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ANNUAL REPORT



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NSW



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Contents

Annual Report

| | |
|--------------------------|----|
| President's Report | 4 |
| General Manager's Report | 6 |
| SCA (NSW) Operations | 8 |
| Sponsors | 8 |
| Education | 8 |
| Events | 9 |
| Committees | 10 |
| Government Relations | 12 |
| Media Relations | 12 |

Financial Report

| | |
|-----------------------------------------|----|
| Directors' Report | 15 |
| Directors' Declaration | 19 |
| Auditors' Independence Declaration | 19 |
| Independent Audit Report to the Members | 20 |
| Statement of Comprehensive Income | 22 |
| Statement of Financial Position | 23 |
| Statement of Cash Flows | 24 |
| Notes to the Financial Report | 24 |



President's Report

The strata industry in NSW continued to go from strength to strength during 2017-2018 with SCA (NSW) once again demonstrating its strong position within the industry through advocacy, education and its ability to provide a social and networking platform for members.

Now known as Strata Community Association (NSW), following agreement amongst members to change from Strata Community Australia (NSW), the organisation through the membership now represents 75 percent of strata titled properties under management in this state.

Recent strata data provided to us through a national survey indicates that the total insured value of all strata schemes in NSW is over \$366 billion. There are over 75,000 residential schemes and almost 820,000 lots. Strata is home to 15 percent of the state's population and of its total number of residents around half are aged from 20-39 years.

With medium to high density housing now becoming more prevalent in our cities and increasing in regional areas comes new problems to solve as well as the need to revisit some old issues.

This year we saw issues around short-term holiday lets and external combustible cladding dominate the news headlines and occupy government Ministers and bureaucrats. While at the same time the new legislation, which is now almost two years old, has finally seen the enactment of the strata building defect bond scheme.

The strata bond and inspections scheme was touted early in the draft legislation process but only took effect on 1 January 2018. Members welcomed this scheme which applies to all new development contracts from that date where the residential or partly residential property is over four storeys. SCA (NSW) provided assistance to NSW Fair Trading in its establishment of the online portal for this scheme by testing its accessibility prior to the January start date. Only time will tell how effective it has been in dealing with rectifying defect issues.

While short-term holiday letting has been an issue for some time, new technology and players in the market have made it easier for owners to make money with short-term lets. This has increased the issues to the point where the NSW Government stepped in and after extensive consultation with the industry, in which SCA (NSW) provided expert commentary, a new regulatory framework was announced and is expected to be introduced in 2019. The government continues to seek advice from SCA (NSW) and we are pleased to be able to provide it on behalf of our members.





Following the tragic Grenfell tower fire in London and incidents involving external combustible cladding in Australia, state governments around the country moved to address the issue. As we in the strata industry know all too well, there are a number of buildings where materials used have not met the appropriate safety standards.

Again, we spent time with the NSW Government – both NSW Fair Trading and NSW Planning and Environment – discussing safety issues and the best way to respond to them. We strongly advocated that owners, whose buildings are found to have external combustible cladding, should not be forced to foot the bill to replace the cladding. While we were successful in having cladding deemed a major defect, unfortunately the government has not agreed with us despite our representations and to date the vexed issue of who pays for rectification still rests on the lot owner.

On a brighter note, our social events and education programs were once again popular with members. We continue to offer education opportunities from CPD to the Certificate of Registration course that members value highly. Strata Industry Briefing sessions were well-attended and the Accreditation pathway continues to provide members with recognition for their skills and training, a competitive edge that non-members do not have.

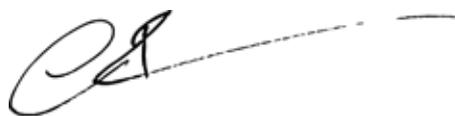
Events were either sold out or almost at capacity and new events have been added. The Young Strata Network got off to a cracking start and continues to gain in popularity. While at the other end of the spectrum events for principals including the ever-popular annual retreat and new 'Principals Night off' provides members with the opportunity to network, socialise and gain new knowledge that can be applied to their businesses.

A new change in format for the Annual Convention was extremely well-received and the CHU Strata Community Awards saw an increase in entries to over 70 nominations and high praise from the independent judges.

I am very proud of how far we've come in this past 12 months and indeed in the two years since the new legislation commenced. We are an industry that is attracting fantastic new talent and giving those young and old new career paths and business opportunities, however we must continue to evolve and improve our standards to address long term skills shortages being experienced across the sector.

SCA (NSW) is pursuing the opportunity for a recognised professional standard and the implementation of a Professional Standards Scheme. This represents a significant step in furthering strata manager professionalism, maintenance of high standards, recognition as trusted advisors, accountability and building consumer trust.

Thank you to the SCA (NSW) Board for your continued hard work and input and to the Secretariat for the dedication and support you provide to the strata industry. I look forward to seeing what happens as the industry moves forward over the next year and next 10 years.



Chris Duggan
President
SCA (NSW)



General Manager's Report

I am delighted to present the 2017-2018 Annual Report to Strata Community Association (NSW) members.

The year has been extremely successful with SCA (NSW) recording a surplus of \$74,417 as well as a five percent increase in membership from 2016-2017 to 3,165 members. In fact, since 2015 we have recorded a 53 percent increase in membership with a growth of 41 percent in the Licensed Manager Chapter. A lot of this growth came around the same time as the new legislation was due to take effect with non-members realising the value of being a member of SCA (NSW). We are pleased that we have continued to build on that momentum over the past four years which has also been brought about by focusing on members needs, developing the new membership model for the strata managers chapter and continually improving events, education and member engagement.

