

annual report 2016





1920



1930



1940



1950



1960





1970



1980



1990



2000



2010

Contents

Annual Report

President's Report	4
General Manager's Report	5
SCA (NSW) Operations	6
Sponsors	6
Education	6
Events	6
Committees	8
Government Relations	10
Media Relations	10

Financial Report

Directors' Report	12
Directors' Declaration	14
Independent Audit Report to the Members	15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Cash Flows	18
Notes to the Financial Report	19



Platinum Sponsors



Strata Community Australia (NSW) Limited ABN 74 001 767 997 www.nsw.stratacommunity.org.au



1920

Flats were highly sought after and averaged higher rentals than houses.



1930



1940



1950



1960



President's Report

These past 12 months really will mark the end of one era and the beginning of another. Finally, after five years of submissions, consultation and countless meetings, the NSW Government passed the new strata laws, drafted and finalised the regulations and announced a commencement date of 30 November 2016.

To assist SCA (NSW) with negotiating the government processes in the past year, we engaged a lobbyist to assist us to put our members views forward to the government. After all, who knows how the strata laws can and should work if not strata managers? We hope that as a result of our efforts we end up with better laws than those we have now and that the new ones stand the test of time.

One area of strata law that we were keen to change was the requirement that 100 percent of owners agree on matters such as the termination of their strata scheme. A scheme would be terminated in instances where the owners had decided to sell for redevelopment. In the past, one owner could destroy the hopes and dreams of others if they disagreed to terminate the scheme.

Under the new laws the requirement is now 75 percent in agreement. This means that dozens of strata schemes that have reached, or in a lot of cases, passed their use-by date can now be wound up, demolished and replaced. Across NSW those old eyesores could become modern, energy efficient homes for the current owners and new ones yet to realise their dreams of apartment living.

We have heard the argument about people being forced from their homes. This is unlikely to happen as the NSW Government has put in a series of checks and balances to give people the opportunity for a fair hearing. Most of this structure comes from SCA (NSW) policy which we developed around six years ago and is based on the Singapore model, which works well.

Under the new draft Regulations owners also have an opportunity to enact a new set of model by-laws which provide owners and tenants with new rules for apartment living. The new model by-laws aim to address issues such as parking by allowing owners corporations to seek local council assistance in monitoring parking on common property and issuing fines where necessary.

These are exciting times for SCA (NSW) and it has been my pleasure to play a part in all of this as NSW President.

But we haven't just been focussed on the new laws, while operations will be addressed in the General Manager's report, one of the most significant changes for the

organisation has been the new membership model for the strata manager chapter, which has been very successful.

Under the new membership model, I am pleased to state that we have had a dramatic increase in strata manager members with 43 new corporate strata members and 314 new strata manager members. Individuals receive complimentary membership under their corporate strata membership. This opens up opportunities for individual strata manager members to climb the accreditation pathway. As members they can now enter the annual strata community awards, attend the many events and educational seminars including the annual SCA (NSW) Convention at member rates.

This increase in membership ensures that as an industry body we have a larger voice when lobbying government. It also enables us to educate our members, to lift the professionalism in our industry and promote awareness of strata management as a career.

I'd like to take this opportunity to congratulate all those members who participated in the annual Strata Community Awards and especially to those who were named as winners. Thank you to my fellow board members for their work and support this year and thank you to the staff in the Secretariat who work tirelessly to deliver the membership support, events and education sessions that we all value very highly.

While the next 12 months will be busier than ever, now is a great time to be involved in the strata industry.

Greg Haywood
SCA (NSW) President



1970

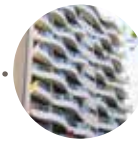
Architects worked with modern technology using industrial materials such as reinforced concrete.



1980



1990



2000



2010



General Manager's Report

SCA (NSW) continues to go from strength-to-strength thanks to a supportive Board and active membership. This year we implemented a number of operational changes, which members readily accepted in a year where major legislative change was also imminent.

