AUR

Australian United Retailers Ltd.

Annual Report

2018/2019 Financial Year

Truly Local & Independent

AUSTRALIAN UNITED RETAILERS LTD
AND CONTROLLED ENTITIES

ABN: 93 077 879 782

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2019

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DIRECTORS' REPORT

The directors present their report together with the financial report of the Consolidated Entity consisting of Australian United Retailers Ltd ("AURL") and the entities it controlled, for the financial year ended 30 June 2019 (together referred to as the "Consolidated Entity") and auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the year are:

Name

Neil Osborne
Fred Fairthorne
Rod McPhee
Sien Van Nguyen
Malcolm Ward
Rick Wight
David Williamson

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the parent entity during the financial year was the provision of retail support services to its members.

There has been no significant change in the nature of these activities during the financial year.

The controlled entities did not engage in any activity during the financial year.

Results

The loss of the Consolidated Entity for the financial year, after income tax, amounted to $440,000 (2018: Profit of $1,670,000).

Review of operations

A review of the operations of the Consolidated Entity during the financial year and the results of those operations are as follows:

The Member based business contributed a loss after tax of $440,000 (30 June 2018: Profit $1,670,000). The loss was caused by losses incurred and the recognition of an onerous lease expense in respect of a head lease whereby the former owner of the retail outlet failed to rectify a breach of their contractual obligations to the Consolidated Entity. As a result, the Consolidated Entity took ownership of the assets of the retail outlet on 5 June 2018 and commenced managing its operations. On 27 March 2019, the store was sold and a new sub-lease executed.

The onerous lease expense from the aforementioned store, included in the consolidated losses amounted to $1,174,000 (2018 : Nil) and the trading loss was $954,000 (2018 : $100,000) yielding a combined total loss for the year of $2,128,000 (2018 $100,000).

Member stores are continuing to secure supply from alternative sources which resulted in a reduction in revenues which was offset by an increase in trading arrangements with suppliers. The costs of operating the support office were tightly controlled and comparable to the prior year.

The Member based business continues to be focused on the delivery of a robust support function whilst maintaining a level of profitability which will allow the business to grow and achieve its longer term corporate objectives. The longer term objectives include driving the sales and profitability of its Member's stores.

The Consolidated Entity had borrowings at 30 June 2019 of $300,000 (2018 : $273,000)as set out in Note 17. The Consolidated Entity has cash reserves and banking facilities as outlined in Note 17 to enable the business to pursue short term objectives and evolve its service offer to Members in the coming financial years.

As disclosed in Note 19, the Consolidated Entity remains subject to the Second Amendment and Restatement Deed which includes restrictions which if triggered will result in re-instatement of the Transitional Funding Facility Reinstatement Amount previously held with CSA Retail (Finance) Pty Ltd. This re-instatement would equate to $7.1 million plus interest accruing on the facility, if before the end of June 2021, a change in control of the parent entity occurs.

The Directors are of the view the restriction above is not a significant barrier to the normal operating activities of the Consolidated Entity and will not prevent the on-going normal business activities of the Consolidated Entity.

During the year, the Consolidated Entity spent $3,273,000 (2018 : Nil) on a new enterprise resource planning system. The system was fully implemented on time and on budget.

Significant changes in the state of affairs

There has been a significant change in the Consolidated Entity's state of affairs during the financial year. On 5 June 2018, the owner of one of the corporate head lease stores failed to rectify a breach of their lease obligations with Australian United Retailers Limited. As a result, the Consolidated Entity took ownership of the assets of the retail outlet and commenced managing its operations until 27 March 2019 when the retail outlet was sold.

After balance date events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely developments

The Company will continue to pursue its strategy to deliver quality retail support services to its Members.

Environmental regulation

The Consolidated Entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

Details of dividends paid, declared or recommended are as follows:

	2019 $	2018 $
(a) Dividends paid or declared		
Dividends paid at $0.03 per share (2018 : $0.06) fully franked at 30%	339,466	680,311
	339,466	680,311
(b) Dividends declared after the reporting period and not recognised		
No dividends have been declared since the end of the reporting period (2018 $0.03 per share fully franked at 30%)	-	339,466

Share options

No options over unissued shares or interests in the Consolidated Entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of Australian United Retailers Ltd at any time during or since 1 July 2018 is provided below, together with details of the company secretary as at the year end.

Neil Osborne	-	Independent Non Executive Chairman
Qualifications	-	Fellow Australian Institute of Company Directors (FAICD) Bachelor of Commerce Certified Practising Accountant
Experience	-	With over 20 years experience in the retail industry, Neil was appointed as a Director in November 2006, and as Chairman on 19 November 2014. He has also been a Director of Vita Group since June 2007 and Beacon Lighting Group since February 2014. Neil has held a variety of senior executive positions with Myer Grace Bros and Coles Myer Ltd, as well as being a former partner of Accenture.
Special Responsibilities	-	Appointed as Chairman of the Board on 19 November 2014, and member of the Remuneration & Nomination Committee.
David Williamson	-	Non Executive Director
Experience	-	Appointed as a director of the Company on 17 November 2010. David has been part of a family who has been serving its local community as owners of an Independent Retail Business for over 30 years. He has grown up in this industry, helping his family run their Tuckerbag Supermarket from a young age. At the age of 17, he became Store Manager of his family's second store, Riddell's Creek Riteway. From there he moved on to manage their third store which became a Payless Super Barn and then graduated to their biggest store, Tuckerbag. He continued as the Store manager until 16 years ago when he was made a Company Director when the family's Gisborne and Riddells Creek stores joined the FoodWorks Supermarket Group. In 2002 David was voted onto the FoodWorks Board as a Retail Board member and served for two years before choosing to resign in 2004 to help reduce the number of Board members when the two groups merged to become AURL. In 2006, with his wife, David purchased the Gisborne store, excited by the prospect of carrying on his family's legacy. Since this time he has also purchased FoodWorks Sunbury and Foodworks Newtown in Geelong.
Special Responsibilities	-	Chairman of the Remuneration & Nomination Committee and appointed Deputy Chairman of the Board on 19 November 2014