SCA (NSW) members voted at an Extraordinary General Meeting in May to change the name of our organisation from Strata Community Australia (NSW) Limited to Strata Community Association (NSW) Limited. Since then the Secretariat has been hard at work updating all materials to reflect this small but significant change.

Following the Annual General Meeting last year, we reviewed and then restructured the committees to ensure that each of the membership chapters had representation and to provide needed support to the Secretariat.

We have been able to remove unnecessary input on operations where the Secretariat has the skills to provide this service. Amongst the changes include the Events Committee being replaced with the Events Advisory Panel which meets 1-2 times per year to provide recommendations for the annual convention.

The main change was merging the Professional Standards Committee and Education Committee into the newly formed Strata Managers Committee. The new committee formed four sub working groups:

- Stakeholder Engagement
- Professional Leadership
- Education Development & Deployment
- Value Proposition

The working groups report back at each of the Strata Managers Committee meetings on how they've been progressing on meeting targets such as updating the 'Who's Responsible Guide', development of templates for motions, attracting members to be SCA (NSW) trainers and preparing survey questions to ensure members needs are being met and to improve member engagement.

The Strata Managers Committee has been able to steer a steady course through the large amount of work it was tasked with and it has provided a good deal of support and direction to the Secretariat.

During this past year our commitment to providing members with a variety of bespoke events has seen the introduction of new and interesting opportunities for members, both new to the industry and our well-seasoned professionals. All events have either sold out or been close to capacity and the success of these has been reflected by the fact we've had to put on more events to cater for demand. It is immensely gratifying for the Secretariat staff to see high satisfaction levels with the quality of events from members.

Our sponsorship levels have been very healthy and we have welcomed ten new sponsors with three existing sponsors moving up in sponsorship levels. A very big thank you to all our sponsors. Without your support we could not achieve the level of member service that we provide. The success of this is reflected in our member numbers as mentioned before.

This year we reviewed our member communications. The fortnightly newsletter 'Around the Grounds' was replaced with segmented e-communications. Industry News are now published as articles on the website home page and sent out as member alerts as they happen. We now promote upcoming education and networking events separately and we have made the member communications more attractive and targeted to the membership type to increase readership.

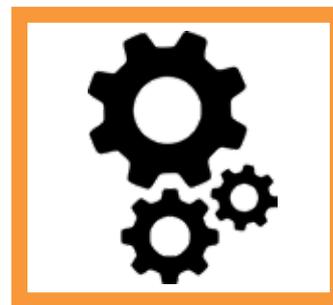
None of this of course would be possible without the expert guidance from our President, Chris Duggan, the SCA (NSW) Board, our volunteer committee members and the SCA (NSW) team. I would like to thank the Secretariat team for both their individual and team efforts and for continually striving for personal growth and the growth of SCA (NSW). Thank you to Penny Harrisson, Sadiye Ince, Verena Griffiths, Ashleigh Newell and welcome to our new staff member Rebecca Barnwell. We said farewell to Amie Johnston and also to Julia Wylie who has moved across to work with SCA National.

Finally, a huge thank you also to our members for the continued support you provide to our organisation.



Rachel Lynn
General Manager
SCA (NSW)

SCA (NSW) Operations



Sponsors

Sponsors make an important in-kind and financial contribution to SCA (NSW). At 30 June 2018, SCA (NSW) had the following sponsors:

Platinum Sponsors:

Bannermans Lawyers
CHU Underwriting Agencies
Macquarie Bank Limited
Express Glass (moved from Gold to Platinum level, from 1 July 2017)

Gold sponsors:

PICA
StrataMax
Lannock Strata Finance (from 1 July 2017)
Body Corporate Brokers (from 1 July 2017)
Expert Insurance (from 1 October 2017)
Savant Energy (from 1 March 2018)

Silver sponsors:

Magnatex
Rockend
Solutions in Engineering
Turnbull Bowles Lawyers
Telstra VoIP (from 1 July 2017)
Equity Elevator Consultants (from 25 August 2017)
Longitude Insurance (moved from Gold to Silver level, from 1 October 2017)
Kelly + Partners (moved from Bronze to Silver level, from 1 December 2017)
The Window Guy (from 1 January 2018)
Quatrix Intercoms & CCTV (moved from Bronze to Silver level, from 1 January 2018)

Bronze sponsors:

AGC Roofing
Grace Lawyers
O'Brien Glass
Premier Painting Company
Secure Windows
Windowline
Strata Unit Underwriters (from 1 August 2017)
Poolwerx (from 1 October 2017)
Concise Security Systems (from 1 January 2018)
Butler Box (ceased 31 January 2018)

Education

SCA (NSW) has been very involved in consultation with NSW Fair Trading with the licensing and training reforms. We have worked collaboratively and had significant input on behalf of members. Members have had regular updates and NSW Fair Trading was invited to speak at Strata Industry Briefing sessions.

Members were provided with education on various topics and legislation updates through the well-attended Strata Industry Briefing sessions and Continuing Professional Development (CPD) sessions covering topics such as 'New Legislation' and BMC's.

In partnership with our training provider, the Australian College of Professionals (ACOP), the Certificate IV in Strata Community Management CPP 40516 is also offered to members at reduced prices. Recognised Prior Learning (RPL) and traineeships are also made available to members.