As the SCA (NSW) President mentioned in his report, the membership renewal period altered from calendar to financial year and from 1st July 2016 the membership model for the strata managers chapter also changed. Under the new model a strata company's membership is based on a flat fee plus the number of lots under management. The strata company then nominates their staff as complimentary individual members. This new model encourages strata management companies to be members of their industry body, which in turn enables SCA (NSW) to educate strata managers, raise the levels of professionalism and increases its collective voice to Government.

Membership has increased to 2,394 (1,474 in 2015) which represents a healthy 38 percent increase across all categories. Membership increases in the Strata Manager Chapter were in part as a result of the transition into the new model during the renewal process in June. Regional members are unable to utilise all of the same benefits as our city members such as attending social events and seminars. Additionally there is the cost of travelling to Sydney to attend our events. Regional members requested that the flat fee of \$600 be reduced. After careful consideration approval was subsequently given to reduce the flat rate fee for regional members to \$250 with some conditions applying.

The financial year closed with a loss of \$42,156 and this is a collective result of legal costs incurred with updating the strata works agreement, engaging a lobbyist, engaging an ethics resource to assist with the code of conduct complaints, accruing the auditors expenses and moving the revenue and costs associated with the 2016/17 strata services directory to the next financial year.

SCA (NSW) continued its activity as a key leader in the strata industry. The NSW President, Board of Directors and General Manager spent time meeting regularly with the Commissioner for Fair Trading and various representatives from NSW Fair Trading on various industry-related matters. SCA (NSW) attended meetings and workshops on dispute resolution, compliance audits and complaints, training review and our accreditation pathway and the services offered by our industry association. We also attended round table discussions about the new legislation – Acts and Regulations.

To assist SCA (NSW) with representation before the Minister, NSW opposition and cross benches in NSW Parliament regarding the Act and Regulations, SCA (NSW) engaged a political lobbyist firm – Barton Deakin. This greatly assisted us as the strata law reforms went through the final process in its passage through NSW Parliament.

Our education program continued with strata manager members being offered the usual high quality CPD sessions, including the introduction of online sessions for those unable to attend CPD roadshows throughout the year. The Certificate of Registration was also made available as an online course in addition to the standard classroom mode.

The events program continued its success with a number of events sold out and waiting lists created due to the high demand. This year we moved the Principal's Retreat forward to August 2016 to take advantage of a winter destination in Queenstown, New Zealand.

I would also like to welcome our new sponsors and to those who have left us we thank them for their support and wish them every future success.

Finally, I'd like to thank the NSW President and Board for providing myself and the Secretariat team with support and direction. Thank you to our volunteer committee members for your contributions and personal efforts. Thank you to our partner RTO, Real Estate Training Solutions (RETS) and our SCA (NSW) Educators, Richard Holloway and Peter Callaghan.

Thank you to my team for the hard work, some late nights and the successes you have all been responsible for during this year.

With the changes about to occur, 2016-2017 is going to be an interesting and busy time indeed.

Rachel Lynn
General Manager
SCA (NSW)



1920



1930

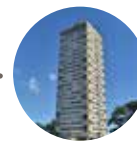
Spanish mission was a popular style of this decade with many apartments featuring a white stucco finish.



1940



1950



1960

SCA (NSW) Operations

Sponsors

Sponsors make an important in-kind and financial contribution to SCA (NSW). At 30 June 2016, SCA (NSW) had the following sponsors:

Platinum sponsors:

- Bannermans Lawyers
- CHU
- Macquarie Bank Limited

Gold sponsors:

- Body Corporate Services (BCS)
- Demlakian Strata & Remedial
- Havencab Group
- Longitude Insurance (from 1 August 2015)
- Turnbull Bowles Lawyers (from 1 March 2016)
- Whitbread Insurance Brokers (ceased sponsorship 15 October 2015)

Silver sponsors:

- Butler Box (from 1 February 2016)
- Magnatex
- StrataMax

Bronze sponsors:

- Express Glass
- Grace Lawyers
- Kelly+Partners
- Premier Painting Company
- Quatrix Intercoms & CCTV
- Telstra (ceased sponsorship 30 September 2015)
- Windowline

During the year Whitbread Insurance Brokers and Telstra ended their sponsorship agreement, while Longitude Insurance and Turnbull Bowles Lawyers became gold sponsors and Butler Box became a silver sponsor.

