

United Synergies Ltd

ABN 58 114 781 065

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2018.

Directors

The names of each person who has been a director during the year and to the date of this report, unless otherwise stated, are:

Ian Montague – resigned as Chairperson 20/11/2017
Kathleen Colclough
Greg Livingstone – appointed as Chairperson 20/11/2017
Paula Holden
Glen Damro – appointed 24/02/2018
Geoff Argus – resigned 24/02/2018
Joyce Chorny – appointed 24/02/2018
Dr Oscar Modesto Ramirez – appointed 26/03/2018

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

Principal Activities

The principal activity of the company during the financial year was to support communities, with an emphasis on young people and families, to assist them in achieving stability and security in their lives and enable them to reach their full potential.

The company's strategic themes, which are the high-level strategies that form the basis of the organisation's operating model are:

Personalised Pathways: our services are underpinned by a philosophy of personalised pathways targeting an individual's needs and desired outcomes.

Co-Designed Services: we develop and refine our services and supporting processes with clients and stakeholders to empower and guide better service solutions.

Complementary Funding and Resources: while we are predominantly a government funded organisation, we actively seek complementary sources of funding and alternative resources to enhance the delivery of Our Vision.

Organisational Excellence: through discipline, planning and action we continually pursue excellence in our organisation.

These strategic themes are the cornerstones of our planning and cascade through all levels of our operating and activities, in order that we achieve our purpose – building better lives.

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DIRECTORS' REPORT

Information on Directors

Ian Montague

Qualifications and Experience

- Director – resigned as Chairperson 20/11/2017
- Master of Business Administration (Marketing), Graduate Diploma Management, AICD.

Ian is the Principal of Montague Consulting, a Sunshine Coast based consultancy specialising in enterprise training advisory services. With 15 years' experience in ceramic manufacturing and 10 years of business development in tertiary education institutions in Victoria and Queensland, Ian brings a broad range of management experience to the United Synergies board.

Kathleen Colclough

Qualifications and Experience

- Director
- Arts degree (Chinese language & politics), post-graduate qualifications in Banking and Finance and a Certificate IV in Training and Assessment.
- Kathleen has extensive experience in the finance, academic, small business and not-for-profit sectors. She has held senior positions with well-known Australian businesses and universities. Her expertise is in strategic and business planning, process mapping, operational inefficiencies, change management, customer relationship management and training. As a business owner on the Sunshine Coast, Kathleen also brings to the Board insights and challenges of the local business environment.

Greg Livingstone

Qualifications and Experience

- Director – appointed as Chairperson 20/11/2017
- Masters of Commerce
- Greg has extensive experience in general management, strategy, finance and HR in a large Australian agribusiness and consumer products company.
- Greg has been engaged in areas of particular interest including sustainability in its broadest sense and has worked with the Noosa Biosphere, University of the Sunshine Coast (USC) Sustainability Advisory Committee and chaired the Sunshine Coast Economic Development Advisory Board.

Paula Holden

Qualifications and Experience

- Director
- Paula is currently employed in the premium corporate protection sector providing solutions to the aviation, mining, maritime and critical infrastructure industries, and has acquired over 15 years' experience as a professional Human Resource generalist. With a strong people and change background across sectors including mining, not for profit, commercial consulting and government, Paula embraces strategies which enable a whole of business approach. Her expertise is in developing and implementing business strategy, risk and workplace health and safety, and human resource strategies, ultimately aligning business and human capability. Paula holds a Bachelor of Management, Graduate Certificate in Business Administration and is currently completing a Masters of Business Administration.

