 | 10,264 | |
| Other | 12 | 500,089 | 1,630,788 |
| TOTAL CURRENT LIABILITIES | | 1,869,518 | 2,778,562 |
| NON-CURRENT LIABILITIES | | | |
| Lease Liabilities | 9 | 231,269 | 274,139 |
| Provisions | 10 | 51,837 | 32,858 |
| Loans | 11 | 37,844 | |
| Related Party Loans | 11 | 1,038,588 | 864,746 |
| TOTAL NON-CURRENT LIABILITIES | | 1,359,538 | 1,171,744 |
| TOTAL LIABILITIES | | 3,229,056 | 3,950,306 |
| NET ASSETS | | 1,488,107 | 148,492 |
| ACCUMULATED FUNDS | | | |
| Retained Surplus | | 148,536 | |
| Surplus for Year | | 1,339,571 | 148,492 |
| EQUITY | | 1,488,107 | 148,492 |

The accompanying notes form part of this financial report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 30TH June 2017

| | NOTE | 2017 \$ | 2016 \$ |
|--|----------|------------------|------------------|
| INCOME | | | |
| Management Fee | | | 5,626,512 |
| Admissions | | 5,472,571 | |
| Booking Commissions & Recovery | | 451,309 | 478,897 |
| Retail Sales | | 1,329,143 | 1,336,112 |
| Food and Beverage Sales | | 392,392 | |
| Membership Subscriptions | | 269,579 | 263,626 |
| Display and Digital Income | | 66,094 | 58,029 |
| Ground Handling Income | | 429,196 | |
| Marketing Partnership | | 45,000 | |
| Rental Income | | 88,695 | |
| Other Operating Income | | 36,142 | 303,524 |
| | | 8,580,119 | 8,066,701 |
| OPERATING EXPENSES | | | |
| Cost of Sales | | 878,841 | 662,244 |
| Interest Expense on Lease | | 22,266 | 19,296 |
| Administration Expenses | | 6,581,382 | 6,473,407 |
| Marketing Expenses | | 419,642 | 413,130 |
| Occupancy Expenses | | 485,727 | 324,039 |
| Management Fee | | 112,939 | |
| | | 8,500,797 | 7,892,116 |
| OPERATING SURPLUS BEFORE INTEREST AND DEPRECIATION | | 79,322 | 174,585 |
| Net Interest Earned / Paid | | 18,364 | 9,954 |
| Depreciation | | (300,826) | (187,847) |
| Gain/Loss on Sale of Assets | | (26,058) | |
| Funding | 4 | 152,559 | 151,800 |
| Capital Grant Income | 4 | 1,416,210 | |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | 3 | 1,339,571 | 148,492 |

The accompanying notes form part of this financial report.

MRBTA STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 30TH June 2017

| | 2017 Inflows / (Outflows) \$ | 2016 Inflows/ (Outflows) \$ |
|--|---------------------------------------|--------------------------------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Customers | 8,561,756 | 8,056,922 |
| Payments to Suppliers | (8,500,797) | (7,393,243) |
| Funding Grants Received | 152,559 | 151,800 |
| Capital Grants Received | 1,416,210 | |
| Interest Received/Paid | 18,364 | 9,954 |
| Other Sundry Receipts | 20,627 | (805) |
| Net Cash Flow from Operating Activity (Note 5b) | 1,627,464 | 824,629 |
| CASHFLOW FROM INVESTING ACTIVITIES | | |
| Payments for purchase of assets | (1,245,734) | (1,141,712) |
| Net Cash Flow used in Investing Activities | (1,245,734) | (1,141,712) |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Related Party Loans | 173,841 | 864,746 |
| Other (Grant Funds) | (1,130,699) | 1,630,789 |
| Loan | 48,108 | |
| Lease borrowings | | 239,436 |
| Lease borrowing repayment | (42,871) | (19,296) |
| Net Cash Flow provided by Financing Activities | 951,621 | 2,769,675 |
| NET INCREASE IN CASH HELD | 569,891 | 2,452,591 |
| Add Opening Cash Brought Forward | 2,452,591 | - |
| Closing Cash Carried Forward (Note 5a) | 1,882,700 | 2,452,591 |

MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE PERIOD ENDED 30TH June 2017

This financial report relates to the Margaret River Busselton Tourism Association Inc. ("MRBTA") which was incorporated on the 13TH February 2015, registered office 100 Bussell Highway, Margaret River for the period ended 30 June 2017 to meet the requirements of its constitution and the Western Australian Incorporations Act.