Without our sponsors support SCA (NSW) would not be able to provide members and the industry as a whole this current range of services and resources.

Education

During the past year SCA (NSW) focused on lifting the quality and broadening the topics offered in strata education. Our goal is to provide streamlined face-to-face courses, online delivery of important topics and an education pathway for strata managers.

SCA (NSW) offers a variety of educational courses from entry level Certificate of Registration through to Certificate IV in Property Services and continuing professional development (CPD) in partnership with our training provider Real Estate Training Solutions (RETS).

During the year seven programs were run for the Certificate of Registration with 88 students completing it – an average of 12 students per class. All classes were held at the SCA (NSW) training facilities in Chatswood.

The Certificate of Registration online course was completed by six participants.

CPD roadshows continued throughout the year with 358 participants attending. These were held in Parramatta, Kirribilli, Newcastle, Sydney CBD and Hornsby. Six CPD Direct sessions were also held at members' office locations upon request with a total of 323 participants. CPD online attracted 111 participants with all completing the course.

Strata owner seminars continued to be offered during the year with a total of 343 registrations.

The free online training course for executive committee members continued with 133 strata owners completing the course during the financial year. This course is helping to fulfil the vision shared by NSW Fair Trading that educating executive committee members in their roles and responsibilities reduces conflict, promotes better administration of strata schemes and encourages harmonious living.

Events

Each year, SCA (NSW) offers its various members a good cross-selection of events from golf and sailing days to formal dinners and conventions. This year was no exception with a total of seven major events on offer.

The 2015 Whitbread Strata Community Awards were held at Doltone House at Pymont in July and attracted 340 attendees who watched, cheered and congratulated as members received a variety of awards across eight categories. Thanks to the award category sponsors for their support and to the overall awards sponsor Whitbread.





1970



1980

A building boom strained building supplies and so many buildings from this era are characterised by cheap and low quality materials.



1990



2000



2010

“

Sponsors like Whitbread make it possible to hold outstanding events for our members.

”



Whitbread
2015 STRATA
COMMUNITY



1920



1930

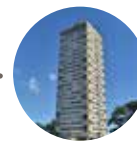


1940

Cream and red brick are characteristics of buildings of this era. Trims were in green or buff.



1950



1960



The last event of the financial year was held in May and was the always popular Golf Day, which this year changed venues to the Moore Park Golf Club. Again a sold out event, 22 teams competed with Clean Green Strata winning the team event. For those non-golfers who might be converted, 15 individuals participated in the driving clinic. This year we also had a record 14 companies sponsoring everything from individual holes, to the drinks cart and the lunch.

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

The Code of Conduct committee has worked with an external, independent ethics resource who reviewed complaints and provided recommendations to the panel making it a productive year for ethics management at SCA (NSW).

Twelve new complaints were received during the year and by the end of June there were three matters which were yet to be finalised. Complaints were:

■ Alleged breaches of OC management/Proxy/EGM	4
■ Challenging fines imposed for By-Law breaches	2
■ Poor or mismanagement and communication	3
■ Termination of Agency Agreements	2
■ Alleged fraudulent activity by strata managers	1

Education committee

The Education committee provided advice in relation to topics delivered at the convention and educational programs while ensuring delivery was to best practice standards. The committee also focused on developing training qualifications and accreditation requirements for strata managers.

Events committee

All events this year have been well attended and we have welcomed the increased support we've received from our sponsors. For the first time we offered a standalone Strata Owners day instead of holding it along with the annual convention. The event was very successful. In 2016 SCA (NSW) will return to the two-day format for the annual convention.

Services committee

This year we have invited a strata manager to each of our meetings, in order to raise and discuss issues service providers and managers face together, and how we can help to build stronger relationships between the two.

The committee has continued to undertake significant work to update the SCA (NSW) Strata Works Agreement, which was released this year.

We have had 40 new service provider companies join SCA (NSW) in the past 12 months, with our Strata Services Directory and Strata Services Specialists Course being their main motivation. The Strata Services Directory is available in print and online.