We have been working on the development of a jobs initiative project to attract new talent to the strata industry to fill a shortage. We continue to promote strata as a career by exhibiting at career expos and are keenly attracting staff from other industries that might be redeploying staff. This way we achieve a good mix of experienced people with customer service skills as well as entry level starters.

This year we developed a pool of experienced trainers to deliver our strata specific educational courses. We received an overwhelming response of expressions of interest from strata manager members with a small group selected according to criteria set by the Board. These future SCA (NSW) trainers will complete the Certificate IV in Training and Assessment.

During the year, nine programs were run for the Certificate of Registration with a total of 78 students completing it – an average of nine students per class. All classes were held at the SCA

(NSW) training facilities in Chatswood as well as direct sessions held at members' office locations.

Continuing Professional development (CPD) roadshows continued throughout the year with 121 participants attending. These were held in Cronulla, Sydney CBD, Parramatta, Kirribilli, Newcastle and Chatswood. Seventeen CPD Direct sessions were also held at members' office locations upon request with a total of 300 participants. CPD online attracted 58 participants with all completing the course.

SCA (NSW) exhibited at the HSC Expo where we received a lot of interest resulting in new student enrolments for the Certificate of Registration course.

Strata Owner Seminars were offered during the year, with one seminar covering the topic 'Safety in Strata' and one seminar held jointly with Lane Cove Council on the topic of 'Sustainability and Renovations' with a total of 38 attendees.

The new 'Strata Community Title Committee Training' Course was made available to the Strata Owners Chapter with a total of 118 attendees completing the course. Further course dates are being scheduled due to popular demand.

During the year 45 strata manager members obtained SCA Accreditation on the various levels. The national accreditation pathway aids in raising standards, providing professional recognition, and a competitive advantage in the marketplace.

Events

Each year, SCA (NSW) offers members a variety of events from social events to formal dinners and the Annual Convention, 2017-2018 was no exception with a total of seven major events.

The SCA (NSW) 2017 CHU Strata Community Awards were held at Doltone House – Hyde Park in July and attracted 390 attendees who turned up in their "Great Gatsby" best. Members received awards across nine categories. This year six of our award categories were aligned with the SCA National awards with NSW award winners becoming finalists in the 2018 National Awards. Thanks to the award category sponsors for their support and to the overall awards sponsor CHU. The Principals Retreat was held in August at the

Novotel, Queenstown, New Zealand. The delegates workshopped how to identify and nurture the next generation; manage customers and staff expectations; innovation and testing new products; and key learnings from the new legislation. A record number attended with 46 delegates and four partners who participated in the zip lining activity which brought us to new heights!

Also, this year we held three Young Strata Network (YSN) events. We were at full capacity at the first Speed Networking event in September with 130 young mentees and 20 experienced mentors who shared their knowledge and expertise. The March and June YSN events were equally as popular with lawn bowls and a trivia night hosted by Macquarie Bank.

The 2017 Annual Convention in October attracted over 330 delegates to the Hilton Hotel, Sydney, and was themed 'Celebrating Strata'. A new format was introduced with the option for day delegate tables. We encouraged more management and supplier companies to buy whole tables and invite up to eight guests across the two days.

Six standout keynote speakers were also welcomed to the program, speaking across a broad range of special interest and personal development topics. The speakers were Tim Jarvis AM, Holly Ransom, Imelda Roche AO, Kerwin Rae, Suzanne Mercier and Ben Gialouris. The Minister for Innovation and Better Regulation, Matt Kean MP, presented the opening address and was followed by Andrew Gavrielatos, A/Commissioner for NSW Fair Trading.

The Convention Gala Dinner was held on the Friday night, which increased attendance with over 400 delegates enjoying the evening in their mysterious black and gold masks and dancing to entertainment by Let's Groove Tonight.

During the Convention dinner awards were presented with the Recognition award presented to Dr Adrian Carr from PICA, Presidents' award presented to Christine Byrne from Green Strata and the Max Dunn award presented to Scott Martin from Strata Choice. Congratulations to those members and thank you also to the convention session presenters, sponsors and trade exhibitors who made the Annual Convention a success.

The first 'Principals Night Off' was held in November at the Fairmont Resort in the Blue Mountains. Attendees heard from speakers, Amanda Farmer and Jason Tunbridge about transitioning from working on the business to working in the business and how to market and develop an online profile. The event concluded with 30 delegates and five partners partaking in either golf or yoga followed by a High Tea luncheon with a view to remember.

The 2017 Christmas Party held in late November was a huge success with 320 delegates converging at the Beresford Hotel in Surry Hills. All enjoyed the opportunity to let off some steam and celebrate the beginning of Christmas. Thanks to the event sponsors CHU, Cleaning & Caretaking Corporation, Windowline and Strata Engineering Solutions.

In February, 15 yachts competed in the 2018 Sailing Day which started and finished at the Royal Sydney Yacht Squadron in Kirribilli. The winning team, StrataLoans, was cheered on by the 290 delegates in attendance. Thanks to the networking event sponsors Expert Insurance, Kelly + Partners and The Window Guy.

A new event, held in March at the Park Hyatt, was the 'High Tea International Women's Day' partnering with Women in Strata. Due to the popularity of the event, two events were held back to back with a total of 140 delegates in attendance. All the proceeds were donated to the charity Share the Dignity.