NOTE 1 – STATEMENT OF SIGNIFICANT EVENTS

- a) The Management Agreement and Cross Guarantee continues to exist between the MRBTA, GBTA and AMRTA which outlines the basis of management services provided by MRBTA.
- b) The Ngilgi Cave previously managed by GBTA was re-vested by the Department of Lands to the MRBTA on the 13th June 2016. This significantly affects the asset values on the GBTA Balance Sheet and the improvements listed have been adjusted to reflect this.
- c) The Lake Cave, Jewel Cave and Mammoth Cave previously managed by AMRTA were re-vested by the Department of Lands to the MRBTA on the 8th October 2015. This significantly affects the asset values on the AMRTA Balance Sheet and the improvements listed have been adjusted to reflect this.
- d) As a result of the re-vesting of the caves a variation to the Management Agreement between MRBTA and GBTA has been made as at 30 June 2017. A summary of the changes is outlined below:
 - MRBTA is entitled to retain as and by way of fee each month for the provision of the Services which relate to the Cape Naturaliste Lighthouse and the Ground Handling Services at the airport the amount, excluding GST and disbursements, that is equivalent to 95% of Revenue for that month or such other amount as may be agreed between the parties from time to time.
 - MRBTA is responsible for and shall bear and discharge all expenses relating to the Cape Naturaliste Lighthouse and the Ground Handling Services at the airport.
- e) Variation to the Management Agreement between MRBTA and AMRTA has been made as at 30 June 2017. A summary of the changes is outlined below:
 - MRBTA is entitled to retain as and by way of fee each month for the provision of the Services which relate to the Cape Leeuwin Lighthouse the amount, excluding GST and disbursements, that is equivalent to 95% of Revenue for that month or such other amount as may be agreed between the parties from time to time.
 - MRBTA is responsible for and shall bear and discharge all expenses relating to the Cape Leeuwin Lighthouse.

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Rules of Association and the Associations Incorporation Act Western Australia 1987. The Board has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Constitution and the Associations Incorporations Act of Western Australia 1987.

The financial report has been prepared on an 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 specific accounting policies have been adopted in the preparation of this financial report.

Non - Current Assets

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of property, plant and equipment are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold buildings and improvements are amortized over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

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

| | |
|------------------------------|-----------------|
| Land | Not depreciated |
| Freehold buildings | 5% |
| Leasehold buildings | 4% |
| Plant & Equipment | 10% |
| Professional Library | 10% |
| Signage & Sculptures | 20% |
| Retail Fittings | 20% |
| Computer Hardware & Software | 25% |
| Motor Vehicles | 20% |
| Intangibles | 33% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss statement.

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

The Association considers it is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the first-in first-out basis.

Employee Entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits arising from wages and salaries and annual leave have been measured at their nominal amount plus on-costs. Long Service Leave is brought to account as a liability in the Statement of Financial Position after an employee has completed five years of continuous employment at nominal amounts, and include an allowance for on costs. Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

Trade Creditors

Liabilities are recognized for amounts to be paid in the future for goods or services, whether or not invoices have been received. Trade account payables are normally settled within 30 days.

Leases

Lease payments under operating leases where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Where a non-current asset is acquired by means of a finance lease, chattel mortgage or loan, the asset is capitalized at the purchase cost at the inception of the financial commitment and a liability recognized for the total lease payments at the inception of the lease. These assets are amortized over the period of the lease, chattel mortgage or loan. The payments are allocated between the principal component and the interest expense.

Trade Debtors

Trade debtors, which generally have 14 day terms, are recognized and carried at original invoice less an allowance for any uncollectable amounts.

An allowance for doubtful debts is made when there is objective evidence that the organization will not be able to collect the debts. Bad debts are written off when identified.

MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE PERIOD ENDED 30TH June 2017

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value-in use, is compared to the assets carrying value.