In September the 2015 Gold Sponsors event was held at Cruise Bar at Circular Quay and featured comedians Peter Rowthorn and Des Dowling who had all 85 attendees chuckling at their very funny stories. Thanks to the gold sponsors who always put on a good laugh at these events.

SCA (NSW) 2015 Annual Convention changed format and was held as a one day event. It attracted over 350 delegates to the Hilton Hotel, Sydney in November and was themed "Good, Better, Best". During the convention dinner it is traditional to present the awards determined by the President and the Board. This year life membership was presented to Chris Darby, George Vumbaca and Max Moretti. The Max Dunn Award was jointly awarded to Peter Berney and James Freestun and the President's Award went to Ian McKnight. Congratulations to those members and thank you also to the session presenters, sponsors and trade exhibitors who make the Annual Convention a success.

The 2015 Christmas Party quickly sold out and in early December 185 revellers converged at the Shelbourne Hotel Rooftop in the city to let off steam and celebrate the beginning of the silly season, also known as Christmas. Thanks to the event sponsors CHU, CCC, Windowline and Strata Engineering Solutions.

In February 12 yachts competed in the 2016 Sailing Day which started and finished at Middle Harbour Yacht Club. The winner was the almost Sydney to Hobart sounding Perpetual Strata Management. Thanks to the networking event sponsors 3 Colours Painting Services and new sponsor Butler Box.

For the first time a standalone Strata Owners Day was held and was highly successful in March. All up 123 strata owners attended this unique event at the Sydney Masonic Centre, which also included 25 trade exhibitors and Jimmy Thomson leading two Flat Chat live panels. Other highlights included presentations from City of Sydney, Sydney Water and Green Strata.



1970



1980



1990

Apartments began to appeal to first home-buyers who shifted away from house and land packages and into inner city living.



2000



2010



“

The Annual Convention provides members with opportunities to hear from inspirational speakers.

”



1920



1930

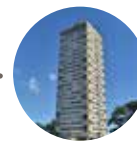


1940



1950

Modernism began to creep into design with some new apartments featuring balconies for the first time.



1960



In April the first standalone Strata Owners day was successfully held with 123 members attending. Also present were 25 trade displays including a panel discussion with Flat Chat's Jimmy Thomson and excellent presentations from SCA (NSW) strata manager and strata services member suppliers.

Government Relations

Over the past 12 months SCA (NSW) has had significant opportunities to participate in high level dialogue about the new strata law reforms and other issues in NSW.

SCA (NSW) engaged lobbyist, Matt Hingerty from Barton Deakin Government Relations in September 2015. The lobbyist facilitated discussions with the Ministers office on behalf of SCA (NSW) to encourage a fair hearing on the changes we desired in the Bills before they reached parliament. The lobbyist was also engaged to meet with the NSW opposition with the aim of understanding their position on the Bill.

While the lobbyist was busy with the strata law reforms, the President, Directors and General Manager were also out representing member's interests. A number of meetings were held with Fair Trading on various matters. In one meeting, we provided an overview of services offered regarding strata enquiries, complaints and mediation including some statistics on numbers received, issues and to allow SCA (NSW) to provide an overview of the Accreditation pathway. We attended roundtable meetings on general strata regulation; the new model by-laws; and the strata defects bond scheme.

SCA (NSW) is also represented on the Fair Trading Reference Group and is involved in discussions about training, qualifications and CPD.

We also worked this year with City Futures and are in discussions with various local councils on delivering educational seminars to strata owners.

Submissions were co-ordinated from SCA (NSW) commenting on the draft strata law reform Bills; draft Regulations; education and training; and the Home Building Compensation Fund.

Policy and Legislation committee

The Policy and Legislation committee made a number of submissions to NSW government during the year, most significantly, in response to the changes to Strata Schemes Management Bill.

This submission was made jointly with the Real Estate Institute NSW, Owners Corporation Network, Association Strata and Community Managers and Australian College of Community Association Lawyers. The committee also made a submission in response to the draft Regulations for the Strata Schemes Management Bill and the Strata Schemes Development Bill.

Other submissions made to NSW government were in relation to Building Professionals Act 2015 review, Community Schemes Law Reform and also the Home Building Compensation Fund.

