

STANDARD TERMS OF ENGAGEMENT

AUDIT OF CORPORATE AND OTHER ENTITIES ENGAGEMENTS

This document sets our Standard Terms of Engagement and the nature and limitations of the services that we provide for the audit of Corporate Clients, Associations and Other Entities.

Our role for such engagements in pursuant to the provisions of the relevant regulatory Acts and Regulations and other legal and regulatory reporting framework.

1. Audit of Accounts

Our audit will be performed in accordance with the Australian Auditing Standards, the Corporations Law and Regulations and other regulatory, legal reporting framework with the objective of expressing an opinion on the financial reports, as presented by the Directors, Management Committees and those charged with governance. The Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatements.

We direct the attention of our client to the fact that the responsibility for the preparation of the financial statements, including adequate disclosures, is that of the Directors and/or Management Committee. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and the safeguarding of the assets of the entity. These duties are imposed by the Statutory and Legal Regulatory Bodies.

As part of our audit process, we will request from the Directors and/or Management Committee written confirmation concerning representations made to us in the connection with our audit.

In forming our opinion on the financial statements, we will perform sufficient tests to obtain reasonable assurance as to whether:

1. The underlying accounting records are reliable and adequate as a basis for the preparation of the financial statements. and
2. The financial position of the entity at balance date and the results for the year then ended are properly disclosed in the financial statements.

Because of the test nature and the inherent limitations of any audit, together with the inherent limitations of any system of internal control there is an unavoidable risk that even some material misstatement, fraud or irregularity may remain undiscovered.

2. Independence

We confirm that, prior to commencing the audit of the entity we will ensure that we currently meet the independence requirements of the Australian Professional Accounting bodies in relation to the audit. In conducting our audit, should we become aware that we have contravened the independence requirements we shall notify the client on a timely basis.

3. Report on significant matters

In addition to our report on the financial statements we will also report to our client concerning any material weakness in the entity's system of accounting and internal controls which come to our notice. We are required to report any significant matters arising out of the audit to those charged with governance.

4. Fees

Our fees are based on the time required by staff members assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skills required. Details of individual rates are available on request.

5. Confidentiality and Quality Control

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Our audit files may however be subject to review as part of the quality control review programs of CPA Australia which monitor compliance with professional standards by their members. We advise that our files relating to an audit will be made available for review under this program. Should this occur, we will advise the client. The same strict confidentiality requirements apply under this program as apply to us as the entity's auditor.

H G Khouri & Associates