

FINANCIAL REPORT
AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST
FOR THE YEAR ENDED 31 JULY 2018

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

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FOR THE YEAR ENDED 31 JULY 2018

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AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018**

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
ASSETS			
Cash and Cash Equivalents			
Cash at Bank	12a	2,787,083	4,167,310
Trade and Other Receivables	3	523,185	449,934
Investments Held for Trading			
ME Bank Term Deposits/ 11am		33,561,201	32,734,103
Unlisted Managed Investment Schemes			
AQR Wholesale Delta Fund		12,760,003	13,151,918
AMP Global Property Securities Fund		-	28,603,741
Bennelong Australian Equities Fund		17,443,852	13,862,626
Pendal Managed Cash Fund		301,854,647	251,600,018
CFS Stewart Worldwide Leaders Fund		21,338,162	26,133,354
CFS Acadian Global Managed Fund		23,809,131	31,959,105
Dexus Wholesale Property Fund		23,808,258	20,936,310
GMO Systematic Global Macro Trust		15,098,289	14,968,690
ISPT Core Fund		19,131,144	16,999,545
Macquarie Arrowstreet Global Equity Fund		20,507,709	-
Macquarie Enhanced Australian Fixed Interest Fund		59,442,080	57,622,359
Macquarie True Index Australian Shares Fund		39,339,034	37,062,630
Nikko AM Aust Shares Wholesale Fund		14,797,261	14,584,332
PIMCO Target Return Fund		40,023,664	40,450,547
Principal Global Property Securities		32,710,193	-
Vanguard International Fixed Interest Index Fund (Hedged)		1,631,738	1,601,811
Zurich Unhedged Global Thematic Share Fund		-	6,704,656
Total Investments		<u>677,256,366</u>	<u>608,975,745</u>
Property, Plant and Equipment		<u>47,190</u>	<u>61,827</u>
TOTAL ASSETS		<u>680,613,824</u>	<u>613,654,816</u>
LIABILITIES			
Trade and Other Payables			
Beneficiaries Payable		19,697,248	17,525,594
Accounts Payable	4	1,551,296	1,313,509
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>21,248,544</u>	<u>18,839,103</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS	5	<u>659,365,280</u>	<u>594,815,713</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO MEMBERS
FOR THE YEAR ENDED 31 JULY 2018**

	<u>Note</u>	<u>Net Assets Attributable to Members</u> \$
As at 1 July 2016		582,978,299
Net Profit Attributable to Members		20,597,483
Distribution to Members	8	(17,329,866)
Forfeited Distributions for Lost Members	9	821,254
Funeral Expenses Paid	9	(210,300)
Contributions Received	6	127,707,108
Benefits Paid	6	(114,225,840)
Administration Fees Paid	9	(5,522,425)
As at 31 July 2017		594,815,713
Net Profit Attributable to Members		36,193,339
Distribution to Members	8	(19,449,574)
Forfeited Distributions for Lost Members	9	1,132,439
Funeral Expenses Paid	9	(327,530)
Contributions Received	6	151,927,375
Benefits Paid	6	(101,795,547)
Administration Fees Paid	9	(3,130,936)
As at 31 July 2018		<u>659,365,280</u>

The above Statement of Changes in Net Assets Attributable to Members is to be read in conjunction with the accompanying notes.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2018

	<u>Note</u>	<u>Year ended 31 July 2018</u>	<u>Year ended 31 July 2017</u>
		\$	\$
INCOME			
Interest Received		978,017	1,000,058
Changes in Fair Value of Investments		16,618,888	(1,329,066)
Distributions Received		21,021,019	22,678,406
Other Income		825,567	665,465
		<u>39,443,491</u>	<u>23,014,863</u>
EXPENSES			
Bank Charges		26,731	26,907
Trustee Expenses		3,223,421	2,390,473
		<u>3,250,152</u>	<u>2,417,380</u>
NET PROFIT ATTRIBUTABLE TO MEMBERS BEFORE TAX		<u>36,193,339</u>	<u>20,597,483</u>
Income Tax (Benefit) / Expense	14	-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS AFTER TAX		<u>36,193,339</u>	<u>20,597,483</u>
Distribution to Members	8	(19,449,574)	(17,329,866)
NET PROFIT AFTER DISTRIBUTION TO MEMBERS		<u>16,743,765</u>	<u>3,267,617</u>

The above Income Statement is to be read in conjunction with the accompanying notes.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018