Fred Fairthorne	-	Non Executive Director
Experience	-	Appointed as a Director of the Company on 9 September 2009. Fred has been closely involved in the operation and management of supermarkets for many years. His family has been involved in supermarket operations since 1961; consequently Fred has been personally involved from an early age. He was a co-founding shareholder of Action Supermarkets in WA in 1977. Subsequently he co-founded Newmart Supermarkets in 1988 and is a director of Supermarkets West Pty Ltd, the marketing and promotion company for Foodworks and Farmer Jack stores in WA. Fred has a strong presence in supermarket retailing, and is currently involved in the ownership and operation of several facilities in the Perth area as well as operating a Supermarket in Sydney with a strong focus on merchandising, marketing product offerings and store layout development.
Special Responsibilities	-	Member of the Audit & Risk Committee (appointed 22 November 2017).
Malcolm Ward	-	Non Executive Director
Experience	-	Appointed as a director of the Company on 17 November 2010. Malcolm and his wife Liz have been owner/operators of supermarkets since 1994. Malcolm is the Managing Director of their family companies operating two FoodWorks stores in Western Australia, and is Chairman of Supermarkets West Pty Ltd, the marketing and promotion company for FoodWorks and Farmer Jacks stores in WA. Malcolm is a director and audit committee member of several production and marketing companies in the Australian egg industry, including Farm Pride Foods Ltd since May 2008. Malcolm has a broad range of commercial experience having been involved in a number of industries including retailing, business management, agricultural production, marketing, project and property management and banking.
Special Responsibilities	-	Chairman of the Audit & Risk Committee
Sien Van Nguyen	-	Non Executive Director
Experience	-	Appointed as a Director of the Company on 22 November 2011.
	-	Sien joined the supermarket industry in 1994 when he purchased his first store in Inala, south of Brisbane. Sien currently owns three FoodWorks supermarkets in Brisbane. He is the managing director of a family group of companies operating the supermarkets and other enterprises. In this role, Sien is actively involved in the strategic management of all three supermarkets.

		Sien's successes in retail and strategic management have enabled him to branch out into various other industries, some of which include Gordon House Pty Ltd, a company which is in the process of building an accommodation village for the Liquefied Natural Gas and mining industry in the Surat Basin and Sing Sing Investments, an investment company focusing on retail shopping centre acquisition, development and management. In addition, Sien is also a partner of Hydco International, a manufacturer of drilling rigs operating in India.
Special Responsibilities	-	Member of the Audit & Risk Committee.
Rod McPhee	-	Independent Non Executive Director
Experience	-	Appointed as a Director of the Company on 21 February 2018. Rod brings to the Board over 40 years of experience in retail and as board member in various organisations. He has extensive retail experience in Retail Store Management, Resource Management (including Finance, Inventory, Property and Staff), Supply Chain, Quality Assurance and Client Engagement.
Special Responsibilities	-	Member of the Remuneration & Nomination Committee.
Rick Wight	-	Executive Director
Qualifications	-	Bachelor of Business (Accounting & Economics) Fellow Institute of Chartered Accountants Australia (FCA) Graduate Australian Institute of Company Directors (GAICD)
Experience	-	Appointed as a Director of the Company on 30 May 2014. Rick has a strong background in retail,finance, franchising and strategy management. Prior to joining Australian United Retailers Limited, Rick spent 15 years at Blockbuster International where he worked in various senior executive roles including Chief Executive Officer and Area Senior Vice President for Asia Pacific. Rick joined Australian United Retailers Limited in the role of Chief Operating Officer in 2008 and was appointed as Chief Executive Officer in 2010.
Special Responsibilities	-	Rick is the Chief Executive Officer of the Consolidated Entity.

Greg Watson	-	Company Secretary
Qualifications	-	Master of Laws, Diploma in Law, Graduate Diploma in Legal Practice
Experience	-	Greg was appointed as the Company Secretary on 19 December 2018. He has extensive experience ensuring sound governance in a complex commercial environment and with a track record delivering strategic business critical assignments in challenging and transformational circumstances. Greg possess a deep understanding of the Australian food and grocery market and is a trusted and strategic adviser to the Board and Senior Management Team.

Directors' meetings

The number of meetings of the board of directors and each board committee held during the financial year and the numbers of meetings attended by each director were:

DIRECTORS	BOARD MEETINGS		AUDIT & RISK COMMITTEE		REMUNERATION & NOMINATION COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
N Osborne	11	11	-	-	3	3
D Williamson	11	11	-	-	3	3
F Fairthorne	11	11	4	3	-	-
S Van Nguyen	11	11	4	4	-	-
M Ward	11	11	4	4	-	-
R McPhee	11	11	-	-	3	2
R Wight	11	11	-	-	-	-

Transactions with directors and director related entities

For transactions with directors and director related entities, refer to Note 21 (c).

Indemnification and insurance of directors, officers and auditors

Indemnities have been given and insurance premiums paid during and since the end of the financial year, for directors, and officers of the Consolidated Entity.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for auditors of the Consolidated Entity.

