

MARGARET RIVER BUSSELTON TOURISM ASSOCIATION Inc.

FINANCIAL REPORT
For the Year Ended 30th June 2018

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MRBTA FINANCIAL REPORT

FOR THE YEAR ENDED 30th June 2018

BOARD REPORT

Your board members submit the financial report that relates to the Margaret River Busselton Tourism Association Inc. ("MRBTA") for the period ended 30 June 2018 to meet the requirements of its constitution and the Associations Incorporation Act 2015.

Board Members

The names of board members at the date of this report are:

Trent Bartlett (Chair)

Tony Pickworth

Clive Johnson (Deputy Chair)

Janine Carter

Glenn Callegari (ARC Chair)

Peter Gordon

David Willcox

Daniel Robe

Keith Warrick

Principal Activities

The principal activities of the association during the financial year were to promote the Margaret River Region as a tourist destination and to provide tourist services and attractions.

Significant Changes

Acquisition of Forest Adventures High Ropes Course occurred on the 19^{th} June 2018.

Signed in accordance with a resolution of the Board of Directors.

Trent Bartlett

Glenn Callegari

Dated this 18th day of October 2018

MRBTA STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30th June 2018

| | NOTE | 2018 | 2017 |
|-------------------------------|----------------|-----------|-----------|
| CURRENT ASSETS | | \$ | \$ |
| Cash Assets | 2 | 948,138 | 1,882,700 |
| Receivables | 2 | 80,106 | 78,021 |
| Inventories | | 541,570 | 411,924 |
| Other Assets | 3 | 16,134 | 144,917 |
| TOTAL CURRENT ASSETS | - | 1,585,948 | 2,517,562 |
| TOTAL GOMMENT MODELS | | 1,303,740 | 2,317,302 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 4 | 3,022,872 | 1,749,020 |
| Intangible Assets | 5 | 217,410 | 291,584 |
| Leased Assets | 6 | 63,647 | 158,997 |
| TOTAL NON-CURRENT ASSETS | - | 3,303,929 | 2,199,601 |
| TOTAL ASSETS | | 4,889,877 | 4,717,163 |
| | - | | |
| CURRENT LIABILITIES | | | |
| Payables | | 670,957 | 721,935 |
| Current Tax Liabilities | | 161,156 | 120,749 |
| Lease Liabilities | 7 | 200,971 | 105,725 |
| Provisions | 8 | 420,577 | 410,756 |
| Loans | 9 | 10,600 | 10,264 |
| Other | 10 | 692,301 | 500,089 |
| TOTAL CURRENT LIABILITIES | | 2,156,562 | 1,869,518 |
| NON-CURRENT LIABILITIES | | | |
| Lease Liabilities | 7 | 71,500 | 231,269 |
| Provisions | 8 | 47,307 | 51,837 |
| Loans | 9 | 26,975 | 37,844 |
| Related Party Loans | 9 | 1,153,542 | 1,038,588 |
| TOTAL NON-CURRENT LIABILITIES | - | 1,299,324 | 1,359,538 |
| TOTAL LIABILITIES | \ - | 3,455,886 | 3,229,056 |
| | - | -,, | -,, |
| NET ASSETS | _ | 1,433,991 | 1,487,107 |
| ACCUMULATED FUNDS | - | | |
| Surplus/Loss for Year | | (54,116) | 1,339,571 |
| Retained Surplus | | 1,488,107 | 148,536 |
| EQUITY | ::= :== | 1,433,991 | 1,488,107 |
| | := | | |

The accompanying notes form part of this financial report.