Being a not-for-profit entity, the recoverable amount of an asset is the depreciated replacement cost of the asset when the asset's future economic benefits do not primarily depend on the assets ability to generate net cash inflows and where the Association would, if deprived of the asset, replace its remaining future economic benefits.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and cash Equivalents

Cash and cash equivalents include cash on hand any deposits held at - call with banks.

Goods & Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included.

Revenue and Other Income

Grant revenue is recognized in the year received, or when funds have been committed by the funding provider, where it becomes certain. Interest revenue is recognized using the effective interest rate method. Revenue is measured at the fair value of the consideration received. All revenue is stated net of the amount of goods and services tax (GST). Revenue from the sale of goods is recognized at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Membership income is recognized during the period to which the memberships relate. Membership invoices raised during the year are invoiced at a pro-rata rate for that financial year.

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 3 - SURPLUS FROM ORDINARY ACTIVITIES

| | 2017 | 2016 |
|---------------------------------------|-------------|-------------|
| | \$ | \$ |
| Surplus from Ordinary Activities | | |
| includes as Expenses: | | |
| Depreciation and Amortisation expense | 300,826 | 187,847 |
| Audit Fees | 21,645 | 26,116 |
| includes as Income: | | |
| Accommodation and Travel Commissions | 451,309 | 478,897 |

NOTE 4 – FUNDING AND GRANT INCOME

| | | |
|---|-----------|---------|
| Operating Grant Funding – City of Busselton | 152,559 | 151,800 |
| Capital Grant Funds | 1,416,210 | |

NOTE 5 – CASH FLOW

(a) Reconciliation of Cash

| | | |
|--------------|-------------------------|-------------------------|
| Cash on hand | 14,800 | 15,250 |
| Cash at bank | 1,867,900 | 2,437,341 |
| | <u>1,882,700</u> | <u>2,452,591</u> |

MRBTA has a NAB credit card facility limit of \$71,000 of which \$23,560 of this facility was used at 30 June 2017.

(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus

| | | |
|---|-------------------------|-----------------------|
| Operating Surplus from ordinary activities | 1,339,571 | 148,492 |
| Net Loss on sale of assets | 26,058 | - |
| Depreciation and amortisation | 300,826 | 187,847 |
| Changes in Assets and Liabilities | | |
| Decrease in Debtors | 73,604 | (151,625) |
| Increase in stock | (128,892) | (283,032) |
| Increase in creditors | 224,970 | 496,964 |
| Increase in Lease Liabilities | 45,786 | 59,939 |
| Increase in provision for annual leave | 15,535 | 234,995 |
| Increase in provision for long service leave | 61,737 | 50,326 |
| Increase in other current assets | (214,117) | (257,684) |
| Decrease in Current Tax Liabilities | (117,659) | 238,408 |
| Net Cash Flow From Operating Activities | <u>1,627,464</u> | <u>824,629</u> |

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 6 – FIXED ASSETS

| | 2017 | 2016 |
|--|------------------|----------------|
| | \$ | \$ |
| Land and Building Improvements | 1,222,947 | 118,108 |
| Less Accumulated depreciation | 22,274 | 4,339 |
| | 1,200,673 | 113,769 |
| Computer Hardware and Software - at cost | 336,736 | 228,987 |
| Less Accumulated depreciation | 95,917 | 35,638 |
| | 240,819 | 193,349 |
| Plant and Equipment - at cost | 192,689 | 100,079 |
| Less Accumulated depreciation | 17,703 | 5,534 |
| | 174,985 | 94,545 |
| Signage - at cost | 136,330 | 24,327 |
| Less Accumulated depreciation | 18,022 | 3,635 |
| | 118,308 | 20,692 |
| Sculptures - at cost | 22,812 | 20,610 |
| Less Accumulated depreciation | 8,577 | 4,015 |
| | 14,235 | 16,595 |
| | 1,749,020 | 438,950 |

NOTE 7 – INTANGIBLE ASSETS

| | | |
|-------------------------------|----------------|----------------|
| MRBTA Branding | 115,967 | 115,967 |
| Less Accumulated depreciation | 69,303 | 31,934 |
| | 46,664 | 84,033 |
| Website and App | 228,922 | 170,817 |
| Less Accumulated depreciation | 116,589 | 50,668 |
| | 112,333 | 120,149 |
| | 158,997 | 204,182 |