Proceedings on behalf of the Consolidated Entity

Court proceedings have been brought by Australian United Retailers Limited for recovery of losses incurred as a result of the breach by a former owner of a corporate head lease store.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the directors.

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Director N. Osborne

Melbourne

Dated this 18th Day of September 2019

AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN UNITED RETAILERS LTD

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Australian United Retailers Ltd and the entities it controlled during the year.

K L BYRNE
Partner

18 September 2019

PITCHER PARTNERS
Melbourne

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue and other income			
Supplier & member income	4	45,229	47,475
Interest income	4	78	71
Sales income	4	12,067	228
Other income	4	3,215	1,214
		60,589	48,988
Less: expenses			
Distribution to members		(18,177)	(17,385)
Cost of members services		(8,618)	(7,649)
Cost of sales		(11,520)	(189)
Merchandising expenses		(2,201)	(2,654)
Marketing expenses		(1,431)	(1,701)
Business development expenses		(484)	(525)
Administrative expenses		(18,420)	(16,142)
Depreciation and amortisation	5	(355)	(339)
		(61,206)	(46,584)
(Loss)/profit before income tax		(617)	2,404
Income tax benefit/(expense)	6	177	(734)
(Loss)/profit for the year		**(440)**	**1,670**
Other comprehensive income		-	-
Total comprehensive income		(440)	1,670
(Loss)/profit is attributable to:		-	-
Members of the parent		(440)	1,670
Total comprehensive income attributable to:		-	-
Members of the parent		(440)	1,670

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	**8**	2,684	3,875
Trade and other receivables	**9**	12,489	11,918
Other current assets	**10(a)**	1,133	269
Inventories	**11**	-	256
Total current assets		16,306	16,318
Non-current assets			
Property, plant and equipment	**12**	4,311	1,155
Deferred tax asset	**6(d)**	1,672	1,105
Other non-current assets	**10(b)**	86	210
Total non-current assets		6,069	2,470
Total assets		22,375	18,788
Current liabilities			
Trade and other payables	**13**	14,585	11,344
Provisions	**14**	3,659	2,895
Current tax liability	**6(c)**	274	615
Total current liabilities		18,518	14,854
Non-current liabilities			
Provisions	**14**	836	134
Total non-current liabilities		836	134
Total liabilities		19,354	14,988
Net assets		**3,021**	**3,800**
Equity			
Share capital	**15**	9,890	9,890
Accumulated losses	**16(a)**	(12,628)	(12,188)
Accumulated profits reserve	**16(b)**	5,759	6,098
Total equity		**3,021**	**3,800**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Consolidated Entity	Contributed equity $'000	Accumulated Profits $'000	Accumulated Losses $'000	Total Equity $'000
Balance as at 1 July 2017	9,918	5,109	(12,188)	2,839
Profit for the year	-	1,670	-	1,670
Total comprehensive income for the year	**-**	**1,670**	**-**	**1,670**
Buy-backs	(28)	-	-	(28)
Dividend paid	-	(680)	-	(680)
Balance as at 30 June 2018	**9,890**	**6,098**	**(12,188)**	**3,800**
Balance as at 1 July 2018	9,890	6,098	(12,188)	3,800
Loss for the year	-	-	(440)	(440)
Total comprehensive income for the year	**-**	**-**	**(440)**	**(440)**
Dividend paid	-	(339)	-	(339)
Balance as at 30 June 2019	**9,890**	**5,759**	**(12,628)**	**3,021**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Cash flow from operating activities			
Cash receipts in the course of operations		63,130	50,900
Cash payments in the course of operations		(59,818)	(49,347)
Income tax paid		(731)	-
Interest received		78	71
Net cash received in operating activities	**17(b)**	2,659	1,624
Cash flow from investment activities			
Payments for purchases of property, plant and equipment		(3,511)	(205)
Net cash used in investing activities		(3,511)	(205)
Cash flow from financing activities			
Share buy-backs		-	(28)
Dividends paid		(339)	(680)
Net cash used in financing activities		(339)	(708)
Net (decrease)/increase in cash held		(1,191)	711
Cash and cash equivalents at beginning of financial year		3,875	3,164
Cash and cash equivalents at end of financial year	**17(a)**	**2,684**	**3,875**

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDIATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Consolidated Entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Reporting Entity

Australia United Retailers Ltd (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is Level 1, 1601 Malvern Road, Glen Iris VIC 3146. The consolidated financial statements of the Company comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

(b) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* .

The financial report covers Australian United Retailers Ltd and controlled entities as a Consolidated Entity. Australian United Retailers Ltd is a company limited by shares, incorporated and domiciled in Australia. Australian United Retailers Ltd is a for-profit entity for the purpose of preparing the financial report.

The financial report was authorised for issue by the directors on 18 September 2019.

Compliance with IFRS

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates and adjustments

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity reported a loss for the year after income tax of $440,000 (2018: $1,670,000 profit), a net surplus of assets totalling $3,021,000 (2018: surplus of $3,800,000) and a current working capital deficit of $2,212,000 (2018: $1,464,000 surplus).

The Directors believe that with the maintenance of normal trading volumes, the on-going trading activities of the core business are expected to enable the Consolidated Entity to meet its obligations as and when they fall due.

As at 30 June 2019, the Consolidated Entity has an undrawn bank loan facility of $1,000,000 with its bankers. The facility decreases by $58,500 per month until 31 May 2020 and by $56,500 for the month of June 2020, where after the facility will be $300,000. The loan facility expires on 30 June 2020 but it is expected the bank will renew the facility at that time to $300,000 for a further twelve months to 30 June 2021.

