Hedley Accounting & Taxation Services

ABN 28 424 607 815

CHARTERED ACCOUNTANTS
Shop 3/7-9 White Street
(PO Box 25) Jannali NSW 2226

(T) 02 **9528 7022**
(F) 02 9528 7066

INDEPENDENT AUDIT REPORT
TO THE OWNERS OF STRATA PLAN 50785

Scope

We have audited the plan's financial statements, being a special purpose financial report for the year ended 28th February 2010. The managing agents are responsible for the preparation and presentation of the financial statements and the information contained therein, and have determined that the accounting policies used and described in Notes 1 and 2 to the financial statements are appropriate to meet the needs of the owners. We have conducted an independent audit of the financial statements in order to express an opinion to the owners on their preparation and presentation. No opinion is expressed as to whether the accounting policies used, and described in Notes 1 and 2 are appropriate to the needs of the owners.

The plan is not a reporting entity and these financial statements are therefore "Special Purpose Financial Reports" that have been prepared solely to meet the requirement of Section 106(1) of the Strata Schemes Management Act 1996, to prepare financial statements. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the owners, or for any purpose other than that for which it was prepared.

Our audit has been conducted to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the accounting policies detailed in Notes 1 and 2 of the financial statements so as to present a view of the plan which is consistent with our understanding of its financial position and the results of its operations. These policies do not require the application of Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Qualification

During the year the plan erroneously paid the amount of $1,364.00 to a supplier for an invoice relating to another plan managed by STM. The manager has been notified of the error and is to action an immediate reimbursement to the plan for this amount.

Qualified Audit Opinion

In our opinion, except for the effect on the financial statements of the qualification paragraph, the financial statements present fairly the financial position of the plan at reporting date and the results of its operations for the reporting period in accordance with the accounting policies detailed in Notes 1 and 2 of the financial statements.

Hedley Accounting & Taxation Services

S R Hedley CA
April 13, 2010

Liability limited by a scheme approved under Professional Standards Legislation

NOTES TO AND FORMING PART OF THE ACCOUNTS

Note 1 – Accounting Policy

This is not a general purpose financial report. It is a special purpose report prepared for the Owners of the Plan to enable compliance with the requirement of Section 106(1) of the Strata Schemes Management Act 1996 as amended, to prepare financial statements.

As the Plan is not a Reporting Entity, there is no requirement to prepare accounts in accordance with all Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). Accordingly, no such standards or other mandatory professional reporting requirements have been applied.

The accounts have been prepared in accordance with conventional historical cost principles, together with the basic concepts of a going concern. The accounts have not been adjusted for changes in the general purchasing power of the dollar and for changes in the price of specific assets.

Note 2 – Accounting For Income & Expenses

The accrual basis of accounting is applied to all levies and interest on arrears. Levies are brought to account as income when the levy is due and payable. Any other income and all expenditure is accounted for on a cash basis and is brought to account when the income is received or the expense paid, except where otherwise stated and shown on the balance sheet as a creditor, debtor or prepayment amount.