	<u>Note</u>	<u>Year ended 31 July 2018</u>	<u>Year ended 31 July 2017</u>
		\$	\$
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
General Administrative Expenses Paid		(3,200,521)	(2,616,830)
Interest Received		978,017	1,000,058
Distributions Received		20,979,418	22,828,842
Other Income Received		793,917	646,254
Contributions Received from Employers		150,874,828	126,731,625
Benefits Paid		(101,604,853)	(114,059,017)
Transfers Received		1,041,247	957,551
Distributions Paid		<u>(19,594,720)</u>	<u>(22,779,961)</u>
NET OPERATING CASH FLOWS	12 (b)	<u>50,267,333</u>	<u>12,708,522</u>
CASH FLOWS RELATING TO INVESTING ACTIVITIES			
Sale/(Purchase) of Fixed Assets		14,173	14,981
(Purchase)/Sale of Investments		<u>(51,661,733)</u>	<u>(9,649,888)</u>
NET INVESTING CASH FLOWS		<u>(51,647,560)</u>	<u>(9,634,907)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,380,227)	3,073,615
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>4,167,310</u>	<u>1,093,695</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12 (a)	<u><u>2,787,083</u></u>	<u><u>4,167,310</u></u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

In the opinion of the directors, the Australian Construction Industry Redundancy Trust (the "Trust") is not a reporting entity.

The financial statements have been prepared as a special purpose financial report to be made available to Members and Participating Employers (the users) as required under Clause 5.7 of the Trust Deed. The accounting policies used in the preparation of this report, as described below, are consistent with Section 295 of the Corporations Act 2001 and are, in the opinion of the directors, appropriate to meet the needs of the users.

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

The financial report is presented in Australian dollars.

The directors have determined that in order for the financial report to give a true and fair view of the Trust's performance, cash flows and financial position, the requirements of Australian Accounting Standards and other professional reporting requirements relating to Australia in the measurement of assets, liabilities, revenue, expenses and equity should be complied with.

This special purpose financial report has also been prepared in accordance with the disclosure requirements of:

- * AASB 101 - Presentation of Financial Statements
- * AASB 107 - Cash Flow Statements; and
- * AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors.

The principal policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

(b) Investments in financial assets - Held for trading

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date. Investments in unlisted unit trusts that have suspended daily redemptions are recorded at the redemption value per unit as reported by the fund manager.

The fair value of units in Managed Investment Schemes is determined by reference to published bid prices at the close of business on the reporting date being the redemption prices provided by the fund manager.

Gains or losses on investments held for trading are recognised in the Income Statement. Investments of the Trust which are considered to be held for trading are units in Managed Investment Schemes.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

Income is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend and distribution income

Income is recognised when the right to receive the payment is established.

Changes in the fair value of investments

Net gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

Interest income

Income is recognised as the interest accrues to the net carrying amount of the financial asset.

Contributions

Contributions have been recognised on a cash basis.

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and other receivables

Receivables are recognised and carried at original amounts due which approximate net market value.

Amounts are generally received within 30 days of being recorded as receivables.

(f) Trade and other payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received prior to the end of the financial year, whether or not billed to the Trust.

Payables include outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Tax

Income tax is provided where taxable income is retained in the Trust and not distributed to beneficiaries.

(h) Distributions

In accordance with the Trust's constitution, the Trust distributes income to members. Distributions are payable to the beneficiaries at the end of each financial year. Such distributions are determined by reference to the accounting income of the Trust. Distributable income includes capital gains arising from the disposal of investments, unrealised gains and losses on investments that are recognised as income are transferred to net assets attributable to members and are not assessable and distributable until realised. Capital losses are not distributed to members but are retained and offset against any realised capital gains.

(i) Increase/decrease in net assets attributable to members

Non-distributable income is transferred directly to net assets attributable to members and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to members) and accrued income not yet assessable will be included in the determination of distributable income in the same year it becomes assessable for tax.

(j) Goods and services tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the Australian Taxation Office (ATO). Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Trust from the ATO are recognised as receivables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as operating cash flows.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Expense recognition

Expenses are recognised in the income statement when the Trust has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Income Statement if expenditure does not produce future economic benefits that qualify for recognition in the Statement of Financial Position.

The Trustee decided that as from November 2011, monthly administrator fees would be offset against Forfeited Member Reserve. From March 2013 certain expenses were also offset against Forfeited Member Reserve. They included audit fees, investment fees, directors' fees, consulting fees, motor vehicle expenses, salaries and superannuation, legal fees, trustee insurance and Brisbane property rental.

(l) Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTE 2. NATURE OF TRUST

The Australian Construction Industry Redundancy Trust was established on 10 October 1994. The purpose of the Trust is to provide a mechanism for employers to comply in respect of redundancy payments which they are obligated by certain Awards, Industrial Agreements and Enterprise Agreements to make to their employees. The purpose of the Trust is also to provide security of redundancy and income to employees by the distribution of all Trust surplus each year.

Pursuant to the Trust Deed, employers are required to contribute certain minimum amounts per week per employee (\$25) to fund the award redundancy entitlements to the Trust. However, the Trust does provide for contribution flexibility in that employers can make higher contributions payments based on an industrial agreement. When an employee is made redundant, as prescribed in the Trust Deed, the Trust will make payment directly to the worker.