(d) Accumulated profits reserve

At the conclusion of each financial year, the Consolidated Entity records profits earned during the year to accumulated profits reserve and losses incurred during the year to accumulated losses.

(e) Principles of consolidation

The consolidated financial statements are those of the Consolidated Entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Consolidated Entity controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

(f) Revenue

Revenue arises mainly from rebates received from suppliers, who supply product into branded and non-branded member stores and from member services income received from these stores, as well as other minor sources of revenue.

Revenue from suppliers is in the form of contract income and non-contract income. Contract income arises from contracts with suppliers whereby rebates are received for orders placed by a store on the supplier. Non-contract income is income received from multiple suppliers. The amounts of the non-contract rebates received vary from one supplier to another and also varies with different products purchased.

Revenue from member services comprises fees for services provided to members, income received on behalf of members stores and members fees. Members fees are recoverable under the Unity Agreements signed by member stores and AURL.

The main source of other income is funds raised to offset the cost of functions held for our member stores.

To determine whether to recognise revenue the following principles apply:

- Supplier and member income is recognised when the right to receive the revenue has been established.
- Interest revenue is measured in accordance with the effective interest method.
- Rent revenue from operating leases is recognised on a straight-line basis over the term of the lease.
- The Consolidated Entity derives revenue from the sale of consumables. Revenue is recognised as, or when, goods are transferred to the customer, and is measured at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for the goods.
- Other revenue is recognised when the right to receive the revenue has been established.
- All revenue is stated net of the amount of goods and services tax (GST).

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

(i) Property, plant and equipment

Cost and valuation

Each class of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all property, plant and equipment is calculated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use, consistent with estimated consumption of economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation Rates	Depreciation Basis
Leasehold improvements	5 – 33 %	Straight Line
Plant and equipment	12.5 – 33 %	Straight Line
Furniture, fixtures and fittings	5 – 20 %	Straight Line
Computer equipment	25 – 33 %	Straight Line

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or Consolidated Entity's of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(l) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Australian United Retailers Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated Consolidated Entity from 1 July 2009. The parent entity and subsidiaries in the tax-consolidated Consolidated Entity have entered into a tax funding agreement such that each entity in the tax-consolidated Consolidated Entity recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances; and
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated Consolidated Entity also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated Consolidated Entity arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(m) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of bonus incentives, compensated absences such as annual leave and accumulated sick leave are recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that terms approximating to term the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Retirement benefit obligations

The Consolidated Entity makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Consolidated Entity's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(iv) Bonus plan

The Consolidated Entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(v) Termination benefits

The Consolidated Entity recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the Consolidated Entity can no longer withdraw the offer for termination benefits; and (b) when the Consolidated Entity recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Consolidated Entity are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Consolidated Entity irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the Consolidated Entity's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Consolidated Entity for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Consolidated Entity are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Consolidated Entity's transactions with its customers and are normally settled within 30 days.

Consistent with both the Consolidated Entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Loans to related parties

Loans to related parties are debt instruments, and are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the Consolidated Entity holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(p) Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;
(b) debt instruments classified at fair value through other comprehensive income; and
(c) receivables from contracts with customers and contract assets.

The Consolidated Entity applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Consolidated Entity determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Consolidated Entity considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Consolidated Entity assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Consolidated Entity considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Consolidated Entity to have a strong financial position and no history of past due amounts from previous transactions with the Consolidated Entity.

The Consolidated Entity assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 90 days past due.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;
(b) breach of contract;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Consolidated Entity has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Consolidated Entity. Recoveries, if any, are recognised in profit or loss.

Refer to Note 9 for further information.

(q) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the Consolidated Entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

(r) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) Rounding of amounts

The parent entity and the Consolidated Entity have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(u) New and revised accounting standards effective at 30 June 2019

The Consolidated Entity has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 *Financial Instruments* (AASB 9) and AASB 15 *Revenue from Contracts with Customers* (AASB 15).

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;

- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity’s own credit risk in OCI, except when it would create an ‘accounting mismatch’;
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new ‘expected credit loss’ impairment model (replacing the ‘incurred loss’ impairment model of previous accounting standard).

In accordance with the transition requirements of AASB 9, the Consolidated Entity has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2018). The Consolidated Entity has also applied consequential amendments to AASB 7 Financial Instruments: Disclosure, the disclosure of information about the Consolidated Entity’s financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the Consolidated Entity's financial assets and financial liabilities.

Further details of the Consolidated Entity's accounting policies are contained in note 1(o).

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 *Revenue* , revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

In accordance with the transition requirements of AASB 15, the Consolidated Entity has elected to apply AASB 15 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017).

The application of AASB 15 has not materially impacted the recognition and measurement of the Consolidated Entity's revenue from contracts with customers.

(v) Accounting standards issued but not yet effective at 30 June 2019

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has decided not to early adopt any of these new and amended pronouncements. The Consolidated Entity’s assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below.

AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The Consolidated Entity will apply AASB 16 in the financial year beginning 1 July 2019. The Consolidated Entity has now completed its assessment of all leases that will be subject to AASB 16 and elected transition to the new standard using the modified retrospective approach.

