Matthew Faulkner
ACCOUNTANCY PTY LTD

matt@mattfaulkner.accountants • 0438 116 374
www.mattfaulkner.accountants • ABN:464 602 775 771
Office. 19 Lower Coast Road, Stanwell Park NSW 2508 • 02 4294 2296

Independent Audit Report
To the Owners of Strata Plan 50785

We have audited the accompanying financial report, being a special purpose financial report for Strata Plan 50785, which comprises the Balance Sheet as at 28 February 2015, Income & Expenditure Statements for the year then ended and Notes to and forming part of the Accounts.

The managing agent, as delegated by the Owners Corporation in its Management Agreement, is responsible for the preparation and fair presentation of the financial report and the information contained therein. The agent has determined that the basis of preparation, described in the Notes, is appropriate to meet the needs of the owners and the financial reporting requirements of Section 106(1) of the Strata Schemes Management Act 1996 to prepare financial statements. The agent's responsibility also includes such internal control as the agent determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit involves performing checks and procedures to obtain audit evidence about the amounts and disclosures in the financial report. The checks and procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the reports preparation and fair presentation, but not for the purpose of expressing an opinion on the effectiveness of the agent's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and described in the Notes to the accounts, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Strata Plan 50785 as at 28 February 2015 and its performance for the year then ended in accordance with the Notes to the Accounts.

Basis of Accounting

Without modifying our opinion, we draw attention to the Notes to the financial report, which describe the basis of accounting. The financial report has been prepared to assist Strata Plan 50785 to meet the requirements of S106(1) of the Strata Schemes Management Act 1996 to prepare financial statements. As a result, the financial report may not be suitable for another purpose.

Matthew Faulkner CPA
Director

24 March 2015

CPA

Liability limited by a scheme approved under Professional Standards Legislation

STRATA PLAN 50785

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 28 February 2015

NOTE 1 – Accounting policies

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 Statements of Accounting Concepts and Australian Standards.

The accounts have been prepared in accordance with the historical cost convention and have not been adjusted for changes in the general purchasing power of money and for changes in the price of specific assets.

The accounts have been prepared on a going concern basis.

NOTE 2 – 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.

NOTE 3 – Income tax

Assessable income such as interest, dividends and other income derived by the Plan from investment of funds or derived from other personal property as defined in Taxation Ruling IT 2505, is taxable at the current rate of 30% and assessable income received by the plan in respect of common property is taxable in the hands of individual owners.

NOTE 4 – Insurance commission

The amount of commission received (if applicable) is reflected on each successful quote. Such commission does not affect the premium in any way and is disclosed in the management agency agreement.

NOTE 5 – Investments

Two investments are held with Suncorp. The $1m sinking fund investment is a term deposit expiring 11/5/15.

NOTE 6 – Receivables other

This item represents amounts refundable from Energy Australia for May 2014.

NOTE 7 – Prepaid expenses

This item represents prepayments of fire protection contract and monitoring.

MATTHEW FAULKNER ACCOUNTANCY PTY LTD
Common Seal
ACN 602 775 771

NOTE 8 – Receivable insurance claims

Insurance repair expenses from 2013 are accrued pending an insurance claim application.

NOTE 9 – Accrued expenses

Amounts have been accrued for electricity, lawns & gardens and insurance repair expenses.

Strata Plan No. 50785

1 McDonald Street
Cronulla NSW 2230

BALANCE SHEET
AS AT 28 FEBRUARY 2015

OWNERS FUNDS	ACTUAL 28/02/15	ACTUAL 28/02/14
Administrative Fund	166,512.10	79,489.19
Sinking Fund	1,122,289.13	920,167.87
TOTAL	**$ 1,288,801.23**	**$ 999,657.06**