MRBTA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th June 2018

| | NOTE | 2018 \$ | 2017 \$ |
|--|------|------------|------------|
| INCOME | | | |
| Admissions | | 5,578,482 | 5,472,571 |
| Booking Commissions | | 409,953 | 451,309 |
| Retail Sales | | 1,759,792 | 1,721,535 |
| Membership Subscriptions | | 323,185 | 335,672 |
| Ground Handling Income | | 437,941 | 429,196 |
| Rental Income | | 29,528 | 88,695 |
| Grants Operating | | 156,000 | 152,559 |
| Other Operating Income | | 74,501 | 81,142 |
| TOTAL INCOME | | 8,769,382 | 8,732,678 |
| | | | |
| OPERATING EXPENSES | | | |
| Cost of Sales | | 977,925 | 878,841 |
| Interest Expense | | 19,043 | 22,266 |
| Administration Expenses | | 6,619,770 | 6,581,382 |
| Marketing Expenses | | 342,569 | 419,642 |
| Occupancy Expenses | 13 | 477,834 | 485,727 |
| Management Fee | | | 112,939 |
| TOTAL OPERATING EXPENSES | | 8,437,141 | 8,500,797 |
| | | | |
| OPERATING SURPLUS BEFORE INTEREST AND DEPRECIATION | | 332,241 | 231,881 |
| Net Interest Earned / Paid | | 10,358 | 18,364 |
| Depreciation | | (449,466) | (300,826) |
| Gain/Loss on Sale of Assets | | 8,535 | (26,058) |
| Asset Write Down | | (482,872) | 1= |
| Capital Grant Income | | 527,088 | 1,416,210 |
| OPERATING SURPLUS FROM ORDINARY ACTIVITI | ES | (54,116) | 1,339,571 |

The accompanying notes form part of this financial report.

MRBTA STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30th June 2018

| | 2018 Inflows / (Outflows) \$ | 2017 Inflows / (Outflows) \$ |
|--|--|--|
| CASHFLOWS FROM OPERATING ACTIVITIES | Ψ | Ψ |
| Receipts from Customers Payments to Suppliers Funding Grants Received | 8,174,098 (8,327,293) 156,000 | 8,561,756 (8,500,797) 152,559 |
| Capital Grants Received Interest Received/Paid Other Sundry Receipts | 517,366 10,358 542,186 | 1,416,210 |
| Net Cash Flow from Operating Activity (Note 2b) | 1,072,715 | 1,648,092 |
| CASHFLOW FROM INVESTING ACTIVITIES Purchase of assets Net Cash Flow used in Investing Activities | (2,028,132) (2,028,132) | (1,245,734) (1,245,734) |
| CASHFLOWS FROM FINANCING ACTIVITIES Related Party Loans Other (Grant Funds) Loan Lease borrowings Lease borrowing repayment Net Cash Flow provided by Financing Activities | 114,954 (10,533) (19,043) (64,523) 20,855 | 173,841 (1,130,699) 48,108 (43,579) (19,919) 972,248 |
| NET INCREASE / (DECREASE) IN CASH HELD | (934,562) | 569,891 |
| Add Opening Cash Brought Forward | 1,882,700 | 2,452,591 |
| Closing Cash Carried Forward (Note 2a) | 948,138 | 1,882,700 |
| The accompanying notes form part of this financial report | t. | |

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 2018 to meet the requirements of its constitution and the Associations Incorporation Act 2015.

NOTE 1 – 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 2015. 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 Incorporation Act 2015.

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.

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. Grant funding provided for a specific purpose are recorded as a liability until all grant funding contributions and obligations have been met. 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.

Income Tax

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

Cash and Cash Equivalents

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

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.

Inventories

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

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.

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

| Land | Not depreciated | Professional Library | 10% |
|---------------------|-----------------|------------------------------|-----|
| Freehold buildings | 5% | Signage & Sculptures | 20% |
| Leasehold buildings | 4% | Retail Fittings | 20% |
| Plant & Equipment | 10% | 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.

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.

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.

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.

| NOTE 2 – CASH FLOW | 2018 | 2017 |
|----------------------------|---------|-----------|
| | \$ | \$ |
| (a) Reconciliation of Cash | | |
| Cash on hand | 15,300 | 14,800 |
| Cash at bank | 932,838 | 1,867,900 |
| | 948,138 | 1,882,700 |

MRBTA has a NAB credit card facility limit of \$50,000 of which \$29,258 of this facility was used at 30 June 2018.

MRBTA has in place a \$1million loan facility to drawn down on if required.