Strata Owners Day was successfully held at the Swissotel in March with 120 delegates, 14 trade exhibitors and the popular Q&A panel was lead by the ABC's James Valentine.

In April we brought back the Charity Family Movie Night event with 92 attendees including children to watch their choice of two movies, Ready Player One or Peter Rabbit. All proceeds made during this event were donated to the Starlight Children's Foundation.

The always popular SCA (NSW) Express Glass Golf Day was held in May at Moore Park Golf Club. Also a sold-out event with 180 delegates competing in 34 teams. This year Clean Green Strata Team won the team event. For those non-golfers who

might be converted, 20 individuals participated in the Champagne Putt Putt. We again supported the charity Ronald McDonald House and donated \$15,000. Twenty companies sponsored the day from individual holes, to the drinks cart. Thanks to our naming rights sponsor, Express Glass.

Finally, there were three Strata Industry Briefing sessions held with topics focused on Licensing and Training Reforms, Cladding, Collective Sales and Fraud in Trust Accounts. All were well attended with 220 across the three events.

Thank you to everyone who attended the events or were sponsors and congratulations to those who won competitions or received awards.

Committees

Code of Conduct Committee

During the year the Code of Conduct Committee worked with an external, independent legal counsel to review complaints and provide recommendations to the panel.

It has been a busy but productive year for ethics management at SCA (NSW) with 18 new complaints (two more than in the previous 12 months), received from strata owners about strata managers (sometimes dealing with more than one issue) in the below categories:

| Complaint Category | 2018 | 2017 |
|------------------------------------------------------------------|------|------|
| Alleged breaches or poor mismanagement by strata manager | 9 | 9 |
| Failure to follow "proper" procedure at meetings | 8 | 14 |
| Failure to provide documents on request (strata roll) | 3 | 1 |
| Poor, inadequate and sometimes rude strata manager communication | 4 | 10 |
| Termination of Agency Agreements | 2 | 9 |
| Alleged fraudulent activity by strata managers | 5 | 1 |

Strata Managers Committee (Merged from previous Education Committee & Professional Standards Committee)

The Committee continued to work with NSW Fair Trading on reviewing and making recommendations on the licensing and training reforms for the property services industry. The Committee also provided advice on best solutions for strata managers with the digital online platform built within NSW Fair Trading to deal with mediation.

The Committee recommended educational topics for delivery at the Convention, Principals Retreat, Strata Owners Day and educational programs.

This year the Committee also updated various member resources. It worked with the Strata Services Committee on the revision of the Strata Works Agreement, worked on the development of a motion for the Annual Fire Safety Statement and revised the Strata Managers Practice Standard.

Thank you to committee members: Tony Irvine (Chair), Hugh McCormack, David Wellman, Stephen Brell, Dilber Beattie, Karina Heinz, Olivera Ferguson, Peter Brisbane, Roderick Smith, George Vumbaca and Mite Domazetoski.

Events Advisory Panel

All events this year have been well attended with most events selling out. The Committee welcomed increased support from current and new sponsors.

The Events Advisory Panel provided advice in relation to topics, speakers and event feedback to implement for the following years.

Thank you to committee members: Bill Coles (Chair), Andrew Tunks, Anne-Maree Paull, Debbie Barker, Elaine Fin, Grant Taylor, Jeff Shultz, Jude Wild, Liza Perera and Peter Berney.

Strata Services Committee

This year the Committee worked on creating a Best Practice Guide on contracts, updating the SCA (NSW) Strata Works Agreement to align with new legislation changes along with updating the Terms of Conditions of use in preparation for its release in July 2018.

The Committee continues to work on promoting the A100 course and Strata Services Specialists Course, with the course being held over two days at the 2018 SCA (NSW) Convention.

During the year 29 new strata services companies along with 63 new individuals joined as members in the Strata Services Chapter.

Thank you to committee members: Bill Coles (Chair), Colin Grace, Neil Trenwith, David Bannerman, Henk van den Heuvel, Mark Osborn, Tony Conway, Vic Reynolds Paul Morton, Peter Ton and Aylie Brutman.

Policy and Legislative Committee

The Policy and Legislative Committee reviewed a number of legislative papers over the year including combustible cladding and short-term letting. The committee produced a submission in response to the short-term holiday letting.

SCA (NSW) attended an Environmental & Planning meeting, provided a submission on the EPAA Amendment (Identification of Buildings with Combustible Cladding) Regulation 2017.

The Committee provided advice for communications to members regarding industry news and alerts and the closing dates for various submissions and responses.

The Committee has also been working on reviewing and updating the SCA (NSW) Policy Position document which will be completed during the coming year and reviewed annually.

Thank you to committee members: David Bannerman (Chair), Colin Grace, Dr Adrian Carr, David Ferguson, Katalin Savage, Russell Young, Anne-Maree Paull, David Wellman and Paul Keating.

Strata Owners Committee

The Committee continued to deliver interesting and valuable information to its members by way of the 'new look' monthly 'Strata Owners Newsletter', seminars and annual Strata Owners Day.

This year the Committee promoted SCA (NSW) through various channels, such as NABERS. The committee continues to work on fostering partnerships with local council areas, such as Parramatta, City of Sydney, Lane Cove, Sutherland Shire and North Sydney.

Thank you to committee members: Catherine Lezer (Chair), Tomas Rowlandson, John Hutchinson, Michael Batty, Nick Whiley and Patricia Sanson.