Professional Standards committee

This year the Professional Standards committee finalised a "Changing Strata Manager" fact sheet to assist strata owners. The committee also commenced preparing fact sheets and flow charts on the new strata legislation to help strata owners and strata managers navigate around the new legislative reforms.

Strata Owners Chapter committee

The Strata Owners Chapter committee continued to deliver valuable information to owners through a monthly newsletter and regular seminars. Seven seminars were held on topics relevant to owners including dispute resolution, executive committee excellence, levies, compliance (swimming pool fences, child window safety locks) and major strata expenses.

A further two seminars on sustainability were held in conjunction with Waverley Council. The committee is working to foster partnerships with other council areas, such as Inner West Council, Willoughby, North Sydney and City of Sydney.

Media Relations

Media relations is undertaken by SCA National's public relations company located in Brisbane. One media release was issued on behalf of SCA (NSW) during 2015-2016. The release, issued in July 2015 talked about the key reforms to the NSW strata laws as they were at the time. This generated one media article each in the Illawarra Mercury and Smart Property Investment and a posting on Sourceable, all referencing SCA (NSW).

In November 2015, City Hub quoted SCA (NSW) President Greg Haywood in an article about proposed laws to make winding up strata schemes easier.

In total there was one media release and four articles directly relating to SCA (NSW).

The President also participated in a TV interview for TVB Vietnam/China which aired in September 2015.



1970



1980



1990



2000

In this decade the NSW Government began the discussion around better quality and residential amenity in apartment design.



2010

FINANCIAL REPORT 2016





1920



1930



1940



1950



1960

The idea of connecting the home with the outdoors began and architects started using large windows, sliding doors and sheltered courtyards.

Directors' Report

The Directors present their report together with the annual financial statements of the Strata Community Australia (NSW) Limited for the year ended 30 June 2016

Directors

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

Name	Occupation	Date Appointed
G Haywood (Chair, President)	Company Director	08/11/2007
D Linders (Senior Vice President)	Company Director	19/10/2012
B Coles (Vice President)	Company Director	22/10/2010
R Van Aalst (Vice President)	Company Director	06/11/2015
H McCormack	Company Director	20/06/2013
A Irvine (Resigned 06/11/2015)	Company Director	19/11/2014
C Chapman (Resigned 06/11/2015)	Company Director	22/10/2010
C Duggan	Company Director	09/10/2009
C Grace	Company Director	19/10/2012
C Lezer	Company Director	06/11/2015
D Bannerman	Company Director	26/10/2007
D Holz	Company Director	24/10/2014
G Chia (Resigned 06/11/2015)	Alternate Company Director	30/08/2012
M Truscott	Company Director	19/10/2012

Board Meetings

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

Name	Chapter represented	Meetings Eligible to Attend	Meetings Attended
G Haywood (Chair, President)	Strata Manager (Licensed)	7	7
D Linders (Senior Vice President)	Strata Manager (Licensed)	7	6
B Coles (Vice President)	Strata Services	7	7
R Van Aalst (Vice President)	Strata Manager (Licensed)	4	3
D Bannerman	Strata Services	7	6
C Duggan	Strata Manager (Associate)	7	6
C Chapman	Strata Owners	3	3
G Chia	Strata Owners (alternative)	3	1
C Grace	Strata Services	7	5
M Truscott	Strata Manager (Associate)	7	5
H McCormack	Strata Manager (Licensed)	7	5
D Holz	Strata Manager (Licensed)	3	3
A Irvine	Strata Manager (Licensed)	3	3
C Lezer	Strata Owners	4	4



1970



1980



1990



2000



2010

Large increases in the number of apartment approvals and construction in areas close to the city with foreign developers becoming more active in land acquisition and development.

Directors' Report (continued)

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.
- (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 2016 was 2,394 (2015 – 1,474), which was broken up as follows:

	2016	2015
Life – included within the below figures	18	15
Corporate Strata	163	120
Corporate Services	172	137
Licensed Manager Chapter	416	290
Associate Chapter	427	239
Services Chapter	281	244
Associate Member	43	15
Strata Owner Chapter	788	371
Students	86	43
Total	2,394	1,474

Results

Operating Loss for the year after income tax amounted to \$42,156 (2015 profit of \$58,577).