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

| | 2018 | 2017 |
|---|-----------|-------------|
| | \$ | \$ |
| Operating Surplus from ordinary activities | (54,116) | 1,339,571 |
| Net Loss on sale of assets | 482,872 | 26,058 |
| Depreciation and amortisation | 449,466 | 300,826 |
| Changes in Assets and Liabilities | | 51 F 50 (5) |
| Increase in Debtors | 102,686 | 73,604 |
| Increase / (Decrease) in stock | (129,646) | (128,892) |
| Increase in Lease Liabilities | 96,872 | 66,414 |
| Increase / (Decrease) in creditors | (50,902) | 224,970 |
| Increase / (Decrease) in provision for annual leave | (7,112) | 15,535 |
| Increase in provision for long service leave | 12,401 | 61,737 |
| (Increase) / Decrease in other current assets | 129,787 | (214,117) |
| Increase / (Decrease) in Current Tax Liabilities | 40,407 | (117,659) |
| Net Cash Flow from Operating Activities | 1,072,715 | 1,648,092 |
| | | |
| NOTE 3 - OTHER ASSETS | 2018 | 2017 |
| | \$ | \$ |
| Prepayments | 16,134 | 144,917 |
| | 16,134 | 144,917 |

| NOTE 4 – FIXED ASSETS | | |
|--|-----------|-----------|
| | 2018 | 2017 |
| | \$ | \$ |
| Land and Building Improvements | 2,325,163 | 1,222,947 |
| Less Accumulated depreciation | 110,679 | 22,274 |
| | 2,214,484 | 1,200,673 |
| | 1 | W |
| Computer Hardware and Software - at cost | 397,481 | 336,736 |
| Less Accumulated depreciation | 173,729 | 95,917 |
| | 223,752 | 240,819 |
| | - | |
| Plant and Equipment - at cost | 280,385 | 192,689 |
| High Ropes Course | 220,670 | |
| Less Accumulated depreciation | 41,246 | 17,703 |
| | 459,810 | 174,985 |
| | | |
| Signage - at cost | 163,762 | 136,330 |
| Less Accumulated depreciation | 48,608 | 18,022 |
| | 115,154 | 118,308 |
| | | |
| Sculptures - at cost | 22,812 | 22,812 |
| Less Accumulated depreciation | 13,140 | 8,577 |
| | 9,672 | 14,235 |
| | | |
| | 3,022,872 | 1,749,020 |
| | | |
| NOTE 5 – LEASED ASSETS | 2018 | 2017 |
| NOTE S LENGED NOOL 13 | \$ | \$ |
| Leased Motor Vehicles | 400,975 | 420,876 |
| Less Accumulated depreciation | 183,565 | 129,292 |
| • | 217,410 | 291,584 |
| | | W/2 |
| | 2046 | 604= |
| NOTE 6 – INTANGIBLE ASSETS | 2018 | 2017 |
| MDDTA Door die van IA-le view and A | \$ | \$ |
| MRBTA Branding, Website and App | 362,206 | 344,889 |
| Less Accumulated depreciation | 298,560 | 185,892 |
| | 63,647 | 158,997 |

| FOR THE YEAR ENDED 30th June 2018 | | |
|---|---------------|-----------|
| NOTE 7 - LEASE FINANCE COMMITMENTS | 2018 | 2017 |
| NOTE / LEASE FINANCE COMMINIMENTS | \$ | \$ |
| Future minimum lease payments payable at 30th June 2018 | - | • |
| Not later than 1 year | 215,356 | 123,917 |
| Less unexpired interest charges | (14,386) | (18,192) |
| | 200,971 | 105,725 |
| | | |
| Greater than 1 year but not greater than 5 years | 75,036 | 244,317 |
| Less unexpired interest charges | (3,537) | (13,048) |
| | 71,500 | 231,269 |
| | | |
| | 272,471 | 336,994 |
| NOTE O PROVICIONS | 2018 | 2017 |
| NOTE 8 - PROVISIONS | 2018 \$ | |
| Current: | Þ | \$ |
| Provisions for Annual Leave | 240,594 | 250,530 |
| Provision for Long Service Leave | 177,160 | 160,226 |
| Provision for Parental Leave | 2,824 | - |
| | 420,577 | 410,756 |
| Non-Current: | | |
| Provision for Long Service Leave | 47,307 | 51,837 |
| | | • |
| | 467,884 | 462,593 |
| | | |
| NOTE 9 - LOANS | 2018 | 2017 |
| | \$ | \$ |
| Ngilgi Lighting Cave Loan with City of Busselton | | |
| Current | 10,600 | 10,264 |
| Non-Current | 26,975 | 37,844 |
| | 37,575 | 48,108 |
| Polated Party Loans | | |
| Related Party Loans AMRTA | 1 1 2 2 7 1 0 | 1 010 500 |
| AIMINIA | 1,133,710 | 1,019,500 |

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.