THESE FUNDS ARE REPRESENTED BY

ASSETS

Cash At Bank Admin	84,098.67	(10,847.41)
Investment #1-Admin	147,547.11	144,042.86
Cash At Bank Sink	185,306.51	492,097.44
Investments # 1-Sinking	1,000,000.00	506,684.93
Receivables - Other	8,022.00	2,174.50
Levies - Prepayments	0.00	5,692.28
Levies In Arrears	16,782.40	23,407.30
Other Arrears	30,286.85	43,534.86
Interest Arrears	2,635.99	1,202.98
Prepaid Expenses	2,191.47	1,353.85
Receivable--Insurance Claims--	3,012.00	3,012.00
TOTAL ASSETS	**1,479,883.00**	**1,212,355.59**

LIABILITIES

GST Clearing A/C	(13,648.18)	(16,066.77)
Creditors	0.00	(8,536.80)
Accrued Expenses	14,993.18	12,058.67
Advance Discounts	(19,748.37)	(24,437.94)
Levies - Prepayments	0.00	5,174.80
Levies In Advance	199,655.69	244,506.57
Other Advance Payments	9,829.45	0.00
TOTAL LIABILITIES	**191,081.77**	**212,698.53**
NET ASSETS	**$ 1,288,801.23**	**$ 999,657.06**

MATTHEW FAULKNER ACCOUNTANCY PTY LTD
Common Seal
ACN 602 775 771

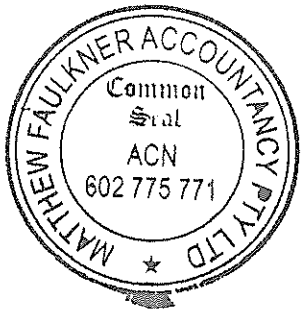
Strata Plan No. 50785

1 McDonald Street
Cronulla NSW 2230

STATEMENT OF INCOME AND EXPENDITURE

FOR THE PERIOD 1 MARCH 2014 TO 28 FEBRUARY 2015

ADMINISTRATIVE FUND	ACTUAL 01/03/14-28/02/15	BUDGET 01/03/14-28/02/15	ACTUAL 01/03/13-28/02/14
INCOME			
Levies - Administrative Fund	657,255.07	657,255.00	645,000.85
Discounts - Admin Fund	(60,998.47)	(65,725.50)	(55,864.61)
Interest	571.03	600.00	846.38
Interest-Investments	3,504.25	2,000.00	2,437.92
Interest On Overdue Levies	2,359.49	0.00	2,011.50
Insurance Claims Sp	5,204.55	0.00	318.19
Key Deposits	3,200.00	0.00	2,720.00
Recovery--Lift	0.00	7,560.00	0.00
Recovery--Other	(19,745.00)	0.00	19,845.00
Rental Income	6,314.32	6,193.00	6,013.64
Status Certificate Fees	107.00	0.00	728.00
Strata Roll Inspection Fees	146.00	0.00	120.00
TOTAL ADMIN FUND INCOME	**597,918.24**	**607,882.50**	**624,176.87**
EXPENDITURE - ADMIN FUND			
Accounting	2,706.98	1,500.00	454.47
Agent Disbursements	0.00	0.00	3,882.22
Agent Disbursements-Other	0.00	0.00	1,551.59
Audit And Taxation Services	2,399.65	1,100.00	0.00
Audit Services	0.00	0.00	650.00
Bank Charges	4.70	50.00	16.70
Bank Charges-With GST	137.22	220.00	219.80
Computer Fees	0.00	0.00	1,112.73
Consultants	269.50	10,000.00	880.00
Insurance-Excesses	5,409.09	4,000.00	1,000.00
Insurance-Premiums	69,641.62	85,000.00	70,031.00
Insurance-Valuation	552.73	550.00	0.00
Legal Fees	9,188.00	25,000.00	30,834.28
Maint-Aircon	6,899.55	3,500.00	3,145.21
Maint-Aircon-Maint Contract	0.00	10,000.00	4,727.45
Maint-Aircon-Water Treatment	1,980.00	1,980.00	2,295.00
Maint-Cleaning	106,236.00	115,000.00	105,757.64
Maint-Cleaning-Carpet/Furn	4,811.05	4,000.00	3,649.00
Maint-Cleaning-Other	1,292.65	2,000.00	770.40
Maint-Compactor	627.13	3,500.00	3,895.85
Maint-Consultants	0.00	0.00	2,473.00
Maint-Doors & Windows	6,333.41	6,000.00	5,588.86
Maint-Electrical	4,407.51	5,000.00	4,890.00
Maint-Electrical Lamps & Tubes	2,484.09	2,000.00	1,950.00
Maint-Fire Prtcn-Call Out Fee	3,784.09	6,250.00	0.00
Maint-Fire Prtcn-Contract	10,099.50	10,000.00	11,221.64
Maint-Fire Prtcn-Monitoring	899.83	2,500.00	3,838.51
Maint-Fire Prtcn-Repairs	12,903.00	10,000.00	3,580.00
Maint-Garage Doors	835.00	3,000.00	2,545.00
Maint-General Repairs	11,570.10	27,500.00	22,845.10
Maint-Hot Water Service	1,975.00	2,000.00	1,380.00