On 1 July 2019, the anticipated impact on the consolidated entity is to recognise the following lease assets and liabilities:

- Increase in current assets of $285,497
- Increase in non-current assets of $2,463,193
- Increase in current liabilities of $1,123,741
- Increase in non-current liabilities of $1,995,197
- Reduction in Retained earnings of $370,248

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Employee benefits

Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Non Contract Income

Due to the timing delay between when stores make purchases and when suppliers provide purchase data to the Consolidated Entity, management use historical data to estimate the income to be accrued at year end. In order to appropriately recognise accrued income at year end relating to purchase volumes, the recording of accrued income involves estimation and judgement.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Consolidated Entity is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The Consolidated Entity holds the following financial instruments:

	2019	2018
Financial assets	**$'000**	**$'000**
Cash and cash equivalents	2,684	3,875
Trade and other receivables	12,489	11,918
Other current assets	1,133	269
Other non-current assets	86	210
	16,392	16,272
Financial liabilities		
Trade and other payables	14,585	11,344
	14,585	11,344

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Consolidated Entities exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**	**Fixed / variable rate**
2019	**$'000**	**$'000**	**$'000**	**%**	
(i) Financial assets					
Cash	2,672	12	2,684	1	Variable
Trade and other receivables	-	12,489	12,489	-	
Other current assets	256	877	1,133	8	Fixed
Other non-current assets	-	86	86	-	
Total financial assets	2,928	13,464	16,392	-	
(ii) Financial liabilities					
Trade and other payables	-	14,585	14,585	-	
Total financial liabilities	-	14,585	14,585	-	

NOTE 3: FINANCIAL RISK MANAGEMENT (Cont'd)

2018	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate %	Fixed / variable rate
(i) Financial assets					
Cash	3,421	454	3,875	2	Variable
Trade and other receivables	-	11,918	11,918	-	
Other non-current assets	210	-	210	6	Fixed
Total financial assets	3,631	12,372	16,003	-	
(ii) Financial liabilities					
Trade and other payables	-	11,344	11,344	-	
Total financial liabilities	-	11,344	11,344	-	

No other financial assets or financial liabilities are expected to be exposted to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then no significant impact on profit for the year and equity is expected.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity.

i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

ii) Trade and other receivables

The management of the receivables balance is key in the minimisation of the potential bad debt exposure to the Company. Receivables balances are monitored on an ongoing basis and a formal review of all balances occurs every 6 months and where necessary appropriate provisions are established.

The ageing analysis of trade and other receivables is provided in Note 9.

The Consolidated Entity does not have any material credit risk exposure for other receivables or other financial instruments.

NOTE 3: FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Maturity analysis

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	2,684	-	-	2,684	2,684
Trade and other receivables	12,489	-	-	12,489	12,489
Other current assets	1,128	5	-	1,133	1,133
Other non-current assets	-	-	86	86	86
Trade and other payables	(14,468)	(102)	(15)	(14,585)	(14,585)
Net maturities	1,833	(97)	71	1,807	1,807
Year ended 30 June 2018					
Cash and cash equivalents	3,875	-	-	3,875	3,875
Trade and other receivables	11,918	-	-	11,918	11,918
Other non-current assets	51	51	108	210	210
Trade and other payables	(11,326)	(3)	(15)	(11,344)	(11,344)
Net maturities	4,518	48	93	4,659	4,659

(d) Fair value compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

NOTE 4: REVENUE AND OTHER INCOME

	2019	2018
	$'000	**$'000**
Operating activities		
Supplier & member income	44,823	46,449
Rent from member stores	406	1,026
Sales of goods	12,067	228
	57,296	47,703
Other income		
Interest	78	71
Other revenue	3,215	1,214
Total revenue & other income	60,589	48,988

NOTE 5: PROFIT FROM OPERATIONS	**2019 $’000**	**2018 $’000**
Profit before income tax has been determined after the following specific expenses:		
Employee benefits expense		
Wages and salaries	11,897	10,773
Workers’ compensation costs	49	46
Superannuation costs	913	835
	12,859	11,654
Depreciation and amortisation of non-current assets		
Leasehold improvements	12	12
Plant and equipment	5	3
Computer equipment	334	320
Furniture, fixtures and fittings	4	4
	355	339
Other expenses		
Bad debts	126	6
Doubtful debts(write back)/ provision	(43)	37
	83	43

NOTE 6: INCOME TAX

(a) Components of tax expense/(benefit):

Current tax	390	615
Deferred tax	(567)	119
	(177)	734

(b) Prima facie tax payable

The prima facie tax payable on (loss)/profit before income tax is reconciled to the income tax expense as follows:

(Loss)/profit before tax	(617)	2,404
Total (loss)/profit before income tax	(617)	2,404
Prima facie income tax payable on (loss)/profit before income tax at 30% (2018: 30%)	(185)	721
Add tax effect of:		
- other non-allowable items	12	6
- under provision for income tax in prior year	-	25
	(173)	752
Less tax effect of:		
- non assessable items	-	(15)
- blackhole	(4)	(3)
	(4)	(18)
Income tax (benefit)/ expense attributable to (loss)/profit	(177)	734

NOTE 6: INCOME TAX (Cont'd)

	2019	2018
(c) Current tax	**$'000**	**$'000**
Current tax relates to the following:		
Opening balance	615	-
Income tax	390	615
Tax payments	(731)	-
Current tax liabilities	274	615
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Provision for impairment	138	150
Accruals	185	45
Employee benefits	1051	910
Other provisions	298	-
Net deferred tax assets	1,672	1,105
(e) Deferred income tax revenue included in income tax expense comprises		
(Increase)/decrease in deferred tax assets	(567)	119

(f) Deferred tax assets recognised

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

NOTE 7: DIVIDENDS

(a) Dividends paid or declared		
Dividends paid at $0.03 per share (2018: $0.06) fully franked at 30%	339	680
	339	680
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the directors have not declared any dividends (2018: $0.03) fully franked at 30%	-	339
(c) Franking account		
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	818	233

	2019 $'000	2018 $'000
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash on hand	2	8
Cash at banks and deposits at call	2,682	3,867
	2,684	3,875

	2019 $'000	2018 $'000
NOTE 9: TRADE AND OTHER RECEIVABLES		
Current		
Trade and member receivables	11,278	10,670
Provision for impairment	(59)	(101)
	11,219	10,569
Sundry debtors and accrued income	1,670	1,749
Provision for impairment	(400)	(400)
	1,270	1,349
	12,489	11,918

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers occurs daily. For Trade receivables, outstanding invoices are due for payment within 30 days of the invoice date. Member receivables are generally due within 7 days from invoice date.