Government Relations

SCA (NSW) continues to lobby and engage with the NSW Government on a wide range of issues as they arise in the strata industry in this state. This work is then conveyed to members via an Industry Update email alert, which focuses on the one topic that needs to be top of mind at that time.

In late 2017, SCA (NSW) provided a submission to NSW Fair Trading which had called for comments on an options paper on short-term holiday letting. The SCA (NSW) position stressed the need for legislative reform to either address the various issues identified at a planning and approval level or that owners corporations be permitted to implement effective management solutions to moderate and manage behaviour with more robust and timely intervention powers to address those issues. SCA (NSW) is a key participant on the short-term rental working group to represent the strata sector.

Following the tragic Grenfell fire in London, the NSW Government formed a Cladding Taskforce to address the issue of external combustible cladding. Members have continually been provided with updates on the activity of the Taskforce and Government including that the new Regulations were under development. SCA (NSW) continues to be heavily engaged with Government around policy development and implementation of laws and regulations to manage this important and potentially dangerous issue impacting schemes in NSW. SCA (NSW) also provided a submission to NSW Fair Trading in April this year after it called for submissions on whether a building product use ban is warranted for some uses of aluminium composite panels, polystyrene products or similar.



During the year, regular meetings were held with NSW Fair Trading covering a range of important issues in the industry and we continue to maintain a strong relationship with executives in NSW Fair

Trading, NCAT and the office of the Minister for Better Regulation & Innovation.

On the 3 July, SCA (NSW) President Chris Duggan had the opportunity to meet with Prime Minister Malcolm Turnbull, Trent Zimmerman MP, Michaela Cash MP and members of the North Sydney Business Council.

While the meeting was focused on the announcement of the Federal Government's new Youth Job's program, President Duggan took the opportunity to raise the critical issue of skills shortages and wage pressure particularly in the strata sector. He also highlighted the role that SCA (NSW) plays in educating and facilitating career pathways in strata.

President Duggan also raised the matter of building products suitability and certification following the Grenfell tragedy in London.



Media Relations

SCA (NSW) continued to feature in the news with President, Chris Duggan sought out by the Sydney Morning Herald and the News.com.au website to provide comment on short-term holiday letting and commentary on families living in strata also to News.com.au.

A media release was distributed announcing the SCA (NSW) 2017 CHU Strata Community Award Winners but unfortunately no coverage was received.

Director David Bannerman represented SCA (NSW) also provided comment to media on combustible cladding.

Other publications where SCA (NSW) was included were The Conversation, The Fifth Estate, Insurance News and Your Strata Property.

In total there were 14 mentions in the online and print media.



Women
in
strata

THANK YOU FOR ATTENDING

HIGH TEA

Strata Industry Briefing

CLASSING



2017 SCA (NSW) Convention



2017 PNO - HIGHLIGHTS

Fairmont Resort | Blue Mountains



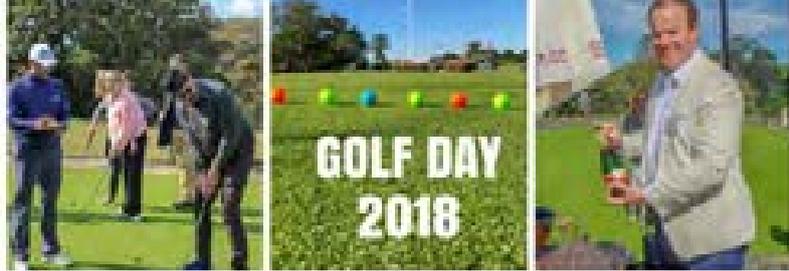
2017 Christmas Party

at THE BERESFORD



strata community australia
www

SAILING DAY 2018



GOLF DAY 2018



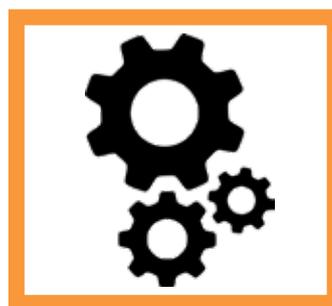
Awards Night 2017



SCA (NSW) 2018 CHARITY MOVIE NIGHT



FINANCIAL REPORT 2018



Directors' Report

The Directors present their report together with the annual financial statements of the Strata Community Association (NSW) Limited for the year ended 30 June 2018.

Directors

The Directors of the company in office during the financial year and until the date of this report are:

| Name | Occupation | Date Appointed |
|-----------------------------------|----------------------------|-----------------------|
| C Duggan (Chair; President) | Company Director | 09/10/2009 |
| G Haywood (Treasurer) | Company Director | 08/11/2007 |
| D Linders (Senior Vice President) | Company Director | 19/10/2012 |
| B Collaros (Vice President) | Company Director | 22/10/2010 |
| H McCormack | Company Director | 20/06/2013 |
| R Van Aalst (Resigned 20/10/2017) | Company Director | 06/11/2015 |
| C Grace | Company Director | 19/10/2012 |
| C Lezer | Company Director | 06/11/2015 |
| D Bannerman | Company Director | 26/10/2007 |
| M Truscott (Resigned 20/10/ 2017) | Company Director | 19/10/2012 |
| A Irvine (Vice President) | Company Director | 27/10/2016 |
| K Terry | Alternate Company Director | 28/06/2017 |
| S Brell | Company Director | 20/10/2017 |
| D Wellman | Company Director | 20/10/2017 |
| A Paull | Alternate Company Director | 20/10/2017 |
| O Ferguson | Alternate Company Director | 20/10/2017 |