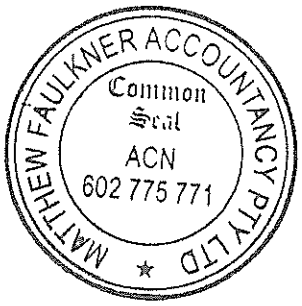
Strata Plan No. 50785

1 McDonald Street
Cronulla NSW 2230

STATEMENT OF INCOME AND EXPENDITURE

FOR THE PERIOD 1 MARCH 2014 TO 28 FEBRUARY 2015

EXPENDITURE - ADMIN FUND (Continued)	ACTUAL 01/03/14-28/02/15	BUDGET 01/03/14-28/02/15	ACTUAL 01/03/13-28/02/14
Maint-Insurance Repairs	5,204.55	0.00	318.18
Maint-Intercom	555.00	3,000.00	620.00
Maint-Lawns & Gardening	17,178.98	23,000.00	23,508.01
Maint-Lift-Exclusive Use	0.00	7,560.00	0.00
Maint-Lift-Maint Contract	30,836.05	30,000.00	29,283.18
Maint-Lift-Registration Fees	69.00	69.00	69.00
Maint-Lift-Servicing/Repair	3,890.40	2,000.00	3,853.00
Maint-Locks, Keys & Card Keys	1,187.63	1,000.00	1,040.00
Maint-Pest/Vermin Control	2,034.55	2,000.00	1,430.00
Maint-Plumbing & Drainage	2,706.94	12,000.00	14,783.64
Maint-Pool Consumables	2,298.52	2,500.00	1,402.81
Maint-Pool Repairs	2,587.59	3,000.00	6,582.47
Maint-Pumps	3,115.50	3,000.00	3,668.04
Maint-Reimbursements	0.00	0.00	(1,200.00)
Maint-Security Equipment	5,545.00	2,000.00	1,140.00
Maint-Tv Antenna & Cables	4,750.00	2,500.00	1,890.00
Management Fees	16,839.85	17,000.00	16,039.31
Mgmt Fees-Additional Services	0.00	0.00	3,689.14
Mgnt - Non Routine Services	6,586.36	5,000.00	0.00
Oh & S Compliance	998.18	1,200.00	0.00
Mgnt - Print/Postage/General	2,227.69	7,000.00	0.00
Search And Certificates	283.00	0.00	0.00
Status Certificate Fees Paid	0.00	0.00	728.00
Strata Inspection Fees Paid	0.00	0.00	126.00
Sundry	5,249.13	4,000.00	3,794.55
Taxation Services	0.00	0.00	690.91
Telephone/Email/Fax	2,684.16	4,000.00	3,138.15
Trades Compliance	240.00	240.00	240.00
Utility-Electricity	74,958.18	95,000.00	94,866.79
Utility-Gas	6,406.78	4,500.00	3,510.52
Utility-Rubbish Removal	0.00	200.00	0.00
Utility-Water & Sewerage	45,014.89	52,000.00	45,546.10
TOTAL ADMIN EXPENDITURE	**510,895.33**	**625,419.00**	**555,943.25**
SURPLUS DEFICIT	**$ 87,022.91**	**$ (17,536.50)**	**$ 68,233.62**
Opening Admin Balance	79,489.19	79,489.19	11,255.57
ADMINISTRATIVE FUND BALANCE	**$ 166,512.10**	**$ 61,952.69**	**$ 79,489.19**