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 2016 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 2016.

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 G Haywood of \$14,545.

Catherine Lezer received an allowance of up to \$6,000 (actual expensed \$62.38) to assist with the development of the Strata Owners Chapter.

Bill Coles providing a discounted office cleaning service to the company in arrears towards 2016/17 membership fees.

Greg Haywood, while a director of SCA (NSW), his employer Body Corporate Services (BCS), 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, Colin Grace Lawyers, entered into a sponsorship contract with SCA (NSW) for the relevant period. The sponsorship fee has been paid to SCA (NSW).



1920



1930



1940



1950



1960

Directors' Report (continued)

Directors' Indemnity

The company has paid premiums totalling \$7,983 (2015 \$7,537) 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), Jane Hardingham (Events Manager), Sadiye Ince (Education Manager), Daniel Jernazian (Relationship Manager), Melissa Sutton (Marketing Coordinator), Julia Wylie (Education Coordinator), Michelle Henry (Administration Support Coordinator) and Ashleigh Newell (Membership 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 15 and forms part of the Directors' Report for the year ended 30 June 2016.

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

Director – G. Haywood

Director – D. Linders

Chatswood, 7 September, 2016.

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 16 to 21 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, 2016 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 – G. Haywood

Director – D. Linders

Chatswood, 7 September, 2016.



1970



1980



1990



2000



2010

Independent Declaration by the Auditors

We declare that, to the best of our knowledge and belief, during the year that ended 30 June 2016 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

Partner

North Sydney, 7 September, 2016.

Independent Audit Report to the Members

Scope

We have audited the financial report being a special purpose financial report of Strata Community Australia (NSW) Limited for the year ended 30 June, 2016 as set out on pages 14 to 21. The company's directors are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement whether due to fraud or error. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Standards and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act, 2001.

Audit Opinion

In our opinion, the financial report of Strata Community Australia (NSW) Limited is in accordance with the Corporations Act, 2001 including:-

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

FOSTER RAFFAN

Chartered Accountants

G D Wood, FCA

Partner

North Sydney, 7 September, 2016.



1920



1930



1940



1950



1960

Statement of Comprehensive Income for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue			
Events and education		475,548	559,547
Interest		5,100	4,132
Membership and sponsorship		1,051,504	1,034,482
Other		365	-
Publications		7,400	60,619
		1,539,917	1,658,780
Less Expenses			
Audit		18,000	9,750
Consultancies		121,221	139,432
Depreciation		5,790	7,338
Employment costs		581,986	506,538
Events and catering		410,129	417,566
Occupancy costs		64,213	85,847
Other		186,089	254,703
Publications		4,530	10,900
Subscriptions		171,804	137,456
Travel & accommodation		18,311	30,673
		1,582,073	1,600,203
Operating profit before income tax		(42,156)	58,577
Income tax expense	2	-	-
Profit/(loss) for the year		(42,156)	58,577
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		(42,156)	58,577
Retained Earnings - 1 July 2015		287,816	229,239
Retained Earnings - 30 June 2016		\$245,660	\$287,816

The accompanying notes form part of these financial statements



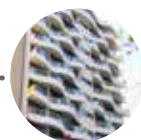
1970



1980



1990



2000



2010

Statement of Financial Position

30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	3	179,239	500,664
Receivables	4	166,019	88,965
Other	5	193,088	158,392
Total Current assets		538,346	748,021
Non-Current Assets			
Plant and equipment	6	33,299	22,079
Total Non-Current assets		33,299	22,079
Total Assets		571,645	770,100
Current Liabilities			
Trade and other payables	7	74,059	33,891
Provision- annual leave		22,744	12,451
Income in advance	8	219,372	435,942
Total Current Liabilities		316,175	482,284
Non-Current Liabilities			
Provision- long service leave		9,810	-
Total Non-Current Liabilities		9,810	-
Total Liabilities		325,985	482,284
Net Assets		\$245,660	\$287,816
Members' Equity			
Retained earnings		245,660	287,816
Total Members' Equity		\$245,660	\$287,816