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DIRECTORS' REPORT

Information on Directors continued

- | | | |
|---------------------------------|---|--|
| Joyce Chorny | - | Director |
| Qualifications and Experience | - | <p>Joyce has a 20-year career in the visual arts and community engagement and brings extensive knowledge of grant writing expertise and fundraising acumen to the board. Prior roles include Principal Coordinator of the Hervey Bay Neighbourhood Centre, where she worked with disenfranchised and vulnerable people for the last 18 years. This involved managing a variety of licensed and regulated programs including childcare, aged care, youth at risk and family support programs. She also worked with community planning and fundraising in designing and building a \$7M community hub, which now provides a public meeting space and houses 20 services supporting community. Recently retired from work, Joyce is an active Rotarian and incoming President of the Rotary Club of Hervey Bay Sunrise.</p> |
| Glen Damro | - | Director |
| Qualifications and Experience | - | <p>Glen has 25 years' experience as a senior manager across a range of industries both in Australia and internationally. At present he is the Manager – Consulting Services for a large Brisbane based organisation specialising in safety, security, compliance and risk management. Glen's strengths are innovation, strategy design, business development, and operations accountability. Glen has two Masters' Degrees including an Executive Master of Business Administration (EMBA). He is also a qualified Lead Auditor and member of the Australian Institute of Company Directors.</p> |
| Dr Oscar Modesto Ramirez | - | Director |
| Qualifications and Experience | - | <p>Oscar is a registered psychologist with a Master Degree in Family Therapy (Mexico) and PhD in Psychology from Macquarie University. Oscar has held senior roles overseeing services in post separation, family violence, counselling, parent education, and men's services at Centacare Parramatta and CatholicCare Sydney. Oscar has conducted research on attachment, identity and relationship issues, presenting his findings at several international conferences. Recently Oscar joined the Australian Catholic University (ACU) as a Lecturer on a permanent basis and coordinates the postgraduate counselling programs.</p> |

DIRECTORS' REPORT

Meetings of Directors

During the financial year 11 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ian Montague	11	9
Kathleen Colclough	11	10
Greg Livingstone	11	11
Paula Holden	11	7
Glen Damro – appointed 24/02/2018	4	4
Geoff Argus – resigned 24/02/2018	7	3
Joyce Chorny – appointed 24/02/2018	4	3
Dr Oscar Modesto Ramirez – appointed 26/03/2018	3	2

Events During the Reporting Period

There were no major events during the reporting period that have had a material impact on the business.

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each ordinary member is required to contribute a maximum of \$200 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$1 per associate and honorary life member and \$200 per ordinary member.


Membership Classes

- (a) Ordinary members
- (b) Associate members
- (c) Honorary life members

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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



Greg Livingstone (Chair)

Dated this 28th day of September 2018

DECLARATION OF INDEPENDENCE BY BRUCE SWAN TO THE DIRECTORS OF UNITED SYNERGIES LTD

As lead auditor of United Synergies Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of United Synergies Ltd.

BDO Audit Pty Ltd



Bruce Swan
Director

Maroochydhore, this 28 day of September 2018

United Synergies Ltd

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue – excluding capital grant	2(c)	22,060,158	19,567,531
Revenue – capital grant	2(d)	160,000	690,000
Total Revenue		<u>22,220,158</u>	<u>20,257,531</u>
Staff Costs		(11,495,795)	(10,282,243)
Contracted Expenses		(4,674,774)	(4,319,776)
Occupancy Expenses		(927,417)	(816,355)
Client Support Costs		(1,426,423)	(1,144,606)
Motor Vehicle Expenses		(515,929)	(506,239)
Consultancy Expenses		(204,715)	(281,737)
Administrative Expenses		(691,694)	(543,028)
Staff Travel and Training Expenses		(563,510)	(430,632)
Information Technology Expenses		(323,666)	(352,324)
Depreciation and Amortisation Expenses	2(a)	(1,082,825)	(578,208)
Repairs and Maintenance Expenses		(135,269)	(120,860)
Other Expenses		(742,567)	(516,211)
Current year surplus/(deficit) before income tax		<u>(564,426)</u>	<u>365,312</u>
Income tax expense	1(i)	-	-
Net current year surplus/(deficit)		<u>(564,426)</u>	<u>365,312</u>
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u><u>(564,426)</u></u>	<u><u>365,312</u></u>