Directors' Report (continued)

Board Meetings

The Board of Directors met on five occasions, the attendance at the board meetings was as follows:

| Name | Chapter represented | Meetings Eligible to Attend | Meetings Attended |
|-------------|----------------------------|-----------------------------|-------------------|
| D Bannerman | Strata Services | 5 | 4 |
| G Haywood | Strata Manager (Associate) | 5 | 5 |
| C Duggan | Strata Manager (Licensed) | 5 | 5 |
| B Collaros | Strata Services | 5 | 5 |
| D Linders | Strata Manager (Licensed) | 5 | 5 |
| C Grace | Strata Services | 5 | 3 |
| M Truscott | Strata Manager (Associate) | 1 | 1 |
| H McCormack | Strata Manager (Licensed) | 5 | 5 |
| A. Irvine | Strata Manager (Licensed) | 5 | 5 |
| C Lezer | Strata Owners | 5 | 4 |
| R Van Aalst | Strata Manager (Licensed) | 1 | 1 |
| K Terry | Strata Manager (Associate) | 5 | 4 |
| S Brell | Strata Manager (Licensed) | 3 | 3 |
| D Wellman | Strata Manager (Licensed) | 3 | 3 |
| A Paull | Strata Services | 3 | 3 |
| O Ferguson | Strata Manager (Licensed) | 3 | 3 |

Principal Activities

The principal continuing activities of the company include:-

- (a) The promotion of a high standard of expertise and integrity in the management of group title properties and provision of services to group title properties.
- (b) The promotion of education, discourse and instruction about any matter relating to the management of group title properties.
- (c) The promotion of ethical standards of conduct in dealings by members of the company with their clients or the general public.
- (d) The provision of assistance and information about management of group title properties to its members and to members of the general public.
- (e) The enhancement of recognition by the public of the company and of its members in their management of and provision of services to group title properties, including representation of the views of the company and its members to government and other bodies.
- (f) The performance of any regulatory, educational or supervisory function of the company according to the requirements of government.
- (g) The promotion of professional relationships with persons practicing group title management or providing other services to group title properties in other states and territories of Australia and other countries.

Directors' Report (continued)

(h) The performance of all such other things as are necessary, incidental or conducive to the attainment of these objects.

Number of Members

The number of members at 30 June 2018 was 3,165 (2017 – 3,008), which was broken up as follows:

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| Life | 18 | 18 |
| Corporate Strata | 206 | 206 |
| Corporate Services | 186 | 184 |
| Licensed Manager Chapter | 565 | 527 |
| Associate Chapter | 704 | 687 |
| Services Chapter | 311 | 296 |
| Associate Member | 192 | 103 |
| Strata Owner Chapter | 791 | 839 |
| Students | 192 | 148 |
| Total | 3,165 | 3,008 |

Results

Operating profit for the year after income tax amounted to \$74,417 (2017 \$100,011).

Dividends

SCA (NSW)'s Constitution does not permit the payment of dividends to members.

Review of Operations

A review of operations for the year is set out in the General Manager's Report.

Events subsequent to balance date

No matters or circumstances have arisen since 30 June 2018 which significantly affected or may significantly affect the company's operations the results of those operations or the company's state of affairs in financial years subsequent to 30 June 2018.

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely known developments in future financial years.

Directors' Benefits

No director of the company has received or become entitled to receive a benefit because of a contract made by the company or a related body corporate with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for a Presidents honorarium paid to Mr C Duggan of \$16,000.

Catherine Lezer was reimbursed \$1,914 to assist with the development of the Strata Owners Chapter.

Bill Coles providing a discounted office cleaning service to the company in arrears towards 2017/18 membership fees.

Directors' Report (continued)

Greg Haywood, while a director of SCA (NSW), his employer Prudential Investment Company of Australia (PICA), entered into a sponsorship contract with SCA (NSW) for the relevant period. The sponsorship fee has been paid to SCA (NSW).

David Bannerman, while a director of SCA (NSW), his legal firm, Bannermans Lawyers, entered into a sponsorship contract with SCA (NSW) for the relevant period. The sponsorship fee has been paid to SCA (NSW).

Colin Grace, while a director of SCA (NSW), his legal firm, Grace Lawyers, entered into a sponsorship contract with SCA (NSW) for the relevant period. The sponsorship fee has been paid to SCA (NSW).

Directors' Indemnity

The company has paid premiums totalling \$9,633 (2017 \$7,703) during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$10 million any one claim and \$20 million in the aggregate arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

Staffing

The Directors wish to express their thanks to Rachel Lynn (General Manager), Penny Harrisson (Events & Sponsorship Manager), Sadiye Ince (Education Manager), Rebecca Barnwell (Education & Events Coordinator), Verena Griffiths (Marketing Manager), Julia Wylie (Education Coordinator) and Ashleigh Newell (Membership & Administration Coordinator) for their valued contributions.

Auditors

Foster Raffan continue to act as auditors in accordance with Section 327 of the Corporations Act, 2001. The auditors Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 19 and forms part of the Directors' Report for the year ended 30 June 2018.