Impairment of receivables from contracts with customers and member receivables

The Consolidated Entity applies the simplified approach under AASB 9 to measure the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Consolidated Entity determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The Consolidated Entity determines expected credit losses based on the Consolidated Entity's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses.

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for receivables from contracts with customers and member receivables:

Opening balance at 1 July	501	464
(Decrease)/increase	(42)	37
Closing balance at 30 June	459	501

NOTE 9: TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables

Trade and other receivables ageing analysis at 30 June is:

	Gross 2019 $'000	Impairment 2019 $'000	Gross 2018 $'000	Impairment 2018 $'000
Not past due	3,448	-	4,179	-
Past due 31-60 days	940	-	2,115	-
Past due 61-90 days	810	-	301	-
Past due more than 91 days	622	20	387	14
	5,820	20	6,982	14

(a) Member receivables

Not past due	1,739	-	821	-
Past due 8-14 days	2,175	-	1,264	71
Past due 15-21 days	1,497	-	1,366	-
Past due more than 22 days	47	39	237	16
	5,458	39	3,688	87
Trade and member receivables	**11,278**	**59**	**10,670**	**101**

Receivables written off during the year

The gross carrying amount of a receivable balance is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the outstanding balance. The receivable written off remains subject to enforcement action by the group.

The contractual amount outstanding on receivables that were written off during the year, and are still subject to enforcement action by the group, is $124,728 (2018: $6,639).

NOTE 10: OTHER CURRENT AND NON-CURRENT ASSETS

	2019 $’000	2018 $’000
(a) Other Current Assets		
Prepayments	877	263
Loans to stores	256	-
Security Deposit	-	6
	1,133	269

NOTE 10: OTHER CURRENT AND NON-CURRENT ASSETS (Cont'd)

(b) Other Non-Current Assets	**2019 $'000**	**2018 $'000**
Investments	5	-
Loans to Stores	81	210
	86	210

NOTE 11: INVENTORIES

Current		
Stock on hand at cost	-	256
Total Inventories	-	256

NOTE 12: PROPERTY PLANT AND EQUIPMENT

Leasehold improvements		
At cost	197	199
Accumulated depreciation	(80)	(70)
	117	129
Plant and equipment		
At cost	72	30
Accumulated depreciation	(21)	(17)
	51	13
Computer equipment		
At cost	1,727	1,555
Capital work in progress	3,273	56
Accumulated depreciation	(882)	(618)
	4,118	993
Furniture, fixtures and fittings		
At cost	60	51
Accumulated depreciation	(35)	(31)
	25	20
Total property, plant and equipment		
Cost	5,329	1,891
Accumulated depreciation and amortisation	(1,018)	(736)
Total property, plant and equipment	**4,311**	**1,155**

NOTE 12: PROPERTY PLANT AND EQUIPMENT (Cont'd)

(a) Movement in carrying amounts

	Leasehold Improve-ments	Plant and Equipment	Computer equipment	Furniture, Fix-tures & Fittings	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount as at 1 July 2017	141	6	1,118	24	1,289
Additions	-	10	195	-	205
Disposal	-	-	-	-	-
Depreciation charge for the year	(12)	(3)	(320)	(4)	(339)
Carrying amount as at 30 June 2018	129	13	993	20	1,155
Additions	-	43	3,459	9	3,511
Disposals	-	-	-	-	-
Depreciation charge for the year	(12)	(5)	(334)	(4)	(355)
Carrying amount at 30 June 2019	117	51	4,118	25	4,311

NOTE 13: TRADE & OTHER PAYABLES

	2019	2018
	$'000	$'000
Current		
Trade payables	10,496	8,417
Sundry payables and accrued expenses	4,089	2,927
	14,585	11,344

NOTE 14: PROVISIONS

Current		
Employee benefits	3,346	2,895
Onerous lease liability	313	-
	3,659	2,895
Non-Current		
Employee benefits	156	134
Onerous lease liability	680	
	836	134
Total		
Aggregate employee benefits liability	3,502	3,029
Aggregate onerous lease liability	993	-
	4,495	3,029

NOTE 15: CONTRIBUTED CAPITAL

(a) Issued and paid up capital	2019 $'000	2018 $'000
11,315,519 Class A redeemable preference shares (2018: 11,315,526)	9,890	9,890

(b) Movements in shares on issue	No of Shares	Parent Equity 2019 $'000	No of Shares	Parent Equity 2018 $'000
Beginning of the financial year	11,315,526	9,890	11,343,540	9,918
- Shares issued during the year	61	-	57	-
- Share buy-backs	(68)	-	(28,071)	(28)
End of the financial year	11,315,519	9,890	11,315,526	9,890

(c) Rights of each type of share

Only Class 'A' redeemable preference shares carry the right to vote at meetings of shareholders. The holder shall have one vote for each share held when a poll is called.