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

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	6,669,712	4,216,337
Trade and other receivables	4	276,936	1,968,658
Other assets	5	226,821	273,266
TOTAL CURRENT ASSETS		<u>7,173,469</u>	<u>6,458,261</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,523,942	2,402,533
Intangible assets	7	-	344
TOTAL NON-CURRENT ASSETS		<u>1,523,942</u>	<u>2,402,877</u>
TOTAL ASSETS		<u><u>8,697,411</u></u>	<u><u>8,861,138</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	2,301,124	1,354,797
Income in advance	9	2,382,732	3,019,366
Provisions	10	74,644	36,649
TOTAL CURRENT LIABILITIES		<u>4,758,500</u>	<u>4,410,812</u>
NON-CURRENT LIABILITIES			
Provisions	10	190,419	137,408
TOTAL NON-CURRENT LIABILITIES		<u>190,419</u>	<u>137,408</u>
TOTAL LIABILITIES		<u><u>4,948,919</u></u>	<u><u>4,548,220</u></u>
NET ASSETS		<u><u>3,748,492</u></u>	<u><u>4,312,918</u></u>
EQUITY			
Reserves		1,897,863	1,897,863
Accumulated Surplus		1,850,629	2,415,055
TOTAL EQUITY		<u><u>3,748,492</u></u>	<u><u>4,312,918</u></u>

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

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Note	Accumulated Surplus \$	Business Combination Reserve	Assets Reserve \$	Total \$
Balance at 1 July 2016	2,049,743	992,641	905,222	3,947,606
Comprehensive income				
Surplus for the year	365,312	-	-	365,312
Other comprehensive income	-	-	-	-
Total comprehensive income	365,312	-	-	365,312
Balance at 30 June 2017	2,415,055	992,641	905,222	4,312,918
Comprehensive income				
Surplus/(deficit) for the year	(564,426)	-	-	(564,426)
Other comprehensive income	-	-	-	-
Total comprehensive income	(564,426)	-	-	(564,426)
Balance at 30 June 2018	1,850,629	992,641	905,222	3,748,492

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from funding bodies and clients		25,290,333	21,245,186
Payments to suppliers and employees		(22,680,342)	(21,211,172)
Interest received		47,274	53,311
Interest and other finance costs paid		-	-
Net cash (used in) / generated from operating activities	11	2,657,265	87,325
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(203,890)	(700,174)
Payments for investments		-	-
Property, plant and equipment transferred		-	-
Net cash used in investing activities		(203,890)	(700,174)
CASH FLOWS FROM FINANCING ACTIVITIES			
TYS Amalgamation		-	-
Net cash used in financing activities		-	-
Net increase / (decrease) in cash held		2,453,375	(612,849)
Cash at the beginning of the financial year		4,216,337	4,829,186
Cash at the end of the financial year	3	6,669,712	4,216,337

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

United Synergies Ltd

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE INFORMATION

The financial statements are for United Synergies Ltd as an individual company, incorporated and domiciled in Australia. United Synergies Ltd is a company limited by guarantee under the *Corporations Act 2001* and registered under the *Australian Charities and Not-for-profits Commission Act 2012*. United Synergies Ltd is a not-for-profit entity for the purpose of preparing these financial statements. The financial statements are in Australian dollars and were authorised for issue on the date of signing the responsible entities' declaration.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

United Synergies Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. 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 depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Leasehold Improvements	Over the life of the lease
Plant and equipment	15 – 20%
Computers	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

At the end of each reporting period the entity assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

e. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

f. **Employee Benefits**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

g. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

i. **Income Tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

j. **Intangibles**

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

k. **Provisions**

Provisions are recognised when the company 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When a company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

m. **Trade and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. **Trade and Other Receivables**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold and services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

o. **Economic Dependence**

United Synergies Ltd is dependent on the state and federal governments in Australia for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe that both governments will not continue to support the company.

p. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Employee Benefits Provision

As discussed in note 1(f), the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

q. **New Accounting Standards for Application in Future Periods**

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

AASB 9 Financial Instruments – applicable to financial reporting periods beginning on or after 1 January 2018

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting. The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact. The company will adopt this standard from 1 July 2018.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

AASB 1058 Income of Not-for-Profit Entities – applicable to annual reporting periods beginning on or after 1 January 2019

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers as a consequence of AASB 1058: Income of Not-for-Profit Entities.