Income tax is provided where taxable income is retained in the Trust and not distributed to beneficiaries.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

NOTE 3. TRADE AND OTHER RECEIVABLES

	<u>2018</u>	<u>2017</u>
	\$	\$
Distributions Receivable	440,326	395,606
GST Receivable	41,770	51,209
Investment Fee Rebates Receivable	3,251	3,119
Other Receivables	37,838	-
	<u>523,185</u>	<u>449,934</u>

NOTE 4. ACCOUNTS PAYABLE

Administration Expenses - AAS Pty Limited	395,663	422,894
Audit Fees - Ernst & Young	31,900	47,740
Employee Entitlements	91,861	19,657
Group Tax - Australian Taxation Office	988,350	797,656
Trustee Fees Payable	43,522	25,562
	<u>1,551,296</u>	<u>1,313,509</u>

NOTE 5. NET ASSETS ATTRIBUTABLE TO MEMBERS

Net Assets attributable to members comprises of:

Workers' Accounts - Allocated		585,298,536	550,682,596
Workers' Accounts - Unallocated		<u>2,239,841</u>	<u>615,619</u>
	Note 6	587,538,377	551,298,215
Investment Fluctuation Reserve	Note 7	23,322,263	7,114,349
Accumulated Surplus	Note 8	14,677,457	14,141,606
Tax Free Income Reserve	Note 11	11,309,202	11,309,202
Forfeited Member Reserve	Note 9	<u>22,517,981</u>	<u>10,952,341</u>
		<u>659,365,280</u>	<u>594,815,713</u>

As at 31 July 2018 there is a surplus of \$74,066,744 (2017 \$44,133,117) between the balance of Workers' Accounts Allocated and Net Assets Attributable to Members.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 6. STATEMENT OF MOVEMENT IN WORKERS' ACCOUNTS

	<u>31 July 2018</u>	<u>31 July 2017</u>
	\$	\$
Opening Balance	551,298,215	539,915,046
Contributions Received	151,927,375	127,707,108
Benefits Paid	(101,795,547)	(114,225,840)
Transfers to Employer Suspense (Note 9)	(11,300)	(17,932)
Transfers to Forfeited Members Reserve (Note 9)	(13,880,366)	(2,080,167)
Closing Balance	<u>587,538,377</u>	<u>551,298,215</u>

NOTE 7. INVESTMENT FLUCTUATION RESERVE

The Investment Fluctuation Reserve represents the cumulative unrealised gains and losses on all investments.

Unrealised gains and losses on investments are included in the determination of the operating surplus or deficit for the year but are subsequently transferred to the Investment Fluctuation Reserve. Gains and losses are released from the reserve when the investment is realised.

	<u>31 July 2018</u>	<u>31 July 2017</u>
	\$	\$
Opening Balance	7,114,349	12,436,740
Transfer from/(to) Accumulated Surplus	16,424,995	(8,510,771)
Realised Gains transferred (to)/from Accumulated Surplus	(217,081)	3,188,380
	<u>16,207,914</u>	<u>(5,322,391)</u>
Closing Balance	<u>23,322,263</u>	<u>7,114,349</u>

NOTE 8. ACCUMULATED SURPLUS

Accumulated Surplus brought forward	14,141,606	5,551,599
Net Profit after Tax for the Year	36,193,339	20,597,483
Transfer from/(to) Investment Fluctuation Reserve	(16,207,914)	5,322,391
Distribution to Members	(19,449,574)	(17,329,866)
Accumulated Surplus at the End of the Period	<u>14,677,457</u>	<u>14,141,606</u>

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 9. FORFEITED MEMBER RESERVE

Transfers to and from the Forfeited Member Reserve are made in the following circumstances:

- no contributions are received for a member within a two year period;
- members are classified as lost; and
- mail addressed to a member is returned.

Payments from the Forfeited Member Reserve are made when funeral benefits are paid on behalf of members and for administrator monthly fees from November 2011 as a result of Trustee resolution.

Administrator fees include audit fees, investment fees, directors' fees, consulting fees, motor vehicle expenses, salaries and superannuation, legal fees, trustee insurance and Brisbane property rental.