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 8 – LEASED ASSETS

| | 2017 | 2016 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Leased Motor Vehicles | 420,876 | 361,726 |
| Less Accumulated depreciation | 129,292 | 50,992 |
| | 291,584 | 310,734 |

NOTE 9- LEASE FINANCE COMMITMENTS

| | | |
|---|----------------|----------------|
| Future minimum lease payments payable at 30th June 2017 | | |
| Not later than 1 year | 123,917 | 78,452 |
| Less unexpired interest charges | (18,192) | (18,514) |
| | 105,725 | 59,938 |
| Greater than 1 year but not greater than 5 years | 244,317 | 304,100 |
| Less unexpired interest charges | (13,048) | (29,961) |
| | 231,269 | 274,139 |

**MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017**

NOTE 10 - PROVISIONS

| | 2017 | 2016 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Current: | | |
| Provisions for Annual Leave | 250,530 | 234,994 |
| Provision for Long Service Leave | 160,226 | 117,468 |
| | 410,756 | 352,462 |
| Non-Current: | | |
| Provision for Long Service Leave | 51,837 | 32,858 |

NOTE 11 - LOANS

| | 2017 | 2016 |
|---------------------------|-------------|-------------|
| | \$ | \$ |
| Ngilgi Lighting Cave Loan | 48,108 | |

As per the deed signed on the 29th June 2017 between the City of Busselton, GBTA and MRBTA, the Loan Agreement liability has been transferred from GBTA to MRBTA.

Related Party Loans

| | | |
|-------|------------------|----------------|
| AMRTA | 1,019,500 | 821,993 |
| GBTA | 19,088 | 42,753 |
| | 1,038,588 | 864,746 |

The loans with related parties are supported by the deed of cross guarantee between AMRTA, GBTA and MRBTA dated 26 February 2015. Per the deed, no interest is payable on the loans and no fixed repayment schedule is in place. As a result, the loans are classified as a non-current liability.

NOTE 12 - OTHER LIABILITIES

| | 2017 | 2016 |
|--|----------------|------------------|
| | \$ | \$ |
| Grant Monies Held | | |
| Royalties for Regions Lighthouse Grant | 149,827 | 1,332,000 |
| WA Tourism Visitor Centre Grant | 95,027 | 120,500 |
| TDDI Grant | 40,000 | |
| Augusta Digital Town | 10,000 | |
| Leeuwin Lighthouse Outhouses Grant | 13,879 | |
| Precinct Weed Management Grant | 6,377 | |
| Solar Gain | 8,610 | |
| Accrued Expenses | 164,765 | 178,288 |
| Deferred Income – Membership Subscriptions | 11,604 | |
| | 500,089 | 1,630,788 |

Grant revenue received recognised as liabilities within the statement of financial position occurs when conditions are attached to the grant which have not been satisfied at balance date. As a result, the association is not eligible to receive the funds and the recognition of the grant income is deferred until those conditions are satisfied.

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 13 - OTHER ASSETS

| | 2017 | 2016 |
|-----------------|----------------|----------------|
| | \$ | \$ |
| Current: | | |
| Prepayments | 144,917 | 18,124 |
| Accrued Revenue | | 239,559 |
| | <u>144,917</u> | <u>257,683</u> |

NOTE 14 – SEGMENT INFORMATION

The Association operates predominantly in one industry – tourism, and in one geographical area – Western Australia.

NOTE 15 – RELATED PARTY DISCLOSURES

Certain members of the committee of management, or their related entities, entered into transactions with the Association under normal commercial terms and conditions.

NOTE 16 – LAND AND BUILDINGS

The temporary building that housed the Busselton Visitors Centre at the Busselton Foreshore was sold during the financial year. The Busselton Visitor Centre has now been relocated to 'Railway House' at the Busselton Foreshore, which is leased from the City of Busselton. The Peel Terrace Building has been relinquished to the City of Busselton.