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as 'peppercorn leases') principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058;
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

United Synergies Ltd

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: SURPLUS BEFORE INCOME TAX

	2018	2017
	\$	\$
a. Expenses		
Depreciation and amortisation:		
– Leasehold improvements	1,038,070	517,803
– Furniture and equipment	12,617	15,709
– Computer equipment	19,158	31,842
– Patents & trademarks	344	1,104
– Motor Vehicles	12,636	11,750
Total depreciation and amortisation	<u>1,082,825</u>	<u>578,208</u>
Significant Expenses		
– Rental expenses on operating leases	927,417	816,355
b. Remuneration of auditor:		
– Audit services	35,895	35,190
c. Revenue		
Grant Revenue – operating	19,414,733	16,806,259
Rental Income	100,941	94,407
Medical Billing System Revenue	1,821,058	970,497
Donations	66,016	52,831
Interest Income	47,274	53,311
Other Income	610,136	1,590,226
	<u>22,060,158</u>	<u>19,567,531</u>
Grant Revenue – capital	160,000	690,000
Total Revenue	<u>22,220,158</u>	<u>20,257,531</u>
d. Significant Revenue – Capital Grant		
<p>During the year the company received a capital grant for \$360,000 for the establishment of the facilities for Headspace Gympie. Not all work required to complete the construction obligations under the Grant Agreement were completed during the financial year, and \$200,000 of this grant will be recognised as income in 2019. The actual costs of the capital works are included in additions for Property Plant & Equipment (refer separate note below).</p>		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank	4,831,462	2,894,869
Cash on hand	4,550	5,768
Cash on deposit	1,750,000	1,232,000
Rental Bond Guarantee	83,700	83,700
	<u>6,669,712</u>	<u>4,216,337</u>

NOTE 4: TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
CURRENT		
Trade receivables	276,936	1,968,658
Provision for impairment	-	-
Total current trade and other receivables	<u>276,936</u>	<u>1,968,658</u>

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the company's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The ageing of the past due but not impaired receivables are as follows:

Within initial trade terms	93,045	1,238,684
0 to 3 months overdue	155,327	639,606
3 to 6 months overdue	28,564	90,368
	<u>276,936</u>	<u>1,968,658</u>

NOTE 5: OTHER ASSETS

	2018	2017
	\$	\$
CURRENT		
Other receivables and Prepayments	<u>226,821</u>	<u>273,266</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Buildings		
At cost	3,783,592	3,624,247
Less accumulated amortisation	(2,390,044)	(1,351,974)
Total Buildings	<u>1,393,548</u>	<u>2,272,273</u>
Furniture and equipment:		
At cost	263,562	255,016
Less accumulated depreciation	(236,346)	(223,729)
Total furniture and equipment	<u>27,216</u>	<u>31,287</u>
Computer equipment:		
At cost	383,330	361,432
Less accumulated depreciation	(343,846)	(324,689)
Computer equipment	<u>39,484</u>	<u>36,743</u>
Motor vehicles:		
At cost	123,282	109,183
Less accumulated depreciation	(59,588)	(46,953)
Motor vehicles	<u>63,694</u>	<u>62,230</u>
Total property, plant and equipment	<u>1,523,942</u>	<u>2,402,533</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Furniture and equipment	Computer equipment	Motor vehicles	Total
2018					
Balance at the beginning of the year	2,272,273	31,287	36,743	62,230	2,402,533
Additions at cost	159,345	8,546	21,899	14,100	203,890
Disposals	-	-	-	-	-
Depreciation expense	(1,038,070)	(12,617)	(19,158)	(12,636)	(1,082,481)
Carrying amount at end of year	<u>1,393,548</u>	<u>27,216</u>	<u>39,484</u>	<u>63,694</u>	<u>1,523,942</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7: INTANGIBLE ASSETS

	2018	2017
	\$	\$
Patents & Trademarks		
Cost	11,040	11,040
Less: Accumulated Amortisation	(11,040)	(10,696)
Net Carrying Value	<u>-</u>	<u>344</u>

NOTE 8: TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Unsecured Trade Payables	273,320	40,804
Accrued Expenditure	1,180,153	664,201
GST Liability	254,351	168,465
Employee Benefits including annual leave	593,300	481,327
	<u>2,301,124</u>	<u>1,354,797</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Despite the current classification of the majority of employee benefits above, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is classified as current that is not expected to be taken within the next 12 months:

Current employee benefits obligation expected to be settled after 12 months	-	-
---	---	---

NOTE 9: INCOME IN ADVANCE

	2018	2017
	\$	\$
Income in advance	1,042,419	2,175,306
Unexpended Grants	1,340,313	844,060
	<u>2,382,732</u>	<u>3,019,366</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10: PROVISIONS

	2018	2017
	\$	\$
CURRENT		
Long Service Leave Provision	74,644	36,649
NON-CURRENT		
Long Service Leave Provision	190,419	137,408
Number of employees at year end	178	165

NOTE 11: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of cash flows from operations with surplus after income tax:		
Surplus/(deficit) after income tax	(564,426)	365,312
Non-cash flows in surplus:		
– depreciation and amortisation	1,082,825	578,208
Changes in assets and liabilities:		
– (increase)/decrease in receivables	1,691,722	(1,502,029)
– (increase)/decrease in prepayments and other receivables	46,445	(42,413)
– increase/(decrease) in trade and other payables	946,327	154,309
– increase/(decrease) in income in advance	(636,634)	618,410
– Increase/(decrease) in employee provisions	91,006	(84,472)
Cash flows (used in)/provided by operating activities	2,657,265	87,325

NOTE 12: CONTINGENT LIABILITIES

The company had no contingent liabilities as of 30 June 2018 aside from bank guarantees for property rental commitments provided in the ordinary course of business.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	2018	2017
	\$	\$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
— not later than 12 months	795,978	509,716
— later than 12 months but not later than 5 years	538,691	218,488
	1,334,669	728,204

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2018	2017
	\$	\$
Total compensation	877,557	585,581

NOTE 15: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 16: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	6,669,712	4,216,337
Trade and other receivables	276,936	1,968,658
Total Financial Assets	<u>6,946,648</u>	<u>6,184,995</u>
Financial Liabilities		
Financial liabilities at amortised cost		
– Trade payables	273,320	40,804
Total Financial Liabilities	<u>273,320</u>	<u>40,804</u>

Financial Risk Management Policies

The United Synergies Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Market Risk

The entity is not exposed to any significant market risk with the exception of interest rate risk. The Board monitors interest rate movements to determine the most appropriate term deposits to invest in. A 0.5% movement in interest rates would not have a material effect.

United Synergies Ltd

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

(b) Credit risk

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

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

There are no material amounts of collateral held as security at 30 June 2018.

Credit risk is managed by the company and reviewed regularly by senior executives. It arises from exposure to customers as well as through deposits with financial institutions.

(c) Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained. Also an appropriate proportion of investments are maintained in term deposits.

(d) Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave and deferred income)	1,707,824	873,470	-	-	-	-	1,707,824	873,470
Total expected outflows	1,707,824	873,470	-	-	-	-	1,707,824	873,470

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 18: ENTITY DETAILS

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

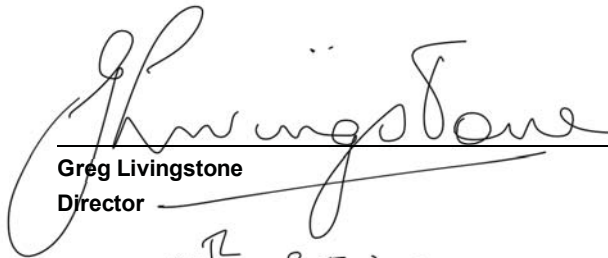
United Synergies Ltd
12-14 Ernest Street
Tewantin
Qld 4565

RESPONSIBLE ENTITIES' DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the registered entity's financial position as at 30 June 2018 and of the performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with subsection 60.15(2) the *Australian Charities and Not-for-profits Regulation 2013*.



Greg Livingstone
Director

Dated this 28th day of September 2018

INDEPENDENT AUDITOR'S REPORT

To the members of United Synergies Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of United Synergies Ltd (the registered entity), which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of United Synergies Ltd, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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 responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



Bruce Swan
Director

Maroochydhore, this 28 day of September 2018.