The accompanying notes form part of these financial statements



1920



1930



1940



1950



1960

Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from Operating Activities			
Receipts from members and sponsors		1,244,197	1,667,448
Payments to suppliers and employees		(1,553,605)	(1,633,705)
Interest paid		(107)	-
Interest received		5,100	4,132
Net cash inflow/(outflow) from Operating Activities	10	(304,415)	29,611
Cash flows from Investing Activities			
Purchase of fixed assets	6	(17,010)	(8,814)
Net cash outflow from Investing Activities		(17,010)	(8,814)
Net increase/(decrease) in cash held		(321,425)	38,425
Cash- 1 July 2015		500,664	462,239
Cash- 30 June 2016	3	\$179,239	\$500,664

The accompanying notes form part of these financial statements



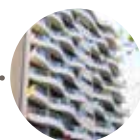
1970



1980



1990



2000



2010

Notes to the Financial Report

30 June 2016

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 2017.

(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%).

2. Income Tax

	2016 \$	2015 \$
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/(loss) before income tax	(42,156)	58,577
Income tax at 30%	(12,647)	17,573
Tax effect of permanent differences:		
Adjustment for mutual income net of expenses	1,274	9,420
Prima facie income tax expense	(11,373)	26,993
Timing differences during the year:		
Provisions	6,031	(2,293)
Accruals	2,700	-
Prepayments	(10,409)	-
Tax losses (utilised)/carried forward	13,051	(24,700)
Income tax payable	-	-
Tax losses carried forward	743,033	605,355

The accompanying notes form part of these financial statements



1920



1930



1940



1950



1960

Notes to the Financial Report

30 June 2016 (continued)

Current Assets

	2016 \$	2015 \$
3. Cash and cash equivalent		
Cash on hand	6,550	8,344
Macquarie Bank Limited		
Cash Management Account	172,689	92,320
Deposit Account - Macquarie	-	400,000
	179,239	500,664

4. Current assets- Receivables

Trade receivables	163,314	88,965
Less: Provision for impairment	-	-
	163,314	88,965
Other – 2016 Membership Income	2,705	-
	166,019	88,965

5. Current assets - Other

Security deposit	52,443	51,181
Prepayments: - Convention	51,661	28,484
- Events	79,979	68,791
- Insurance	6,270	6,436
- Visa Card	2,735	2,500
	193,088	158,392

6. Non-current assets- Plant and equipment

Office furniture and equipment- at cost	127,472	110,462
Less: Accumulated depreciation	(94,174)	(88,383)
	33,299	22,079

7. Current Liabilities – Trade and other payables

Trade payables	36,679	17,174
Accrual - PAYG	7,886	3,173
- GST	13,204	13,544
- Payroll	7,290	-
- Audit	9,000	-
	74,059	33,891



1970



1980



1990



2000



2010

Notes to the Financial Report

30 June 2016 (continued)

	2016 \$	2015 \$
8. Current liabilities- Income in advance		
Income in advance		
Membership	25,098	310,582
Events	105,915	75,972
Publications	40,445	-
Sponsorship	26,897	33,617
Other- education	21,017	15,771
	219,372	435,942

9. Lease commitments – Operating

Non-cancellable operating leases (office and photocopier) contracted for but not recognised in the financial statements:

Payable- minimum lease payments:

Not later than 12 months	74,850	71,973
Between 12 months and 5 years	186,138	260,988
	260,988	332,961

10. Cash flow information

Reconciliation of cash flow from operations with profit after income tax

Profit/(Loss) after income tax	(42,156)	58,577
Non-cash flows in profit and loss:		
Depreciation	5,790	7,338
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(77,054)	50,966
(Increase)/decrease in other assets	(34,921)	3,775
(Decrease)/increase in payables	(176,177)	(48,515)
(Decrease)/increase in provisions	20,103	(42,530)
Net cash inflow/(outflow) from operating activities	(304,415)	29,611

11. Company details

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

Level 1/845 Pacific Highway
Chatswood NSW 2067



1920



1930



1940



1950



1960

Notes



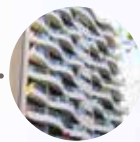
1970



1980



1990



2000



2010