19,833

1,153,542 1,038,588

19,088

GBTA

| NOTE 10 - OTHER LIABILITIES | 2018 | 2017 |
|--|---------|---------|
| | \$ | \$ |
| Grant Monies Held | 314,000 | 323,720 |
| Accrued Expenses | 261,637 | 164,765 |
| Deferred Income – Membership Subscriptions | 116,665 | 11,604 |
| | 692,301 | 500,089 |

NOTE 11 - SEGMENT INFORMATION

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

NOTE 12 - 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 13 - | LEASE AND | VESTING A | AGREEMENTS |
|------------------|-----------|-----------|------------|
|------------------|-----------|-----------|------------|

| Lease / Vesting | Agreement With | Term of | Commitment |
|---|--|---|---|
| Busselton Visitor Centre Property Lease | City of Busselton | Agreement 21 year ending 21 st April 2038 | \$205 inc. GST per annum with annual |
| Margaret River Visitor Centre | Augusta Margaret River Tourism Assoc. | 5 years ending 30 June 2022 | CPI review \$139,590 inc. GST per annum |
| Property Lease Dunsborough Visitor Centre | Graeme Lawrence Martin | 3 years ending 30 June 2020 | \$20,560 inc. GST per annum |
| Lease Augusta Visitor Centre Lease | GF Howard | Ongoing Monthly Basis | \$1,438 inc. GST per month |
| Cape Naturaliste Lighthouse Lease | Department of Biodiversity, Conservation and Attractions | 21 years ending 17 th Feb 2027 | 5% of Gross Receipts |
| Cape Leeuwin Lighthouse Lease | Department of Biodiversity, Conservation and Attractions | 21 years ending 6 th May 2025 | 5% of Gross Receipts |
| Forest Adventures Land Lease | Department of Biodiversity, Conservation and Attractions | 21 years ending 30 th September 2037 | 5% of Gross Receipts |
| Ngilgi Cave Vesting | Department of Lands | 21 years ending 13 June 2037 | Nil |
| Lake, Jewel and Mammoth Cave Vestings | Department of Lands | 21 years ending 8 th October 2026 | Nil |

NOTE 13 - LEASE AND VESTING AGREEMENTS - CONTINUED

Management fees are no longer payable by MRBTA to Augusta Margaret River Tourisms Association and Geographe Bay Tourism Association from 1 July 2017 on the basis vested assets have been transferred to MRBTA.

NOTE 14 - 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.

NOTE 15 - CAPITAL COMMITMENTS

Capital commitments as at 30 June 2018 included:

- Margaret River Visitor Centre Upgrade of \$81,000
- Mammoth Hut Redevelopment of \$100,000

NOTE 16 – ACQUISITION OF FOREST ADVENTURES SOUTH WEST

Forest Adventures South West was purchased for a total price of \$750,000. The shares of Forest Adventures South West Pty Ltd were acquired on the 20th June 2018. As part of that transaction the existing debts and loans held by Forest Adventures South West Pty Ltd were paid off simultaneously to leave Forest Adventures South West Pty Ltd without liabilities. The assets of Forest Adventures South West Pty Ltd were then purchased by MRBTA on the 29th June 2018. The Forest Adventures South West business is now operated as part of MRBTA attraction portfolio.

MRBTA STATEMENT BY THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 30th June 2018

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 Associations Incorporation Act (WA) 2015 the accruals basis of accounting, outlined in Note 1 to the financial report.

In the opinion of the Board:

- 1. The financial statements and notes of Margaret River Busselton Tourism Association Inc. are in accordance with the Associations Incorporation Act (WA) 2015 and presents fairly the financial position of Margaret River Busselton Tourism Association Inc. as at 30 June 2018 and its performance for the period ended on that date.
- 2. At the date of this statement, there are reasonable grounds to believe that Margaret River Busselton Tourism Association Inc. 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

Glenn Callegari Board Member

Dated this 18th day of October 2018

AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF MARGARET RIVER BUSSELTON TOURISM ASSOCIATION INC.

AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF MARGARET RIVER BUSSELTON TOURISM ASSOCIATION INC.

I declare that to the best of my knowledge and belief, during the year ended 30 June 2018, there have been no contraventions of:

- i) The auditor independence requirements as set out in Section 80 of the Associations Incorporation Act (WA) 2015 in relation to the audit; and
- ii) Any applicable code of professional conduct in relation to the audit.

AMD Chartered Accountants

TIM PARTRIDGE FCA Director

Bunbury, WA

Dated this 8th day of October 2018

INDEPENDENT AUDITOR'S REPORT

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. which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss, the statement of changes in equity and 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 Margaret River Busselton Tourism Association Inc. as at 30 June 2018, 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 Margaret River Busselton Tourism Association Inc. 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 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Margaret River Busselton Tourism Association Inc. 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 Margaret River Tourism Association's Inc. 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 Margaret River Busselton Tourism Association Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Margaret River Tourism Association's Inc. 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 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 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 entity 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 day of October 2018

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

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - VISITOR SERVICING FOR THE YEAR ENDED 30th June 2018

| | 2018 \$ | 2017 \$ |
|--|--------------|------------|
| INCOME | s * √ | |
| Booking Commissions | 405,411 | 451,309 |
| Retail Sales | 539,760 | 500,814 |
| Display and Digital Income | - | 57,746 |
| Rental Income | 802 | 21,600 |
| Operating Grant Funding | 156,000 | _ |
| Other Operating Income | 16,887 | 20,738 |
| TOTAL INCOME | 1,118,860 | 1,052,207 |
| OPERATING EXPENSES | | |
| Cost of Sales | 321,826 | 283,016 |
| Interest Expense on Lease | 2,211 | 5,184 |
| Administration Expenses | 1,255,271 | 1,518,577 |
| Marketing Expenses | 49,119 | 59,650 |
| Occupancy Expenses | 280,471 | 148,833 |
| TOTAL OPERATING EXPENSES | 1,908,898 | 2,015,257 |
| | | |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (790,038) | (782,467) |
| Depreciation | (80,606) | (56,407) |
| Gain/Loss on Sale of Asset | 0 | (25,055) |
| Capital Grant Income | 263,003 | 180,583 |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (607,641) | (711,369) |

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

MRBTA STATEMENT OF FINANCIAL PERFORMANCE – VISITOR SERVICING - CONTINUED

FOR THE YEAR ENDED 30th June 2018

| | 2018 | 2017 |
|--|-----------|-----------|
| Gross Accommodation and Tour Bookings | \$ | \$ |
| Accommodation | 1,913,918 | 2,581,117 |
| Tours | 1,213,363 | 1,401,052 |
| | 3,127,281 | 3,982,169 |
| | 2018 | 2017 |
| Operating Loss | \$ | \$ |
| Busselton Visitor Centre | 79,233 | 69,310 |
| Dunsborough Visitor Centre | 2,284 | 68,375 |
| Augusta Visitor Centre | 100,277 | 76,932 |
| Margaret River Visitor Centre & Administration | 425,847 | 496,751 |
| | 607,641 | 711,371 |
| | 2018 | 2017 |
| Visitation Numbers | # | # |
| Busselton Visitor Centre | 182,380 | 155,287 |
| Dunsborough Visitor Centre | 72,932 | 75,719 |
| Augusta Visitor Centre | 30,440 | 32,557 |
| Margaret River Visitor Centre | 156,930 | 187,046 |
| | 442,682 | 450,609 |