On a winding up of the Company, the holder shall be entitled to participate in any distribution of the assets of the Company and each share carries the right to participate in any dividend declared and paid by the Company to the holders of Class 'A' redeemable preference shares. There is no obligation to redeem the shares and redemption is at the discretion of the directors.

As at 30 June 2019 84 Class 'B' preference shares are on issue (2018: 98). Holders of Class 'B' redeemable preference shares do not have the right to vote at meetings of shareholders but shall have the right to vote at a meeting of the holders of Class 'B' redeemable preference shares. Holders of Class 'B' preference shares do not have the right to participate in any surplus assets of the Company on winding up or upon a reduction of capital. Each Class 'B' redeemable preference share carries the right to participate in any dividend declared and paid by the Company to holders of Class 'B' redeemable preference shares but does not as of right, have an entitlement to the same dividend as other share in this class.

(d) Capital Management

Management monitors the capital of the Consolidated Entity to ensure that the Consolidated Entity can fund its operations and continue as a going concern. During 2019, management paid dividends of $339,450 (2018: $680,312).

NOTE 16: ACCUMULATED LOSSES AND ACCUMULATED PROFITS RESERVE

	2019 $'000	2018 $'000
(a) Accumulated losses		
Accumulated losses at the beginning of the financial year	(12,188)	(12,188)
Loss attributable to members of the entity	(440)	-
Accumulated losses at the end of the financial year	(12,628)	(12,188)
(b) Accumulated profits reserve		
Accumulated profits reserve at the beginning of the financial year	6,098	5,109
Profit attributable to members of the entity	-	1,670
Dividends paid	(339)	(680)
Accumulated profits reserve at the end of the financial year	5,759	6,098

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	2019	2018
Cash Items		
- Cash on hand	2	8
- Cash at bank and deposits at call	2,682	3,867
Closing cash balance	2,684	3,875

NOTE 17: CASH FLOW INFORMATION (Cont'd)

(b) Reconciliation of cash flow from operations with profit after tax	2019 $000	2018 $000
(Loss)/profit from ordinary activities after tax	(440)	1,670
Non - Cash Items		
- Depreciation and amortisation	355	339
- (Decrease)/increase in provision for impairment	(43)	37
Changes in Assets and liabilities		
- Increase in debtors	(528)	(759)
- (Increase)/decrease in deferred tax asset	(567)	119
- (Increase)/decrease in other assets	(740)	70
- Decrease/(increase) in inventories	256	(256)
- Increase/(decrease) in trade and other payables	3,241	(145)
- Increase/(decrease) in provisions	1,466	(66)
- (Decrease)/increase in current tax	(341)	615
Net cash flow from operating activities	2,659	1,624

(c) Credit stand-by arrangements with banks (National Australia Bank)

Credit facility	5,397	4,775
Amount utilised	(300)	(273)
Unused credit facility	5,097	4,502

(d) Loan facilities

Bank guarantee facility	272	350
Business card facility – variable interest rate	125	125
Direct Payments facility - variable interest rate	4,000	4,000
Unused bank loan facility	1,000	300

NOTE 18: COMMITMENTS

Lease expenditure commitments

(a) Operating leases (non-cancellable):

Non-property operating leases have an average lease term of 3 years. Assets that are the subject of operating leases include motor vehicles and items of small machinery and office equipment.

The future minimum lease payments under non-cancellable operating leases are payable:		
– Not later than one year	2,639	2,656
– Later than one year and not later than five years	6,508	8,176
– Later than five years	67	507
Aggregate lease expenditure contracted for at reporting date	9,214	11,339

NOTE 19: CONTINGENCIES

Reinstatement of Transitional Funding Facility

The Second Amendment and Restatement Deed with CSA Retail (Finance) Pty Ltd includes a trigger event which states that if before the end of June 2021, a change in control of the Parent Entity occurs, it will result in the re-instatement of the Transitional Funding Facility Reinstatement Amount which equates to $7.1million plus interest accruing on the facility up to the date that the triggering event occurs.

NOTE 20: DIRECTORS' AND EXECUTIVES' COMPENSATIONS

	2019	2018
Non-Executive Directors	**$**	**$**
Short-term employment benefits	423,790	397,154
Post-employment benefits	22,210	19,679
Total Directors' compensations	446,000	416,833
Executives (including CEO who is an Executive Director)		
Short-term employment benefits	2,225,766	2,249,660
Post-employment benefits	118,972	116,777
Termination benefits	237,962	-
Total Executives' compensations	2,582,700	2,366,437
	3,028,700	2,783,270

NOTE 21: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Australian United Retailers Ltd and its controlled entities listed below:

	Country of incorpo-ration	Percentage owned	
		2019	**2018**
Parent Entity:			
Australian United Retailers Ltd	Australia		
Subsidiaries of Australian United Retailers Ltd			
Australian United Grocers Pty Ltd	Australia	100%	100%
National Retailers Group Pty Ltd	Australia	100%	100%
Foodworks Retail Pty Ltd	Australia	100%	100%
FW Retail Holdings Pty Ltd	Australia	100%	100%
FW Viva 1 Pty Ltd	Australia	100%	100%
FW Viva 5 Pty Ltd	Australia	100%	100%
FW Viva 8 Pty Ltd	Australia	100%	100%
FW Viva 10 Pty Ltd	Australia	100%	100%
FW Viva 11 Pty Ltd	Australia	100%	100%
FW Viva 13 Pty Ltd	Australia	100%	100%
FW Viva 15 Pty Ltd	Australia	100%	100%
FW Viva 18 Pty Ltd	Australia	100%	100%

NOTE 21: RELATED PARTY DISCLOSURES (Cont'd)

(b) Loans to and from directors and director related entities

There were no loans to and from directors and director related entities at 30 June 2019 (2018: $nil).