	<u>31 July 2018</u>	<u>31 July 2017</u>
	\$	\$
Opening Balance	10,952,340	13,765,712
Transfers from Workers' Accounts (Note 6)	13,880,366	2,080,167
Transfers from Employer Suspense (Note 6)	11,302	17,932
Funeral Expenses Paid	(327,530)	(210,300)
Forfeited Distributions for Lost Members	1,132,439	821,254
Administration Fees and Expenses Paid	(3,130,936)	(5,522,425)
Closing Balance	<u>22,517,981</u>	<u>10,952,340</u>

NOTE 10. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Ernst & Young for:

- an audit of the financial report of the Trust	31,900	47,740
- taxation services	4,840	11,555
	<u>36,740</u>	<u>59,295</u>

NOTE 11. TAX FREE INCOME RESERVE

Opening Balance	<u>11,309,202</u>	<u>11,309,202</u>
Closing Balance	<u>11,309,202</u>	<u>11,309,202</u>

This Reserve has been created since the year ended 30 June 2007 in order to reclassify the amount of after tax income accrued in prior years and previously included in the Accumulated Surplus. As the Trustee has paid tax on this income it becomes 'trust corpus' that can be used by the Trustee for any purpose.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 12. STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows :

	<u>2018</u>	<u>2017</u>
	\$	\$
CASH AT BANK		
Cash and cash equivalents	<u>2,787,083</u>	<u>4,167,310</u>

**(b) RECONCILIATION OF CHANGE IN NET ASSETS
ATTRIBUTABLE TO MEMBERS TO NET CASH
FLOWS FROM OPERATING ACTIVITIES**

Net Profit Attributable to Members after Tax and Distribution	16,743,765	3,267,617
Changes in net market values of investments	(16,618,888)	1,329,066
Depreciation	2,538	2,956
Transfer to Forfeited Member Balances	(13,880,366)	(2,080,167)
Changes in Workers' Accounts		
Contributions	151,916,075	127,689,176
Workers' Claims Paid	(101,795,547)	(114,225,840)
Changes in operating assets and liabilities		
(Increase)/Decrease in Receivables	(73,250)	131,226
Increase in Creditors	13,973,006	(3,405,512)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>50,267,333</u>	<u>12,708,522</u>

(c) CREDIT AND FINANCING FACILITIES

As at 31 July 2018 the Trust had no credit or loan facilities or other financing arrangements (2017: Nil).

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

NOTE 13. MATERIAL INVESTMENTS

Investments which constitute 10% or more by value of the total value of investments of the Trust are disclosed below:

2018

Security Description	Principle Activities - Investing in	Total Market Value	% of Total Trust Investments	% of Total Issued Units
BT Institutional Managed Cash Fund	Cash and bonds	301,854,647	44.57%	8.00%

2017

Security Description	Principle Activities - Investing in	Total Market Value	% of Total Trust Investments	% of Total Issued Units
BT Institutional Managed Cash Fund	Cash and bonds	251,600,018	41.32%	4.58%

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

NOTE 14. INCOME TAX (BENEFIT)/ EXPENSE

	<u>31 July 2018</u>	<u>31 July 2017</u>
	\$	\$
Operating profit from ordinary activities before income tax	36,193,339	20,597,483
Timing and permanent differences	(25,772,279)	(10,934,135)
Taxable income for the year	10,421,060	9,663,348
Distributions to presently entitled members (including franking credits and FITOs)	(10,421,060)	(9,663,348)
Trustee tax liability	-	-
Trustee tax liability at 47%	-	-

* The Trustee expects all taxable income in future reporting periods to be distributed to presently entitled members. Accordingly a deferred tax asset / liability has not been recognised in respect of timing differences.

NOTE 15. SUBSEQUENT EVENTS

Since 31 July 2018, there have been no matters or circumstances which have arisen that have significantly affected or may significantly affect the financial position or operating results of the Trust.

AUSTRALIAN CONSTRUCTION INDUSTRY REDUNDANCY TRUST

STATEMENT BY TRUSTEE

In the opinion of the Directors of ACIRT Pty Limited :

- a) the accompanying financial statements present fairly the financial position of the Trust as at 31 July 2018 and the results of its operations for the year then ended.
- b) at the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

The financial statements of the Trust have been made out in accordance with applicable Accounting Standards.

signed this day of ^{13TH} DECEMBER 2018 _____
in accordance with a resolution of the Trustee.

Blaas
Director

[Signature]
Director



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Independent Auditor's Report to the Members of the Australian Construction Industry Redundancy Trust

Opinion

We have audited the financial report, being a special purpose financial report, of the Australian Construction Industry Redundancy Trust (the Trust), which comprises the statement of financial position as at 31 July 2018, the statement of changes in net assets attributable to members, the income statement, the statement of cash flows for the year then ended, other explanatory notes and the statement by Trustee.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 31 July 2018, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

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 Trust in accordance with 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

The directors are responsible for the other information. The other information is the Statement by Trustee accompanying the financial report.

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 Trust are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

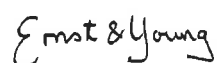
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 judgment and maintain professional scepticism throughout the audit. We also:

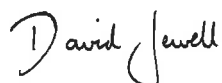
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.
- 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Trust'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 Trust 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 the directors 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.



Ernst & Young



David Jewell
Partner
Sydney

13 December 2018