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

MRBTA STATEMENT OF FINANCIAL PERFORMANCE - ATTRACTIONS FOR THE YEAR ENDED 30th June 2018

| | 2018 | 2017 \$ |
|---|-----------|------------------------|
| INCOME | Ψ. | Ψ |
| Admission Income | 5,578,662 | 5,472,570 |
| Retail Sales | 1,219,993 | 1,219,600 |
| Rental Income | 28,726 | 67,094 |
| Other Operating Income | 59,863 | 15,401 |
| TOTAL INCOME | 6,887,244 | 6,774,667 |
| OPERATING EXPENSES | | |
| Cost of Retail & Food/Beverage Sales | 652,727 | 591,087 |
| Interest Expense on Lease | 9,260 | 11,588 |
| Administration Expenses | 3,238,337 | 3,175,905 |
| Marketing Expenses | 51,540 | 77,253 |
| Occupancy Expenses | 188,652 | 203,424 |
| TOTAL OPERATING EXPENSES | 4,140,517 | 4,059,256 |
| ODED ATTING CUID DI MA DEDODE INTERDEGIO | | |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | 2,746,727 | 2,715,411 |
| Depreciation | (166,289) | (78,024) |
| Gain/Loss on Sale of Asset | (458) | (916) |
| Capital Grant Funds | 264,083 | 1,235,627 |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | 2,844,063 | 3,872,098 |
| | | 5.1-41 (be episoreco)- |
| On anaking Due Sit | 2018 | 2017 |
| Operating Profit | \$ | \$ |
| Lake Cave | 494,195 | 540,976 |
| Jewel Cave | 507,726 | 615,700 |
| Ngilgi Cave | 735,727 | 822,282 |
| Mammoth Cave | 868,094 | 772,824 |
| Cape Leeuwin Lighthouse | 422,309 | 1,192,166 |
| Cape Naturaliste Lighthouse Attraction Administration | 166,507 | 396,356 |
| Attraction Administration | (350,494) | (468,175) |
| | 2,844,063 | 3,872,129 |
| Visitation Numbers | 2018 | 2017 |
| Visitation Numbers | # | # |
| Lake Cave | 59,121 | 56,590 |
| Jewel Cave | 58,206 | 62,123 |
| Ngilgi Cave Mammoth Cave | 73,142 | 74,492 |
| | 72,901 | 66,189 |
| Cape Leeuwin Lighthouse | 91,927 | 103,546 |
| Cape Naturaliste Lighthouse | 50,340 | 27,442 |
| | 405,637 | 390,382 |

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 YEAR ENDED 30th June 2018

| | 2018 \$ | 2017 \$ |
|--|------------|------------|
| INCOME | Ψ | Ψ |
| Membership Subscriptions | 323,594 | 277,925 |
| Other Operating Income | 2,350 | 45,134 |
| TOTAL INCOME | 325,944 | 323,060 |
| | - | |
| OPERATING EXPENSES | | |
| Interest Expense on Lease | 2,952 | 1,625 |
| Administration Expenses | 757,851 | 757,585 |
| Marketing Expenses | 236,401 | 272,293 |
| Occupancy Expenses | 115 | 1,407 |
| TOTAL OPERATING EXPENSES | 997,319 | 1,302,909 |
| | | |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (671,375) | (709,849) |
| Gain/Loss on Sale of Asset | (13,516) | |
| Depreciation | (128,379) | (112,293) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (813,270) | (822,142) |

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 YEAR ENDED 30th June 2018

| | 2018 | 2017 |
|--|-------------|-------------|
| | \$ | \$ |
| OPERATING EXPENSES | | |
| Interest Expense on Lease | 4,620 | 3,869 |
| Administration Expenses | 1,073,881 | 853,133 |
| Marketing Expenses | 5,510 | 10,446 |
| Occupancy Expenses | 3,851 | 127,323 |
| Management Fee | • | 112,939 |
| TOTAL OPERATING EXPENSES | 1,087,861 | 1,107,710 |
| | | |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | (1,087,861) | (1,107,710) |
| Net Interest Earned / Paid | 10,358 | 18,364 |
| Loss on Disposal of Assets | (460,361) | - |
| Depreciation | (73,510) | (53,177) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | (1,611,374) | (1,141,535) |

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 YEAR ENDED 30th June 2018

| | 2018 | 2017 |
|--|---------|---------|
| | \$ | \$ |
| INCOME | | |
| Ground Handling Income | 437,941 | 429,196 |
| TOTAL INCOME | 437,941 | 429,196 |
| | | |
| OPERATING EXPENSES | | |
| Administration Expenses | 298,407 | 280,922 |
| Occupancy Expenses | 4,744 | 4,471 |
| TOTAL OPERATING EXPENSES | 303,151 | 285,663 |
| | | |
| OPERATING SURPLUS BEFORE INTEREST & DEPRECIATION | 134,790 | 143,533 |
| Depreciation | (679) | (1,013) |
| OPERATING SURPLUS FROM ORDINARY ACTIVITIES | 134,111 | 142,519 |
| | | |