(c) Other transactions with directors and director related entities

Directors or director related entities that hold Australian United Retailers Ltd shares as store members enter into transactions with the Company and may have outstanding balances at year end.

The Directors involved are:

Fred Fairthorne Sien Van Nguyen Malcolm Ward David Williamson

The aggregate amounts of store membership fees received or receivable and included in the result for the year are $32,116 (2018: $32,659). The aggregate amount of rebates paid or payable and included in the result for the year is $1,143,661 (2018: $1,257,252).

Rebates for Malcolm Ward and Fred Fairthorne are paid via Supermarkets West Pty Ltd. During the financial year $2,829,502 (2018: $3,059,243) were paid or payable to Supermarkets West Pty Ltd. Of this a portion was paid to these directors in line with the same commercial terms and conditions as transactions with other members.

During the year $ Nil (2018: $27,000) was paid to Edge Sales & Promotions Pty Ltd, a related party of Fred Fairthorne for catalogue production costs.

During the year $51,261 (2018: $118,818) was paid to Fresh & Direct Wholesalers Pty Ltd, a related party of David Williamson for rebate distributions.

These transactions are on the same commercial terms and conditions as transactions with other members.

Dividends (Franked) paid at the date of this report:

	2019 $	2018 $
Fred Fairthorne	119,640	119,640
Malcolm Ward	149,697	149,697
David Williamson	13,200	13,200
Sien Van Nguyen	34,252	34,252
Paul Job ^	771	771

^ Paul Job retired as a Director on 9 November 2017.

NOTE 21: RELATED PARTY DISCLOSURES (Cont'd)

(d) Director Shareholdings

Aggregate number of shares held at the date of this report:
"A" Class redeemable non-cumulative preference shares:

	2019	2018
	No of Shares	No of Shares
Fred Fairthorne	1,395,796	1,395,796
Malcolm Ward	1,746,463	1,746,463
David Williamson	154,003	154,003
Sien Van Nguyen	399,603	399,605
Paul Job ^	18,001	18,001

^ Paul Job retired as a Director on 9 November 2017 and has retained his shares in the Company up to the date of this report.

(e) Transactions with entities in the Consolidated Entity

There were no current or prior reporting period transactions reported for FoodWorks Retail. The support services provided to FoodWorks Retail were on terms identical to other members, whilst the funding was a non interest bearing loan.

NOTE 22: AUDITOR'S REMUNERATION

	$	$
Amounts paid and payable to Pitcher Partners *(Melbourne)* for:		
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the Consolidated Entity	115,425	111,181
Other assurance services	6,573	2,300
Total remuneration for audit and other assurance services	121,998	113,481
(ii) Other non-audit services		
Taxation services	20,355	16,550
Total remuneration for non-audit services	20,355	16,550
Total remuneration of Pitcher Partners (Melbourne)	**142,353**	**130,031**

NOTE 23: PARENT ENTITY INFORMATION

	2019 $'000	2018 $'000
(a) Summarised statement of financial position		
Assets		
Current assets	16,306	16,318
Non-current assets	6,069	2,470
Total assets	22,375	18,788
Liabilities		
Current liabilities	18,508	14,844
Non-current liabilities	836	134
Total liabilities	19,344	14,978
Net assets	3,031	3,810
Equity		
Contributed capital	9,890	9,890
Accumulated losses	(12,618)	(12,178)
Accumulated profits reserve	5,759	6,098
Total equity	3,031	3,810

(b) Summarised statement of profit and loss and other comprehensive income

	2019 $'000	2018 $'000
(Loss)/profit for the year	(440)	1,670
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(440)	1,670

(c) Parent entity guarantees

The parent entity has provided the guarantees outlined in Note 19(b).

(d) Parent entity contingent liabilities

The parent entity has a contingent liability relating to the Second Amendment and Restatement Deed with CSA Retail (Finance) Pty Ltd as disclosed in Note 19(a).

(e) Parent entity contractual commitments

The parent entity finance lease obligations as outlined in Note 18(a).

The future minimum lease payments under non-cancellable operating leases are payable:

	2019 $'000	2018 $'000
– Not later than one year	2,639	2,656
– Later than one year and not later than five years	6,508	8,176
– Later than five years	67	507
	9,214	11,339

NOTE 24: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2019, of the Consolidated Entity, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2019, of the Consolidated Entity.

DIRECTORS DECLARATION

The directors declare that:

1. In the directors’ opinion, the financial statements and notes thereto, as set out on pages on pages 10 to 40 are in accordance with the *Corporations Act 2001,* including:

(a) complying with Australian Accounting Standards and the *Corporations Regulations 2001* , and other mandatory professional reporting requirements;

(b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2019 and of its performance for the year ended on that date.

2. In the directors’ opinion there are reasonable grounds to believe that Australian United Retailers Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and head of finance to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2019.

This declaration is made in accordance with a resolution of the directors.

N. Osborne
Director

Melbourne
Date 18th September 2019

AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES
ABN 93 077 879 782

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian United Retailers Ltd "the Company" and its controlled entities "the Consolidated Entity", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES**

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the 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 are responsible for assessing the ability of the Consolidated Entity 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 either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Pitcher Partners

K L BYRNE
Partner

PITCHER PARTNERS
Melbourne

18 September 2019