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 17 – LEASE AND LICENCE AGREEMENTS

- a. Property Lease – Part of Railway House: On the 21st April 2017 the MRBTA entered into a Lease Agreement to occupy Reserve 38558, Lot 424 Queen Street, Busselton for a term of 21 years. The rental obligation in respect to this lease is \$205 per annum including GST, payable annually and reviewed by CPI annually.
- b. The Ngilgi Cave Lighting Loan with the City of Busselton has been reassigned from GBTA to MRBTA to the value of \$48,107. This is due to the re-vesting of the cave from GBTA to MRBTA.
- c. Property lease – Margaret River Visitor Centre: On the 1st July 2016 the MRBTA entered into a Lease Agreement to occupy 100 Bussell Highway, Margaret River. The rental obligation is \$126,900 excl. GST per annum and is entered within the related party loan account.
- d. Leases that remain in place that provide income to the MRBTA include:
 - a. Koomal Dreaming and MRBTA for the Cultural Meeting Place at Ngilgi Cave and Cape Naturaliste Lighthouse.
 - b. Lake Cave Café Lease
 - c. Busselton Visitor Centre - ATM Contract
- e. Leases that remain in place include the following:
 - a. Equipment Lease – BookEasy Licence Agreement continues to be in place until 30th June 2019. Rental payments are dependent upon total bookings processed.
 - b. Fuji Xerox Lease for Photocopier equipment ending 4th January 2022.
 - c. Dunsborough Visitor Centre Lease
 - d. Augusta Visitor Centre Lease
 - e. Narrowcasters for Mammoth Cave and Leeuwin Lighthouse.
- f. Motor Vehicle Leases and Arrangement – Toyota Finance
MRBTA entered into an agreement with Busselton Toyota on the 21 July 2015 agreeing to purchase all motor vehicles from Busselton Toyota and offer certain marketing opportunities by way of the MRBTA website and promotion of the relationship between MRBTA and Busselton Toyota as their exclusive motor vehicle supplier. This agreement expires on the 1 July 2019. The leases MRBTA has with Busselton Toyota are outlined in the table below. Rental payments are dependent upon usage.

| Motor Vehicle | Lease Terms (months) | Commencement Date |
|-------------------------|----------------------|-------------------|
| 2015 Prado | 48 | 1 July 2015 |
| 2015 FJ Cruiser | 48 | 1 July 2015 |
| 2015 RAV4 | 48 | 1 July 2015 |
| 2015 RAV4 | 48 | 1 July 2015 |
| 2015 Hiace Commuter Bus | 48 | 1 July 2015 |
| 2015 Hilux Ute | 48 | 1 July 2015 |
| 2015 Hilux Ute | 48 | 1 July 2015 |
| 2015 Hilux Ute | 36 | 17 May 2016 |
| 2017 Fortuner | 36 | 28 December 2016 |

*MRBTA NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30TH June 2017*

NOTE 18 - CAPITAL COMMITMENTS

As at 30th June 2017 the Association had the following outstanding financial commitments:

- a. Cape Naturaliste Lighthouse Interpretation Consultant of \$30,050 incl. gst to be funded by the Royalties for Regions Grant
- b. Cape Naturaliste Lighthouse Observation Deck Works of \$134,890 incl. gst to be funded by the Royalties for Regions Grant
- c. Cape Naturaliste Lighthouse Cottage 1 Works of \$80,520 incl. gst to be funded by the Royalties for Regions Grant

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events that have arisen during the interval between the end of the financial year and the date of this report include the following:

- a) The Cape Naturaliste Lighthouse lease previously between GBTA and DPaW has been reassigned MRBTA on the 30th June 2017. The asset improvements listed on the GBTA Balance Sheet will be adjusted accordingly.
- b) The Cape Leeuwin Lighthouse lease previously between AMRTA and DPaW has been reassigned to MRBTA on the 30th June 2017. The asset improvements listed on the AMRTA Balance Sheet will be adjusted accordingly.

NOTE 20 - ECONOMIC DEPENDENCY

The ongoing operation of MRBTA is dependent upon the continued financial support between GBTA, AMRTA and MRBTA, as documented within the Deed of Cross Guarantee dated 26 February 2015, and ongoing support from members of MRBTA by way of annual membership fees. Future operations of MRBTA and MRBTA's ability to continue as a going concern, are dependent upon the outcomes of the above.

