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Independent Audit Report
For The Owners of Strata Plan 50785

We have audited the plan's financial statements, being a special purpose financial report for the year ended 29 February 2012. The reports comprise a Balance Sheet, a Statement of Income & Expenditure for the plan's Administrative Fund, a Statement of Income & Expenditure for the plan's Sinking Fund, and the Notes to the accounts.

The managing agents are responsible for the preparation and presentation of the financial statements and the information contained therein, and has determined that the accounting policies used and described in the Notes to 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 the Notes 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 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. These procedures have been undertaken to form an opinion whether, in all material aspects, the financial statements are presented fairly in accordance with the accounting policies detailed in the Notes so as to present a view of the plan which is consistent with our knowledge and 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
Additional GST of $962 is to be claimed in the next BAS, being GST not originally deducted from unit 8A floor repair expenses.

Audit Opinion
In our opinion, except for the above, the financial statements present fairly the financial position of the plan at the reporting date and the results of its operations for the reporting period in accordance with the accounting policies detailed in the Notes to the accounts.

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Michael Faulkner CPA
Michael Faulkner & Associates

22 March 2012

Liability limited to 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.

Note 3 – Accounting For Debtors

Although the financial statements have been prepared primarily on a cash basis, an amount has been accrued for debtors, being Lot 21 reimbursements for lift exclusive use expenses.

Note 4 – Special Levies

During the year a special levy of $250,000 incl GST was approved for the cost of building works. The special levies were to be in two equal instalments with the second due 1/4/2012.