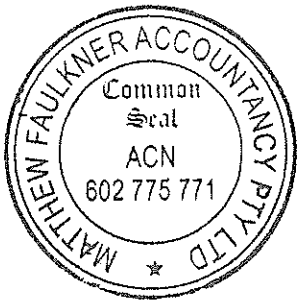
Strata Plan No. 50785

1 McDonald Street
Cronulla NSW 2230

STATEMENT OF INCOME AND EXPENDITURE

FOR THE PERIOD 1 MARCH 2014 TO 28 FEBRUARY 2015

SINKING FUND	ACTUAL 01/03/14-28/02/15	BUDGET 01/03/14-28/02/15	ACTUAL 01/03/13-28/02/14
INCOME			
Levies - Sinking Fund	346,340.05	346,340.00	346,339.02
Discounts - Sinking Fund	(32,233.23)	(34,634.00)	(30,125.41)
Special Levies - Sink Fund	0.00	0.00	477,273.53
Interest-Investments	25,818.35	10,000.00	18,644.09
Refund--Income Tax	3,875.20	0.00	8,536.80
TOTAL SINKING FUND INCOME	**343,800.37**	**321,706.00**	**820,668.03**
EXPENDITURE - SINKING FUND			
Income Tax-Sinking	3,025.00	0.00	14,670.00
Balustrades Project Management	7,775.60	0.00	0.00
Maint-Consultants	0.00	60,000.00	0.00
Maint-General Replacement	130,878.51	900,000.00	362,452.76
TOTAL SINK FUND EXPENDITURE	**141,679.11**	**960,000.00**	**377,122.76**
SURPLUS DEFICIT	**$ 202,121.26**	**$ (638,294.00)**	**$ 443,545.27**
Opening Sinking Balance	920,167.87	920,167.87	476,622.60
SINKING FUND BALANCE	**$ 1,122,289.13**	**$ 281,873.87**	**$ 920,167.87**



Strata Plan No. 50785

1 McDonald Street
Cronulla NSW 2230

INSURANCE DETAILS

28 February 2015

Type	Insurer	Policy No	Sum Insured	Due Date
APPEAL EXPENSES	Strata Unit Underwriters	06S3093652	100,000	11/12/15
BUILDING & CONTENTS	Strata Unit Underwriters	06S3093652	77,670,000	11/12/15
CATASTROPHE COVER	Strata Unit Underwriters	06S3093652	11,650,500	11/12/15
FIDELITY GUARANTEE	Strata Unit Underwriters	06S3093652	100,000	11/12/15
GOVT. AUDIT COSTS	Strata Unit Underwriters	06S3093652	25,000	11/12/15
LEGAL DEFENCE EXPNS	Strata Unit Underwriters	06S3093652	50,000	11/12/15
LOSS OF RENT	Strata Unit Underwriters	06S3093652	11,650,500	11/12/15
LOT OWNERS' FIXTURES	Strata Unit Underwriters	06S3093652	250,000	11/12/15
MACHINERY BREAKDOWN	Strata Unit Underwriters	06S3093652	100,000	11/12/15
OFFICE BEARERS	Strata Unit Underwriters	06S3093652	10,000,000	11/12/15
PERSONAL ACCIDENT	Strata Unit Underwriters	06S3093652	200,000	11/12/15
PROPERTY OWNERS LEGA	Strata Unit Underwriters	06S3093652	20,000,000	11/12/15

MATTHEW FAULKNER ACCOUNTANCY PTY LTD
Common Seal
ACN 602 775 771