MRBTA STATEMENT BY THE MEMBERS OF THE BOARD

The Board have determined that the association is not a reporting entity.

The Board have determined that this special purpose financial report should be prepared in accordance with the accruals basis of accounting, outlined in Note 2 to the financial report.

In the opinion of the Board the attached financial statement:

1. Presents fairly the financial position of the MRBTA as at 30 June 2017 and its performance for the period ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that MRBTA will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed on behalf of the Board by:



Trent Bartlett
Chairman



Board Member

Dated this 9th day of October 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARGARET RIVER BUSSELTON TOURISM ASSOCIATION INC.**

Opinion

We have audited the financial report of Margaret River Busselton Tourism Association Inc. ("MRBTA") which comprises the statement of financial position as at 30 June 2017, the statement of financial performance, the 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 those charged with governance.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of MRBTA as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with the *Associations Incorporation Act (Western Australia) 2015* and the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

We 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 MRBTA in accordance with 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 other ethical responsibilities 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.

Emphasis of Matter- Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist MRBTA to meet the requirements of the *Associations Incorporation Act (Western Australia) 2015*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Act (Western Australia) 2015* and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the MRBTA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

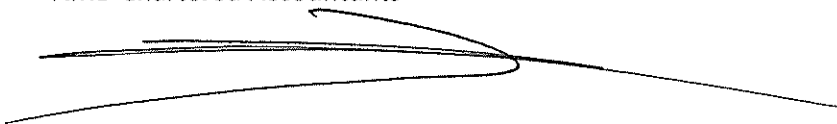
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the 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 my 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the 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 registered entity'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 association 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 those charged with governance 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.

AMD Chartered Accountants



TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 10th day of October 2017

SUPPLEMENTARY INFORMATION (UNAUDITED)

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - VISITOR CENTRES

FOR THE PERIOD ENDED 30TH June 2017

| | 2017 \$ | 2016 \$ |
|--|-------------------------------|---------------------------|
| INCOME | | |
| Booking Commissions & Recovery | 451,309 | 478,168 |
| Retail Sales | 500,814 | 491,097 |
| Display and Digital Income | 57,746 | 49,968 |
| Rental Income | 21,600 | 30,250 |
| Other Operating Income | 20,738 | 22,315 |
| TOTAL INCOME | 1,052,207 | 1,071,800 |
| OPERATING EXPENSES | | |
| Cost of Retail Sales | 283,016 | 270,205 |
| Interest Expense on Lease | 5,184 | 4,870 |
| Administration Expenses | 1,518,577 | 1,578,603 |
| Marketing Expenses | 59,650 | 14,957 |
| Occupancy Expenses | 148,833 | 140,877 |
| TOTAL OPERATING EXPENSES | 2,015,257 | 2,009,513 |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (782,467) | (937,713) |
| Net Interest Earned / Paid | 0 | 1,779 |
| Depreciation | (56,407) | (30,732) |
| Gain/Loss on Sale of Asset | (25,055) | (1,024) |
| Operating Grant Funding | 152,558 | 151,800 |
| Capital Grant Income | 180,583 | |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (711,369) | (815,890) |
| Accommodation and Tour Bookings taken on behalf of operators on which the association earned commission | 2017 # | 2017 \$ |
| Accommodation | 6253 | 2,581,117 |
| Tours | 8,593 | 1,401,052 |
| | Visitation Numbers | Operating Loss |
| Busselton Visitor Centre | 155,287 | 69,310 |
| Dunsborough Visitor Centre | 75,719 | 68,375 |
| Augusta Visitor Centre | 32,557 | 76,932 |
| Margaret River Visitor Centre & Administration | 187,046 | 496,751 |
| | 450,609 | (711,371) |

The accompanying notes are based on management accounts and do not form part of the audited report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - ATTRACTIONS
FOR THE PERIOD ENDED 30TH June 2017