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



Director – C. Duggan
Chatswood, 23 August 2018



Director – G. Haywood

Directors' Declaration

In accordance with a resolution of the Board of Directors of the Strata Community Australia (NSW) Limited in the opinion of the Directors the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

The Directors of the company declare that:-

- (a) the financial statements and notes as set out as pages 22 to 27 are in accordance with the Corporations Act, 2001 and
 - (i) give a true and fair view of the company's financial position as at 30 June, 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements, and
 - (ii) comply with Accounting Standards.
- (b) In the Directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director – C. Duggan
Chatswood, 23 August 2018



Director – G. Haywood

Independence Declaration by the Auditors

We declare that, to the best of our knowledge and belief, during the year that ended 30 June 2018 there have been:

- (i) no contraventions of the auditor independence requirement as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

FOSTER RAFFAN

Chartered Accountants



G D Wood, FCA
Principal

North Sydney, 23 August, 2018.

Independent Auditor's Report

To the Members of STRATA COMMUNITY ASSOCIATION (NSW) LIMITED

Opinion

I have audited the financial report of Strata Community Association (NSW) Ltd (the company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion the financial report of Strata Community Association (NSW) Ltd has been prepared in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the company 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the company's financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the company are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report (continued)

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and the needs of the members. The directors of the company's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors of the company are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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.

A further description of my responsibilities for audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of my auditor's report.

FOSTER RAFFAN

Chartered Accountants



G D Wood, FCA

Principal

North Sydney, 23 August 2018.

Statement of Comprehensive Income for the year ended 30 June 2018

| | | 2018 | 2017 |
|------------------------------------------------|-------------|------------------|------------------|
| Revenue | Note | \$ | \$ |
| Events and education | | 766,284 | 773,000 |
| Interest | | 264 | 263 |
| Membership | | 734,704 | 698,301 |
| Other - accreditation | | 6,636 | 1,636 |
| Publications | | 60,768 | 43,878 |
| Sponsorship | | 532,889 | 382,321 |
| | | 2,101,546 | 1,899,399 |
| Less Expenses | | | |
| Audit | | 10,000 | 9,000 |
| Consultancies | | 158,885 | 141,846 |
| Depreciation | | 8,294 | 7,820 |
| Employment | | 601,292 | 615,892 |
| Events and catering | | 666,365 | 494,710 |
| Occupancy | | 73,314 | 69,256 |
| Other | 9 | 179,681 | 195,381 |
| Publications | | 30,325 | 7,757 |
| Subscriptions | | 203,112 | 185,716 |
| Travel & accommodation | | 95,861 | 72,010 |
| | | 2,027,129 | 1,799,388 |
| Operating profit before income tax | | 74,417 | 100,011 |
| Income tax expense | 2 | - | - |
| Profit for the year | | 74,417 | 100,011 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 74,417 | 100,011 |
| Retained Earnings - 1 July 2017 | | 345,671 | 245,660 |
| Retained Earnings - 30 June 2018 | | \$420,088 | \$345,671 |

Statement of Financial Position – 30 June 2018

| | | 2018 | 2017 |
|----------------------------------|------|------------------|------------------|
| | Note | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 525,520 | 521,221 |
| Receivables | 4 | 149,291 | 79,127 |
| Other | 5 | 339,627 | 261,972 |
| Total Current assets | | 1,014,438 | 862,320 |
| Non-Current Assets | | | |
| Plant and equipment | 6 | 28,272 | 32,067 |
| Total Non-Current assets | | 28,272 | 32,067 |
| Total Assets | | 1,042,710 | 894,387 |
| Current Liabilities | | | |
| Trade and other payables | 7 | 93,203 | 110,642 |
| Provision- annual leave | | 17,738 | 15,390 |
| Income in advance | 8 | 494,031 | 410,573 |
| Total Current Liabilities | | 604,972 | 536,605 |
| Non-Current Liabilities | | | |
| Provision- long service leave | | 17,650 | 12,111 |
| Total Non-Current Liabilities | | 17,650 | 12,111 |
| Total Liabilities | | 622,622 | 548,716 |
| Net Assets | | \$420,088 | \$345,671 |
| Members' Equity | | | |
| Retained earnings | | 420,088 | 345,671 |
| Total Members' Equity | | \$420,088 | \$345,671 |

Statement of Cash Flows for the year ended 30 June 2018

| | | 2018 | 2017 |
|---------------------------------------------|-------------|------------------|------------------|
| | | \$ | \$ |
| Cash flows from Operating Activities | Note | | |
| Receipts from members and sponsors | | 2,031,118 | 1,983,323 |
| Payments to suppliers and employees | | (2,022,584) | (1,636,996) |
| Interest received | | 264 | 263 |
| Net cash inflow/ from Operating Activities | 11 | 8,798 | 346,590 |
| Cash flows from Investing Activities | | | |
| Purchase of fixed assets | 6 | (4,499) | (4,608) |
| Net cash outflow from Investing Activities | | (4,499) | (4,608) |
| Net increase in cash held | | 4,299 | 341,982 |
| Cash- 1 July 2017 | | 521,221 | 179,239 |
| Cash- 30 June 2018 | 3 | \$525,520 | \$521,221 |

Notes to the Financial Report 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report has been prepared in accordance with the relevant Accounting Standards and the disclosure requirements of Australian Accounting Standard 1034.

The financial report is prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year.

(a) Membership Income

Membership fees rendered from members are brought to account on invoice date. The membership year has changed from being calendar year to financial year. The membership fees paid in advance set out in note 8 represents the period 1 July to 30 June 2018.

(b) Income Tax

Income tax is payable only on income by the company from non-members after deduction of related expenditure. The income tax payable on any assessable income for the year is calculated at the current rate of tax. Due to the lack of virtual certainty of recoupment no deferred tax asset is established for the tax losses set out in note 2.

(c) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each item of equipment over its expected useful life. Furniture and fittings are depreciated over 4 years (25%) and office equipment over 5 years (20%).

| | 2018 | 2017 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| 2. INCOME TAX | | |
| The aggregate amount of income tax attributable to the financial year differs from the amount prima facie payable on operating profit. The difference is reconciled as follows: | | |
| Operating profit before income tax | 74,417 | 100,011 |
| Income tax at 27.5% | 20,465 | 27,503 |
| Tax effect of permanent differences: | | |
| Adjustment for mutual income net of expenses - est | (40,000) | (38,468) |
| Prima facie income tax expense | (19,535) | (10,965) |
| Timing differences during the year: | | |
| Provisions – A/L / LSL | (2,169) | (1,390) |
| Accrual – Audit | (550) | - |
| Prepayments | 21,357 | (4,375) |
| Tax losses (utilised)/carried forward | 897 | 16,730 |
| Income tax payable | - | - |
| Tax losses carried forward | 804,765 | 803,868 |
| CURRENT ASSETS | | |
| 3. CASH AND CASH EQUIVALENT | | |
| Macquarie Bank Limited Cash Management Account | 525,520 | 521,220 |
| 4. CURRENT ASSETS- RECEIVABLES | | |
| Trade receivables | 78,359 | 79,127 |
| Less: Provision for impairment | - | - |
| Other – SCA National re 2019 membership | 70,932 | - |
| | 149,291 | 79,127 |
| 5. CURRENT ASSETS- OTHER | | |
| Security deposit | 52,970 | 52,706 |
| Other - rent | 5,282 | 270 |
| Prepayments - Awards | 57,853 | |
| - Convention | 124,219 | 73,395 |
| - Events | 86,222 | 114,639 |
| - Insurance | 4,036 | 4,532 |
| - Publications | 55 | 12,773 |
| - Visa Card | 8,990 | 3,657 |
| | 339,627 | 261,972 |

Notes to the Financial Report 30 June 2018 (continued)

| | 2018 \$ | 2017 \$ |
|----------------------------------------------------------|----------------|----------------|
| 6. NON-CURRENT ASSETS- PLANT AND EQUIPMENT | | |
| Office furniture and equipment- at cost | 136,779 | 132,280 |
| Less: Accumulated depreciation | (108,507) | (100,213) |
| | 28,272 | 32,067 |
| 7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES | | |
| Trade payables | 14,763 | 42,546 |
| Other | 2,771 | 2,183 |
| Accrual - PAYG | - | 7,232 |
| - GST | 48,080 | 32,728 |
| - Payroll | 9,934 | 4,448 |
| - Audit | 10,000 | 8,000 |
| -Other | 7,655 | 13,505 |
| | 93,203 | 110,642 |
| 8. CURRENT LIABILITIES- INCOME IN ADVANCE | | |
| Membership | 213,448 | 187,419 |
| Events | 250,585 | 99,706 |
| Publications | 18,168 | 57,618 |
| Sponsorship | - | 59,450 |
| Other- education | 11,830 | 6,380 |
| | 494,031 | 410,573 |
| 9. OTHER EXPENSES | | |
| Advertising | 1,573 | 11,850 |
| Bank charges | 7,622 | 5,848 |
| Board expenses | 4,848 | 2,501 |
| Board honorariums | 16,278 | 16,015 |
| Brand & design | 6,531 | 16,660 |
| Donation | 909 | - |
| Equipment leasing | 11,092 | 15,951 |
| Filing fees | 1,023 | 222 |
| Insurance | 10,306 | 11,546 |
| Legal | 3,190 | 13,660 |
| Office assets <\$1,000 | 2,080 | 1,085 |
| Phone & internet | 13,948 | 15,890 |
| Postage | 3,062 | 3,976 |
| Public relations | 47,810 | 43,110 |
| Printing | 19,032 | 17,067 |
| RTO fee | 19,687 | 9,750 |
| Sundry | 8,714 | 1,273 |
| Website | 1,976 | 8,977 |
| | 179,681 | 195,381 |

| | 2018 \$ | 2017 \$ |
|-------------------------------------------------------------------------------------------------|----------------|----------------|
| 10. LEASE COMMITMENTS – OPERATING | | |
| Non-cancellable operating leases contracted for but not recognised in the financial statements: | | |
| Payable- minimum lease payments: | | |
| Not later than 12 months | 80,958 | 77,844 |
| Between 12 months and 5 years | 27,336 | 108,294 |
| | 108,294 | 186,138 |

11. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

| | | |
|--------------------------------------------------|--------------|----------------|
| Profit after income tax | 74,417 | 100,011 |
| Non-cash flows in profit and loss: | | |
| Depreciation | 8,294 | 7,820 |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in receivables | (70,164) | 86,892 |
| (Increase)/decrease in other assets | (77,655) | (68,414) |
| (Decrease)/increase in payables | 66,019 | 225,734 |
| (Decrease)/increase in provisions | 7,887 | (5,053) |
| Net cash inflow from operating activities | 8,798 | 346,990 |

12. COMPANY DETAILS

The registered office and principal place of business of the company is:

Suite 102 Level 1/845 Pacific Highway
Chatswood NSW 2067

20
18

ANNUAL REPORT



strata
community
association®
NSW

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