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| INCOME | | |
| Admission Income | 5,472,570 | 5,268,666 |
| Retail Sales | 828,482 | 843,496 |
| Food and Beverage Sales | 391,118 | - |
| Rental Income | 67,094 | 55,581 |
| Other Operating Income | 15,401 | 273,065 |
| TOTAL INCOME | 6,774,667 | 6,440,807 |
| OPERATING EXPENSES | | |
| Cost of Retail & Food/Beverage Sales | 591,087 | 386,957 |
| Interest Expense on Lease | 11,588 | 9,345 |
| Administration Expenses | 3,175,905 | 2,895,530 |
| Marketing Expenses | 77,253 | 6,020 |
| Occupancy Expenses | 203,424 | 178,420 |
| TOTAL OPERATING EXPENSES | 4,059,256 | 3,476,273 |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | 3,951,038 | 2,964,533 |
| Depreciation | (78,024) | (29,928) |
| Gain/Loss on Sale of Asset | (916) | (886) |
| Capital Grant Funds | 1,235,627 | - |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | 3,872,098 | 2,933,720 |

| | 2017 | 2017 |
|-----------------------------|---------------------------|--------------------------|
| | # | \$ |
| | Visitation Numbers | Operating Surplus |
| Lake Cave | 56,590 | 540,976 |
| Jewel Cave | 62,123 | 615,700 |
| Ngilgi Cave | 74,492 | 822,282 |
| Mammoth Cave | 66,189 | 772,824 |
| Cape Leeuwin Lighthouse | 103,546 | 1,192,166 |
| Cape Naturaliste Lighthouse | 27,442 | 396,356 |
| Attraction Administration | | (468,175) |
| | 389,938 | 3,872,098 |

The accompanying notes are based on management accounts and do not form part of the audited report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - MARKETING
FOR THE PERIOD ENDED 30TH June 2017

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| INCOME | | |
| Membership Subscriptions | 269,579 | 263,651 |
| Display and Digital Income | 8,346 | 7,953 |
| Partnership Income | 45,000 | - |
| Other Operating Income | 134 | 1,913 |
| TOTAL INCOME | 323,060 | 273,517 |
| OPERATING EXPENSES | | |
| Interest Expense on Lease | 1,625 | 1,848 |
| Administration Expenses | 757,585 | 726,450 |
| Marketing Expenses | 272,293 | 378,964 |
| Occupancy Expenses | 1,407 | 1,279 |
| TOTAL OPERATING EXPENSES | 1,302,909 | 1,108,541 |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (709,849) | (835,024) |
| Depreciation | (112,293) | (91,993) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (822,142) | (927,017) |

The accompanying notes are based on management accounts and do not form part of the audited report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - ADMINISTRATION
FOR THE PERIOD ENDED 30TH June 2017

| | 2017 | 2016 |
|---|--------------------|--------------------|
| | \$ | \$ |
| INCOME | | |
| Other Operating Income | - | - |
| TOTAL INCOME | - | - |
| OPERATING EXPENSES | | |
| Interest Expense on Lease | 3,869 | 3,232) |
| Administration Expenses | 853,133 | 975,987) |
| Marketing Expenses | 10,446 | 13,188) |
| Occupancy Expenses | 127,323 | 319) |
| Management Fee | 112,939 | 174,560) |
| TOTAL OPERATING EXPENSES | 1,107,710 | 1,172,942 |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (1,106,722) | (1,167,286) |
| Net Interest Earned / Paid | 18,364 | 8,175 |
| Depreciation | (53,177) | (34,829) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (1,141,535) | (1,193,940) |

The accompanying notes are based on management accounts and do not form part of the audited report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - AIRPORT
FOR THE PERIOD ENDED 30TH June 2017

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| INCOME | | |
| Ground Handling Income | 429,196 | 447,058 |
| Other Operating Income | 0 | 2,440 |
| TOTAL INCOME | 429,196 | 449,498 |
| OPERATING EXPENSES | | |
| Administration Expenses | 280,922 | 294,370 |
| Occupancy Expenses | 4,471 | 3,144 |
| TOTAL OPERATING EXPENSES | 285,663 | 297,514 |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | 143,533 | 151,984 |
| Depreciation | (1,013) | (365) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | 142,519 | 151,619 |

The accompanying notes are based on management accounts and do not form part of the audited report.